City of Cortez,
Colorado

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED
December 31, 2025

CORTEZ

ANNUAL COMPREHENSIVE FINANCIAL REPORT

OF THE

CITY OF CORTEZ, COLORADO

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025

Prepared by the Finance Department

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City of Cortez
123 Roger Smith Ave
Cortez, CO 81321

June 08, 2026

Dear Cortez residents, City Council, and partner organizations,

The City is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP). Management is also responsible for establishing and maintaining internal controls designed to safeguard public assets and ensure the reliability of financial reporting.

Results of the Audit

The City's independent audit for fiscal year 2025 resulted in an unmodified opinion, the highest level of assurance provided by external auditors. No material weaknesses, significant deficiencies, or findings requiring corrective action were identified.

Internal Controls Including Objectives and Inherent Limitations

Management maintains a system of internal controls designed to provide reasonable assurance regarding the safeguarding of assets, compliance with applicable laws and regulations, and the accuracy of financial reporting. While no system can eliminate all risk, the City's control environment is regularly evaluated and strengthened to balance risk management with operational efficiency.

Population and Description of Government Structure

Platted in 1886, incorporated in 1902, and chartered as a home-rule municipality in 1952, the City serves as the county seat of Montezuma County and a regional center for southwest Colorado. The City has a population of approximately 9,151 residents.

The City operates under a council-manager form of government. City Council serves as the legislative and policy-making body, while the City Manager serves as Chief Executive Officer and is responsible for the administration of municipal operations and implementation of Council policies.

Types of Services Provided

The City provides a full range of municipal services, including water treatment and distribution, public safety, parks and recreation, library services, animal services, golf course operations, refuse and recycling services, street and infrastructure maintenance, land-use planning, permitting, and facility maintenance. The City also promotes civic engagement through open public meetings and community participation opportunities.

Inclusion of Component Unit

This report includes Mesa Verde Country, the region's designated tourism promotion organization, as a discretely presented component unit. Management is not aware of any circumstances that would require the inclusion of additional component units in the foreseeable future.

Summary of Budget Process

The annual budget serves as the City's primary financial planning and control document. Budget development begins each August with departmental requests and long-range planning discussions. Through the ClearGov platform, departments collaborate to align operational needs, capital investments, and strategic priorities.

Following review by the Finance Director and City Manager, the proposed budget is presented to City Council and the public for consideration. Public input is encouraged throughout the process. The budget is formally adopted by ordinance, with the legal level of budgetary control maintained at the departmental level.

Major Initiatives

During 2025, the City continued advancing strategic priorities focused on housing, economic vitality, infrastructure investment, and sustainable growth.

Housing

Addressing housing availability and affordability remains a top priority. Significant progress was made on redevelopment planning for the former high school property on 7th Street, where designs advanced for a proposed 70-unit affordable housing development featuring townhome-style residences and a potential neighborhood park. The City continued its partnership and developer selection efforts during 2025, with groundbreaking anticipated as early as 2026.

Land Use Code

A comprehensive rewrite of the City's Land Use Code was finalized and adopted during 2025. The updated code modernizes development regulations, improves clarity and predictability, streamlines review processes, and better aligns with the City's long-term planning objectives.

Economic Development

The City continued investing in economic vitality through downtown beautification efforts, community commerce events, and active engagement with local businesses and regional partners. These initiatives support business growth, strengthen community identity, and help increase tourism activity throughout the region.

Infrastructure

The City continued implementing critical infrastructure improvements throughout 2025. Accomplishments included repairs to the community skateboard park, replacement of hundreds of linear feet of aging waterlines, multiple street, curb, and gutter improvement projects, and completion of Phase I of the Montezuma Avenue and Sligo Street stormwater project. Phase II of the stormwater improvements is scheduled for completion in 2026.

Financial Condition

The City remains in a strong financial position. At year-end, assets and deferred outflows exceeded liabilities and deferred inflows by approximately $71.2 million, resulting in a healthy net position. Liquidity remained strong, supported by prudent financial management and continued debt reduction efforts.

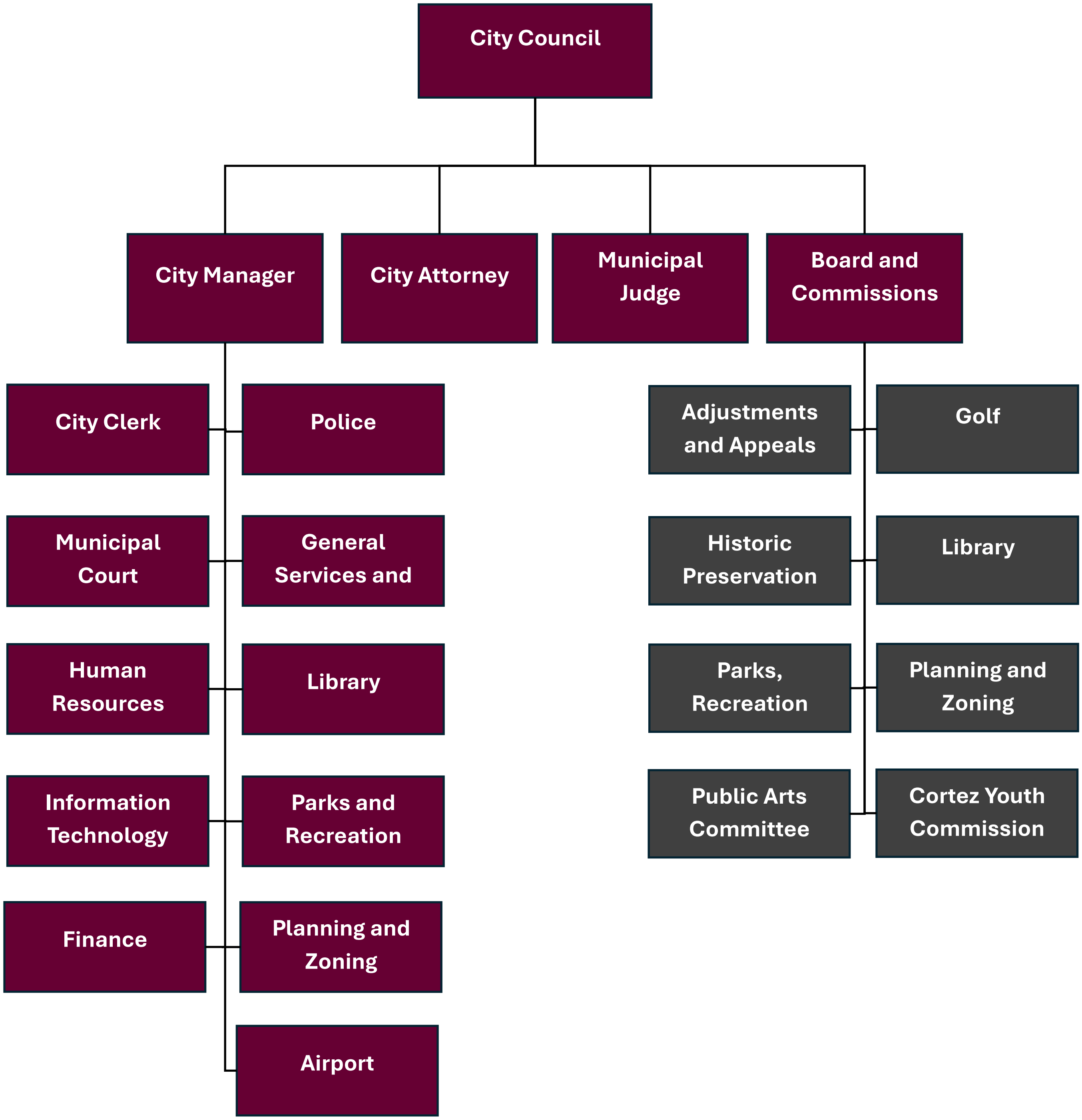
The City's financial stability provides a solid foundation for continued investment in infrastructure, housing, economic development, and essential public services while maintaining long-term fiscal sustainability.

Additional financial highlights may be found in the MD&A (Management Discussion and Analysis) within the Financial report.

Acknowledgements:
The preparation and completion of this report could not have been accomplished without the skill and dedication of Finance Department employees. I also express my appreciation to Andrew Wendt and Atlas CPA's & Advisors, PLLC—the firm that serves as the City's external auditors. Credit also goes to our City Council for their support and for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully,

Randy Bailey, Finance Director


City Council
City Manager
City Attorney
Municipal Judge
Board and Commissions
City Clerk
Police
Municipal Court
General Services and
Human Resources
Library
Information Technology
Parks and Recreation
Finance
Planning and Zoning
Airport
Adjustments and Appeals
Golf
Historic Preservation
Library
Parks, Recreation
Planning and Zoning
Public Arts Committee
Cortez Youth Commission

CITY OF CORTEZ, COLORADO
LIST OF PRINCIPAL OFFICIALS
DECEMBER 31, 2025

CITY COUNCIL

Rachel Medina, Mayor
Lydia DeHaven, Mayor Pro-tem
Matthew Keefauver
Dennis Spruell
Robert Dobry
April Randle
Bill Lewis

City Staff

Drew Sanders – City Manager
Vernon Knuckles – Chief of Police
Patrick Coleman – City Attorney
Randy Bailey – Director of Finance
Creighton Wright – Director of Parks and Recreation
Casey Simpson – Director of Public Works

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Cortez
Colorado

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2024

Christopher P. Morrill

Executive Director/CEO

INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and City Council
City of Cortez
Cortez, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 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) and the standards applicable to financial audits contained in Government Auditing Standards (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section and the Statistical Section are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.

Atlas CPAs & Advisors PLLC

Phoenix, Arizona
June 8, 2026

CITY OF CORTEZ, COLORADO
MANAGEMENT'S DISCUSSION & ANALYSIS
AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2025
(UNAUDITED)

The discussion and analysis of the City of Cortez, Colorado's (the "City") financial performance provides an overall review of the City's financial activities for the year ended December 31, 2025. The management of the City encourages readers to consider the information presented herein in conjunction with the transmittal letter found in the introductory section and the basic financial statements to enhance their understanding of the City's financial performance. Certain comparative information between the current year and the prior year is required to be presented in the Management's Discussion and Analysis (the "MD&A").

Financial Highlights

- The assets of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by $71.2 million (net position).
- The City had $22.9 million in expenses related to government activities, a decrease of $1 million from the prior year partly due to increases in self-performance on infrastructure projects and partly driven by supply chain shortages delaying some asphalt projects to 2026.
- The overall change in net position for governmental activities is attributable to decreases in revenues totaling around $1,000,000 from various intergovernmental revenues. The remaining change is due to an increases in expenses from health insurance claims.
- The overall change in net position for business-type activities is attributable to the City receiving numerous federal grants in the current year for the Airport Improvement Program. The remaining increase is due to year over year performance on the City's investments.
- Overall, the General fund balance had decreased by $417,989. The decrease in current year is attributable to increased expenses of around $110,000 for public safety. The remaining decrease is attributable to various increases in expenses year over year.
- Overall, the Street Improvement fund balance had increased $571,677. Of this increase, it primarily relates to an overall decrease in public works and capital project expenses in the current year and an extension for phase two of the Montezuma-Sligo project to 2026.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $13.0 million.

Overview of the Financial Statements

- Government-wide financial statements,
- Fund financial statements, and
- Notes to basic financial statements

This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business, and are reported using the accrual basis of accounting and economic resources measurement focus.

The statement of net position presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. The statement of activities presents information showing how the government's net position changed during the fiscal year being reported. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements can be divided into two types of activities: governmental and business-type. Governmental activities present the functions of the City that are principally supported by taxes and intergovernmental revenues. Business-type activities present the function that are intended to recover all or a significant portion of their costs through user fees and charges. The City's governmental activities include functions like general government, public safety, public works, library, and recreation. The City's business-type activities include airport, recreation, water, solid waste collection, police dispatch, hydro plant, city community network.

Fund financial statements

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

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements and are reported using the modified accrual basis of accounting and current financial resources measurement focus. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. However, unlike the 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 City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 2 major individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund and the Street improvement fund both of which are considered to be major funds.

The City also maintains 4 non-major Special Revenue Funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for Lodger's Tax Fund, Conservation Trust Fund, Equipment Fund, Emergency Reserve TABOR Fund, and Grant Fund. Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining schedules elsewhere in this report. The City adopts an annual budget for each of the major funds listed above. A budgetary comparison statement has been provided for each major fund to demonstrate compliance with this budget.

Proprietary funds

The City maintains two different types of proprietary funds: enterprise and internal service. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City utilizes enterprise funds to account for its airport, recreation center, water and solid waste utility services. The City also uses non-major Enterprise Funds to account for the hydro plant, community network and police dispatch services.

Notes to basic financial statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budget to actual comparisons of the funds. Supplementary schedules include combining and individual fund schedules of all non-major funds.

Government-Wide Financial Analysis

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

	Governmental Activities			*Business-Type Activities*			*Total*		
	2025	*2024*	*Change*	*2025*	*2024*	*Change*	*2025*	*2024*	*Change*
Assets									
Current and other assets	$ 16.8	$ 18.4	-8.7%	$ 24.1	$ 21.4	12.6%	$ 40.9	$ 39.8	2.8%
Capital assets and SBITAs, net	19.3	18.3	5.5%	25.7	26.0	-1.2%	45	44.3	1.6%
Total assets	36.1	36.7	-1.6%	49.8	47.4	5.1%	85.9	84.1	2.1%
Deferred outflows of resources	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Liabilities									
Long-term liabilities	1.3	1.4	-7.1%	1.3	1.1	18.2%	2.6	2.5	4.0%
Other liabilities	8.1	7.6	6.6%	3.5	2.6	34.6%	11.6	10.2	13.7%
Total liabilities	9.4	9.0	4.4%	4.8	3.7	29.7%	14.2	12.7	11.8%
Deferred inflows of resources	0.1	0.1	0.0%	0.4	0.4	100.0%	0.5	0.5	0.0%
Net position									
Net investment in capital assets	16.8	17.5	-4.0%	24.7	25.1	-1.6%	41.5	42.6	-2.6%
Restricted	0.4	0.4	0.0%	0.0	0.0	0.0%	0.4	0.4	0.0%
Unrestricted	9.4	9.7	-3.1%	19.9	18.2	9.3%	29.3	27.9	5.0%
Total net position	$ 26.6	$ 27.6	-3.6%	$ 44.6	$ 43.3	3.0%	$ 71.2	$ 70.9	0.4%

Normal Impacts

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

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

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

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

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

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

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

Current Year Impacts

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's total assets equal $85.9 million. The City's total liabilities and deferred inflows of resources equal $14.7 million.

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

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

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

	Governmental Activities			*Business-Type Activities*			*Total*		
	2025	*2024*	*Change*	*2025*	*2024*	*Change*	*2025*	*2024*	*Change*
Revenues									
Program Revenues									
Charges for services	$ 4.2	$ 4.1	2.4%	$ 7.7	$ 7.6	1.3%	$ 11.9	$ 11.7	1.7%
Operating grants and contributions	0.6	0.7	-14.3%	0.0	0.0	0.0%	0.6	0.7	-14.3%
Capital grants and contributions	0.0	0.0	0.0%	6.0	0.5	1100.0%	6.0	0.5	1100.0%
General Revenues									
Property and sales taxes	14.1	13.2	6.8%	2.0	2.0	0.0%	16.1	15.2	5.9%
Intergovernmental	1.3	3.0	-56.7%	0.0	0.0	0.0%	1.3	3.0	-56.7%
Interfund charges	0.9	0.9	0.0%	0.4	0.3	33.3%	1.3	1.2	8.3%
Investment income	0.6	0.6	0.0%	0.5	0.4	25.0%	1.1	1.0	10.0%
Miscellaneous revenue	0.2	0.2	0.0%	0.1	0.1	0.0%	0.3	0.3	0.0%
Total revenues	21.9	22.7	-3.5%	16.7	10.9	53.2%	38.6	33.6	14.9%
Expenses									
General government	3.7	4.0	-7.5%	0.0	0.0	0.0%	3.7	4.0	-7.5%
General services	7.3	6.7	9.0%	0.0	0.0	0.0%	7.3	6.7	9.0%
Public safety	5.6	5.2	7.7%	0.0	0.0	0.0%	5.6	5.2	7.7%
Public works	2.6	4.2	-38.1%	0.0	0.0	0.0%	2.6	4.2	-38.1%
Parks and recreation	3.7	3.2	15.6%	0.0	0.0	0.0%	3.7	3.2	15.6%
Capital projects	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Internal charges	0.0	0.6	-100.0%	0.0	0.0	0.0%	0.0	0.6	-100.0%
Airport	0.0	0.0	0.0%	6.8	1.6	325.0%	6.8	1.6	325.0%
Recreation	0.0	0.0	0.0%	2.2	1.9	15.8%	2.2	1.9	15.8%
Water	0.0	0.0	0.0%	2.9	3.2	-9.4%	2.9	3.2	-9.4%
Solid waste collection	0.0	0.0	0.0%	2.0	1.8	11.1%	2.0	1.8	11.1%
Police dispatch	0.0	0.0	0.0%	1.1	1.0	10.0%	1.1	1.0	10.0%
Hydro plant	0.0	0.0	0.0%	0.3	0.1	200.0%	0.3	0.1	200.0%
City community network	0.0	0.0	0.0%	0.1	0.1	0.0%	0.1	0.1	0.0%
Total expenses	22.9	23.9	-4.2%	15.4	9.7	58.8%	38.3	33.6	14.0%
Excess (Deficiency) before Transfers	-1.0	-1.2	-16.7%	1.3	1.2	8.3%	0.3	0.0	100.0%
Transfers - net	0.0	-0.7	-100.0%	0.0	0.7	100.0%	0.0	0.0	0.0%
Special item - bad debt allowance	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Change in net position	-1.0	-1.9	-47.4%	1.3	1.9	31.6%	0.3	0.0	300.0%
Net position, beginning	27.6	29.5	-6.4%	43.3	41.4	4.6%	70.9	70.9	0.0%
Net position, ending	$ 26.6	$ 27.6	-3.6%	$ 44.6	$ 43.3	3.0%	$ 71.2	$ 70.9	0.4%

Table 2 highlights the City's revenues and expenses for the fiscal years ended December 31, 2025 and 2024. These two main components are subtracted to yield the change in net position. This table utilizes the full accrual method.

Normal Impacts

There are eight basic (normal) impacts that will affect the comparability of the revenues and expenses on the Statement of Activities summary presentation.

Revenues

Economic condition – which can reflect a declining, stable or growing economic environment, and has substantial impact on state sales, replacement and hotel/motel tax revenue; as well as, public spending habits for building permits, elective user fees, and volumes of consumption.

Increase/decrease in City approved rates – while certain tax rates are set by statute, the City has significant authority to impose and periodically increase/decrease rates (water, home rule sales tax, etc.).

Changing patterns in intergovernmental and grant revenue (both recurring and non-recurring) – certain recurring revenues (state shared revenues, etc.) may experience significant changes periodically while non-recurring grants are less predictable and often distorting in their impact on year to year comparisons. The City strives to align grant opportunities with existing strategic plans and priorities to complement and enhance return on investment for those initiatives.

Market impacts on investment income – the City's investments may be affected by market conditions causing investment income to increase/decrease. In 2025, the City realized increases in returns by placing short-term cash surpluses in higher yielding accounts until needed for operations and capital projects.

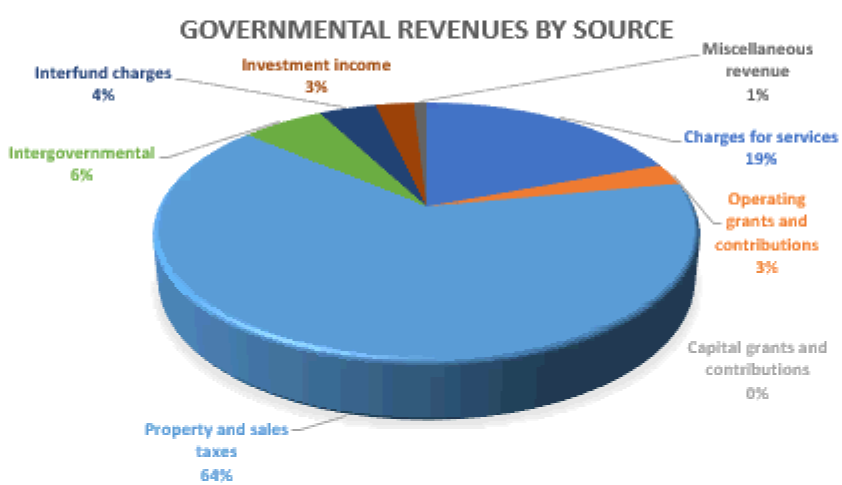
Expenses

Introduction of new programs – within the functional expense categories (general government, public safety, public works, and community development), individual programs may be added or deleted to meet changing community needs. In 2025, the City focused on service delivery, economic resiliency, and infrastructure improvements. These themes continue forward as components of Council priorities for 2026.

Change in authorized personnel – changes in service demand may cause the City to increase/decrease authorized staffing. Staffing costs (salary and related benefits) represent the largest operating cost of the City.

Salary increases (annual adjustments and merit) – the ability to attract and retain human and intellectual resources requires the City to strive to approach a competitive salary range position in the marketplace.

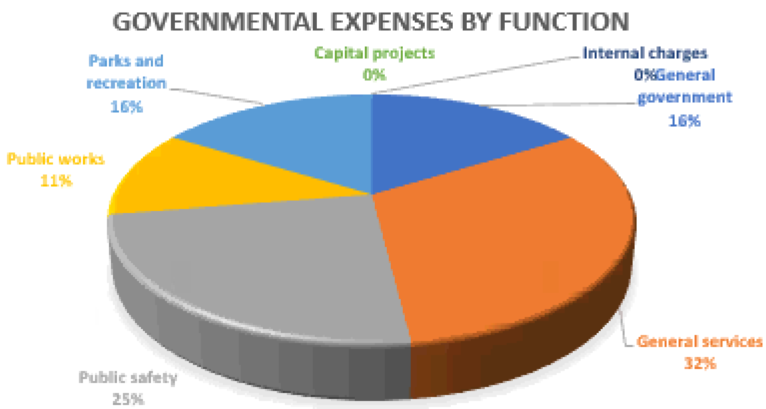
Inflation – while overall inflation appears to be reasonably modest, the City is a major consumer of certain commodities such as supplies, fuel, and parts. Some functions may experience unusual commodity specific increases.



Revenues

The City benefits from a diversified revenue base including property taxes, sales taxes, and franchise taxes. The largest category of revenue for the City is property and sales taxes.

Total governmental activities' revenue for the current year was $21,911,043.



Expenses

Total government activities' expenditures for the current year was $22,922,057.

Capital Assets and Debt Administration

Capital Assets

By the end of 2025, the City had compiled a total investment of $91.9 million ($45.0 million net of accumulated depreciation) in a broad range of capital assets including land, water rights, buildings and improvements, infrastructure, and machinery and equipment. Total depreciation expense for the year was $2.8 million. More detailed information about capital assets can be found in Note 4 of the basic financial statements.

Table 3
Capital Assets (net of depreciation)
(in millions of dollars)

	Governmental Activities			Business-Type Activities			Total		
	2025	2024	Change	2025	2024	Change	2025	2024	Change
Land	$ 1.7	$ 1.7	0.0%	$ 0.7	$ 0.7	0.0%	$ 2.4	$ 2.4	0.0%
Water rights	0.0	0.0	0.0%	4.2	4.2	0.0%	4.2	4.2	0.0%
Buildings	8.4	8.4	0.0%	6.0	6.0	0.0%	14.4	14.4	0.0%
Machinery and equipment	3.2	2.6	23.1%	1.9	1.7	11.8%	5.1	4.3	18.6%
Other improvements	1.0	0.6	66.7%	0.2	0.2	0.0%	1.2	0.8	50.0%
Land improvements	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Infrastructure	4.8	4.9	-2.0%	12.7	13.2	-3.8%	17.5	18.1	-3.3%
Lease asset - equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
SBITA asset	0.2	0.1	100.0%	0.0	0.0	0.0%	0.2	0.1	100.0%
Internal service equipment	0.0	0.0	0.0%	0.0	0.0	0.0%	0.0	0.0	0.0%
Total	$ 19.3	$ 18.3	5.5%	$ 25.7	$ 26.0	-1.2%	$ 45.0	$ 44.3	1.6%

Debt Administration

The table below summaries the City's bonded and similar indebtedness. As of December 31, 2025, the City had a total of $2.6 million of long-term debt outstanding. Of this amount, $1.8 million was in the form of refuse and police vehicle finance leases and subscription liabilities. More detailed information about debt administration can be found in Note 6 of the basic financial statements.

Table 4
Long-Term Debt
(in millions of dollars)

	Governmental Activities			Business-Type Activities			Total		
	2025	2024	Change	2025	2024	Change	2025	2024	Change
Lease payable	$0.0	$0.0	0.0%	$0.0	$0.0	0.0%	$0.0	$0.0	0.0%
Finance lease payable	0.5	0.7	-28.6%	1.1	0.9	22.2%	1.6	1.6	0.0%
SBITA liability	0.2	0.1	100.0%	0.0	0.0	0.0%	0.2	0.1	100.0%
Compensated Absences	0.6	0.6	0.0%	0.2	0.2	0.0%	0.8	0.8	0.0%
Total	$1.3	$1.4	-7.1%	$1.3	$1.1	18.2%	$2.6	$2.5	4.0%

Requests for Information

This financial report is designed to provide the City's citizens, taxpayers, and creditors with a general overview of the City's finances and to demonstrate the City's accountability for the money it receives. If you have questions about this report or need additional financial information, contact:

Randy Bailey, Finance Director
City of Cortez
123 Roger Smith Avenue
Cortez, CO, 81321
rbailey@cortezco.gov

Financial Statements

CORTEZ

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
December 31, 2025

	Primary Government		
	Governmental Activities	**Business - Type Activities**	**Total**
ASSETS			
Cash and cash equivalents	$ 4,994,212	$ 16,064,704	$ 21,058,916
Investments, at fair value	6,048,027	10,565,994	16,614,021
Accounts receivable	1,476,189	870,851	2,347,040
Lease receivable	-	353,116	353,116
Intergovernmental receivable	41,303	-	41,303
Interfund balances	4,068,247	(4,068,247)	-
Prepaid items	49,029	623	49,652
Inventories	165,756	275,649	441,405
Capital assets, non-depreciable	1,669,805	4,921,300	6,591,105
Capital assets, depreciable	17,353,805	20,822,711	38,176,516
Subscription-based IT arrangements asset, net	236,252	-	236,252
TOTAL ASSETS	$ 36,102,625	$ 49,806,701	$ 85,909,326
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION			
Accounts payable	$ 7,825,329	$ 3,275,469	$ 11,100,798
Accrued liabilities	239,238	87,211	326,449
Unearned revenue	-	227,325	227,325
Deposits	54,004	37,764	91,768
Noncurrent liabilities			
Due within one year	421,187	294,699	715,886
Due in more than one year	858,946	982,043	1,840,989
TOTAL LIABILITIES	$ 9,398,704	$ 4,904,511	$ 14,303,215
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to property taxes	$ 99,742	$ -	$ 99,742
Deferred inflows related to leases	-	353,116	353,116
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 99,742	$ 353,116	$ 452,858
NET POSITION			
Net investment in capital assets	$ 16,863,485	$ 24,681,901	$ 41,545,386
Restricted for special revenues	366,789	-	366,789
Unrestricted	9,373,905	19,867,173	29,241,078
TOTAL NET POSITION	$ 26,604,179	$ 44,549,074	$ 71,153,253

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

CITY OF CORTEZ, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

		PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
					PRIMARY GOVERNMENT		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
FUNCTIONS/PROGRAMS							
Governmental Activities							
General government	$ 3,695,307	$ -	$ 161,446	$ -	$ (3,533,861)	$ -	$ (3,533,861)
General services	7,261,332	2,984,852	-	-	(4,276,480)	-	(4,276,480)
Public safety	5,650,142	58,643	269,016	-	(5,322,483)	-	(5,322,483)
Public works	2,578,549	181,436	-	-	(2,397,113)	-	(2,397,113)
Parks and recreation	3,736,727	1,005,913	185,941	-	(2,544,873)	-	(2,544,873)
TOTAL GOVERNMENTAL ACTIVITIES	22,922,057	4,230,844	616,403	-	(18,074,810)	-	(18,074,810)
Business - Type Activities							
Airport	6,751,579	235,349	29,231	5,951,679	-	(535,320)	(535,320)
Recreation	2,201,925	450,509	-	-	-	(1,751,416)	(1,751,416)
Water	2,861,037	4,301,793	11,002	-	-	1,451,758	1,451,758
Solid waste collection	1,961,657	2,035,079	-	-	-	73,422	73,422
Police dispatch	1,142,935	557,741	-	-	-	(585,194)	(585,194)
Hydro plant	357,501	-	-	-	-	(357,501)	(357,501)
City community network	79,903	126,354	-	-	-	46,451	46,451
TOTAL BUSINESS-TYPE ACTIVITIES	15,356,537	7,706,825	40,233	5,951,679	-	(1,657,800)	(1,657,800)
TOTAL PRIMARY GOVERNMENT	$ 38,278,594	$ 11,937,669	$ 656,636	$ 5,951,679	$ (18,074,810)	$ (1,657,800)	$ (19,732,610)
GENERAL REVENUES							
Property and sales taxes					$ 13,494,617	$ 2,005,303	$ 15,499,920
Franchise taxes					656,154	-	656,154
Other intergovernmental					1,301,533	-	1,301,533
Interfund charges					889,787	359,099	1,248,886
Investment income					562,045	447,464	1,009,509
Miscellaneous revenue					159,660	53,205	212,865
TOTAL GENERAL REVENUES					17,063,796	2,865,071	19,928,867
CHANGE IN NET POSITION					(1,011,014)	1,207,271	196,257
NET POSITION - Beginning of Year					27,615,193	43,341,803	70,956,996
NET POSITION - End of Year					$ 26,604,179	$ 44,549,074	$ 71,153,253

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

CITY OF CORTEZ, COLORADO
BALANCE SHEET - GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 195,491	$ 367,856	$ 1,335,277	$ 1,898,624
Investments, at fair value	3,077,747	821,755	2,148,525	6,048,027
Inventories	71,877	-	-	71,877
Prepaid items	-	-	49,029	49,029
Accounts receivable	1,257,305	161,827	57,057	1,476,189
Interfund receivable	4,068,247	-	-	4,068,247
Intergovernmental receivable	34,671	-	6,632	41,303
TOTAL ASSETS	$ 8,705,338	$ 1,351,438	$ 3,596,520	$ 13,653,296
LIABILITIES				
Accounts payable	$ 213,190	$ 39,920	$ 11,181	$ 264,291
Accrued liabilities	203,778	14,639	5,566	223,983
Deposits	54,004	-	-	54,004
TOTAL LIABILITIES	470,972	54,559	16,747	542,278
DEFERRED INFLOWS OF RESOURCES				
Deferred property taxes	-	99,742	-	99,742
FUND BALANCE				
Nonspendable	71,877	-	49,029	120,906
Restricted	-	-	366,789	366,789
Committed	-	625,460	-	625,460
Assigned	-	-	3,163,955	3,163,955
Unassigned	8,162,489	571,677	-	8,734,166
TOTAL FUND BALANCE	8,234,366	1,197,137	3,579,773	13,011,276
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES	$ 8,705,338	$ 1,351,438	$ 3,596,520	$ 13,653,296

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

CITY OF CORTEZ, COLORADO
RECONCILIATION OF THE STATEMENT OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2025

Total Fund Balances - Governmental Funds	$	13,011,276
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		19,007,377
Internal service funds are not reported in the statement of net position as governmental activities.		(4,392,245)
Some liabilities, including long-term debt, are not due and payable in the current period and therefore, are not reported in the funds:		
Lease payable		(28,557)
Finance lease payable		(462,473)
Compensated absences		(531,199)
NET POSITION OF GOVERNMENTAL ACTIVITIES	$	26,604,179

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

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Street Improvement Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES				
Property and sales taxes	$ 10,930,700	$ 1,852,431	$ 711,486	$ 13,494,617
Franchise taxes	656,154	-	-	656,154
Licenses, permits and fees	181,436	-	-	181,436
Intergovernmental	972,328	-	535,018	1,507,346
Charges for services	986,030	-	-	986,030
Fines and forfeitures	58,643	-	-	58,643
Donations	19,883	-	-	19,883
Investment income	416,169	39,142	106,734	562,045
Grant revenue	430,462	-	-	430,462
Interfund charges	339,021	-	-	339,021
Miscellaneous	97,705	10,655	48,692	157,052
TOTAL REVENUES	15,088,531	1,902,228	1,401,930	18,392,689
EXPENDITURES				
General government	2,817,224	-	648,605	3,465,829
General services	1,269,717	-	9,489	1,279,206
Public safety	4,895,362	-	-	4,895,362
Public works	1,307,061	1,029,872	-	2,336,933
Parks and recreation	3,164,351	-	335,669	3,500,020
Capital projects	1,250,318	300,679	521,118	2,072,115
Internal charges	710,231	-	-	710,231
Debt service				
Principal	72,010	-	131,657	203,667
Interest	20,246	-	14,386	34,632
TOTAL EXPENDITURES	15,506,520	1,330,551	1,660,924	18,497,995
EXCESS (DEFICIENCY) OF REVENUES (UNDER) EXPENDITURES	(417,989)	571,677	(258,994)	(105,306)
FUND BALANCE, Beginning	8,652,355	625,460	3,838,767	13,116,582
FUND BALANCE, Ending	$ 8,234,366	$ 1,197,137	$ 3,579,773	$ 13,011,276

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

CITY OF CORTEZ, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds	$	(105,306)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of net position the cost of these assets is capitalized and they are depreciated over their estimated useful lives and reported as depreciation expense in the statement of activitieis.		
Capital outlay is reported as an expenditure in the fund financial statement but is capitalized in the government-wide financial statements		2,072,115
Depreciation and amortization is reported in the government-wide financial statements		(1,255,810)
Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Compensated absences		1,254
Lease payable		9,680
Finance lease payable		193,987
The change in net position of the internal service fund reported with governmental activities		(1,926,934)
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$	(1,011,014)

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

CITY OF CORTEZ, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	$ -	$ 3,340,825	$ 9,900,311	$ 993,143	$ 1,828,484	$ 16,062,763	$ 3,095,588
Petty cash	-	1,341	600	-	-	1,941	-
Investments, at fair value	577,705	4,956,396	3,538,945	1,492,948	-	10,565,994	-
Prepaids	623	-	-	-	-	623	-
Inventories	-	1,614	274,035	-	-	275,649	93,879
Accounts receivable	7,724	216,151	365,298	277,929	3,749	870,851	-
Lease receivable	-	-	-	-	353,116	353,116	-
TOTAL CURRENT ASSETS	586,052	8,516,327	14,079,189	2,764,020	2,185,349	28,130,937	3,189,467
CAPITAL ASSETS							
Capital assets, non-depreciable	718,874	-	4,202,426	-	-	4,921,300	-
Capital assets, depreciable	7,999,528	5,033,653	6,220,302	1,282,124	287,104	20,822,711	16,233
Subscription-based IT arrangements assets	-	-	-	-	-	-	236,252
NET CAPITAL ASSETS	8,718,402	5,033,653	10,422,728	1,282,124	287,104	25,744,011	252,485
TOTAL ASSETS	$ 9,304,454	$ 13,549,980	$ 24,501,917	$ 4,046,144	$ 2,472,453	$ 53,874,948	$ 3,441,952
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION							
CURRENT LIABILITIES							
Accounts payable	$ 3,010,727	$ 44,519	$ 123,427	$ 49,775	$ 47,021	$ 3,275,469	$ 7,561,038
Deposits	-	37,764	-	-	-	37,764	-
Accrued liabilities	5,540	36,069	25,066	9,953	10,583	87,211	15,255
Interfund payables	-	-	4,068,247	-	-	4,068,247	-
Unearned revenue	-	13,861	213,464	-	-	227,325	-
Compensated absences	-	4,377	13,055	4,317	2,829	24,578	191
Subscription liability	-	-	-	-	-	-	114,899
Lease liability	-	-	-	270,121	-	270,121	-
TOTAL CURRENT LIABILITIES	3,016,267	136,590	4,443,259	334,166	60,433	7,990,715	7,691,383
LONG-TERM LIABILITIES							
Compensated absences	20,603	26,889	39,165	49,647	53,750	190,054	22,171
Lease liability	-	-	-	791,989	-	791,989	-
TOTAL LONG-TERM LIABILITIES	20,603	26,889	39,165	841,636	53,750	982,043	142,814
TOTAL LIABILITIES	3,036,870	163,479	4,482,424	1,175,802	114,183	8,972,758	7,834,197
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows related to leases	-	-	-	-	353,116	353,116	-
NET POSITION							
Net investment in capital assets	8,718,402	5,033,653	10,422,728	220,014	287,104	24,681,901	16,943
Unrestricted	(2,450,818)	8,352,848	9,596,765	2,650,328	1,718,050	19,867,173	(4,409,188)
TOTAL NET POSITION	$ 6,267,584	$ 13,386,501	$ 20,019,493	$ 2,870,342	$ 2,005,154	$ 44,549,074	$ (4,392,245)

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

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2025

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
OPERATING REVENUES							
Charges for services	$ 235,349	$ 450,509	$ 4,301,793	$ 2,035,079	$ 684,095	$ 7,706,825	$ 2,984,852
Intergovernmental	29,231	-	-	-	-	29,231	-
Grant revenue	-	-	11,002	-	-	11,002	-
Interfund charges	-	-	-	-	359,099	359,099	550,766
Miscellaneous revenue	4,170	2,114	14,455	32,466	-	53,205	2,982
TOTAL OPERATING REVENUES	268,750	452,623	4,327,250	2,067,545	1,043,194	8,159,362	3,538,600
OPERATING EXPENSES							
Health claims	-	-	-	-	-	-	3,869,600
Shop	-	-	-	-	-	-	640,595
Building overhead	-	-	-	-	-	-	4,688
Technology	-	-	-	-	-	-	565,150
Telecommunications	-	-	-	-	-	-	165,399
Administration	-	-	124,067	13,485	-	137,552	-
Filtration and treatment	-	-	1,071,371	-	-	1,071,371	-
Transmission and distribution	-	-	660,866	-	-	660,866	-
Airport operations	6,446,281	-	-	-	-	6,446,281	-
Meter maintenance	-	-	23,910	-	-	23,910	-
Collection	-	-	-	1,256,236	-	1,256,236	-
Recycling	-	-	-	231,496	-	231,496	-
Fiber outside plant	-	-	-	-	934	934	-
Fiber administration	-	-	-	-	1,050	1,050	-
Fiber inside plant	-	-	-	-	50,498	50,498	-
Recreation center	-	1,944,035	-	-	-	1,944,035	-
Police support services	-	-	-	-	1,115,468	1,115,468	-
Depreciation	293,409	230,385	533,609	254,601	54,888	1,366,892	2,347
Amortization	-	-	-	-	-	-	210,342
Internal charges	11,889	27,505	267,145	149,093	-	455,632	-
TOTAL OPERATING EXPENSES	6,751,579	2,201,925	2,680,968	1,904,911	1,222,838	14,762,221	5,458,121
OPERATING INCOME (LOSS)	(6,482,829)	(1,749,302)	1,646,282	162,634	(179,644)	(6,602,859)	(1,919,521)
NON-OPERATING REVENUES (EXPENSES)							
Property and sales taxes	-	2,005,303	-	-	-	2,005,303	-
Investment income	21,871	213,927	147,974	63,692	-	447,464	-
Loss on sale of capital assets	-	-	-	-	(357,501)	(357,501)	-
Interest expense	-	-	(180,069)	(56,746)	-	(236,815)	(7,413)
TOTAL NON-OPERATING REVENUES (EXPENSES)	21,871	2,219,230	(32,095)	6,946	(357,501)	1,858,451	(7,413)
INCOME (LOSS) BEFORE TRANSFERS	(6,460,958)	469,928	1,614,187	169,580	(537,145)	(4,744,408)	(1,926,934)
CONTRIBUTIONS AND TRANSFERS							
Capital grants and contributions	5,951,679	-	-	-	-	5,951,679	-
TOTAL CONTRIBUTIONS	5,951,679	-	-	-	-	5,951,679.00	-
CHANGE IN NET POSITION	(509,279)	469,928	1,614,187	169,580	(537,145)	1,207,271	(1,926,934)
NET POSITION, Beginning	6,776,863	12,916,573	18,405,306	2,700,762	2,542,299	43,341,803	(2,465,311)
NET POSITION, Ending	$ 6,267,584	$ 13,386,501	$ 20,019,493	$ 2,870,342	$ 2,005,154	$ 44,549,074	$ (4,392,245)

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

CITY OF CORTEZ, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-Type Activities						Governmental Activities
	Airport Fund	Recreation Center Fund	Water Fund	Solid Waste Collection Fund	Nonmajor Business-Type Funds	Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:							
Receipts from customers	$ 273,459	$ 449,897	$ 4,328,252	$ 2,059,528	$ 1,043,194	$ 8,154,330	$ 556,485
Cash flows from internal activities	-	-	-	-	-	-	2,982,102
Payments to suppliers	(6,180,980)	(625,025)	(1,022,839)	(725,441)	(92,958)	(8,647,243)	(655,017)
Payments for claims and loss adjustments	-	-	-	-	-	-	(1,961,814)
Payments to employees	(275,114)	(1,314,229)	(1,143,792)	(887,768)	(1,078,399)	(4,699,302)	(2,113,540)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(6,182,635)	(1,489,357)	2,161,621	446,319	(128,163)	(5,192,215)	(1,191,784)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:							
Intergovernmental revenue	-	2,005,303	-	-	-	2,005,303	-
Negative cash allocation reclassification	868,635	-	-	-	46,542	915,177	1,037,636
Cash (to) from other funds	-	-	(339,021)	-	-	(339,021)	-
NET CASH PROVIDED BY (USED FOR) NONCAPITAL FINANCING ACTIVITIES	868,635	2,005,303	(339,021)	-	46,542	2,581,459	1,037,636
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:							
Purchases of property and equipment	(81,845)	(6,077)	(944,973)	(427,033)	-	(1,459,928)	(8,325)
Grant contributions	5,951,679	-	-	-	-	5,951,679	-
Debt proceeds	-	-	-	423,443	-	423,443	(218,316)
Debt payments	-	-	-	(234,550)	-	(234,550)	(7,413)
Interest paid	-	-	(180,069)	(56,746)	-	(236,815)	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	5,869,834	(6,077)	(1,125,042)	(294,886)	-	4,443,829	(234,054)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Investment income	21,871	213,927	147,974	63,692	-	447,464	-
Net cash invested	(577,705)	(211,026)	(217,664)	(63,692)	-	(1,070,087)	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	(555,834)	2,901	(69,690)	-	-	(622,623)	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	512,770	627,868	151,433	(81,621)	1,210,450	(388,202)
CASH AND CASH EQUIVALENTS, Beginning of Year	-	2,829,396	9,273,043	841,710	1,910,105	14,854,254	3,483,790
CASH AND CASH EQUIVALENTS, End of Year	$ -	$ 3,342,166	$ 9,900,911	$ 993,143	$ 1,828,484	$ 16,064,704	$ 3,095,588
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES							
Operating income (loss)	$ (6,482,829)	$ (1,749,302)	$ 1,646,282	$ 162,634	$ (179,644)	$ (6,602,859)	$ (1,919,521)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES:							
Depreciation and Amortization	293,409	230,385	533,609	254,601	54,888	1,366,892	212,689
Changes in assets and liabilities:							
(Increase) decrease in:							
Accounts receivable	4,709	(2,726)	1,002	(8,017)	-	(5,032)	-
Inventories	-	-	-	-	-	-	18,204
Increase (decrease) in:							
Accounts payable	(2,518)	14,070	(30,298)	18,172	225	(349)	500,951
Accrued liabilities	875	12,559	6,287	3,562	625	23,908	1,932
Deposits	-	500	-	-	-	500	-
Unearned revenue	-	1,686	4,134	-	-	5,820	(13)
Compensated absences	3,719	3,471	605	15,367	(4,257)	18,905	(6,026)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ (6,182,635)	$ (1,489,357)	$ 2,161,621	$ 446,319	$ (128,163)	$ (5,192,215)	$ (1,191,784)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Cortez(City) became a home rule City in 1957. At that time, the citizens adopted the Council-Manager form of government. The citizens elect seven council members, non-partisan, at large, for staggered terms. At all general municipal elections there are four elected council persons. The three candidates receiving the highest number of votes serve four-year terms and the candidate receiving the next highest number of votes serves a two-year term.

The Mayor and Mayor Pro-Tempore are selected by and from the City Council for a two-year term of office. Council serves as the legislative and policymaking body of the City. The City Manager, chief administrative officer for the City, is appointed by the Council and is responsible for the general administration of all City business. Accounting policies conform to generally accepted accounting principles applicable to governmental units adopted by the Governmental Accounting Standards Board.

Reporting Entity

In accordance with Governmental Accounting Standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it. Based on the application of these criteria, the City is not included any other organization, but does include the Mesa Verde Country Visitor Information Bureau (Organization) within its reporting entity as a blended component unit reported in the City's Special Revenue Fund. The City specifically includes the Organization as a blended component unit within the City's report due to the substantial funding the City provides to the Organization. The information regarding the Organization's financial statements can be obtained by writing to Mesa Verde Country Visitor Information Bureau at 928 East Main, Cortez, Colorado 81321.

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

Basis of Presentation

The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the City as a whole. The reporting information includes all of the non-fiduciary activities of the City. These statements are to distinguish between the governmental and business-type activities of the City. Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the City's funds. Separate statements for each fund category, governmental, and proprietary are presented, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds would be aggregated and reported as non- major funds.

Governmental Funds

All governmental funds are accounted for on a spending or "financial flow" measurement focus. This means that only current assets and current liabilities are generally included on the balance sheet. Their reported fund balance (net current assets) is considered a measure of "available spendable resources". Governmental fund operating statements present increases (revenue and other financing sources) and decreases (expenditures and other financing uses) in net current assets. Accordingly, they are said to present a summary of sources and uses of "available spendable resources" during a period.

The City reports the following major governmental funds:

- General Fund – The General Fund is the general operating fund of the City. It is used to account for all financial resources except those required to be accounted for in another fund.
- Special Revenue Funds – Special Revenues Funds are used to account for the collection and disbursement of specific revenues sources. The City's major Special Revenue Fund is the:
    - Street Improvement Fund – This fund accounts for the City's sales tax collections (1/2 cent) that are to be used to improve the City's streets.

The City also reports the following non-major Special Revenue Funds:

- Lodger's Tax Fund – This fund accounts for the use of lodger's tax revenues to promote tourism and commerce in the area.
- Conservation Trust Fund – This fund accounts for State of Colorado lottery fund to be used for parks and recreation maintenance and capital investment.
- Equipment Fund – This fund accounts for the City's sales tax collections that are to be used to update and improve the City's equipment.
- Emergency Reserve- TABOR Fund – These funds were set aside by the City to fund the required TABOR emergency reserve requirement as described in Note 12.
- Grants Fund – This fund accounts for grant revenues and pass-through grant expenditures.

Mesa Verde Country® Visitor Information Bureau – This is the blended component unit described above.

Proprietary Funds

Enterprise Funds – Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The City's major enterprise funds are as follows:

- Airport Fund – This fund accounts for the operations of the City's airport.
- Recreation Center Fund – This fund accounts for the construction, repayment of bonds and operations of the recreation center.
- Water Fund – This fund accounts for the operation and maintenance of the City's water treatment and distribution system.
- Solid Waste Collection Fund – This fund accounts for the collection and disposal of the City's solid waste refuse. The City also reports the following non-major Enterprise Funds:
- Hydro Plant Fund – This fund accounts for the operations of the City's hydro electric power plant.
- City Community Network Fund – This fund accounts for the operations and maintenance of the City's fiber network.
- Police Dispatch Fund – This fund accounts for the City provided county-wide dispatch services.

The City reports the following Internal Service Funds:

- Shop Fund - This fund accounts for the operation of the maintenance shop which provides repair and maintenance to the City's equipment and vehicles.
- Technology Fund – This fund accounts for the City-wide computer information system operations.
- Self-Insured Health Insurance Fund – This fund accounts for the self-insured portion of the City's health insurance plan.

Measurement of Focus and Basis of Accounting

Government-Wide and Proprietary Fund Financial Statements

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include grants and donations. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Governmental Fund Financial Statements

Governmental Funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available. These revenues could include certain property, sales and other tax collections, federal, state, and county grants, and some charges for services. Grants are only recognized to the extent allowable expenditures have been incurred. The City generally considers funds received within 60 days subsequent to the end of the fiscal year to be measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

Cash and Cash Equivalents

Cash and cash equivalents includes short term, highly liquid investments with original maturities of three months or less. For purposes of proprietary fund statement of cash flows presentation, cash and cash equivalents totaled $16,064,704 at December 31, 2025.

Investments

Investments are stated at fair value. Cash deposits are reported at carrying value which reasonably estimates fair value.

Property Taxes Receivable

Property taxes for the City are levied by the City Council and certified for collection to Montezuma County by December 15 of each year. These taxes become due January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. Property taxes levied in the current year for collection in the subsequent year by the General Fund are included in receivables and deferred inflows at year end. These taxes are classified as deferred inflows since they were levied for and are not available to the City until the subsequent year.

Receivables

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

Bad debts under the Proprietary Fund (Enterprise Funds) are accounted for by the allowance reserve method in recognizing bad debt expense. This method better matches the cost of operating the fund with revenues of the fund and is consistent with generally accepted accounting principles.

Prepaids

Prepaid balances are for insurance payments made by the City in the current year to provide coverage occurring in the subsequent fiscal year.

Inventories

Inventory is valued at cost using the first-in, first-out method (FIFO).

Interfund Receivables and Payables

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. Interfund receivables and payables are eliminated in the government-wide statement of net position.

Restricted Assets

Certain cash, cash equivalents and investments are restricted by various legal and contractual obligations.

Enterprise Funds are required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for water, sewer, and recreation renovations. The General Fund is required to establish and maintain prescribed amounts of resources (consisting of cash and temporary investments) that can be used only for specific purposes.

Capital Assets

Property and equipment acquisitions made by the governmental funds are accounted for as expenditures of the fund, and are then capitalized in the government-wide financial statements. All purchased property and equipment are valued at cost, while donated assets and capital assets received in a service concession arrangement should both be reported at acquisition value rather than fair value. The City capitalizes assets with a useful life in excess of five years and a cost of $5,000 or greater. Public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are capitalized as governmental activities in the government-wide financial statements.

Depreciation is provided on all capital assets shown in the government-wide presentation and is computed using the straight- line method over the following estimated useful lives of the assets:

Building and improvements	5 – 100 years
Infrastructure	15 – 25 years
Collection and distribution systems	30 – 50 years
Machinery and equipment	5 – 15 years

The City capitalizes interest costs during construction; however, none of the interest paid met the capitalization requirements during 2025.

Compensated Absences

Employees of the City are allowed to accumulate unused vacation time up to 240 hours or 384 hours based on employment position and unused sick time up to 480 hours. Regular, full-time employees hired on, or before February 14, 1990, after completing twenty years of service, will be compensated for sick leave earned at a maximum of 480 hours upon separation.

Accumulated unpaid vacation pay is accrued when earned. In the government-wide presentation, accumulated compensated absences not expected to be paid within current available resources are reported as long-term liabilities. Governmental activities compensated absences have normally been liquidated by the General Fund.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement requires that liabilities for compensated absences be recognized in financial statements prepared using the economic resources measurement focus for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for that leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This standard was implemented January 1, 2024. The standard was appropriately implemented and was not considered material to the overall financial statements for the year ended December 31, 2025.

Deferred Outflows and Inflows of Resources

A deferred outflow of resources represents a consumption of net assets that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until that future time.

In addition to liabilities, the statement of net position also reports a separate section for deferred inflows of resources. This element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and therefore will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet.

The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. Also reported is deferred inflows related to leases.

Leases

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

Subscription-Based IT Arrangements (SBITAs)

Effective January 1, 2023, the City implemented GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA). The City determines whether a contract conveys control of the right to use another party’s (SBITA vendor’s) IT software, infrastructure, or data warehouse, alone or in combination with tangible capital assets (underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. The SBITA liability is the present value of the annual payments using the City’s incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA asset is measured as the SBITA liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

Net Position/Fund Balances

In the government-wide financial statements and proprietary fund types in the fund financial statements, net position are either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

Government-wide Statements: The government wide net position is classified into the following three categories:

- *Net investment in capital assets* - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net position* - Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - All other net assets that do not meet the definition of "restricted" or 'net investment in capital assets", or non-spendable."

Fund Statements: The governmental fund balances are classified as nonspendable, restricted, and unrestricted, which includes committed, assigned, and unassigned fund balance classifications.

- The *nonspendable* fund balance classification includes amounts that cannot be spent because they are either not in spendable form, such as inventories, or are legally or contractually required to be maintained intact. Restricted fund balances are those that have externally imposed restrictions on their usage by creditors (such as through debt covenants), grantors, contributors, or laws and regulations.
- The *restricted* fund balance category includes amounts that are restricted to specific purposes because of state or federal laws or externally imposed conditions by grantors or creditors.
- The unrestricted fund balance category is composed of committed, assigned, and unassigned resources.
- *Committed* fund balances are self-imposed limitations that the City's Council approved, which is the highest level of decision-making authority within the City. Only the Council can remove or change the constraints placed on committed fund balances.
- *Assigned* fund balances are resources constrained by the City's intent to be used for specific purposes, but that are neither restricted nor committed.
- The *unassigned* fund balance is the residual classification for the general fund and includes all spendable amounts not reported in the other classifications. Also, deficits in fund balances of the other governmental funds are reported as unassigned.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance, if allowed under the terms of the restriction. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows, liabilities and deferred inflows and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Balance

Generally accepted accounting principles require disclosure of individual funds that have deficit balances at year-end.

As of December 31, 2025, the following individual funds had a deficit balance:

Fund		Amount
Police Dispatch	$	(93,266)
Shop Fund	$	(2,199,001)
Technology Fund	$	(4,680,648)

These fund deficits will be funded with future tax or grant revenues.

Excess Expenditures Over Budget

Fund		Budgeted Expenditures		Actual Expenditures		Excess Expenditures Over Budget
General Fund	$	14,856,863	$	15,506,520	$	649,657
Equipment Fund	$	472,944	$	539,733	$	66,789
Lodger’s Tax Fund	$	178,736	$	208,791	$	30,055
Police Dispatch Fund	$	1,022,253	$	1,142,935	$	120,682
Self-Insurance Health Fund	$	2,670,084	$	3,869,600	$	1,199,516

The City controls expenditures at the department level. Some individual departments experienced expenditures which exceeded budget. The detail of those items can be found in the City's year-end budget to actual report.

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of cash and investments as of December 31, 2025:

	Carrying Value	Bank Balances	Associated Risks
Petty cash	$ 4,147	$ 4,147	N/A
Deposits	21,054,769	11,055,639	Custodial credit risk
Negotiable CD's	16,614,021	16,614,021	Credit risk, custodial credit risk, concentration of credit risk, interest rate risk
Total	$ 37,672,937	$ 27,673,807	

Reconciliation to financial statements:

Per statement of net position	
Cash and cash equivalents	$ 21,058,916
Investments	16,614,021
Total Deposits and Investments	$ 37,672,937

Deposits

Custodial Credit Risk - Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the City's deposits might not be returned to it. The City requires all amounts deposited or invested with financial institutions in excess of any insurance limit shall be protected by collateralization with securities eligible for City investment or any other high-quality, interest-bearing security. The market value of the pledged securities shall equal or exceed the portion of the deposit requiring collateralization.

The City's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, the carrying amount of the City's deposits with financial institutions, which includes demand deposits, savings accounts, and certificates of deposit was $21,054,769. As of December 31, 2025, none of the City's bank balances (certificates of deposit, checking, and savings accounts) were exposed to custodial credit risk.

Investments

At December 31, 2025, the City, had the following investments and maturities:

		Investment Maturities (In Years)		
Investment Type	Fair Value	Less than 1	1 - 5	Moody's Rating
Colotrust	$ 16,614,021	$ 16,614,021	$ -	AA+
Total	$ 16,614,021	$ 16,614,021	$ -	

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of December 31, 2025, the City's investments were measured using the valuation inputs as follows:

	December 31, 2025			
Investment Type	Level 1	Level 2	Level 3	Total
Colotrust	$ 16,614,021	$ -	$ -	$ 16,614,021
Total	$ 16,614,021	$ -	$ -	$ 16,614,021

Investment Type	Fair Value	Weighted Avg Maturity in Years	% of Portfolio
Colotrust	$ 16,614,021	0.5	100
Total	$ 16,614,021	0.5	100

During the year ended December 31, 2025, the City invested funds in Colotrust. As an investment pool, it operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. They invest in securities that are specified by Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). The pool operates similar to a 2a-7- like money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. This fund is rated AAAm by the Standard and Poor's Corporation.

Interest rate risk: The City manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase unless otherwise authorized by the City Council.

Custodial credit risk: Credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment.

Concentration of Credit Risk: The City places no limit on the amount that may be invested in any one issuer.

NOTE 4: CAPITAL ASSETS

A summary of changes in the governmental capital assets at December 31, 2025 is as follows:

Governmental Activities:	Balance 1/1/25	Additions	Deletions	Balance 12/31/25
Not depreciated:				
Land	$ 1,669,805	$ -	$ -	$ 1,669,805
Total not depreciated	1,669,805	-	-	1,669,805
Depreciable capital assets:				
Buildings	13,562,416	203,729	-	13,766,145
Machinery and equipment	7,641,628	1,094,714	(338,857)	8,397,485
Other improvements	5,488,879	583,627	-	6,072,506
Land improvements	588,900	-	-	588,900
Infrastructure	10,399,360	190,045	-	10,589,405
Internal service equipment	140,776	8,325	-	149,101
Lease asset – equipment	57,836	-	-	57,836
Subscription-based IT arrangements asset	338,365	333,806	-	672,171
Total depreciable assets:	38,218,160	2,414,246	(338,857)	40,293,549
Less Accumulated Depreciation for:				
Buildings	(5,188,421)	(272,633)	-	(5,461,054)
Machinery and equipment	(5,050,735)	(464,115)	338,857	(5,175,993)
Other improvements	(4,937,579)	(93,278)	-	(5,030,857)
Land improvements	(552,225)	(18,233)	-	(570,458)
Infrastructure	(5,466,321)	(396,550)	-	(5,862,871)
Internal service equipment	(130,521)	(2,347)	-	(132,868)
Lease asset - equipment	(22,471)	(11,001)	-	(33,472)
Subscription-based IT arrangements asset	(225,576)	(210,343)	-	(435,919)
Total accumulated depreciation:	(21,573,849)	(1,468,500)	338,857	(22,703,492)
Net Capital Assets	$ 18,314,116	$ 945,746	$ -	$ 19,259,862

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

General Government	$	211,699
General Services		165,460
Public Safety		395,681
Public Works		229,013
Parks and Recreation		253,957
Internal Service Fund		2,347
Subscription-based IT arrangement		210,343
Total	$	1,468,500

Business-Type Activities	Balance 1/1/25	Additions	Deletions	Transfers	Balance 12/31/25
Not depreciated:					
Land	$ 718,874	$ -	$ -	$ -	$ 718,874
Water rights	4,202,426	-	-	-	4,202,426
Total not depreciated	4,921,300	-	-	-	4,921,300
Depreciable capital assets:					
Buildings	15,478,332	844,164	(1,307,133)	-	15,015,363
Machinery and equipment	4,649,919	624,272	(19,528)	-	5,254,663
Other improvements	1,157,446	11,020	-	-	1,168,466
Infrastructure	23,600,472	-	-	-	23,600,472
Total depreciable assets:	44,886,169	1,468,436	(1,326,661)	-	45,038,964
Less Accumulated Depreciation for:					
Buildings	(9,517,453)	(419,334)	949,812	-	(8,986,975)
Machinery and equipment	(2,961,734)	(383,248)	18,986	-	(3,325,996)
Other improvements	(929,860)	(43,231)	-	-	(973,091)
Infrastructure	(10,409,478)	(520,713)	-	-	(10,930,191)
Total accumulated depreciation:	(23,818,525)	(1,366,892)	968,798	-	(24,216,253)
Net Capital Assets	$ 25,988,944	$ 101,544	$ 357,863	$ -	$ 25,744,011

Depreciation expense was allocated to the funds as follows:

Airport	$	293,409
Police Dispatch		27,467
Recreation Center		230,385
Water		533,609
City Community Network		27,421
Solid Waste Collection		254,601
Total	$	1,366,892

NOTE 5: INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

The following is a schedule of interfund receivables and payables including any overdrafts on pooled cash and investment accounts:

Interfund Balances		Amount
General Fund	$	4,068,247
Water Fund		(4,068,247)
Total Internal Balances -- Government-Wide Statement of Net Position	$	-

Amounts between the General and Water Funds are due December 1, 2037 with annual payments of $339,021. Interest rate for the interfund loan is 6.0%.

NOTE 6: LONG-TERM DEBT

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

Governmental Activities	Balance 1/1/25	Additions	Deletions	Balance 12/31/25	Due Within One Year
Compensated Absences (net change)	$ 560,841	$ -	$ (7,280)	$ 553,561	$ 93,079
Lease payable	38,237	-	(9,680)	28,557	10,038
Police Vehicle Finance Lease	166,237	-	(81,870)	84,367	160,978
Police Truck Finance Lease	316,844	-	(72,010)	244,834	76,611
GM Mower	85,829	-	(19,854)	65,975	20,887
Precision Cut Mower	87,550	-	(20,253)	67,297	21,306
SBITA liability	112,699	333,806	(210,963)	235,542	114,899
Total	$ 1,368,237	$ 333,806	$ (421,910)	$ 1,280,133	$ 421,187

Governmental Activities finance lease payable at December 31, 2025, is comprised of the following:

	Amount
$322,778, Police Vehicles Finance Lease, due in annual installments of $86,940 through April 26, 2026; interest rate of 3.0%	$ 84,367
$409,100, Police Trucks Finance Lease, due in annual installments of $92,256 through March 20, 2028; interest rate of 6.30%	244,834
$110,147, GM Mower Lease, due in annual installments of $24,317 through August 6, 2028; interest rate of 5.20%	65,975
$112,356, Precision Cut Mower Lease, due in annual installments of $24,805 through July 9, 2028; interest rate of 5.20%	67,297
Total	$ 462,473

Debt service requirements to maturity are as follows:

Fiscal Year		Principal		Interest		Total
2026	$	203,171	$	25,148	$	228,319
2027		125,893		15,485		141,378
2028		133,409		7,969		141,378
Total	$	462,473	$	48,602	$	511,075

The following is a summary of other contractual liability transactions for business-type activities of the City for the year ended December 31, 2025:

Business-Type Activities		Balance 1/1/25		Additions		Deletions		Balance 12/31/25		Due Within One Year
Refuse Truck Finance Lease	$	873,217	$	423,443	$	(234,550)	$	1,062,110	$	270,121
Compensated Absences (net change)		195,727		18,905		-		214,632		24,578
Total	$	1,068,944	$	442,348	$	(234,550)	$	1,276,742	$	294,699

Enterprise Fund finance lease payable at December 31, 2025, is comprised of the following:

		Amount
$1,063,970, Refuse Trucks Finance Lease, due in annual installments of $248,952 through June 5, 2028; interest rate of 5.4%	$	672,030
$423,443, Refuse Trucks Finance Lease, due in annual installments of $75,872 through June 15, 2031; interest rate of 3%		390,080
Total	$	1,062,110

Debt service requirements to maturity are as follows:

Fiscal Year		Principal		Interest		Total
2026	$	270,121	$	54,704	$	324,825
2027		284,391		40,432		324,823
2028		299,421		25,403		324,824
2029		66,296		9,576		75,872
2030		69,346		6,527		75,873
2031		72,535		3,337		75,872
Total	$	1,062,110	$	139,979	$	1,202,089

NOTE 7: LEASES

Pursuant to GASB No. 87, *Leases*, the City has recorded an intangible right to use leased asset which represents the City's right to use an underlying asset during the lease term. The Mesa Verde Country Visitor Information Bureau has obtained equipment and office space through Right to Use leased assets.

Annual installments range from $174 to $689. Discount rate is the respective lease start date and term ranging from 2.75% to 11.32%. The due dates range from 2026 to 2029.

At December 31, 2025, Right-to-Use leased assets consisted of the following:

Governmental Activities		
Right-to-Use Asset	$	57,836
Less Accumulated Amortization		11,001
Right-to-Use Assets, net	$	46,835

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

The City has only a single existing arrangement subject to the requirements of GASB 96. The agreement can be described as subscriptions for technology, specifically related to telephones, dispatch, and overall services. The District makes annual payments and the agreement is for a set term. The SBITA liability is the present value of these payments using the City's incremental borrowing rate. The liability is amortized providing the principal and interest components of the payments over the SBITA term. The SBITA Asset is measured as the SBITA Liability plus any capitalized expenditures/expenses incurred in the initial implementation stage. The SBITA asset is depreciated (amortized) using a straight-line depreciation method over the term of the SBITA arrangement.

	Term in Months		Total Asset Amount		Total Accumulated Amortization
Administrative Software Programs	20	$	672,171	$	435,919

Outflows of Resources

There were no other outflows of resources paid for the SBITA arrangement.

The SBITA liability and associated principal and interest requirements were as follows for the year ended December 31, 2025:

	Interest Rate		Beginning Balance	Term in Months		Ending Balance
Administrative Software Programs	5.0%	$	112,699	20	$	235,542

The future principal and interest SBITA arrangement payments as of December 31, 2025, were as follows:

Year Ended December 31		Principal		Interest		Total
2026	$	114,899	$	11,777	$	126,676
2027		120,643		6,033		126,676
Total	$	235,542	$	17,810	$	253,352

Commitments and Impairments

There were no additional commitments made before the commencement of the SBITA terms. There were also no impairments or modifications to be reported during the fiscal year.

NOTE 9: RETIREMENT

City Employee's Defined Contribution Plan

Effective June 25, 1996, the City of Cortez Pension Plan, a single-employer defined benefit plan, was converted to the City Money Purchase Plan, a single employer defined contribution plan. Assets of $169,344 were transferred to the new money accumulation pension plan and then to the respective employee accounts. The plan is administered by the ICMA Retirement Corporation. All permanent employees, including those covered by other City employee plans are required to participate in the plan. The plan provisions can be modified by the City Council. Contributions of 5% of gross salary are required from all participants and a matching contribution of 5% is made by the City to the plan. Contributions totaled $125,277, $153,984 and $122,152 in 2025, 2024 and 2023, respectively.

Police Office Death and Disability Plan

The police officer death and disability plan is administered through the Fire and Police Pension Association (FPPA). This plan is a non-contributory plan. All full-time, paid police officers of the City are members of the Statewide Death and Disability Plan. Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, assigns the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the Statewide Death and Disability Plan.

Police Pension Defined Contribution Plan

Effective January 1, 1986, the City Police Pension Plan, was adopted as a single-employer defined contribution plan, IRS Code Section 401(A). All certified police officer employees are required to participate in the Plan. This Plan is a defined contribution money purchase plan. The City has no future liability to this Plan. Contributions of 8% of gross salary are required from all participants and a matching contribution of 8% is made by the City to the Plan. The City's contribution amount for 2025, 2024, and 2023 was $346,078, $323,257, and $317,280,respectively.

Deferred Compensation Plan

Pursuant to Governmental Accounting Standards Board Statement No. 32: *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, the City established a trust to hold the assets of its Deferred Compensation Plan, and modified the plan document to state that the plan is "held in trust for the exclusive benefit of participants and their beneficiaries." As such the plan's assets are no longer the property and rights of the City, and are not reflected in the financial statements of the City.

NOTE 10: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; and natural disasters. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and worker's compensation coverage and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

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

The amounts of settlements have not exceeded insurance coverage, nor were there any significant changes in insurance coverage. The City carries commercial insurance for worker's compensation coverage.

NOTE 11: SELF INSURANCE

The City self-insures its medical insurance claims and is fully self-insured for health insurance compensation. A summary of the City's self-insured claims and liability is as follows:

IBNR Claim Liability	Beginning Balance	Claims Incurred	Claims Paid	Ending Balance
12/31/2023	$ 380,609	$ 2,231,186	$ 2,501,221	$ 110,574
12/31/2024	$ 110,574	$ 2,503,458	$ 2,505,144	$ 108,888
12/31/2025	$ 108,888	$ 3,869,600	$ 3,370,304	$ 608,184

NOTE 12: COMMITMENTS AND CONTINGENCIES

Tabor Amendment – Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In 1996, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1995 and subsequent years, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $366,786 was recorded in the Emergency Reserve - Tabor Fund.

NOTE 13: NEW GASB PRONOUNCEMENTS

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

- GASB Statement No. 103, *Financial Reporting Model Improvements*
- GASB Statement No. 104, *Disclosure of Certain Capital Assets*
- GASB Statement No. 105, *Subsequent Events*

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

NOTE 14: SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated transactions for potential disclosure through June 8, 2026, the date the financial statements were available to be issued.

Between January 1, 2022 and December 31, 2025, the City collected $7,840,134 in Recreation Sales Tax instead of $4,989,176 that should have been collected at the 0.35% rate – a difference of $2,850,958 (to be refunded). Since over collected revenue was obtained in form of sales tax, it is impractical to identify or return to taxpayers because there is no reasonable means to determine who paid from 2022-2025. Therefore, the City adopted Ordinance 1359, Series 2026, which refunds money back to the taxpayers by enacting a "sales tax holiday." The ordinance approves a temporary tax reduction from and including October 18, 2026 through and including December 31, 2026, by reducing the City's General Sales Tax from 3.85% to 0.0% during the recommended time period.

The sales tax holiday refunds will be funded from Recreation Center reserves. The Recreation Center Fund will also transfer amounts to the General Fund, Equipment Fund, and Street Improvements Fund equal to the actual sales tax revenues refunded during the sales tax holiday, thereby preserving the revenues otherwise allocable to those funds.

Management is not aware of any events that have occurred subsequent to December 31, 2025 that would require disclosure, other than those mentioned above.

Supplementary Information

CITY OF CORTEZ, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE- POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 10,584,348	$ 10,584,348	$ 10,930,700	$ 346,352
Franchise fees	798,242	798,242	656,154	(142,088)
Licenses, permits and fees	249,864	249,864	181,436	(68,428)
Intergovernmental revenue	1,371,121	1,371,121	972,328	(398,793)
Charges for services	1,384,275	1,384,275	986,030	(398,245)
Fines and forfeitures	50,775	50,775	58,643	7,868
Donations	12,500	12,500	19,883	7,383
Investment income	294,589	294,589	416,169	121,580
Grant revenue	335,640	335,640	430,462	94,822
Interfund charges	339,020	339,020	339,021	1
Miscellaneous revenue	403,625	403,625	97,705	(305,920)
TOTAL REVENUES	15,823,999	15,823,999	15,088,531	(735,468)
EXPENDITURES				
General Government				
City council	346,013	346,013	327,206	18,807
City attorney	330,531	330,531	305,681	24,850
Human resources	324,360	324,360	299,558	24,802
Municipal court	327,474	327,474	349,522	(22,048)
City manager	379,307	379,307	337,921	41,386
Finance department	796,208	796,208	824,932	(28,724)
City clerk	253,235	253,235	201,159	52,076
Grants administrator	80,000	80,000	22,551	57,449
Special events	180,579	180,579	148,694	31,885
Total General Government	3,017,707	3,017,707	2,817,224	200,483
General Services				
Administration	434,291	434,291	48,809	385,482
Building maintenance	298,338	298,338	285,827	12,511
City hall operations	156,310	156,310	99,993	56,317
Welcome center	81,013	81,013	68,764	12,249
Planning and building	830,120	830,120	766,324	63,796
Total General Services	1,800,072	1,800,072	1,269,717	530,355
Public Safety				
Police administration	1,188,194	1,188,194	672,599	515,595
Patrol	2,672,098	2,672,098	2,626,258	45,840
Police support services	248,250	248,250	261,415	(13,165)
Police investigation	782,787	782,787	847,485	(64,698)
Police corrections	84,580	84,580	73,821	10,759
Building operations	128,401	128,401	135,862	(7,461)
Kennel operations	265,898	265,898	277,922	(12,024)
Total Public Safety	5,370,208	5,370,208	4,895,362	474,846
Public Works				
P.W. administration	402,535	402,535	337,269	65,266
Streets & utilities	705,268	705,268	585,726	119,542
Traffic services	219,000	219,000	197,823	21,177
Snow and ice removal	27,960	27,960	13,255	14,705
Street cleaning	146,061	146,061	172,988	(26,927)
Total Public Works	1,500,824	1,500,824	1,307,061	193,763

CITY OF CORTEZ, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (GAAP BASIS)	VARIANCE- POSITIVE (NEGATIVE)
Parks and Recreation				
Administration	$ 180,614	$ 180,614	$ 178,294	$ 2,320
Aquatics	302,671	302,671	313,890	(11,219)
Golf course administration	73,550	73,550	87,984	(14,434)
Golf course maintenance	404,701	404,701	435,556	(30,855)
City parks	1,130,847	1,130,847	1,005,395	125,452
Recreation	339,857	339,857	342,465	(2,608)
Library	735,812	735,812	800,767	(64,955)
Total Parks and Recreation	3,168,052	3,168,052	3,164,351	3,701
Capital outlay	-	-	1,250,318	(1,250,318)
Internal charges	-	-	710,231	(710,231)
Debt service				
Principal	-	-	72,010	(72,010)
Interest	-	-	20,246	(20,246)
TOTAL EXPENDITURES	14,856,863	14,856,863	15,506,520	(649,657)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	967,136	967,136	(417,989)	(1,385,125)
OTHER FINANCING SOURCES (USES)				
Transfers in	44,280	44,280	-	(44,280)
TOTAL OTHER FINANCING SOURCES	44,280	44,280	-	(44,280)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES AND OTHER FINANCING SOURCES	$ 1,011,416	$ 1,011,416	(417,989)	$ (1,429,405)
Fund Balance, Beginning			8,652,355	
Fund Balance, Ending			$ 8,234,366	

CITY OF CORTEZ, COLORADO
STREET IMPROVEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 1,746,708	$ 1,746,708	$ 1,852,431	$ 105,723
Charges for services	15,000	15,000	-	(15,000)
Investment income	103,638	103,638	39,142	(64,496)
Miscellaneous	15,000	15,000	10,655	(4,345)
TOTAL REVENUES	1,880,346	1,880,346	1,902,228	21,882
EXPENDITURES				
Public works	1,538,480	1,538,480	1,029,872	508,608
TOTAL EXPENDITURES	1,538,480	1,538,480	1,330,551	508,608
REVENUES IN EXCESS OF EXPENDITURES	$ 341,866	$ 341,866	571,677	$ 530,490
Fund Balance, Beginning			625,460	
Fund Balance, Ending			$ 1,197,137	

See independent auditors' report and accompanying notes to required supplementary information

CITY OF CORTEZ, COLORADO
Notes to Required Supplementary Information
For the Year Ended December 31, 2025

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1) On or before the first Monday in November each year, the City Manager shall submit to the Council a proposed budget for the next ensuing budget year with an explanatory message. The proposed budget provides a complete financial plan for the City and includes the proposed expenditures for each office, department and agency for the ensuing year; debt service requirements for the ensuing fiscal year; an estimate of the amount of anticipated income from all sources other than taxes on property during the ensuing fiscal year, including estimated surplus cash at the end of the fiscal year.

2) The budget is required to be in sufficient detail to show each fund's estimated revenues by source and estimated expenditures. The budget shall be arranged to show comparative figures for receipts and expenditures for the last completed fiscal year, estimates for the current year, and the City Manager's recommendations for the ensuing fiscal year.

3) A public hearing is conducted to obtain taxpayer comments.

4) No later than the last day of December, the budget is legally adopted and appropriations are enacted by Ordinance.

5) The City Manager is authorized to transfer budgeted amounts between departments within any fund; however, any revisions that alter the total expenditures of any fund must be approved by City Council.

6) The level on which expenditures may not legally exceed appropriations is the legally adopted annual operating budget for the fund in total.

7) The City Council may legally amend the budget by Ordinance once it has been approved. Budgeted amounts are shown as adopted by the City Council, including all amendments.

8) All appropriations lapse at year-end.

9) Budgets are legally adopted for all non-fiduciary funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons presented for the Enterprise and Internal Service Funds are presented on a non-GAAP budgetary basis. Tap fees, grant revenues and debt proceeds are recognized as revenue for budget purposes. Capital outlay is budgeted as an expenditure.

CITY OF CORTEZ, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

The City's nonmajor governmental funds account for legally restricted revenues dedicated to specific public purposes that support tourism, parks and recreation, fiscal stability, and regional economic development. Although individually smaller than the City's major governmental funds, these funds provide important financial resources that advance strategic priorities, ensure compliance with statutory requirements, and preserve long-term financial sustainability.

Lodger's Tax Fund

The Lodger's Tax Fund accounts for the collection and expenditure of the City's two percent lodging tax levied on short-term accommodations within the City. Revenues are legally restricted for activities that promote tourism, encourage overnight visitation, and strengthen the local visitor economy.

Resources are invested in destination marketing, tourism-related events, visitor services, and initiatives that enhance Cortez's reputation as the regional gateway to Mesa Verde National Park and the Four Corners area. Expenditures are intended to generate measurable economic benefits by increasing visitor activity, supporting local businesses, and expanding the community's tourism-based economic base.

A significant portion of annual revenues is contractually allocated to the Mesa Verde Country Visitor Information Bureau to provide professional destination marketing, visitor engagement, tourism research, and performance analytics on behalf of the City and the surrounding region. The remaining resources support tourism initiatives consistent with City Council priorities and applicable municipal code.

Conservation Trust Fund

The Conservation Trust Fund accounts for revenues distributed by the State of Colorado from Colorado Lottery proceeds in accordance with state statute. These revenues are legally restricted for the acquisition, development, improvement, operation, and maintenance of parks, recreation facilities, open space, natural areas, trails, and other eligible outdoor recreational purposes.

The City utilizes these resources to preserve and enhance community recreational assets while reducing reliance on local tax revenues for eligible capital improvements and maintenance activities. Conservation Trust funding provides a stable supplemental funding source that helps maintain high-quality recreational opportunities for residents and visitors while protecting the City's long-term investment in public infrastructure.

Emergency Reserve (TABOR) Fund

The Emergency Reserve (TABOR) Fund accounts for financial resources designated to satisfy the emergency reserve requirements established under Article X, Section 20 of the Colorado Constitution, commonly referred to as the Taxpayer's Bill of Rights (TABOR).

The reserve serves as a financial safeguard to ensure the City maintains sufficient liquidity to respond to declared emergencies affecting governmental operations. These resources are maintained separately from operating funds and are not available for routine governmental expenditures except as permitted under constitutional provisions.

Maintaining this reserve demonstrates the City's commitment to fiscal responsibility, financial resiliency, and compliance with Colorado constitutional requirements while supporting the City's long-term financial stability.

Mesa Verde Country Visitor Information Bureau

The Mesa Verde Country Visitor Information Bureau (MVCVIB) is a legally separate organization that is reported as a blended component unit of the City due to the nature of its financial relationship and contractual responsibilities associated with the expenditure of Lodger's Tax revenues. The component unit is included within the City's Annual Comprehensive Financial Report in accordance with generally accepted accounting principles.

Through an annual services agreement, the Bureau receives a portion of Lodger's Tax revenues to develop and implement destination marketing programs that promote Cortez and the surrounding Mesa Verde Country region as a premier travel destination. Activities include regional and national marketing campaigns, visitor information services, digital advertising, public relations, tourism partnership development, market research, visitor analytics, and performance measurement.

The Bureau's programs support the City's economic development objectives by increasing overnight visitation, strengthening the hospitality industry, expanding visitor spending, and enhancing regional collaboration among tourism partners. Performance measures and contractual reporting requirements provide accountability for the effective use of public funds and allow the City to evaluate the return on investment generated through tourism promotion activities.

CITY OF CORTEZ, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve-TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
ASSETS							
Cash and cash equivalents	$ 624,515	$ 299,074	$ 366,786	$ 40,038	$ 4,861	$ 3	$ 1,335,277
Investments, at fair value	-	-	-	2,148,525	-	-	2,148,525
Prepaid items	-	-	-	-	49,029	-	49,029
Intergovernmental receivable	6,632	-	-	-	-	-	6,632
Accounts receivable	-	-	-	45,139	11,918	-	57,057
TOTAL ASSETS	631,147	299,074	366,786	2,233,702	65,808	3	3,596,520
LIABILITIES							
Accounts payable	-	6,261	-	-	4,920	-	11,181
Accrued liabilities	-	-	-	-	5,566	-	5,566
TOTAL LIABILITIES	-	6,261	-	-	10,486	-	16,747
FUND BALANCE							
Nonspendable	-	-	-	-	49,029	-	49,029
Restricted	-	-	366,786	-	-	3	366,789
Assigned	631,147	292,813	-	2,233,702	6,293	-	3,163,955
TOTAL FUND BALANCE	631,147	292,813	366,786	2,233,702	55,322	3	3,579,773
TOTAL LIABILITIES AND FUND BALANCE	$ 631,147	$ 299,074	$ 366,786	$ 2,233,702	$ 65,808	$ 3	$ 3,596,520

CITY OF CORTEZ, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2025

	Lodger's Tax Fund	Conservation Trust Fund	Emergency Reserve-TABOR Fund	Equipment Fund	Mesa Verde Country Visitor Information Bureau	Grant Fund	Total
REVENUES							
Property and sales taxes	$ 251,375	$ -	$ -	$ 460,111	$ -	$ -	$ 711,486
Intergovernmental revenue	-	88,614	-	-	446,404	-	535,018
Investment income	-	14,710	-	92,024	-	-	106,734
Miscellaneous revenue	-	-	-	37,476	11,216	-	48,692
TOTAL OPERATING REVENUES	251,375	103,324	-	589,611	457,620	-	1,401,930
EXPENDITURES							
General government	208,791	-	-	-	439,814	-	648,605
General services	-	-	-	9,489	-	-	9,489
Parks and recreation	-	335,669	-	-	-	-	335,669
Capital projects	-	126,937	-	394,181	-	-	521,118
Debt service							
Principal	-	-	-	121,977	9,680	-	131,657
Interest	-	-	-	14,086	300	-	14,386
TOTAL OPERATING EXPENDITURES	208,791	462,606	-	539,733	449,794	-	1,660,924
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	42,584	(359,282)	-	49,878	7,826	-	(258,994)
CHANGES IN FUND BALANCE	42,584	(359,282)	-	49,878	7,826	-	(258,994)
FUND BALANCE, BEGINNING	588,563	652,095	366,786	2,183,824	47,496	3	3,838,767
FUND BALANCE, ENDING	$ 631,147	$ 292,813	$ 366,786	$ 2,233,702	$ 55,322	$ 3	$ 3,579,773

CITY OF CORTEZ, COLORADO
LODGER'S TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 223,015	$ 223,015	$ 251,375	$ 28,360
EXPENDITURES				
General Government				
City council	178,736	178,736	208,791	(30,055)
TOTAL EXPENDITURES	178,736	178,736	208,791	(30,055)
REVENUES IN EXCESS OF EXPENDITURES	44,279	44,279	42,584	(1,695)
OTHER FINANCING (USES)				
Transfers (out)	(44,279)	(44,279)	-	44,279
CHANGE IN FUND BALANCE	$ -	$ -	42,584	$ 42,584
Fund Balance, Beginning			588,563	
Fund Balance, Ending			$ 631,147	

CITY OF CORTEZ, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenue	$ 618,000	$ 618,000	$ 88,614	$ (529,386)
Investment income	-	-	14,710	14,710
TOTAL REVENUES	618,000	618,000	103,324	(514,676)
TOTAL REVENUES	618,000	618,000	103,324	(514,676)
EXPENDITURES				
Parks and recreation				
Aquatics	7,500	7,500	1,207	6,293
Golf course maintenance	170,000	170,000	147,303	22,697
City parks	15,000	15,000	5,995	9,005
Parks and recreation capital	120,000	120,000	181,164	(61,164)
Capital outlay	305,000	305,000	126,937	178,063
TOTAL EXPENDITURES	617,500	617,500	462,606	154,894
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	500	500	(359,282)	(359,782)
CHANGE IN FUND BALANCE	$ 500	$ 500	(359,282)	$ (669,570)
Fund Balance, Beginning			652,095	
Fund Balance, Ending			$ 292,813	

CITY OF CORTEZ, COLORADO
EMERGENCY RESERVE - TABOR FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Investment income	$ -	$ -	$ -	$ -
TOTAL REVENUES	-	-	-	-
CHANGE IN FUND BALANCE	$ -	$ -	-	$ -
Fund Balance, Beginning			366,786	
Fund Balance, Ending			$ 366,786	

CITY OF CORTEZ, COLORADO
EQUIPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Property and sales taxes	$ 433,850	$ 433,850	$ 460,111	$ 26,261
Investment income	71,950	71,950	92,024	20,074
Miscellaneous income	-	-	37,476	37,476
TOTAL REVENUES	505,800	505,800	589,611	83,811
EXPENDITURES				
General Services				
Equipment	-	-	9,489	(9,489)
Capital outlay	472,944	472,944	394,181	78,763
Debt service				
Principal	-	-	121,977	(121,977)
Interest	-	-	14,086	(14,086)
TOTAL EXPENDITURES	472,944	472,944	539,733	(66,789)
REVENUES IN EXCESS OF EXPENDITURES	$ 32,856	$ 32,856	49,878	$ 17,022
Fund Balance, Beginning			2,183,824	
Fund Balance, Ending			$ 2,233,702	

CITY OF CORTEZ, COLORADO
MESA VERDE COUNTRY VISITOR INFORMATION BUREAU
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025
(UNAUDITED)

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
Intergovernmental revenue	$ 449,531	$ 449,531	$ 446,404	$ (3,127)
Miscellaneous revenue	6,000	6,000	11,216	5,216
TOTAL REVENUES	455,531	455,531	457,620	2,089
EXPENDITURES				
General government				
General	455,531	455,531	439,814	15,717
Debt service				
Principal	-	-	9,680	(9,680)
Interest	-	-	300	(300)
TOTAL EXPENDITURES	455,531	455,531	449,794	5,737
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	-	-	7,826	7,826
CHANGE IN FUND BALANCE	$ -	$ -	7,826	$ 7,826
Fund Balance, Beginning			47,496	
Fund Balance, Ending			$ 55,322	

CITY OF CORTEZ, COLORADO
GRANT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
REVENUES				
TOTAL REVENUES	$ -	$ -	$ -	$ -
EXPENDITURES				
TOTAL EXPENDITURES	-	-	-	-
REVENUES IN EXCESS (DEFICIENCY) OF EXPENDITURES	$ -	$ -	-	$ -
Fund Balance, Beginning			3	
Fund Balance, Ending			$ 3	

CITY OF CORTEZ, COLORADO

COMBINING STATEMENT OF NET POSITION - NONMAJOR ENTERPRISE FUNDS

December 31, 2025

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 530,478	$ 1,298,006	$ -	$ 1,828,484
Accounts receivable	-	3,749	-	3,749
Lease receivable	-	353,116	-	353,116
TOTAL CURRENT ASSETS	530,478	1,654,871	-	2,185,349
CAPITAL ASSETS				
Capital assets, depreciable	-	266,187	20,917	287,104
NET CAPITAL ASSETS	-	266,187	20,917	287,104
TOTAL ASSETS	$ 530,478	$ 1,921,058	$ 20,917	$ 2,472,453
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ -	$ -	$ 47,021	$ 47,021
Accrued liabilities	-	-	10,583	10,583
Compensated absences	-	-	2,829	2,829
TOTAL CURRENT LIABILITIES	-	-	60,433	60,433
LONG-TERM LIABILITIES				
Compensated absences	-	-	53,750	53,750
TOTAL LONG-TERM LIABILITIES	-	-	53,750	53,750
TOTAL LIABILITIES	-	-	114,183	114,183
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to leases	-	353,116	-	353,116
NET POSITION				
Net investment in capital assets	-	266,187	20,917	287,104
Unrestricted	530,478	1,301,755	(114,183)	1,718,050
TOTAL NET POSITION	$ 530,478	$ 1,567,942	$ (93,266)	$ 2,005,154

CITY OF CORTEZ, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION -
ENTERPRISE FUNDS
For the Year Ended December 31, 2025

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Charges for services	$ -	$ 126,354	$ 557,741	$ 684,095
Interfund charges	-	-	359,099	359,099
TOTAL OPERATING REVENUES	-	126,354	916,840	1,043,194
OPERATING EXPENSES				
Fiber outside plant	-	934	-	934
Fiber administration	-	1,050	-	1,050
Fiber inside plant	-	50,498	-	50,498
Police support services	-	-	1,115,468	1,115,468
Depreciation	-	27,421	27,467	54,888
TOTAL OPERATING EXPENSES	-	79,903	1,142,935	1,222,838
OPERATING INCOME (LOSS)	-	46,451	(226,095)	(179,644)
NON-OPERATING (EXPENSE)				
Loss on sale of capital assets	(357,501)	-	-	(357,501)
TOTAL NON-OPERATING (EXPENSE)	(357,501)	-	-	(357,501)
CHANGE IN NET POSITION	(357,501)	46,451	(226,095)	(537,145)
NET POSITION, Beginning	887,979	1,521,491	132,829	2,542,299
NET POSITION, Ending (Deficit)	$ 530,478	$ 1,567,942	$ (93,266)	$ 2,005,154

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - NONMAJOR ENTERPRISE FUNDS
For the Year Ended December 31, 2025

	Business-Type Activities			
	Hydro Plant Fund	City Community Network Fund	Police Dispatch Fund	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ -	$ 126,354	$ 916,840	$ 1,043,194
Payments to suppliers	-	(51,548)	(41,410)	(92,958)
Payments to employees	-	(934)	(1,077,465)	(1,078,399)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	-	73,872	(202,035)	(128,163)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Negative cash allocation reclassification	-	-	46,542	46,542
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	-	-	46,542	46,542
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-	73,872	(155,493)	(81,621)
CASH AND CASH EQUIVALENTS, Beginning of Year	530,478	1,224,134	155,493	1,910,105
CASH AND CASH EQUIVALENTS, End of Year	$ 530,478	$ 1,298,006	$ -	$ 1,828,484
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	$ -	$ 46,451	$ (226,095)	$ (179,644)
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Depreciation	-	27,421	27,467	54,888
Changes in assets and liabilities:				
Increase (decrease) in:				
Accounts payable	-	-	225	225
Accrued liabilities	-	-	625	625
Compensated absences	-	-	(4,257)	(4,257)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	$ -	$ 73,872	$ (202,035)	$ (128,163)

CITY OF CORTEZ, COLORADO
AIRPORT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 188,800	$ 188,800	$ 235,349	$ 46,549
Intergovernmental revenue	28,000	28,000	29,231	1,231
Miscellaneous revenue	-	-	4,170	4,170
TOTAL OPERATING REVENUES	216,800	216,800	268,750	51,950
OPERATING EXPENSES				
Airport operations	7,537,643	7,537,643	6,446,281	1,091,362
Depreciation	328,395	328,395	293,409	34,986
Internal charges	14,500	14,500	11,889	2,611
TOTAL OPERATING EXPENSES	7,880,538	7,880,538	6,751,579	1,128,959
OPERATING (LOSS)	(7,663,738)	(7,663,738)	(6,482,829)	1,180,909
NON-OPERATING REVENUES (EXPENSES)				
Investment income	-	-	21,871	21,871
TOTAL NON-OPERATING REVENUES	-	-	21,871	21,871
CONTRIBUTIONS				
Capital contributions	7,663,738	7,663,738	5,951,679	(1,712,059)
TOTAL CONTRIBUTIONS	7,663,738	7,663,738	5,951,679	(1,712,059)
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	(509,279)	$ (509,279)
CHANGE IN NET POSITION - GAAP BASIS			(509,279)	
Net Position, Beginning			6,776,863	
Net Position, Ending			$ 6,267,584	

CITY OF CORTEZ, COLORADO
RECREATION CENTER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 466,054	$ 466,054	$ 450,509	$ (15,545)
Miscellaneous revenue	4,500	4,500	2,114	(2,386)
TOTAL OPERATING REVENUES	470,554	470,554	452,623	(17,931)
OPERATING EXPENSES				
Recreation center	2,857,491	2,857,491	1,944,035	913,456
Depreciation	250,677	250,677	230,385	20,292
Internal charges	1,500	1,500	27,505	(26,005)
TOTAL OPERATING EXPENSES	3,109,668	3,109,668	2,201,925	907,743
OPERATING (LOSS)	(2,639,114)	(2,639,114)	(1,749,302)	889,812
NON-OPERATING REVENUES (EXPENSES)				
Property and sales taxes	1,850,000	1,850,000	2,005,303	155,303
Investment income	842,284	842,284	213,927	(628,357)
TOTAL NON-OPERATING REVENUES	2,692,284	2,692,284	2,219,230	(473,054)
CHANGE IN NET POSITION - BUDGET BASIS	$ 53,170	$ 53,170	469,928	$ 416,758
CHANGE IN NET POSITION - GAAP BASIS			469,928	
Net Position, Beginning			12,916,573	
Net Position, Ending			$ 13,386,501	

CITY OF CORTEZ, COLORADO
WATER FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 4,125,689	$ 4,125,689	$ 4,301,793	$ 176,104
Intergovernmental revenue	-	-	11,002	11,002
Miscellaneous revenue	13,200	13,200	14,455	1,255
TOTAL OPERATING REVENUES	4,138,889	4,138,889	4,327,250	188,361
OPERATING EXPENSES				
Administration	131,445	131,445	124,067	7,378
Filtration and treatment	2,278,727	2,278,727	1,071,371	1,207,356
Transmission and distribution	750,909	750,909	660,866	90,043
Meter maintenance	11,850	11,850	23,910	(12,060)
Depreciation	538,150	538,150	533,609	4,541
Internal charges	232,801	232,801	267,145	(34,344)
TOTAL OPERATING EXPENSES	3,943,882	3,943,882	2,680,968	1,262,914
OPERATING INCOME	195,007	195,007	1,646,282	1,451,275
NON-OPERATING REVENUES (EXPENSES)				
Investment income	89,016	89,016	147,974	58,958
Interest expense	(197,560)	(197,560)	(180,069)	17,491
TOTAL NON-OPERATING EXPENSES	(108,544)	(108,544)	(32,095)	76,449
CHANGE IN NET POSITION - BUDGET BASIS	$ 86,463	$ 86,463	1,614,187	$ 1,527,724
CHANGE IN NET POSITION - GAAP BASIS			1,614,187	
Net Position, Beginning			18,405,306	
Net Position, Ending			$ 20,019,493	

CITY OF CORTEZ, COLORADO
SOLID WASTE COLLECTION FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 2,096,483	$ 2,096,483	$ 2,035,079	$ (61,404)
Miscellaneous revenue	14,588	14,588	32,466	17,878
TOTAL OPERATING REVENUES	2,111,071	2,111,071	2,067,545	(43,526)
OPERATING EXPENSES				
Administration	8,900	8,900	13,485	(4,585)
Collection	1,597,723	1,597,723	1,256,236	341,487
Recycling	194,890	194,890	231,496	(36,606)
Depreciation	77,961	77,961	254,601	(176,640)
Internal charges	159,000	159,000	149,093	9,907
TOTAL OPERATING EXPENSES	2,038,474	2,038,474	1,904,911	133,563
OPERATING INCOME	72,597	72,597	162,634	90,037
NON-OPERATING REVENUES (EXPENSES)				
Investment income	44,760	44,760	63,692	18,932
Interest expense	-	-	(56,746)	(56,746)
TOTAL NON-OPERATING REVENUES	44,760	44,760	6,946	(37,814)
CHANGE IN NET POSITION - BUDGET BASIS	$ 117,357	$ 117,357	169,580	$ 52,223
CHANGE IN NET POSITION - GAAP BASIS			169,580	
Net Position, Beginning			2,700,762	
Net Position, Ending			$ 2,870,342	

CITY OF CORTEZ, COLORADO
HYDRO PLANT FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ -	$ -	$ -	$ -
Interfund charges	-	-	-	-
TOTAL OPERATING REVENUES	-	-	-	-
OPERATING EXPENSES				
Administration	-	-	-	-
Depreciation	-	-	-	-
Internal charges	-	-	-	-
TOTAL OPERATING EXPENSES	-	-	-	-
OPERATING INCOME	-	-	-	-
OTHER FINANCING SOURCES				
Transfers in			-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
NON-OPERATING (EXPENSES)				
Loss on sale of capital asset	-	-	(357,501)	(357,501)
TOTAL NON-OPERATING EXPENSES	-	-	(357,501)	(357,501)
CHANGE IN NET POSITION - BUDGET BASIS	$ -	$ -	(357,501)	$ (357,501)
CHANGE IN NET POSITION - GAAP BASIS			(357,501)	
Net Position, Beginning			887,979	
Net Position, Ending			$ 530,478	

CITY OF CORTEZ, COLORADO
CITY COMMUNITY NETWORK FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 144,580	$ 144,580	$ 126,354	$ (18,226)
TOTAL OPERATING REVENUES	144,580	144,580	126,354	(18,226)
OPERATING EXPENSES				
Fiber outside plant	75	75	934	(859)
Fiber administration	1,500	1,500	1,050	450
Fiber inside plant	60,000	60,000	50,498	9,502
Depreciation	30,190	30,190	27,421	2,769
TOTAL OPERATING EXPENSES	91,765	91,765	79,903	11,862
OPERATING INCOME	52,815	52,815	46,451	(6,364)
CHANGE IN NET POSITION - BUDGET BASIS	$ 52,815	$ 52,815	46,451	$ (6,364)
Net Position, Beginning			1,521,491	
Net Position, Ending			$ 1,567,942	

CITY OF CORTEZ, COLORADO
POLICE DISPATCH FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 557,741	$ 557,741	$ 557,741	$ -
Interfund charges	359,099	359,099	359,099	-
TOTAL OPERATING REVENUES	916,840	916,840	916,840	-
OPERATING EXPENSES				
Police support services	989,787	989,787	1,115,468	(125,681)
Depreciation	27,466	27,466	27,467	(1)
Internal charges	5,000	5,000	-	5,000
TOTAL OPERATING EXPENSES	1,022,253	1,022,253	1,142,935	(120,682)
OPERATING (LOSS)	(105,413)	(105,413)	(226,095)	(120,682)
CHANGE IN NET POSITION - BUDGET BASIS	$ (105,413)	$ (105,413)	(226,095)	$ (120,682)
Net Position, Beginning			132,829	
Net Position, Ending			$ (93,266)	

CITY OF CORTEZ, COLORADO

COMBINING STATEMENT OF NET POSITION - INTERNAL SERVICE FUNDS

December 31, 2025

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ -	$ -	$ 3,095,588	$ 3,095,588
Inventories	93,879	-	-	93,879
TOTAL CURRENT ASSETS	93,879	-	3,095,588	3,189,467
CAPITAL ASSETS				
Capital assets, depreciable	16,233	-	-	16,233
Subscription-based IT arrangements assets	-	236,252	-	236,252
NET CAPITAL ASSETS	16,233	236,252	-	252,485
TOTAL ASSETS	$ 110,112	$ 236,252	$ 3,095,588	$ 3,441,952
LIABILITIES AND NET POSITION				
CURRENT LIABILITIES				
Accounts payable	$ 2,294,263	$ 4,658,591	$ 608,184	$ 7,561,038
Accrued liabilities	5,300	9,955	-	15,255
Compensated absences	191	-	-	191
Subscription liability	-	114,899	-	114,899
TOTAL CURRENT LIABILITIES	2,299,754	4,783,445	608,184	7,691,383
LONG-TERM LIABILITIES				
Compensated absences	9,359	12,812	-	22,171
Subscription liability	-	120,643	-	120,643
TOTAL LONG-TERM LIABILITIES	9,359	133,455	-	142,814
TOTAL LIABILITIES	2,309,113	4,916,900	608,184	7,834,197
NET POSITION				
Net investment in capital assets	16,233	710	-	16,943
Unrestricted	(2,215,234)	(4,681,358)	2,487,404	(4,409,188)
TOTAL NET POSITION	$ (2,199,001)	$ (4,680,648)	$ 2,487,404	$ (4,392,245)

CITY OF CORTEZ, COLORADO

COMBINING STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION -

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2025

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
OPERATING REVENUES				
Charges for services	$ -	$ 2,750	$ 2,982,102	$ 2,984,852
Interfund charges	550,766	-	-	550,766
Miscellaneous revenue	2,608.00	374	-	2,982
TOTAL OPERATING REVENUES	553,374	3,124	2,982,102	3,538,600
OPERATING EXPENSES				
Health claims	-	-	3,869,600	3,869,600
Shop	640,595	-	-	640,595
Building overhead	4,688	-	-	4,688
Technology	-	565,150	-	565,150
Telecommunications	-	165,399	-	165,399
Depreciation	2,347	-	-	2,347
Amortization	-	210,342	-	210,342
TOTAL OPERATING EXPENSES	647,630	940,891	3,869,600	5,458,121
OPERATING (LOSS)	(94,256)	(937,767)	(887,498)	(1,919,521)
NON-OPERATING (EXPENSE)				
Interest expense	-	(7,413)	-	(7,413)
TOTAL NON-OPERATING (EXPENSE)	-	(7,413)	-	(7,413)
TRANSFERS, NET	-	-	-	-
CHANGE IN NET POSITION	(94,256)	(945,180)	(887,498)	(1,926,934)
NET POSITION, Beginning (Deficit)	(2,104,745)	(3,735,468)	3,374,902	(2,465,311)
NET POSITION, Ending (Deficit)	$ (2,199,001)	$ (4,680,648)	$ 2,487,404	$ (4,392,245)

CITY OF CORTEZ, COLORADO
COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2025

	Shop Fund	Technology Fund	Self-Insured Health Insurance Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Receipts from customers	$ 553,361	$ 3,124	$ -	$ 556,485
Cash flows from internal activities	-	-	2,982,102	2,982,102
Payments to suppliers	(362,123)	(292,894)	-	(655,017)
Payments for claims and loss adjustments	-	-	(1,961,814)	(1,961,814)
Payments to employees	(277,098)	(427,952)	(1,408,490)	(2,113,540)
NET CASH (USED) BY OPERATING ACTIVITIES	(85,860)	(717,722)	(388,202)	(1,191,784)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Negative cash allocation reclassification	94,185	943,451	-	1,037,636
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	94,185	943,451	-	1,037,636
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchases of property and equipment	(8,325)	-	-	(8,325)
Debt payments on subscription-based IT arrangements	-	(218,316)	-	(218,316)
Interest paid on subscription-based IT arrangements	-	(7,413)	-	(7,413)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(8,325)	(225,729)	-	(234,054)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	-	-	(388,202)	(388,202)
CASH AND CASH EQUIVALENTS, Beginning of Year	-	-	3,483,790	3,483,790
CASH AND CASH EQUIVALENTS, End of Year	$ -	$ -	$ 3,095,588	$ 3,095,588
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES				
Operating (loss)	$ (94,256)	$ (937,767)	$ (887,498)	$ (1,919,521)
ADJUSTMENTS TO RECONCILE OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES:				
Depreciation and Amortization	2,347	210,342	-	212,689
Changes in assets and liabilities:				
Inventories	18,204	-	-	18,204
Increase (decrease) in:				
Accounts payable	(7,639)	9,294	499,296	500,951
Accrued liabilities	237	1,695	-	1,932
Unearned revenue	(13)	-	-	(13)
Compensated absences	(4,740)	(1,286)	-	(6,026)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (85,860)	$ (717,722)	$ (388,202)	$ (1,191,784)

CITY OF CORTEZ, COLORADO
SHOP FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE- POSITIVE (NEGATIVE)
OPERATING REVENUES				
Interfund charges	$ 429,456	$ 429,456	$ 550,766	$ 121,310
Miscellaneous revenue	-	-	2,608	2,608
TOTAL OPERATING REVENUES	429,456	429,456	553,374	123,918
OPERATING EXPENSES				
Shop	644,507	644,507	640,595	3,912
Building overhead	13,700	13,700	4,688	9,012
Depreciation	-	-	2,347	(2,347)
TOTAL OPERATING EXPENSES	658,207	658,207	647,630	10,577
OPERATING (LOSS)	(228,751)	(228,751)	(94,256)	134,495
CHANGE IN NET POSITION - BUDGET BASIS	$ (228,751)	$ (228,751)	(94,256)	$ 134,495
Net Position, Beginning (Deficit)			(2,104,745)	
Net Position, Ending (Deficit)			$ (2,199,001)	

CITY OF CORTEZ, COLORADO
TECHNOLOGY FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 44,000	$ 44,000	$ 2,750	$ (41,250)
Miscellaneous revenue	25,000	25,000	374	(24,626)
TOTAL OPERATING REVENUES	69,000	69,000	3,124	(65,876)
OPERATING EXPENSES				
Technology	947,241	947,241	565,150	382,091
Telecommunications	162,900	162,900	165,399	(2,499)
Amortization	-	-	210,342	(210,342)
Interest	-	-	7,413	(7,413)
TOTAL OPERATING EXPENSES	1,110,141	1,110,141	948,304	161,837
OPERATING (LOSS)	(1,041,141)	(1,041,141)	(945,180)	95,961
CHANGE IN NET POSITION - BUDGET BASIS	$ (1,041,141)	$ (1,041,141)	(945,180)	$ 95,961
Net Position, Beginning (Deficit)			(3,735,468)	
Net Position, Ending (Deficit)			$ (4,680,648)	

CITY OF CORTEZ, COLORADO
SELF-INSURED HEALTH FUND
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL (BUDGETARY BASIS)	VARIANCE-POSITIVE (NEGATIVE)
OPERATING REVENUES				
Charges for services	$ 2,853,910	$ 2,853,910	$ 2,982,102	$ 128,192
TOTAL OPERATING REVENUES	2,853,910	2,853,910	2,982,102	128,192
OPERATING EXPENSES				
Health claims	2,670,084	2,670,084	3,869,600	(1,199,516)
TOTAL OPERATING EXPENSES	2,670,084	2,670,084	3,869,600	(1,199,516)
OPERATING INCOME (LOSS)	183,826	183,826	(887,498)	(1,071,324)
CHANGE IN NET POSITION - BUDGET BASIS	$ 183,826	$ 183,826	(887,498)	$ (1,071,324)
Net Position, Beginning			3,374,902	
Net Position, Ending			$ 2,487,404	

Required Supplementary Information

CORTEZ

CITY OF CORTEZ, COLORADO
STATISTICAL SECTION
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The statistical section of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information presented in the financial statemetns, note disclosures and required supplementary information say about the City's overall financial health.

Soruces: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive report for the relevant year.

CITY OF CORTEZ,COLORADO
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
Net investment in capital assets	$ 20,879,297	$ 20,550,742	$ 21,492,839	$ 20,493,252	$ 19,405,325	$ 18,414,546	$ 18,260,317	$ 17,810,863	$ 17,506,720	$ 16,863,485
Restricted	492,456	399,951	366,789	366,789	366,789	366,789	366,789	366,789	366,789	366,789
Unrestricted	6,284,009	6,236,954	4,208,224	5,597,596	9,347,266	13,124,874	13,841,239	11,351,425	9,741,684	9,373,905
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	$ 27,655,762	$ 27,187,647	$ 26,067,852	$ 26,457,637	$ 29,119,380	$ 31,906,209	$ 32,468,345	$ 29,529,077	$ 27,615,193	$ 26,604,179
Business-Type Activities:										
Net investment in capital assets	$ 21,819,361	$ 21,527,238	$ 21,641,622	$ 21,333,612	$ 22,665,624	$ 22,497,513	$ 21,598,114	$ 24,305,083	$ 25,112,685	$ 24,681,901
Restricted	738,620	694,460	640,968	621,877	555,525	577,539	577,539	-	-	-
Unrestricted	5,617,342	6,061,565	6,207,363	6,104,284	9,425,955	10,750,414	13,326,217	17,108,309	18,229,118	19,867,173
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	$ 28,175,323	$ 28,283,263	$ 28,489,953	$ 28,059,773	$ 32,647,104	$ 33,825,466	$ 35,501,870	$ 41,413,392	$ 43,341,803	$ 44,549,074
Primary Government:										
Net investment in capital assets	$ 42,698,658	$ 42,077,980	$ 43,134,461	$ 41,826,864	$ 42,070,949	$ 40,912,059	$ 39,858,431	$ 42,115,946	$ 42,619,405	$ 41,545,386
Restricted	1,231,076	1,094,411	1,007,757	988,666	922,314	944,328	944,328	366,789	366,789	366,789
Unrestricted	11,901,351	12,298,519	10,415,587	11,701,880	18,773,221	23,875,288	27,167,456	28,459,734	27,970,802	29,241,078
TOTAL PRIMARY GOVERNMENT NET POSITION	$ 55,831,085	$ 55,470,910	$ 54,557,805	$ 54,517,410	$ 61,766,484	$ 65,731,675	$ 67,970,215	$ 70,942,469	$ 70,956,996	$ 71,153,253

CITY OF CORTEZ,COLORADO
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
EXPENSES:										
Governmental Activities:										
General government	$ 2,652,512	$ 2,235,087	$ 5,629,775	$ 5,607,816	$ 2,983,450	$ 2,859,671	$ 3,511,929	$ 7,563,057	$ 4,003,046	$ 3,695,307
General services	1,213,530	1,745,140	1,505,822	1,223,186	4,607,355	4,787,953	4,972,869	6,060,301	6,700,577	7,261,332
Public safety	4,060,844	4,147,242	4,003,769	4,322,330	4,106,792	4,414,165	4,650,143	4,734,236	5,150,797	5,650,142
Public works	1,178,485	3,944,435	3,665,789	3,171,860	1,869,574	3,271,079	4,169,906	3,675,922	4,192,546	2,578,549
Parks and recreation	2,130,401	2,731,390	2,574,385	2,639,983	1,962,383	1,986,644	2,527,582	2,824,626	3,171,132	3,736,727
Internal charges	1,340,665	1,511,379	1,698,608	1,345,472	877,388	775,091	657,938	759,931	650,043	-
TOTAL GOVERNMENTAL ACTIVITIES EXPENSES	12,576,437	16,314,673	19,078,148	18,310,647	16,406,942	18,094,603	20,490,367	25,618,073	23,868,141	22,922,057
Business-Type Activities:										
Airport	488,632	518,266	500,807	609,631	1,083,214	922,916	813,115	969,042	1,607,270	6,751,579
Recreation	1,339,530	1,598,335	2,803,085	2,283,798	910,154	1,182,886	1,309,984	1,550,862	1,893,912	2,201,925
Water	2,250,364	3,041,136	2,508,875	3,373,240	2,085,757	3,268,863	3,044,924	3,701,941	3,181,413	2,861,037
Solid waste collection	1,164,413	1,131,046	1,225,033	1,325,991	1,326,757	1,406,945	1,355,886	1,627,267	1,776,937	1,961,657
Police dispatch	744,722	871,807	907,017	788,601	726,728	741,975	831,904	936,739	1,075,211	1,142,935
Hydro plant	93,792	84,957	85,717	77,434	80,731	83,575	81,943	119,985	118,751	357,501
City community network	341,575	982,849	532,620	307,916	405,922	697,872	317,276	936,480	84,107	79,903
TOTAL BUSINESS-TYPE ACTIVITIES EXPENSES	6,423,028	8,228,396	8,563,154	8,766,611	6,619,263	8,305,032	7,755,032	9,842,316	9,737,601	15,356,537
TOTAL PRIMARY GOVERNMENT EXPENSES	18,999,465	24,543,069	27,641,302	27,077,258	23,026,205	26,399,635	28,245,399	35,460,389	33,605,742	$ 38,278,594
PROGRAM REVENUE:										
Governmental Activities:										
Charges for services:										
General government	$ 120,838	$ 238,413	$ 2,858,031	$ 2,860,265	$ 2,708,689	$ 2,690,974	$ 2,672,697	$ -	$ -	$ -
General services	-	88,914	71,519	75,584	61,203	52,409	79,991	2,785,253	2,957,132	2,984,852
Public safety	84,418	-	-	-	32,193	27,886	50,463	56,675	67,479	58,643
Public works	182,059	345,068	152,850	418,716	235,498	264,580	222,603	273,607	237,708	181,436
Parks and recreation	447,968	475,834	501,836	495,252	615,788	800,015	666,515	734,311	822,963	1,005,913
Operating grants and contributions:										
General government	1,191,412	1,505,118	1,623,851	1,577,184	2,059,933	2,044,897	2,435,963	89,780	249,162	161,446
General services	-	147,662	185,739	245,602	-	-	-	-	-	-
Public safety	174,123	-	-	-	100,249	82,123	137,921	39,603	269,016	269,016
Public works	373,021	360,521	422,877	445,338	460,757	487,483	532,095	-	-	-
Parks and recreation	117,289	101,789	151,219	58,885	198,700	118,092	129,155	190,210	185,941	185,941
Capital grants and contributions:										
Capital projects	1,756,625	268,375	-	-	-	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES PROGRAM REVENUE	4,447,753	3,531,694	5,967,922	6,176,826	6,473,010	6,568,459	6,927,403	4,169,439	4,789,401	4,847,247

CITY OF CORTEZ,COLORADO
CHANGES IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PROGRAM REVENUE: (continued)										
Business-Type Activities:										
Charges for services:										
Airport	$ 228,724	$ 264,930	$ 250,694	$ 403,158	$ 169,231	$ 171,241	$ 169,588	$ 179,159	$ 190,583	$ 235,349
Recreation	525,654	738,934	528,361	775,707	413,070	424,023	420,598	444,873	445,013	450,509
Water	2,884,693	2,890,368	3,221,735	2,983,837	3,652,698	3,633,937	3,687,586	3,859,682	4,354,125	4,301,793
Solid waste collection	1,351,726	1,259,556	1,316,954	1,379,612	1,476,908	1,501,942	1,600,825	1,911,995	1,983,948	2,035,079
Police dispatch	993,954	744,500	988,413	920,318	885,258	725,111	829,813	544,222	490,080	557,741
Hydro plant	75,540	72,399	74,036	66,600	59,355	26,770	9,067	-	-	-
City community network	193,312	202,023	526,878	344,923	550,014	443,320	434,476	313,150	151,012	126,354
Operating grants and contributions:										
Airport	-	-	-	-	342,953	19,011	32,117	59,718	32,115	29,231
Water	-	76,817	-	-	-	-	-	-	15,475	11,002
City community network	-	609,668	350,436	-	-	-	-	-	-	-
Capital grants and contributions:										
Airport	-	-	-	-	1,933,820	564,344	314,716	325,970	556,792	5,951,679
Water	19,180	-	-	-	-	-	-	-	-	-
City community network	24,665	-	-	-	-	-	-	-	-	-
TOTAL BUSINESS-TYPE ACTIVITIES PROGRAM REVENUE	6,297,448	6,859,195	7,257,507	6,874,155	9,483,307	7,509,699	7,498,786	7,638,769	8,219,143	13,698,737
TOTAL PRIMARY GOVERNMENT PROGRAM REVENUES	10,745,201	10,390,889	13,225,429	13,050,981	15,956,317	14,078,158	14,426,189	11,808,208	13,008,544	18,545,984
NET (EXPENSE) REVENUE:										
Governmental Activities	(8,128,684)	(12,782,979)	(13,110,226)	(12,133,821)	(9,933,932)	(11,526,144)	(13,562,964)	(21,448,634)	(19,078,740)	(18,074,810)
Business-Type Activities	(125,580)	(1,369,201)	(1,305,647)	(1,892,456)	2,864,044	(795,333)	(256,246)	(2,203,547)	(1,518,458)	(1,657,800)
TOTAL PRIMARY GOVERNMENT NET (EXPENSE) REVENUE	(8,254,264)	(14,152,180)	(14,415,873)	(14,026,277)	(7,069,888)	(12,321,477)	(13,819,210)	(23,652,181)	(20,597,198)	(19,732,610)
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION:										
Governmental Activities:										
Taxes:										
Property and sales taxes	9,427,492	9,807,574	9,762,720	10,434,216	11,187,771	12,879,700	12,880,203	13,685,617	13,217,119	13,494,617
Franchise taxes	591,439	603,152	575,349	619,515	617,110	616,350	672,872	748,003	715,883	656,154
Other intergovernmental	-	-	-	-	-	-	-	1,887,459	2,284,998	1,301,533
Interfund charges	70,000	1,509,923	1,482,608	1,056,502	475,955	441,061	535,833	1,631,404	859,048	889,787
Investment income	20,180	25,879	52,856	125,162	174,992	9,202	(41,243)	220,562	561,194	562,045
Loss on sale of capital assets	-	-	-	(211,316)	-	-	-	-	-	-
Miscellaneous revenue	111,026	379,996	187,528	321,027	64,847	366,660	77,435	336,321	220,760	159,660
Transfers	252,441	-	-	178,500	75,000	-	-	-	(694,146)	-
TOTAL GOVERNMENTAL ACTIVITIES:	10,472,578	12,326,524	12,061,061	12,523,606	12,595,675	14,312,973	14,125,100	18,509,366	17,164,856	17,063,796
Business-Type Activities:										
Taxes:										
Property and sales taxes	1,416,484	1,473,846	1,495,365	1,624,479	1,748,108	1,957,132	1,908,365	1,951,024	1,956,394	2,005,303
Interfund charges	-	-	-	-	-	-	-	4,138,461	334,768	359,099
Investment income	7,677	3,295	16,972	16,297	31,779	2,314	(1,836)	79,184	382,554	447,464
Miscellaneous revenue	-	-	-	-	18,400	14,249	26,121	1,946,400	79,007	53,205
Transfers	(252,441)	-	-	(178,500)	(75,000)	-	-	-	694,146	-
TOTAL BUSINESS-TYPE ACTIVITIES:	1,171,720	1,477,141	1,512,337	1,462,276	1,723,287	1,973,695	1,932,650	8,115,069	3,446,869	2,865,071
TOTAL PRIMARY GOVERNMENT:	11,644,298	13,803,665	13,573,398	13,985,882	14,318,962	16,286,668	16,057,750	26,624,435	20,611,725	19,928,867
CHANGES IN NET POSITION:										
Governmental Activities	2,343,894	(456,455)	(1,049,165)	389,785	2,661,743	2,786,829	562,136	(2,939,268)	(1,913,884)	(1,011,014)
Business-Type Activities	1,046,140	107,940	206,690	(430,180)	4,587,331	1,178,362	1,676,404	5,911,522	1,928,411	1,207,271
TOTAL PRIMARY GOVERNMENT:	$ 3,390,034	$ (348,515)	$ (842,475)	$ (40,395)	$ 7,249,074	$ 3,965,191	$ 2,238,540	$ 2,972,254	$ 14,527	$ 196,257

CITY OF CORTEZ,COLORADO
PROGRAM REVENUES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

FUNCTION/PROGRAM	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental Activities:										
General government	$ 1,312,250	$ 1,743,531	$ 4,481,882	$ 4,437,449	$ 4,437,449	$ 4,768,622	$ 4,735,871	$ 5,108,660	$ 89,780	$ 161,446
General services	-	236,576	257,258	321,186	321,186	61,203	52,409	79,991	2,785,253	2,984,852
Public safety	258,541	-	-	-	-	132,442	110,009	188,384	96,278	327,659
Public works	555,080	705,589	575,727	864,054	864,054	696,255	752,063	754,698	273,607	181,436
Parks and recreation	565,257	577,623	653,055	554,137	554,137	814,488	918,107	795,670	924,521	1,191,854
Capital projects	1,756,625	268,375	-	-	-	-	-	-	-	-
TOTAL GOVERNMENTAL ACTIVITIES	4,447,753	3,531,694	5,967,922	6,176,826	6,176,826	6,473,010	6,568,459	6,927,403	4,169,439	4,847,247
Business-Type Activities:										
Airport	228,724	264,930	250,694	403,158	403,158	2,446,004	754,596	516,421	564,847	6,216,259
Recreation	525,654	738,934	528,361	775,707	775,707	413,070	424,023	420,598	444,873	450,509
Water	2,903,873	2,967,185	3,221,735	2,983,837	2,983,837	3,652,698	3,633,937	3,687,586	3,859,682	4,312,795
Solid waste collection	1,351,726	1,259,556	1,316,954	1,379,612	1,379,612	1,476,908	1,501,942	1,600,825	1,911,995	2,035,079
Police dispatch	993,954	744,500	988,413	920,318	920,318	885,258	725,111	829,813	544,222	557,741
Hydro plant	75,540	72,399	74,036	66,600	66,600	59,355	26,770	9,067	-	-
City community network	217,977	811,691	877,314	344,923	344,923	550,014	443,320	434,476	313,150	126,354
TOTAL BUSINESS-TYPE ACTIVITIES	6,297,448	6,859,195	7,257,507	6,874,155	6,874,155	9,483,307	7,509,699	7,498,786	7,638,769	13,698,737
TOTAL GOVERNMENT	$ 10,745,201	$ 10,390,889	$ 13,225,429	$ 13,050,981	$ 13,050,981	$ 15,956,317	$ 14,078,158	$ 14,426,189	$ 11,808,208	$ 18,545,984

CITY OF CORTEZ,COLORADO
FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund:										
Nonspendable	$ 165,371	$ 108,561	$ 140,380	$ 57,951	$ 57,951	$ 51,775	$ 51,775	$ 51,775	$ 51,775	$ 71,877
Committed	1,245,975	-	-	-	-	-	-	-	-	-
Assigned	-	-	-	-	-	-	-	-	-	-
Unassigned	1,963,652	2,492,077	1,093,227	1,408,355	3,789,951	7,503,752	10,173,118	9,072,758	8,600,580	8,162,489
TOTAL GENERAL FUND	3,374,998	2,600,638	1,233,607	1,466,306	3,847,902	7,555,527	10,224,893	9,124,533	8,652,355	8,234,366
All Other Governmental Funds:										
Nonspendable	21,224	17,278	12	10,699	25,704	36,326	14,350	19,937	46,277	49,029
Restricted	492,456	377,391	366,789	366,789	366,789	366,789	366,789	366,789	366,789	366,789
Committed	1,306,423	2,301,319	1,286,733	2,063,958	2,991,854	2,991,854	2,991,854	2,991,854	625,460	625,460
Assigned	2,454,899	-	-	-	-	-	-	-	-	3,163,955
Unassigned	(18,971)	1,292,700	1,228,793	1,355,475	1,960,046	2,548,319	1,565,668	1,285,114	3,425,701	571,677
TOTAL ALL OTHER GOVERNMENTAL FUNDS	$ 4,256,031	$ 3,988,688	$ 2,882,327	$ 3,796,921	$ 5,344,393	$ 5,943,288	$ 4,938,661	$ 4,663,694	$ 4,464,227	$ 4,776,910

CITY OF CORTEZ,COLORADO
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
REVENUES:										
Taxes	$ 10,018,931	$ 10,410,726	$ 10,338,069	$ 11,053,731	$ 11,804,881	$ 13,496,050	$ 13,553,075	$ 14,433,620	$ 13,933,002	$ 14,150,771
Licenses, permits and fees	270,637	419,464	234,053	204,629	235,498	264,580	222,603	273,607	237,708	181,436
Intergovernmental	1,655,704	1,947,576	1,936,500	2,076,284	2,033,603	1,493,190	1,937,070	2,077,669	2,469,798	1,507,346
Charges for services	482,973	656,035	579,706	840,229	586,778	775,492	636,987	700,271	809,090	986,030
Interfund charges	70,000	235,640	-	-	-	-	-	-	392,417	339,021
Fines and forfeitures	81,673	74,130	54,564	65,764	32,193	27,886	50,463	56,675	67,479	58,643
Grants	1,938,709	430,044	404,709	231,134	840,336	1,227,315	1,309,043	129,383	518,178	430,462
Miscellaneous	149,268	410,304	282,861	465,780	274,752	464,884	132,098	1,684,282	795,827	738,980
TOTAL REVENUES	14,667,895	14,583,919	13,830,462	14,937,551	15,808,041	17,749,397	17,841,339	19,355,507	19,223,499	18,392,689
EXPENDITURES:										
General government	2,075,679	2,472,574	2,491,238	2,664,887	2,777,981	2,688,239	3,273,533	7,101,823	3,799,822	3,465,829
General services	1,549,895	1,444,290	1,368,338	1,092,691	993,130	966,637	1,078,919	1,726,056	2,155,540	1,279,206
Public safety	3,706,404	3,849,815	3,675,003	3,964,249	3,753,124	4,076,900	4,313,324	4,389,366	4,784,675	4,895,362
Public works	2,145,202	2,977,627	2,640,570	2,145,784	1,762,761	2,881,344	3,974,961	3,456,750	3,958,064	2,336,933
Parks and recreation	2,141,627	2,553,573	2,384,754	2,433,443	1,758,389	1,986,644	2,331,748	2,623,539	2,951,472	3,500,020
Capital projects	1,939,462	821,349	1,984,633	332,152	31,200	68,022	546,177	900,832	1,296,697	2,072,115
Internal charges	1,340,665	1,494,734	1,688,688	1,335,552	877,388	775,091	657,938	759,931	650,043	710,231
Debt service										
Principal	-	-	-	-	-	-	-	83,882	227,881	203,667
Interest	-	-	-	-	-	-	-	11,433	8,407	34,632
TOTAL EXPENDITURES	14,898,934	15,613,962	16,233,224	13,968,758	11,953,973	13,442,877	16,176,600	21,053,612	19,832,601	18,497,995
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(231,039)	(1,030,043)	(2,402,762)	968,793	3,854,068	4,306,520	1,664,739	(1,698,105)	(609,102)	(105,306)
OTHER FINANCING SOURCES (USES)										
Transfers in	2,406,256	46,239	7,049	249,411	75,000	-	-	-	308,763	-
Transfers out	(2,153,704)	(46,239)	(7,049)	(70,911)	-	-	-	-	(1,002,909)	-
Finance lease proceeds	-	-	-	-	-	-	-	322,778	631,603	-
TOTAL OTHER FINANCING SOURCES (USES)	252,552	-	-	178,500	75,000	-	-	322,778	(62,543)	-
NET CHANGES IN FUND BALANCE	$ 21,513	$ (1,030,043)	$ (2,402,762)	$ 1,147,293	$ 3,929,068	$ 4,306,520	$ 1,664,739	$ (1,375,327)	$ (671,645)	$ (105,306)
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.5%	1.3%	1.5%

CITY OF CORTEZ,COLORADO
TAX REVENUES BY SOURCE - GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(unaudited)

Fiscal Year	Property Tax	Sales Tax	Use Tax	Lodgers Tax	Marijuana Tax**	Franchise Tax	Total
2016	$ 261,051	$ 10,395,112	$ 66,620	$ 223,981	$ 529,316	$ 580,265	$ 12,056,345
2017	244,274	11,000,641	56,809	241,323	896,613	577,212	13,016,872
2018	90,433	11,133,299	67,121	225,272	960,665	614,406	13,091,196
2019	77,120	11,398,984	463,497	234,155	1,077,222	619,516	13,870,494
2020	93,288	12,086,032	394,552	138,819	1,384,237	605,100	14,702,028
2021	115,719	13,809,032	445,590	278,624	1,428,331	617,308	16,694,604
2022	728,329	13,792,528	494,731	266,563	1,006,792	669,179	16,958,122
2023	449,423	14,009,669	540,698	258,693	195,728	750,395	16,204,606
2024	158,666	12,146,814	629,835	260,801	145,414	715,883	14,057,413
2025	128,781	14,671,674	486,933	251,375	83,232	656,154	16,278,149
Change 2016 - 2025	-51%	41%	631%	12%	-84%	13%	35%

Source: City records.

**Marijuana Tax was collected starting in 2015.

CITY OF CORTEZ,COLORADO
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS
(unaudited)

Assessment Year	Residential Property	Commercial Property	Industrial Property	Farm Property	Natural Resources (Non-Metallic)	Oil & Gas	Total Assessed Value	Percent Growth	Total Direct Tax Rate	Total Taxable Assessed Value
2016	$ 107,399,110	$ 67,035,620	$ 15,047,340	$ 36,603,700	$ 915,840	$ 348,194,560	$ 575,196,170	0.817	**1.31**	$ 439,081,046
2017	107,798,110	65,730,580	14,275,850	40,143,210	907,070	277,446,250	506,301,070	0.880	**1.21**	418,430,636
2018	109,923,850	67,604,340	14,389,100	40,023,000	989,880	355,269,300	588,199,470	1.162	**1.24**	474,354,411
2019	115,175,710	68,898,300	14,117,080	36,847,220	777,920	395,544,370	631,360,600	1.073	**1.30**	485,662,000
2020	128,272,790	75,288,940	17,080,410	40,619,010	913,580	399,421,760	661,596,490	1.048	**1.29**	512,865,496
2021	127,179,620	69,347,890	15,788,950	42,133,160	884,720	271,250,200	526,584,540	0.796	**1.21**	435,193,835
2022	123,397,990	68,183,780	15,349,930	39,401,650	878,340	303,716,980	550,928,670	1.046	**1.21**	455,312,950
2023	128,272,790	75,288,940	17,080,410	40,619,010	913,580	399,421,760	661,596,490	1.201	**1.23**	536,139,781
2024	131,376,230	78,759,120	15,768,700	40,607,590	637,270	318,767,840	585,916,750	0.886	**1.25**	470,615,863
2025	175,889,310	97,148,950	15,404,040	45,358,300	578,080	299,518,640	633,897,320	1.082	**1.07**	591,322,127

Source: County Assessor

CITY OF CORTEZ,COLORADO
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
(unaudited)

Note: This information was not available from Montezuma County Assessor.

Source: County Assessor

CITY OF CORTEZ,COLORADO
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(unaudited)

Note: This information was not available from Montezuma County Assessor.

Source: County Assessor

CITY OF CORTEZ,COLORADO
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(unaudited)

			Collected within the Fiscal Year of the Levy				Total Collections to Date	
Fiscal Year Ended	Tax Year	Valuation per County	Levy	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2016	2015	$ 87,935,000	1.31	$ 115,195	100%	$ -	$ 115,195	100%
2017	2016	88,085,710	1.21	106,584	100%	-	106,584	100%
2018	2017	87,319,880	1.24	108,277	100%	-	108,277	100%
2019	2018	88,128,980	1.30	114,568	100%	-	114,568	100%
2020	2019	90,862,810	1.30	117,719	100%	-	117,719	100%
2021	2020	89,952,080	1.05	94,809	100%	-	94,809	100%
2022	2021	95,486,810	1.17	111,891	100%	-	111,891	100%
2023	2022	93,707,080	1.23	115,659	100%	-	115,659	100%
2024	2023	104,029,660	1.25	158,666	100%	-	158,666	100%
2025	2024	126,523,990	1.07	128,781	100%	-	128,781	100%

Source: Montezuma County Treasurer

Note: Collections for property taxes are collected in full of the tax year every year through the tax lien sale.

CITY OF CORTEZ,COLORADO
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING BY TYPE
LAST TEN FISCAL YEARS
(unaudited)

	Governmental Activities						
Assessment Year	General Obligation Bonds	Less Amount Available in Debt Service	Net General Bonded Debt	SBITA Liability	Lease Payable	Percentage of Actual Property Value	Debt per Capita
2016	$ -	$ -	$ -	$ -	$ -	0.00%	$ -
2017	-	-	-	-	-	0.00%	-
2018	-	-	-	-	-	0.00%	-
2019	-	-	-	-	-	0.00%	-
2020	-	-	-	-	-	0.00%	-
2021	-	-	-	-	-	0.00%	-
2022	-	-	-	-	20,850	0.00%	2
2023	-	-	-	-	511,006	0.10%	58
2024	-	-	-	-	694,697	0.15%	79
2025	-	-	-	235,542	491,030	0.12%	83

	Business-Type Activities					
Assessment Year	Loans Payable	Lease Payable	Refunding Revenue Bonds	Total Primary Government	Percentage of Per Capita	Per Capita
2016	$ 5,572,641	$ -	$ 2,722,472	$ 8,295,113	0.01%	$ 968
2017	5,288,811	-	2,216,854	7,505,665	0.01%	873
2018	4,998,270	-	1,682,153	6,680,423	0.01%	774
2019	4,693,237	-	1,137,225	5,830,462	0.01%	674
2020	4,376,883	-	572,173	4,949,056	0.01%	565
2021	4,048,692	-	-	4,048,692	0.01%	454
2022	3,775,109	-	-	3,795,959	0.01%	422
2023	-	1,063,970	-	1,574,976	0.01%	178
2024	-	873,217	-	1,567,914	0.01%	179
2025	-	1,062,110	-	1,553,140	0.01%	177

Note: Details regarding the City's outstanding debt may be found in the notes to the basic financial statements. As a Home Rule entity, , the City has no statutory debt limit.
Note: Beginning in 2014, the refunding revenue bonds are presented net of unamortized premium/discount and deferred charge.

CITY OF CORTEZ,COLORADO
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(unaudited)

Note: This information was not available from Montezuma County Assessor.

Source: County Assessor

CITY OF CORTEZ,COLORADO
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS
(unaudited)

Fiscal Year Ended December 31	Population (1)	Median Household Income (2)	Personal Income (2)	Per Capita Income (2)	Unemployment Rate (3)
2016	$ 8,571	$ 39,530	$ 1,029,245	$ 40,010	4.7%
2017	8,600	40,183	1,045,673	40,541	3.7%
2018	8,633	40,048	1,093,755	42,305	4.5%
2019	8,652	42,271	1,133,176	43,811	4.1%
2020	8,766	42,245	1,216,110	46,985	6.8%
2021	8,909	51,924	1,353,859	51,642	6.0%
2022	8,996	55,962	1,336,853	50,508	3.8%
2023	8,832	55,962	1,336,853	49,583	4.0%
2024	8,766	51,377	1,336,853	29,086	3.5%
2025	8,766	39,530	1,336,853	29,086	3.4%

Sources:

(1) Census Bureau midyear population estimate. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 through 2022, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.

(2) Per capita personal income was computed using Census Bureau midyear population estimates. BEA produced intercensal annual county population statistics for 2010 to 2019 that are tied to the Census Bureau decennial counts for 2010 and 2020. BEA developed intercensal population statistics because this data was not published when Census released county population data for 2020 and 2022, which are based on the 2020 decennial counts. BEA used the Census Bureau Das Gupta method (see https://www2.census.gov/programs-surveys/popest/technical-documentation/methodology/intercensal/2000-2010-intercensal-estimates-methodology.pdf), modified to account for an extra leap year day, to produce the intercensal population figures that will be used until Census releases its official intercensal population data.
Metropolitan Areas are defined (geographically delineated) by the Office of Management and Budget (OMB) bulletin no. 20-01 issued March 6, 2020.

Note. All dollar estimates are in thousands of current dollars (not adjusted for inflation). Statistics presented in thousands of dollars do not indicate more precision than statistics presented in millions of dollars.
Last updated: November 16, 2023-- new statistics for 2022; revised statistics for 1979-2021.

(3) Homefacts.com/unemployment

CITY OF CORTEZ,COLORADO
PRINCIPAL EMPLOYERS
CURRENT AND NINE YEARS AGO
(unaudited)

2014*		
Employer	Employees	Rank
Montezuma Cortez School District RE1	463	1
Ute Mountain Casino	415	2
Southwest Health Systems	385	3
Ute Mountain Ute Tribe - Government	342	4
Walmart	340	5
Montezuma County	273	6
City of Cortez	164	7
Pasco SW Inc	123	8
City Market	115	9

2023*		
Employer	Employees	Rank
Ute Mountain Ute Tribe - Government	1300	1
Montezuma Cortez School Dist. RE1	325	2
Southwest Health Systems	300	3
Walmart	224	4
Montezuma County	206	5
City Market	202	6
Dept of Interior - Mesa Verde	200	7
Far View Lodge	150	8
City of Cortez	146	9

*The information per City is updated every other year. No current information to present in 2025 financials.

Source: Region9 Economic Development District

CITY OF CORTEZ,COLORADO
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	Full-Time Equivalent Employees as of December 31									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
IT	4	4	4	3	3	4	5	5	4	4
Street Improvement	0	0	0	0	0	0	1	4	4	3
City Attorney	0	0	0	0	0	0	1	2	2	2
Human Resources	2	2	2	2	2	2	2	2	2	2
Municipal Court	2	2	2	2	2	2	2	2	2	2
City Manager	2	3	3	3	2	2	2	2	2	2
Finance	5	5	5	5	5	5	6	6	6	6
City Clerk	1	1	1	1	1	1	1	1	1	1
Dispatch	8	11	7	9	9	8	10	12	13	12
Marketing	1	1	1	1	1	1	1	0	1	1
Library	4	5	5	5	4	3	5	5	6	5
Shop	4	4	5	5	5	5	5	5	5	3
General Services	1	1	1	1	1	1	1	1	1	4
Building Maintenance	3	3	3	3	3	3	3	3	3	3
Welcome Center	1	1	1	0	0	0	0	0	0	0
Police Admin	4	4	4	4	4	4	4	4	4	4
Police Patrol	25	23	21	21	23	24	24	23	24	25
Police Support	3	3	3	3	3	3	3	3	3	3
Police Detective	8	7	11	10	11	10	9	8	7	7
Kennel	2	2	2	2	2	2	2	2	2	2
PW Admin	4	4	3	4	3	2	3	3	3	2
PW Streets	6	6	6	6	5	7	6	8	6	6
Street Cleaning	2	2	2	2	2	2	2	2	2	1
P & R Admin	1	1	1	1	1	0	1	1	1	1
Golf Course	3	3	3	3	3	3	2	3	3	3
Parks	3	3	3	3	3	3	4	4	3	3
Recreation	1	1	1	1	1	1	1	1	1	2
Rec Center	7	9	8	8	8	6	8	11	10	13
Planning & Building	4	5	5	4	4	3	4	5	5	6
Water Treatment	4	4	4	4	4	4	3	5	5	5
Water Trans & Dist	6	7	8	8	6	6	7	5	6	9
Airport	2	2	2	2	2	2	3	3	3	3
Refuse Collection	7	7	7	7	8	8	9	9	9	9
Recycling	2	2	2	2	2	2	2	2	2	2
CCN	1	1	1	1	1	1	1	0	0	0

CITY OF CORTEZ,COLORADO
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	Calendar Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Police										
Calls for service	11,600	20,902	20,755	19,658	18,368	17,901	20,778	20,796	20,802	22,153
Cases reported	2,734	2,550	2,655	2,427	1,867	2,014	2,099	2,337	2,574	2,400
Traffic summons	66	122	133	111	57	39	75	80	101	700
Library										
Number of materials loaned	146,157	156,167	166,711	158,628	84,669	83,482	93,657	98,245	81,352	91,417
Number of library card holders	24,203	25,296	26,231	26,533	27,084	27,751	28,425	28,821	20,543	6,600
Water Delivery										
Gallons produced	665,066,391	682,564,157	736,179,216	571,884,040	624,581,000	610,742,000	554,450,000	527,808,910	531,172,000	528,480,000
Number of water meters	3,847	3,847	3,847	3,847	3,847	3,847	3,847	3,847	3,752	3,774
Public Works										
Garbage processed in tons	6,250	6,495	6,176	6,448	6,837	7,349	7,402	7,370	6,979	7,002
Recycling processed in tons	517	543	543	574	389	463	325	325	259	232

CITY OF CORTEZ,COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
(unaudited)

	Calendar Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
IT										
Fiber Optics	2	2	2	2	2	2	2	2	2	2
Equipment	1	1	0	0	0	0	0	0	0	0
Data Process	7	7	2	2	2	2	2	2	2	2
Other Improvements	2	2	1	1	1	1	1	1	1	1
Finance										
Data Process	1	1	1	1	1	1	1	1	1	1
Dispatch										
Equipment	5	5	4	4	4	4	4	4	4	4
Library										
Buildings	1	1	1	1	1	1	1	1	1	1
Equipment	3	3	1	1	1	1	1	1	1	1
Other Improvements	5	5	5	5	5	5	5	5	5	5
Shop										
Data Process	2	0	0	0	0	0	0	0	0	0
Equipment	7	7	4	5	5	5	5	6	6	7
General Services										
Land	6	7	8	8	8	8	9	9	9	9
Buildings	15	15	13	13	13	13	13	13	13	13
Infrastructure	1	1	1	1	1	1	1	1	1	1
Land Improvements	2	3	3	3	3	3	3	3	3	3
Other Improvements	2	2	2	2	2	2	2	3	3	3
Data Process	7	7	1	1	1	1	1	1	1	1
Equipment	17	18	8	8	8	8	8	8	8	7
Vehicles	7	7	5	4	4	4	4	4	3	1
Building Maintenance										
Equipment	1	1	1	1	1	1	1	1	1	1
Vehicles	4	4	3	3	3	3	3	3	3	3
Welcome Center										
Buildings	1	1	1	1	1	1	1	1	1	1
Other Improvements	2	2	2	3	3	3	3	3	2	2
Police Admin										
Equipment	21	21	21	21	21	21	21	21	21	21
Vehicles	5	4	0	0	0	0	1	1	1	1
Police Patrol										
Other Improvements	0	0	0	0	0	1	1	1	1	1
Equipment	3	3	0	0	0	0	0	1	1	3
Vehicles	51	53	32	33	32	32	32	32	28	23
Police Detective										
Equipment	1	1	1	2	2	2	2	2	2	2
Vehicles	6	6	2	2	2	2	2	1	0	0

CITY OF CORTEZ,COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
(unaudited)

	Calendar Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
PD Building Operations										
Buildings	6	6	6	6	6	6	6	6	6	7
Data Process	2	2	0	0	0	0	0	0	0	0
Infrastructure	3	3	3	3	3	3	3	3	3	3
Other Improvements	4	4	2	2	2	2	2	3	3	3
Equipment	1	1	1	1	1	1	1	1	1	2
Kennel										
Land	2	2	2	2	2	2	2	2	1	1
Buildings	4	4	4	4	4	4	4	4	4	4
Other Improvements	2	2	2	2	2	2	2	2	2	2
Vehicles	1	1	1	1	1	1	1	1	1	1
PW Admin										
Data Process	5	5	2	2	2	2	2	2	2	2
Equipment	2	2	1	1	1	1	1	1	1	1
Vehicles	4	4	3	4	4	4	4	4	4	3
Aerial Mapping	1	1	1	1	1	1	1	1	1	1
PW Streets										
Land	1	1	1	1	1	1	1	1	1	1
Infrastructure	31	31	31	31	31	31	31	31	30	31
Data Process	1	1	1	1	1	1	1	1	1	1
Streets	7	7	8	8	8	8	8	8	8	8
Buildings	1	1	1	1	1	1	1	1	1	1
Equipment	9	10	11	11	11	11	11	10	10	15
Vehicles	22	21	19	20	19	19	21	21	22	23
PW Traffic Services										
Equipment	4	4	3	3	3	3	3	3	6	6
Vehicles	28	28	19	18	18	18	17	16	10	8
Street Cleaning										
Infrastructure	1	1	1	1	1	1	1	1	1	1
Equipment	0	0	0	0	0	0	0	1	1	1
Vehicles	3	3	2	2	2	2	1	1	1	1
Outdoor Pool										
Buildings	4	4	4	4	4	4	4	4	4	5
Other Improvements	6	6	5	5	5	5	5	5	5	5
Equipment	0	0	0	0	0	0	1	1	4	5
GC Admin										
Other Improvements	1	1	1	1	1	1	1	1	1	1
Equipment	1	1	0	0	0	0	0	0	0	0
Golf Course										
Land	7	7	7	7	7	7	7	7	7	7
Data Process	1	1	1	1	1	1	1	1	1	1
Land Improvements	5	5	5	5	5	5	5	5	4	4
Other Improvements	7	7	7	7	7	7	7	7	7	7
Buildings	6	6	6	6	6	6	6	6	6	6
Infrastructure	1	1	1	1	1	1	1	1	1	1
Equipment	8	9	14	16	16	15	16	16	15	17
Vehicles	24	24	24	23	23	24	24	24	20	19

CITY OF CORTEZ,COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
(unaudited)

	Calendar Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Parks										
Land	5	5	4	6	6	6	6	6	6	6
Land Improvements	9	9	9	9	10	10	10	10	9	9
Buildings	11	11	10	10	10	10	10	10	10	10
Infrastructure	4	4	4	4	4	4	4	4	4	4
Other Improvements	61	61	54	54	54	54	54	54	51	52
Equipment	20	20	20	20	20	20	21	21	18	20
Vehicles	29	30	22	22	22	22	24	24	17	15
Rec Center										
Buildings	5	5	5	5	5	5	5	5	5	5
Other Improvements	10	10	10	10	10	10	10	10	9	9
Data Process	2	2	1	1	1	1	1	1	1	1
Equipment	12	13	8	10	10	10	11	11	11	12
P&R Capital										
Buildings	2	2	2	2	2	2	2	2	2	2
Land Improvements	1	1	1	1	1	1	1	1	1	1
Other Improvements	1	1	1	1	1	1	1	1	1	1
Equipment	2	2	2	2	2	2	2	2	2	2
Planning & Building										
Data Process	0	1	1	1	1	1	1	1	1	1
Vehicles	2	2	3	3	3	3	3	3	3	3
Water Treatment										
Water Rights	5	5	5	5	5	5	5	5	5	5
Water Distribution System	6	6	6	6	6	6	6	6	6	6
Data Process	1	1	1	1	1	1	1	1	1	1
Buildings	6	6	6	6	6	6	6	6	6	6
Infrastructure	6	6	6	6	6	6	6	6	6	6
Other Improvements	1	1	1	1	1	1	1	1	1	2
Equipment	15	15	14	14	14	14	14	14	16	20
Vehicles	5	5	5	4	4	5	4	4	4	3
Water Trans & Dist										
Water Distribution System	9	9	9	9	9	9	9	9	9	9
Buildings	1	1	1	1	1	1	1	1	1	1
Infrastructure	146	146	145	145	145	145	145	145	145	145
Equipment	3	2	2	2	2	2	2	2	6	5
Vehicles	11	11	8	9	9	9	9	8	9	10
Airport										
Land	9	9	9	9	9	9	9	9	9	9
Other Improvements	4	4	0	0	0	0	0	0	0	0
Buildings	11	11	11	11	11	11	11	11	11	11
Infrastructure	19	19	18	18	19	19	19	19	20	20
Equipment	2	2	2	2	2	2	2	4	4	5
Vehicles	8	8	7	7	7	7	8	8	8	8

CITY OF CORTEZ,COLORADO
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
(unaudited)

	Calendar Year									
Function/Program	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Meter Maintenance										
Equipment	1	1	1	0	0	0	0	0	0	0
Refuse Collection										
Equipment	1	1	1	1	1	1	1	1	1	2
Vehicles	12	12	11	11	11	11	11	8	5	5
Recycling										
Equipment	3	3	3	3	3	3	3	2	2	2
Vehicles	1	1	2	2	2	2	2	1	1	1
CCN Outside Plant										
Data Process	3	3	2	2	2	2	2	2	2	2
Fiber Optics	1	1	2	2	2	2	2	2	2	2
Infrastructure	5	5	5	5	5	5	5	5	5	5

*2014 and 2015 not available due to software conversion in 2016

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

Honorable Mayor and City Council
City of Cortez
Cortez, CO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Cortez, Colorado ("City") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 8, 2026.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

ATLAS CPAs & Advisors PLLC

Phoenix, Arizona
June 8, 2026

Single Audit

CORTEZ

CITY OF CORTEZ, COLORADO

SINGLE AUDIT

DECEMBER 31, 2025

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

To the Honorable Mayor and City Council
City of Cortez
Cortez, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expression an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Atlas CPAs & Advisors PLLC

Phoenix, Arizona
June 8, 2026

City of Cortez, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor/Pass-through Grantor/Program Title	Assistance Listings	Grant Number	Federal Expenditures	Amounts Passed-Through to Subrecipients
U.S. Department of the Interior and the National Park Service				
Historic Preservation Fund Grants-In-Aid	15.904	CO-24-10005	$ 5,177	$ -
Total U.S. Department of the Interior and National Park Service			5,177	-
U.S. Department of Treasury				
Coronavirus State and Local Fiscal Recovery Funds	21.027	*	566,913	-
Total U.S. Department of the Treasury			566,913	-
U.S. Department of Transportation				
Safe Streets and Roads for All	20.939	693JJ32340096	28,220	-
Pass-through from Colorado, Department of Transportation				
Airport Improvement Program (M)	20.106	Various	5,292,067	-
Total U.S. Department of Transportation			5,320,287	-
Environmental Protection Agency				
Brownfields Multipurpose, Assessment, Revolving Loan Fund, and Cleanup Cooperative Agreements	66.818	00I03400	25,444	-
Total Environmental Protection Agency			25,444	-
Total Expenditures of Federal Awards			$ 5,917,821	$ -

(M) Denotes Major Program

*Pass-Through Entity Identifying Number not available

CITY OF CORTEZ, COLORADO

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

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “schedule”) includes the federal award activity of the City of Cortez under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City of Cortez, it is not intended to and does not present the financial position, changes in net position or cash flows of the City of Cortez.

The reporting entity for the City of Cortez is based upon criteria established by the Governmental Accounting Standards Board. The City of Cortez is the primary government according to GASB criteria.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available. The underlying accounting records for some grant programs are maintained on the modified accrual basis of accounting. Under the modified accrual basis, 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 recorded when the liability is incurred.

NOTE 3 – INDIRECT COST RATE

The City of Cortez has not elected to use the 10% de minimis indirect cost rate.

CITY OF CORTEZ, COLORADO

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

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: ***Unqualified***

Internal control over financial reporting:

> Material weakness (es) identified?	____	yes	X	no
> Significant deficiency (ies) identified?	____	yes	X	no
Noncompliance material to financial statements noted?	____	yes	X	no

FEDERAL AWARDS

Internal control over major programs:

> Material weakness (es) identified?	____	yes	X	no
> Significant deficiency (ies) identified?	____	yes	X	none reported

Type of auditor's report issued on compliance for major programs: ***Unqualified***

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?	____	yes	X	no
Auditee qualified as low-risk auditee?	____	yes	X	no

Identification of major federal programs:

ALN Number(s)	*Name of Federal Program or Cluster*
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: $1,000,000

CITY OF CORTEZ, COLORADO

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

SECTION II – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings were reported.

SECTION III – MAJOR FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings were reported.

SCHEDULE OF PRIOR AUDIT FINDINGS

No findings were reported.