Welcome to
Idaho Springs
Where the Gold Rush Began!

CITY OF IDAHO SPRINGS, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORTS

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and the City Council
City of Idaho Springs
Idaho Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Idaho Springs, 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 basic financial statements of the City, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management 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; 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 management's discussion and analysis and the required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.

Honorable Mayor and the Board of Trustees
City of Idaho Springs, Colorado

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 accompanying combining and individual nonmajor fund statements and budgetary comparison schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the 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 accompanying combining and individual nonmajor fund statements and budgetary comparison schedules, schedule of expenditures of federal awards, and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 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 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.

DMC Auditing and Consulting, LLC

DMC Auditing and Consulting, LLC
July 23, 2026
Bailey, Colorado

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the City of Idaho Springs, Colorado (City) provides an overview of the City's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- At December 31, 2025, the City’s net position was $56,716,086.
- The Net Position of the City increased by $4,373,436 (8.4%) during 2025.
- The Net Position of the City’s Governmental Activities decreased by $777,827 (-2.3%) in 2025 primarily due to the depreciation of capital assets.
- The Net Position of the City’s Business-type Activities increased by $5,151,263 (27.3%) in 2025, primarily due to sales taxes for the Water Fund and Wastewater Fund, federal and state capital grants, and operating income in the Water Fund and Parking Fund.
- At December 31, 2025, the City’s governmental funds reported combined ending fund balances of $1,675,233. This marked a decrease of $3,554,697 (-68.0%) from 2024 primarily due to spending on capital projects.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the City of Idaho Springs' basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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.

The *Statement of Net Position* presents information on all the City's assets and liabilities and deferred inflows and outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as useful indicators of whether the financial position of the City is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the City of Idaho Springs that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and wastewater operations and the parking enterprise fund.

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 of Idaho Springs, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: Governmental Funds, Proprietary Funds, and Fiduciary Fund.

Governmental Funds -- Most of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

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 *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The City of Idaho Springs maintains five individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for three of the five governmental funds that meet the criteria to be designated as major funds (General Fund, Sales Tax Improvement Fund, and 1% Street Sales Tax Fund). The City's non-major funds (Responsible Acceleration of Maintenance Partnership (RAMP) Fund and Conservation Trust Fund) are combined in the Other Funds column on these statements.

Proprietary Funds – The City's utility services are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the City's Water Fund, Wastewater Fund, and Parking Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

Fiduciary Fund – This fund is used to account for resources held for the benefit of parties outside the City's government. It is not reflected in the Statement of Net Position or the Statement of Activities because the resources of this fund is not available to support City programs. It is shown on pages 15-16 of this report.

Notes to the Financial Statements

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

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2025, all governmental and proprietary funds had budgeted expenditures/expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Idaho Springs, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $56,716,086 at the close of 2025. As shown below, the City's financial position improved by $4,373,436 (8.4%) during 2025.

City of Idaho Springs' Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 3,078,294	$ 6,427,276	$ 1,632,904	$ 3,512,118	$ 4,711,198	$ 9,939,394
Noncurrent assets	39,595,077	37,081,698	28,930,360	22,329,215	68,525,437	59,410,913
Total assets	$ 42,673,371	$ 43,508,974	$ 30,563,264	$ 25,841,333	$ 73,236,635	$ 69,350,307
Deferred outflows of resources	$ 335,750	$ 359,478	$ -	$ -	$ 335,750	$ 359,478
Current liabilities	$ 702,735	$ 538,228	$ 509,410	$ 426,981	$ 1,212,145	$ 965,209
Noncurrent Liabilities	8,860,573	8,640,120	6,023,362	6,535,123	14,883,935	15,175,243
Total liabilities	$ 9,563,308	$ 9,178,348	$ 6,532,772	$ 6,962,104	$ 16,096,080	$ 16,140,452
Deferred inflows of resources	$ 760,219	$ 1,226,683	$ -	$ -	$ 760,219	$ 1,226,683
Net position:						
Net investment in capital assets	$ 30,811,794	$ 27,992,127	$ 22,956,438	$ 15,848,114	$ 53,768,232	$ 43,840,241
Restricted	1,873,272	1,600,674	542,523	673,340	2,415,795	2,274,014
Unrestricted	528	3,870,620	531,531	2,357,775	532,059	6,228,395
Total net position	$ 32,685,594	$ 33,463,421	$ 24,030,492	$ 18,879,229	$ 56,716,086	$ 52,342,650

Approximately 94.8% of the City's total net position at December 31, 2025 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The City uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 4.3% ($2,415,795) of the City's total net position at the end of 2025 represents resources that are subject to external restrictions on how they may be used. They are net position restrictions of $1,458,017 in sales taxes collected for streets improvements, state-shared lottery revenues of $137,255 restricted for parks and certain recreation uses, $496,000 restricted for emergencies, and $324,523 restricted for operations and maintenance reserves in the Water and Wastewater Funds.

The remaining amount of the City's total net position at the end of 2025--$532,059--represents 0.9% of total net position and may be used to meet the City's other ongoing obligations to residents and creditors. Use of current assets for capital assets in the General Fund, Sales Tax Improvement Fund, Water Fund, Wastewater Fund, and Parking Fund significantly reduced Unrestricted Net Position during 2025 and increased the City's Net Investment in Capital Assets.

The following chart displays the changes in net position experienced by the City over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

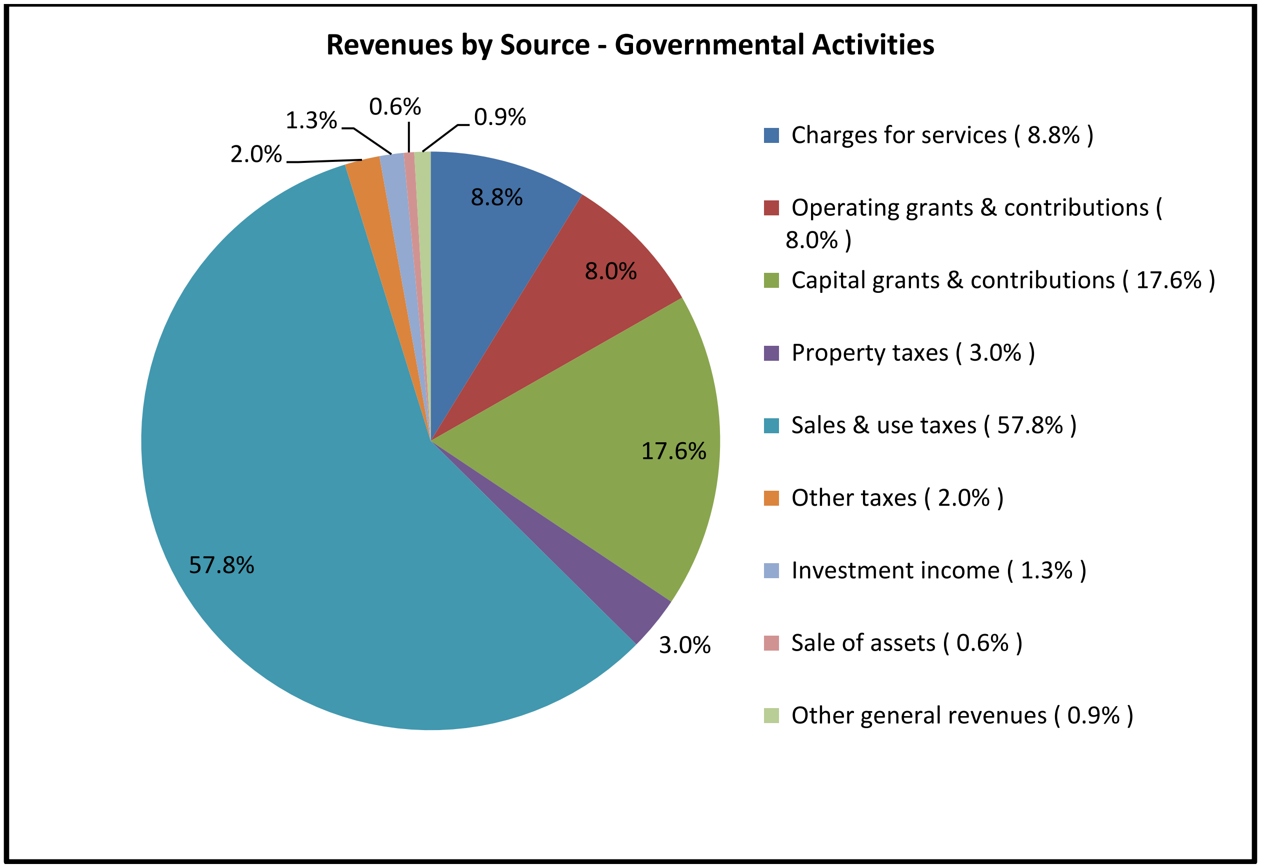
City of Idaho Springs' Condensed Changes in Net Position

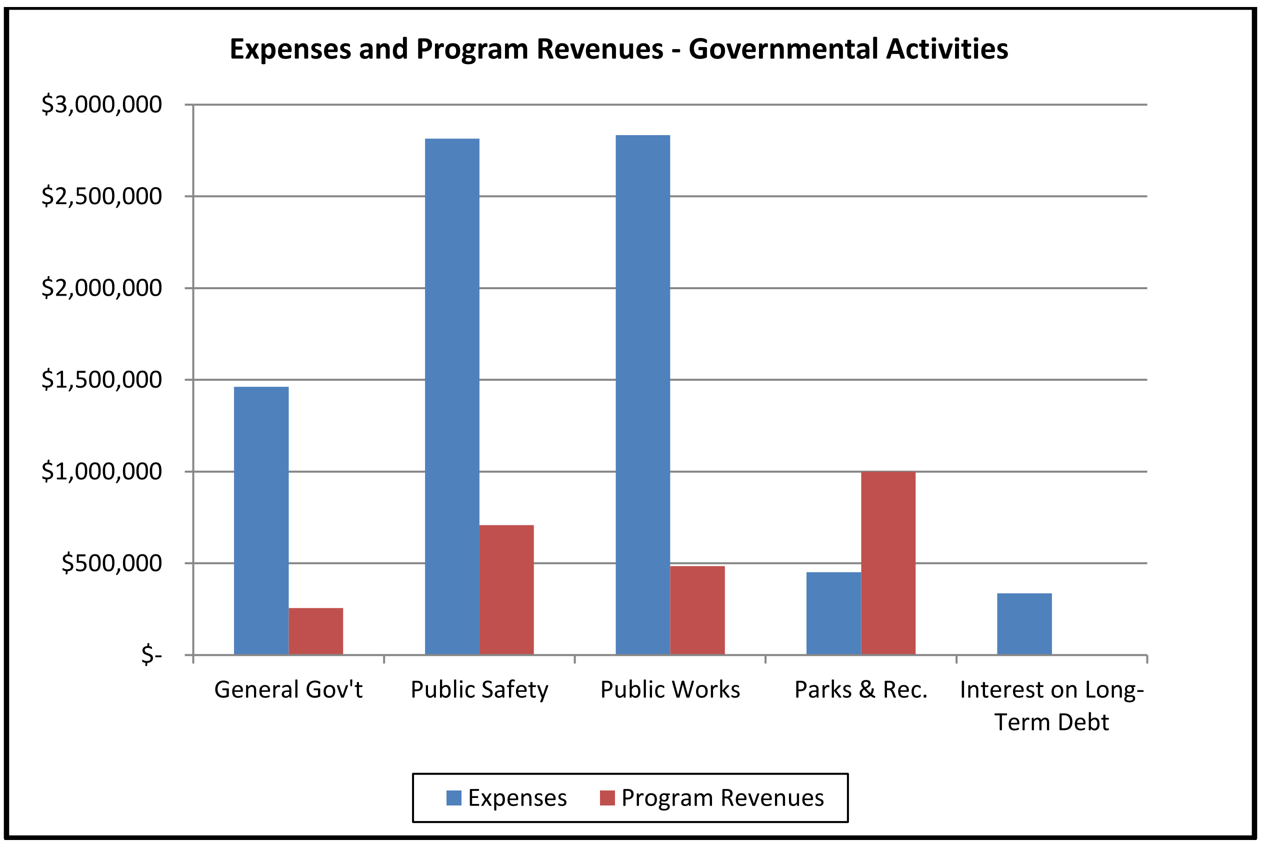
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 624,996	$ 641,614	$ 3,366,311	$ 3,290,098	$ 3,991,307	$ 3,931,712
Operating grants & contributions	568,263	594,836	10,000	-	578,263	594,836
Capital grants & contributions	1,255,066	1,486,262	3,473,887	821,031	4,728,953	2,307,293
General revenues:						
Property taxes	216,755	236,259	-	-	216,755	236,259
Specific ownership taxes	25,579	24,610	-	-	25,579	
Sales & use taxes	4,115,152	4,437,321	983,724	961,542	5,098,876	5,398,863
Other taxes	113,293	113,123	-	-	113,293	113,123
Investment income	95,789	187,090	32,765	170,104	128,554	357,194
Gain (Loss) on disposal of capital assets	41,731	6,261	-	5,000	41,731	11,261
Other general revenues	64,578	32,324	4,900	6,800	69,478	39,124
Total revenues	$ 7,121,202	$ 7,759,700	$ 7,871,587	$ 5,254,575	$ 14,992,789	$ 12,989,665
Program expenses:						
General government	$ 1,462,853	$ 1,095,936	$ -	$ -	$ 1,462,853	$ 1,095,936
Public safety	2,814,281	2,711,723	-	-	2,814,281	2,711,723
Public works	2,834,248	3,060,632	-	-	2,834,248	3,060,632
Culture and Recreation	451,391	446,410	-	-	451,391	446,410
Water utility	336,256	-	1,259,092	1,232,932	1,595,348	1,232,932
Wastewater utility	-	-	1,317,983	1,332,308	1,317,983	1,332,308
Parking	-	-	143,249	97,545	143,249	97,545
Total expenses	$ 7,899,029	$ 7,314,701	$ 2,720,324	$ 2,662,785	$ 10,619,353	$ 9,977,486
Transfers In/(Out)	$ -	$ (525,496)	$ -	$ 525,496	$ -	$ -
Increase/(decrease)in net position	$ (777,827)	$ (80,497)	$ 5,151,263	$ 3,117,286	$ 4,373,436	$ 3,036,789
Net Position, Beginning	33,463,421	33,543,918	18,879,229	15,761,943	52,342,650	49,305,861
Net Position, Ending	$ 32,685,594	$ 33,463,421	$ 24,030,492	$ 18,879,229	$ 56,716,086	$ 52,342,650

Governmental Activities

The City’s Governmental Activities decreased in net position by $777,827 (-2.3%) in 2025. Most of the change is attributable to depreciation of capital assets.

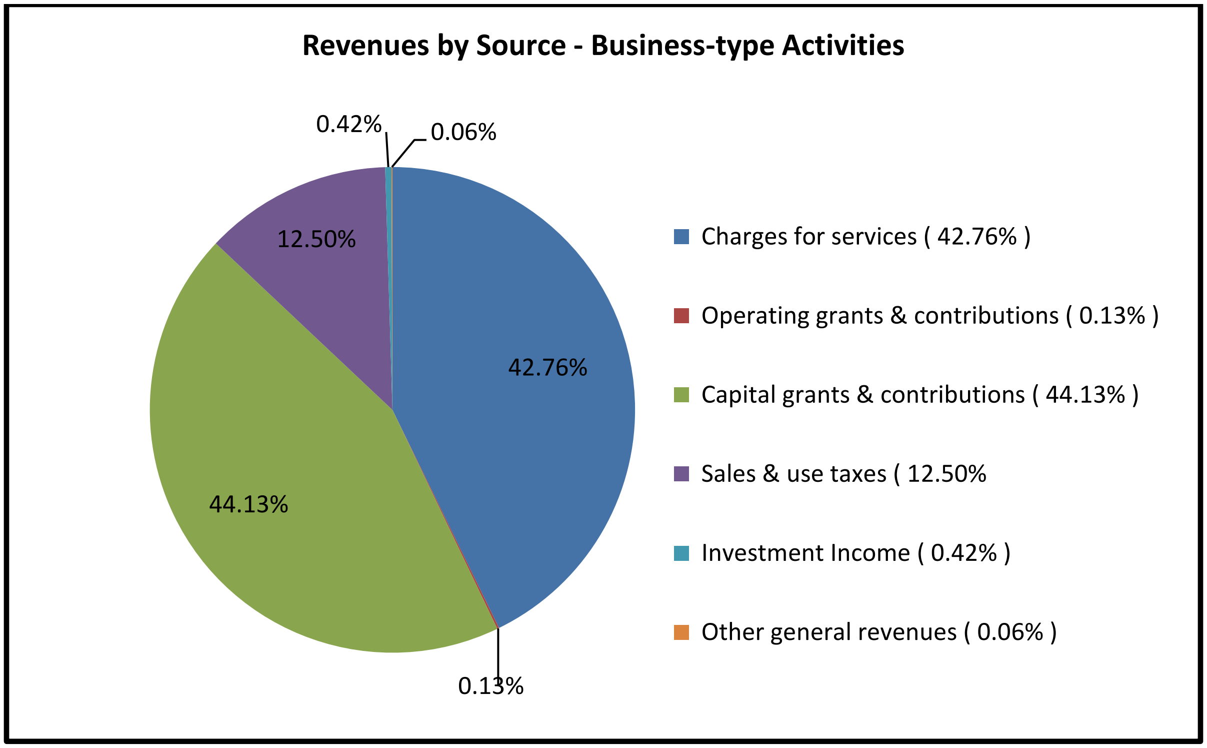
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxation.

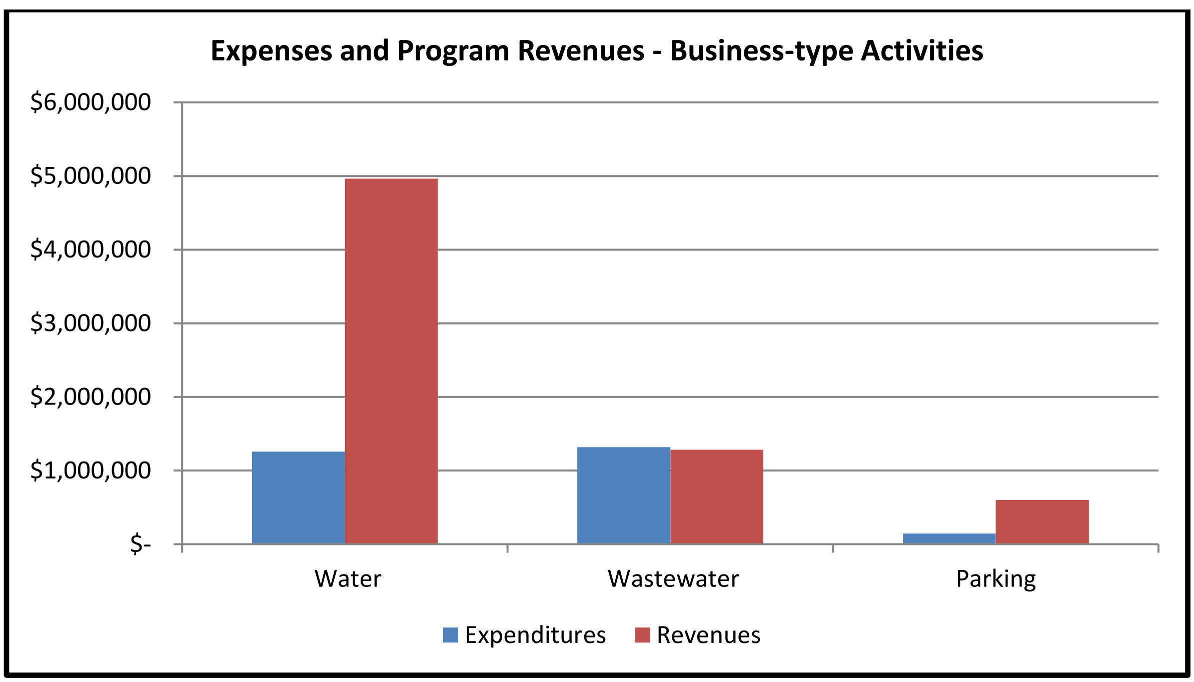

Revenues by Source - Governmental Activities
8.8%
8.0%
17.6%
3.0%
57.8%
2.0%
1.3%
0.6%
0.9%
Charges for services (8.8%)
Operating grants & contributions (8.0%)
Capital grants & contributions (17.6%)
Property taxes (3.0%)
Sales & use taxes (57.8%)
Other taxes (2.0%)
Investment income (1.3%)
Sale of assets (0.6%)
Other general revenues (0.9%)


Expenses and Program Revenues - Governmental Activities
$3,000,000
$2,500,000
$2,000,000
$1,500,000
$1,000,000
$500,000
$-
General Gov't
Public Safety
Public Works
Parks & Rec.
Interest on Long-Term Debt
Expenses
Program Revenues

Business-type Activities
Business-type Activities increased in net position by $5,151,263 (27.3%) during 2025. Almost a fifth of the increase (19.1%) was due to sales and use taxes in the Water Fund and Wastewater Fund. Federal and state capital grants and contributions totaled $3,473,887 and accounted for approximately two-thirds (67.4%) of the increase. Charges for Services exceeded operating expenses in the Water Fund by $307,015 and in the Parking Fund by $481,025 (operating income).

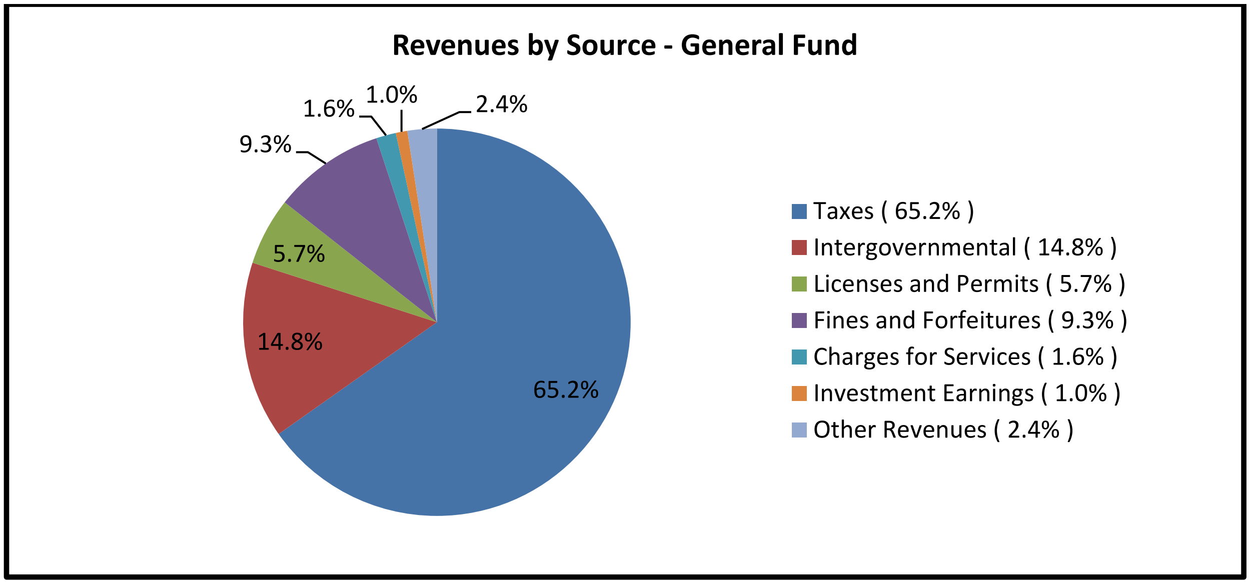
The following two charts illustrate the Business-type Activities revenues and expenses for 2025.

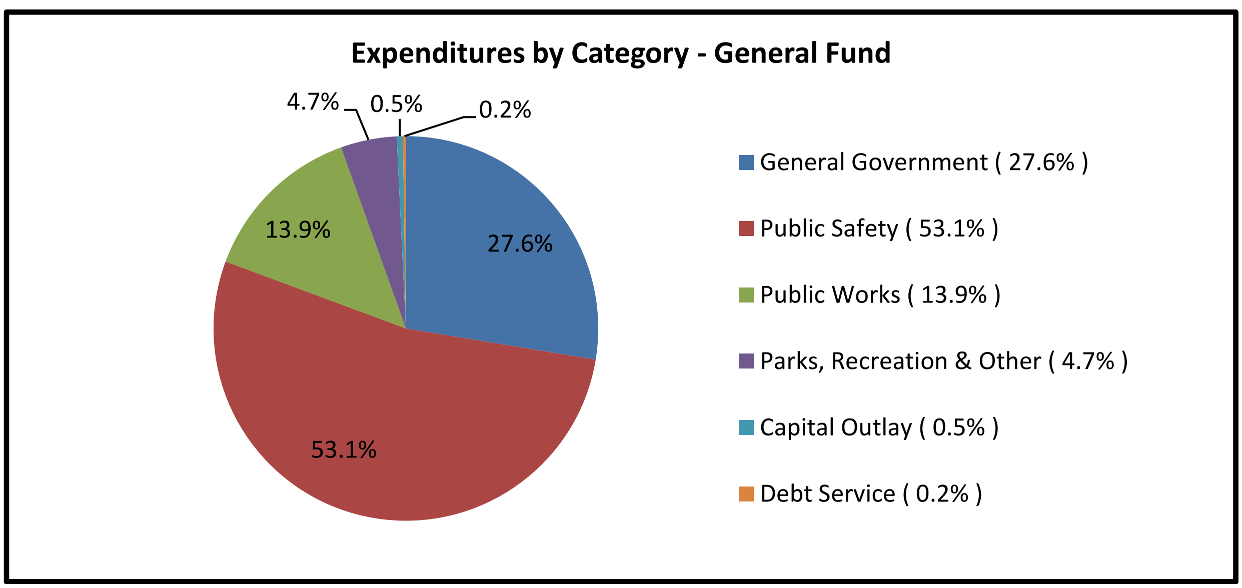




THE CITY'S FUNDS
As noted earlier, the City of Idaho Springs uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2025 the City's three major Governmental funds reported combined ending fund balances of $838,942. These funds are discussed below.

General Fund. The General Fund is the chief operating fund of the City of Idaho Springs. It accounts for all the general services provided by the City. At the end of 2025, the fund balance of the General Fund totaled $266,806. This was a $1,086,588 (-80.3%) decrease from 2024, which had decreased by $385,103 (-22.1%) from 2023. Expenditures outpaced revenues by $1,111,753 (29.6%) as property taxes and building use taxes declined from 2024 while general government and public works expenditures increased for salaries and health insurance benefits, property and liability insurance, electricity, professional services, and business promotion. The 2025 ending fund balance equaled the equivalent of less than one month (7.1%) of the year's revenues. The following two tables illustrate General Fund revenues and expenditures during 2025.





Sales Tax Improvement Fund. The Sales Tax Improvement Fund accounts for monies set aside by the City to finance capital equipment and capital improvements. Sales and use taxes totaling $1,035,341 and federal and state grants were the primary revenues of the fund during 2025. Expenditures of $5,083,675 for a variety of facility, parks, and street improvements as well as police and other building improvements, affordable senior housing, trails, vehicles, equipment, and continued work on a sports complex were the primary expenses of the fund. Total expenditures exceeded current year revenues by $2,792,930 as the City spent down the prior year fund balances on capital projects. The fund balance at December 31, 2025 was -$855,881 which is expected to be recovered with future year tax revenues and reduced spending.

1% Street Sales Tax Fund. This fund accounts for revenues from a 1% sales tax dedicated to street repairs (including utilities under the streets) and on-going maintenance. During 2025, fund revenues from sales taxes ($983,724) and interest earnings ($32,683) on prior year balances totaled $1,016,407. Fund resources were primarily utilized for street, curb, and gutter repairs ($129,979), and debt service payments of $656,413 on the fund's 2018 Sales Tax Revenue Bonds. The fund balance at December 31, 2025 increased by $218,105 (17.6%) to $1,458,017.

Water Fund. At December 31, 2025 the net position of the Water Fund was $11,763,883. This was an increase of $2,792,328 (31.1%) over 2024. State and federal grants totaled $1,940,434, and the fund collected $491,862 in sales and use taxes during the year. Utility charges enabled the Water Fund to record Operating Income of $307,015. This was $125,177 (68.8%) higher than 2024 Operating Income. Cash balances were fully depleted during the year primarily due to capital improvement projects including the Montane Storage Tank replacement, Highway 103 water line improvements, and Virginia Canyon Road and Virginia Street water line improvements.

Wastewater Fund. At December 31, 2025 the net position of the Wastewater Fund was $9,349,044. This was an increase of $1,012,368 (12.1%) over 2024. State grants totaled $544,409, and the fund collected $491,862 in sales and use taxes during the year. The Wastewater Fund had an Operating Loss of $67,927 during 2025 as operating expenses exceeded operating revenues by 5.5%. Cash balances were fully depleted during the year primarily due to capital improvement projects including Miner St. sewer line improvements, asphalt patching at the wastewater treatment plant, and Virginia Canyon Road and Virginia Street sewer line improvements.

Parking Fund. At December 31, 2025 the net position of the Parking Fund was $2,917,565. This was an increase of $1,346,567 (85.7%) over 2024, primarily due to Operating Income of $481,025 and federal grants of $868,514. Capital improvement projects for parking and mobility improvements were advanced during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2025 the City had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, and park equipment. Note 5 of the financial statements provides a summary of changes in capital assets during the year. During 2025, the City purchased land for affordable senior housing and a public parking lot, and completed improvements to Virginia Canyon Road and Virginia Street water and sewer lines, Miner St. sewer line, the bulk water station, water pumps, and the water and wastewater treatment plant grounds.

The City continued designing/constructing the sports/recreation complex, Virginia Canyon improvements, Highway 103 water line improvements, the Montane storage tank, a mobility hub, and improvements to the train shelter, railroad coach, and powder house. The City began new projects to construct improvements to the new police station, make retaining wall improvements on Wall St., and restore the water wheel. The City also acquired two police vehicles, a computer server, and public works software.

Summaries of the 2025 changes in Capital Assets for the Governmental Activities and the Business-type Activities are shown below.

Governmental Activities

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated				
Land	$ 3,794,903	$ 761,000	$ -	$ 4,555,903
Water Rights	8,000	-	-	8,000
Construction in Progress	1,817,912	3,848,877	(715,953)	4,950,836
Total capital assets not being depreciated	5,620,815	4,609,877	(715,953)	9,514,739
Capital assets being depreciated				
Buildings	8,120,324	-	-	8,120,324
Improvements other than buildings	38,030,084	890,980	-	38,921,064
Equipment	2,932,619	168,927	(77,385)	3,024,161
Right-to-Use (Leased) Assets	-	25,165	-	25,165
Total capital assets being depreciated	49,083,027	1,085,072	(77,385)	50,090,714
Accumulated depreciation				
Buildings	(1,298,473)	(189,396)	-	(1,487,869)
Improvements other than buildings	(13,858,907)	(2,081,979)	-	(15,940,886)
Equipment	(2,464,764)	(135,040)	23,216	(2,576,588)
Right-to-Use (Leased) Assets	-	(5,033)	-	(5,033)
Total accumulated depreciation	(17,622,144)	(2,411,448)	23,216	(20,010,376)
Net capital assets	$ 37,081,698	$ 3,283,501	$ (770,122)	$ 39,595,077

Business-type Activities

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Capital assets not being depreciated				
Land	$ 2,053,128	$ -	$ -	$ 2,053,128
Water rights	10,440	-	-	10,440
Construction in progress	2,745,706	3,135,296	1,916,928	3,964,074
Total capital assets not being depreciated	4,809,274	3,135,296	1,916,928	6,027,642
Capital assets being depreciated				
Improvements other than buildings	34,480,577	6,274,677	-	40,755,254
Equipment	891,455	13,792	-	905,247
Right-to-Use (Leased) Assets	232,601	8,389	232,601	8,389
Total capital assets being depreciated	35,604,633	6,296,858	232,601	41,668,890
Accumulated depreciation				
Improvements other than buildings	(17,221,753)	(848,529)	-	(18,070,282)
Equipment	(659,044)	(35,167)	-	(694,211)
Right-to-Use (Leased) Assets	(203,895)	(30,385)	(232,601)	(1,679)
Total accumulated depreciation	(18,084,692)	(914,081)	(232,601)	(18,766,172)
Net capital assets	$ 22,329,215	$ 8,518,073	$ 1,916,928	$ 28,930,360

In the Governmental Activities, the City commits two-thirds of its 3% general sales tax to general government operations and one-third to capital equipment acquisition and capital improvement projects. An additional 1% sales tax is restricted to street maintenance that sometimes includes major maintenance projects that are not recorded as capital assets.

Debt Administration. The City's long-term debt primarily consists of bonds and loans. At the end of 2025, the Governmental Activities owed $8,290,000 on the 2018 Street Sales Tax Revenue Bonds for street improvements. Accrued compensated absences (employee leave bank balances) and subscription obligations are also recorded as long-term debts. Please see the synopsis below and Note 7 on pages 27-28 for additional information.

Governmental Activities	Balance 12/31/2024	Advances	Repayments	Balance 12/31/2025	Due within One Year
2018 Street Sales Tax Revenue Bonds	$ 8,560,000	$ -	$ 270,000	$ 8,290,000	$ 290,000
Bond Premium	529,571	-	51,138	478,433	-
Subscriptions	-	25,165	10,315	14,850	3,854
Accrued Compensated Absences	80,120	-	2,830	77,290	7,729
Total	$ 9,169,691	$ 25,165	$ 334,283	$ 8,860,573	$ 301,583

In Business-type Activities at December 31, 2025, the City owed $5,511,972 on various water and wastewater notes with two State of Colorado agencies. These debts were incurred to finance improvements to the City's water and wastewater treatment systems. Accrued compensated absences (employee leave bank balances) and subscription obligations are also recorded as long-term debts. Please see the synopsis below as well as Note 7 on pages 28-31 for more detailed information.

Business-type Activities	Balance 12/31/2024	Advances	Repayments	Balance 12/31/2025	Due within One Year
2000 CWCB Note - Water	$ 441,567	$ -	$ 40,046	$ 401,521	$ 42,048
2002 CWCB Note - Water	43,324	-	12,066	31,258	12,730
2019 CWRPDA Note - Wastewater	2,563,818	-	96,525	2,467,293	97,008
2020 CWRPDA Note - Wastewater	2,707,705	-	95,805	2,611,900	96,284
Leased Asset Obligations	39,187	-	39,187	-	-
Subscriptions	-	8,388	3,438	4,950	1,090
Financed Purchases	685,500	-	228,500	457,000	228,500
Accrued Compensated Absences	54,022	-	4,582	49,440	4,944
Total	$ 6,535,123	$ 8,388	$ 520,149	$ 6,023,362	$ 482,604

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The City's economic vitality is significantly tied to sales taxes from tourism. All the City's major funds except the Parking Enterprise Fund are heavily dependent upon sales tax revenues. During 2025, City sales and use taxes decreased by $299,987 (-5.6%) from 2024. New tourism attractions opening in 2026 are expected to increase sales tax revenues going forward, and are reflected in the City's 2026 Budget. The 2026 Budget also reflects fluctuations in the grant revenues that are significant for the City's many capital improvement projects, and vary from year to year depending on capital project needs and grant availability. Volatile world-wide energy prices affect inflation, development, and costs experienced by the City. Changes in federal economic policies have begun to ease inflation, but the full economic impact of these policies on the City's 2026 and future budgets has yet to be determined. City management monitors revenues, expenditures, and cash flows throughout each month, and modifies spending plans accordingly.

REQUESTS FOR INFORMATION

This financial report is designed to provide the City of Idaho Springs' residents, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the City's management at City of Idaho Springs, 1711 Miner St., P.O. Box 907, Idaho Springs, CO 80452 or call City Hall at (303) 567-4421.

BASIC FINANCIAL STATEMENTS

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF NET POSITION
December 31, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 1,459,348	$ 95,069	$ 1,554,417
Taxes Receivable	946,796	142,718	1,089,514
Utility Receivable	-	679,313	679,313
Accounts Receivable	21,483	87,864	109,347
Grants Receivable	189,249	515,711	704,960
Lease Receivable	453,861	-	453,861
Prepaid Expenses	7,557	112,229	119,786
Capital Assets, *Not Being Depreciated*	9,514,739	6,027,642	15,542,381
Capital Assets, *Net of Accumulated Depreciation/Amortization*	30,080,338	22,902,718	52,983,056
TOTAL ASSETS	42,673,371	30,563,264	73,236,635
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, *Net of Accumulated Amortization*	335,750	-	335,750
LIABILITIES			
Accounts Payable	608,407	365,669	974,076
Retainage Payable	37,952	98,870	136,822
Accrued Interest Payable	31,526	37,717	69,243
Accrued Liabilities	21,000	7,154	28,154
Unearned Revenue	3,850	-	3,850
Noncurrent Liabilities			
Due Within One Year	301,583	482,604	784,187
Due in More Than One Year	8,558,990	5,540,758	14,099,748
TOTAL LIABILITIES	9,563,308	6,532,772	16,096,080
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	277,991	-	277,991
Leases	453,861	-	453,861
Pensions, *Net of Accumulated Amortization*	28,367	-	28,367
TOTAL DEFERRED INFLOWS OF RESOURCES	760,219	-	760,219
NET POSITION			
Net Investment in Capital Assets	30,811,794	22,956,438	53,768,232
Restricted for:			
Emergencies	278,000	218,000	496,000
Conservation Trust	137,255	-	137,255
Street Improvements	1,458,017	-	1,458,017
Operations and Maintenance	-	324,523	324,523
Unrestricted	528	531,531	532,059
TOTAL NET POSITION	$ 32,685,594	$ 24,030,492	$ 56,716,086

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	$ 1,462,853	$ 183,067	$ 72,500	$ -	$ (1,207,286)	$ -	$ (1,207,286)
Public Safety	2,814,281	441,929	-	265,513	(2,106,839)	-	(2,106,839)
Public Works	2,834,248	-	485,419	-	(2,348,829)	-	(2,348,829)
Culture and Recreation	451,391	-	10,344	989,553	548,506	-	548,506
Interest on Long-Term Debt	336,256	-	-	-	(336,256)	-	(336,256)
Total Governmental Activities	7,899,029	624,996	568,263	1,255,066	(5,450,704)	-	(5,450,704)
Business-Type Activities							
Water	1,259,092	1,543,646	10,000	3,411,622	-	3,706,176	3,706,176
Wastewaster	1,317,983	1,224,098	-	60,265	-	(33,620)	(33,620)
Parking	143,249	598,567	-	2,000	-	457,318	457,318
Total Business-Type Activities	2,720,324	3,366,311	10,000	3,473,887	-	4,129,874	4,129,874
TOTAL PRIMARY GOVERNMENT	$ 10,619,353	$ 3,991,307	$ 578,263	$ 4,728,953	(5,450,704)	4,129,874	(1,320,830)
GENERAL REVENUES							
Property Taxes					216,755	-	216,755
Specific Ownership Taxes					25,579	-	25,579
Sales and Use Taxes					4,115,152	983,724	5,098,876
Franchise Fees					113,293	-	113,293
Investment Income					95,789	32,765	128,554
Miscellaneous					64,578	4,900	69,478
Gain (Loss) on Disposal of Capital Assets					41,731	-	41,731
TOTAL GENERAL REVENUES					4,672,877	1,021,389	5,694,266
CHANGE IN NET POSITION					(777,827)	5,151,263	4,373,436
NET POSITION, Beginning					33,463,421	18,879,229	52,342,650
NET POSITION, Ending					$ 32,685,594	$ 24,030,492	$ 56,716,086

See Notes to the Financial Statements.

CITY OF IDAHO SPRINGS, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL	SALES TAX IMPROVEMENT	1% STREET SALES TAX
ASSETS			
Cash and Investments	$ 138,044	$ -	$ 484,997
Taxes Receivable	657,362	146,716	142,718
Accounts Receivable	21,483	-	-
Grants Receivable	-	189,249	-
Lease Receivable	453,861	-	-
Prepaid Expenditures	7,557	-	-
Interfund Receivable	-	-	830,568
TOTAL ASSETS	$ 1,278,307	$ 335,965	$ 1,458,283
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 255,342	$ 352,815	$ 250
Retainage Payable	-	37,952	-
Accrued Liabilities	20,457	511	16
Unearned Revenue	3,850	-	-
Interfund Payable	-	830,568	-
TOTAL LIABILITIES	279,649	1,221,846	266
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	277,991	-	-
Leases	453,861	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	731,852	-	-
FUND BALANCES			
Nonspendable:			
Prepaid Expenditures	7,557	-	-
Restricted for:			
Emergencies	278,000	-	-
Conservation Trust	-	-	-
Street Improvements	-	-	1,458,017
Committed to RAMP	-	-	
Unassigned	(18,751)	(885,881)	-
TOTAL FUND BALANCES	266,806	(885,881)	1,458,017
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 1,278,307	$ 335,965	$ 1,458,283

See Notes to the Financial Statements.

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 836,307	$ 1,459,348
-	946,796
-	21,483
-	189,249
-	453,861
-	7,557
-	830,568
$ 836,307	$ 3,908,862
$ -	$ 608,407
-	37,952
16	21,000
-	3,850
-	830,568
16	1,501,777
-	277,991
-	453,861
-	731,852
-	7,557
-	278,000
137,255	137,255
-	1,458,017
699,036	699,036
-	(904,632)
836,291	1,675,233
$ 836,307	$ 3,908,862

See Notes to the Financial Statements.

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

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	$	1,675,233
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		39,595,077
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Bond Payable		(8,290,000)
Bond Premium		(478,433)
SBITA Liability		(14,850)
Accrued Interest Payable		(31,526)
Accrued Compensated Absences		(77,290)
Pension-Related Deferred Outflows of Resources		335,750
Pension-Related Deferred Inflows of Resources		(28,367)
Total Net Position of Governmental Activities	$	32,685,594

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL	SALES TAX IMPROVEMENT	1% STREET SALES TAX
REVENUES			
Taxes	$ 2,451,714	$ 1,035,341	$ 983,724
Intergovernmental	555,094	1,122,891	-
Licenses and Permits	212,454	-	-
Fines and Forfeitures	350,588	-	-
Charges for Services	61,954	-	-
Investment Income (Loss)	36,381	(2,487)	32,683
Miscellaneous	91,678	135,000	-
TOTAL REVENUES	3,759,863	2,290,745	1,016,407
EXPENDITURES			
Current			
General Government	1,344,580	60,581	-
Public Safety	2,585,294	60,807	-
Public Works	675,051	18,774	129,979
Parks, Recreation and Other	229,555	1,592	-
Capital Outlay	25,165	4,941,921	11,910
Debt Service			
Principal	10,315	-	270,000
Interest and Fiscal Charges	1,656	-	386,413
TOTAL EXPENDITURES	4,871,616	5,083,675	798,302
EXCESS REVENUES OVER (UNDER) EXPENDITURES	(1,111,753)	(2,792,930)	218,105
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Capital Assets	-	68,800	-
SBITA Proceeds	25,165	-	-
TOTAL OTHER FINANCING SOURCES (USES)	25,165	68,800	-
CHANGES IN FUND BALANCES	(1,086,588)	(2,724,130)	218,105
FUND BALANCES, Beginning	1,353,394	1,838,249	1,239,912
FUND BALANCES, Ending	$ 266,806	$ (885,881)	$ 1,458,017

NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ -	$ 4,470,779
10,344	1,688,329
-	212,454
-	350,588
-	61,954
29,212	95,789
-	226,678
39,556	7,106,571
-	1,405,161
-	2,646,101
1,640	825,444
-	231,147
-	4,978,996
-	280,315
-	388,069
1,640	10,755,233
37,916	(3,648,662)
-	68,800
-	25,165
-	93,965
37,916	(3,554,697)
798,375	5,229,930
$ 836,291	$ 1,675,233

See Notes to the Financial Statements.

CITY OF IDAHO SPRINGS, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	$	(3,554,697)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation and Amortization Expense		(2,411,448)
Gain (Loss) on Sale of Capital Assets		(27,069)
Capital Outlay		4,978,996
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		280,315
Long-term debt and SBITA proceeds provide current financial resources to governmental funds, but increases in long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt / SBITA proceeds and related items.		(25,165)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:		
Debt Premium		51,138
Accrued Interest Payable		675
Accrued Compensated Absences		2,830
Pension - Related Deferred Outflows of Resources		(23,728)
Pension - Related Deferred Inflows of Resources		(22,574)
Change in Net Position of Governmental Activities	$	(750,727)

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

	BUSINESS-TYPE ACTIVITIES			
	WATER	WASTEWATER	PARKING	TOTAL
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ -	$ -	$ 95,069	$ 95,069
Taxes Receivable	71,359	71,359	-	142,718
Utility Receivable	352,598	326,715	-	679,313
Accounts Receivable	57,005	-	30,859	87,864
Grants Receivable	145,663	5,653	364,395	515,711
Prepaid Expense	46,851	65,378	-	112,229
Interfund Receivable	-	-	886,868	886,868
Total Current Assets	673,476	469,105	1,377,191	2,519,772
Noncurrent Assets				
Capital Assets, *Not Being Depreciated*	3,334,126	616,889	2,076,627	6,027,642
Capital Assets, *Net of Accumulated Depreciation / Amortization*	8,969,020	13,808,178	125,520	22,902,718
Total Noncurrent Assets	12,303,146	14,425,067	2,202,147	28,930,360
TOTAL ASSETS	12,976,622	14,894,172	3,579,338	31,450,132
LIABILITIES				
Current Liabilities				
Accounts Payable	166,543	17,213	181,913	365,669
Retainage Payable	98,870	-	-	98,870
Accrued Liabilities	3,114	3,114	926	7,154
Accrued Interest Payable	16,346	4,233	17,138	37,717
Interfund Payable	470,290	416,578	-	886,868
Total Current Liabilities	755,163	441,138	199,977	1,396,278
Noncurrent Liabilities				
Due Within One Year	57,555	196,069	228,980	482,604
Due in More Than One Year	400,021	4,907,921	232,816	5,540,758
Total Noncurrent Liabilities	457,576	5,103,990	461,796	6,023,362
TOTAL LIABILITIES	1,212,739	5,545,128	661,773	7,419,640
NET POSITION				
Net Investment in Capital Assets	11,867,892	9,343,399	1,745,147	22,956,438
Restricted for:				
Emergencies	147,000	71,000	-	218,000
Operations and Maintenance	84,230	240,293	-	324,523
Unrestricted	(335,239)	(305,648)	1,172,418	531,531
TOTAL NET POSITION	$ 11,763,883	$ 9,349,044	$ 2,917,565	$ 24,030,492

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
Year Ended December 31, 2025

	BUSINESS-TYPE ACTIVITIES			
	WATER	WASTEWATER	PARKING	TOTAL
OPERATING REVENUES				
Utility Charges	$ 1,543,646	$ 1,224,098	$ -	$ 2,767,744
Parking Revenue	-	-	598,567	598,567
TOTAL OPERATING REVENUES	1,543,646	1,224,098	598,567	3,366,311
OPERATING EXPENSES				
Production and Distribution	760,536	-	-	760,536
Collection and Treatment	-	859,600	-	859,600
Parking	-	-	111,981	111,981
Depreciation	476,095	432,425	5,561	914,081
TOTAL OPERATING EXPENSES	1,236,631	1,292,025	117,542	2,646,198
NET OPERATING INCOME (LOSS)	307,015	(67,927)	481,025	720,113
NONOPERATING REVENUES (EXPENSES)				
Sales Taxes	491,862	491,862	-	983,724
Investment Income	6,813	5,217	20,735	32,765
Grants	10,000	-	-	10,000
Other Revenue	400	4,500	-	4,900
Interest Expense	(22,461)	(25,958)	(25,707)	(74,126)
TOTAL NONOPERATING REVENUES (EXPENSES)	486,614	475,621	(4,972)	957,263
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND GRANTS	793,629	407,694	476,053	1,677,376
CAPITAL CHARGES AND GRANTS				
Grants	1,940,434	544,409	868,514	3,353,357
Plant Investment Fees	58,265	60,265	-	118,530
Cash in Lieu of Construction	-	-	2,000	2,000
TOTAL CAPITAL CHARGES AND GRANTS	1,998,699	604,674	870,514	3,473,887
CHANGES IN NET POSITION	2,792,328	1,012,368	1,346,567	5,151,263
NET POSITION, Beginning	8,971,555	8,336,676	1,570,998	18,879,229
NET POSITION, Ending	$ 11,763,883	$ 9,349,044	$ 2,917,565	$ 24,030,492

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2025

	BUSINESS-TYPE ACTIVITIES			
	WATER	WASTEWATER	PARKING	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Customers	$ 1,514,954	$ 1,219,833	$ 602,646	$ 3,337,433
Cash Payments to Employees	(413,690)	(413,696)	(94,897)	(922,283)
Cash Payments to Suppliers	(327,923)	(465,144)	(23,500)	(816,567)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	773,341	340,993	484,249	1,598,583
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Tap/Cash-in-Lieu Fees Received	58,265	60,265	2,000	120,530
Grants Received	1,994,665	538,756	504,119	3,037,540
Acquisition of Capital Assets	(4,834,503)	(1,791,303)	(784,309)	(7,410,115)
Prepayment on SBITA	(46,630)	(65,157)	-	(111,787)
Payment made to Other Fund on Advance	-	(443,390)	-	(443,390)
Received from Other Funds	470,290	-	-	470,290
Payment to Other Funds	-	416,578	(886,868)	(470,290)
SBITAs Issued	4,194	4,195	-	8,389
Debt Principal Paid	(86,578)	(200,490)	(228,500)	(515,568)
Debt Interest Paid	(24,461)	(26,118)	(34,275)	(84,854)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(2,464,758)	(1,506,664)	(1,427,833)	(5,399,255)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Grants Received	10,000	-	-	10,000
Sales Tax Received	492,109	492,109	-	984,218
Other Revenues Received	400	4,500	-	4,900
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	502,509	496,609	-	999,118
CASH FLOWS FROM INVESTING ACTIVITES				
Investment Income	6,813	5,217	20,735	32,765
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,182,095)	(663,845)	(922,849)	(2,768,789)
CASH AND CASH EQUIVALENTS, Beginning	1,182,095	663,845	1,017,918	2,863,858
CASH AND CASH EQUIVALENTS, Ending	$ -	$ -	$ 95,069	$ 95,069
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Net Operating Income (Loss)	307,015	(67,927)	481,025	720,113
Depreciation and Amortization Expense	476,095	432,425	5,561	914,081
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
(Increase) Decrease in Utility Receivable	27,650	(4,265)	34,938	58,323
(Increase) Decrease in Accounts Receivable	(56,342)	-	(30,859)	(87,201)
(Increase) Decrease in Prepaid Expenses	8,211	1,592	-	9,803
Increase (Decrease) in Accounts Payable	23,567	(7,977)	(9,500)	6,090
Increase (Decrease) in Accrued Liabilities	(9,485)	(9,485)	926	(18,044)
Increase (Decrease) in Compensated Absences	(3,370)	(3,370)	2,158	(4,582)
Total Adjustments	(9,769)	(23,505)	(2,337)	(35,611)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ 773,341	$ 340,993	$ 484,249	$ 1,598,583

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
HANSEN'S CEMETERY TRUST FUND
December 31, 2025

ASSETS		
Cash and Investments	$	10,361
NET POSITION		
Restricted Net Position	$	10,361

CITY OF IDAHO SPRINGS, COLORADO
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
HANSEN'S CEMETERY TRUST FUND
Year Ended December 31, 2025

ADDITIONS		
Investment Income	$	250
NET POSITION, Beginning		10,111
NET POSITION, Ending	$	10,361

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the City of Idaho Springs, Colorado (the City) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the City's significant policies.

Reporting Entity

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

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

Government-wide and Fund Financial Statements

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

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

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

In the fund financial statements, the City reports the following major governmental funds:

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

The *Sales Tax Improvement Fund* accounts for general governmental capital improvements, capital acquisitions, and other major projects or studies, and related debt, if any.

The *1% Street Sales Tax Fund* accounts for street and related utility improvements and related debt service.

The City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities related to the City's water operations.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *Wastewater Fund* accounts for the financial activities related to the City's wastewater operations.

The *Parking Fund* accounts for the financial activities related to the City's parking operations.

The *Fiduciary Funds* account for Custodial Fund assets held by the City in a custodial capacity or as an agent on behalf of others. The *Fiduciary Fund* is accounted for using the accrual basis of accounting. The City's Custodial Funds include the Hansen's Cemetery Trust Fund.

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

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

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

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

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

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

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position

Cash, Cash Equivalents, and Investments – The City utilizes the pooled cash concept whereby cash balances of each of the City's funds are pooled and invested by the City. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the City on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Lease Receivable – The City is a lessor for noncancellable periods in excess of twelve months, including exercised extensions. Lease receivable is measured at the present value of lease payments expected to be received during the lease term based on the City's implicit interest rate unless the interest rate is provided in the agreement. Leases are recognized at the present value of cash flows as a lease receivable and a deferred inflow of resources. Payments on the lease reduce lease receivable and recognize interest as revenue. Deferred inflows of resources are amortized over the life of the lease term on a straight-line basis.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenditures or prepaid expenses.

Interfund Receivable and Payable – Interfund receivables and payables arise from interfund transactions and are recorded in the fund financial statements. Balances are repaid after year-end.

Capital Assets – Capital assets include land, buildings, plant, infrastructure, equipment and right-to-use lease assets. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported in the proprietary fund in the fund financial statements.

Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	20 – 40 years
Buildings and Improvements	15 – 40 years
Vehicles and Equipment	5 – 15 years
Right-to-Use Lease Assets	Shorter of lease term or useful life

Deferred Outflows of Resources – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. This applies to pension-related consumption of net assets that applies to future periods for the City.

Unearned Revenue – Unearned revenues include grants and developer payments in lieu of construction that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the City that is applicable to a future reporting period. This applies to pension-related acquisition of net assets in future periods, leases, and certified property taxes to be collected in future periods.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Compensated Absences – Personnel accrue paid time off based on length of employment. Employees may accumulate up to two times their annual rate of accrual. Unused accumulated hours are paid upon separation/termination at employee's current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

Pensions – The City participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the plan's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The City contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, nor deferred outflows and inflows of resources related to OPEB.

Leases – The City determines if an arrangement is a lease at inception. For leasing arrangements where the City is the lessee, leases are included in capital assets and noncurrent liabilities in the statement of net position.

Lease assets represent the City's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the City as assets with an initial, individual cost of more than $5,000.

Lease liabilities represent the City's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the City will exercise that option.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

For individual lease contracts where information about the discount rate implicit in the lease is not included, the City has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Subscription-Based Information Technology Arrangements (SBITAs) – SBITA agreements for noncancellable periods in excess of twelve months, including exercised extensions, are recognized as a liability. The SBITA liability is measured at the present value of lease payments expected to be paid during the lease term based on the City's implicit interest rate unless the interest rate is provided in the agreement. SBITAs are recognized at the present value of cash flows as a liability and a related right-to-use asset. Payments on the SBITA reduce the liability and amortize the right-to-use asset on a straight-line basis over the life of the SBITA agreement.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the City imposes on itself by action of the City Council through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by the City Council. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed. Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The City Council is authorized to informally assign amounts to a specific purpose and has assigned this authority to the City Administrator or other designee. Such fund balance assignments are reported in the governmental fund financial statements.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the City considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the City Council has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

NOTE 2: Cash and Investments

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

Cash on Hand	
Deposits	$ 817,912
Investments	746,866
Total	$ 1,564,778

The cash and investments presented in the financial statements at December 31, 2025, are as follows:

Cash and Investments	$ 1,554,417
Fiduciary Funds	10,361
Total	$ 1,564,778

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the City had bank deposits of $489,223 collateralized with securities held by the financial institution's agent but not in the City's name.

Investments

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

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

Fair Value Measurements - At December 31, 2025, the City's investments in the local government investment pools were reported at the net asset value per share.

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

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

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

Local Government Investment Pools - At December 31, 2025, the City had $600,587 and $146,279 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE), (the Pools), respectively. The Pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. ColoTrust, and CSAFE are measured at the net asset value per share, with each share valued at $1. ColoTrust is rated AAAm by Standard and Poor's, and CSAFE is rated AAAmmf by Fitch Ratings. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

NOTE 3: Interfund Balances and Advances

In 2025, the advance between the Wastewater Fund and Sales Tax Improvement Fund was paid in full in the amount of $443,390.

At December 31, 2025, the Parking Fund temporarily subsidized the Water Fund and Wastewater Fund in the amount of $470,290 and $416,578, respectively. The 1% Street Sales Tax Fund temporarily subsidized the Sales Tax Improvement Fund in the amount of $830,568. Interfund balances will be repaid after year end.

NOTE 4: Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City purchases commercial insurance for its workers' compensation claims.

The City participates in 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 provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members with defined liability, property, and workers compensation coverages and to assist members 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 coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the City does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

NOTE 5: Capital Assets

Capital assets activity for governmental activities for the fiscal year ended December 31, 2025, is summarized, as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 3,794,903	$ 761,000	$ -	$ 4,555,903
Water Rights	8,000	-	-	8,000
Construction in Progress	1,817,912	3,848,877	(715,953)	4,950,836
Total Capital Assets, Not Being Depreciated	5,620,815	4,609,877	(715,953)	9,514,739
Capital Assets, Being Depreciated / Amortized:				
Buildings	8,120,324	-	-	8,120,324
Improvements/Infrastructure	38,030,084	890,980	-	38,921,064
Equipment	2,932,619	168,927	(77,385)	3,024,161
Right-to-Use Asset	-	25,165	-	25,165
Total Capital Assets, Being Depreciated / Amortized	49,083,027	1,085,072	(77,385)	50,090,714
Accumulated Depreciation / Amortization:				
Buildings	(1,298,473)	(189,396)	-	(1,487,869)
Improvements/Infrastructure	(13,858,907)	(2,081,979)	-	(15,940,886)
Equipment	(2,464,764)	(135,040)	23,216	(2,576,588)
Right-to-Use Asset	-	(5,033)	-	(5,033)
Total Accumulated Depreciation / Amortization	(17,622,144)	(2,411,448)	23,216	(20,010,376)
Capital Assets, Being Depreciated / Amortized, Net	31,460,883	(1,326,376)	(54,169)	30,080,338
Capital Assets, Governmental Activities, Net	$ 37,081,698	$ 3,283,501	$ (770,122)	$ 39,595,077

Depreciation / Amortization expense was charged to governmental functions of the City, as follows:

General Government	$ 58,360
Public Safety	123,520
Public Works	2,009,172
Parks, Recreation, and Other	220,396
Total	$ 2,411,448

CITY OF IDAHO SPRINGS, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: Capital Assets (Continued)

Capital assets activity for business-type activities for the fiscal year ended December 31, 2025, is summarized, as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Business Type Activities:				
Capital Assets, Not Being Depreciated				
Land -Water	$ 522,239	$ -	$ -	$ 522,239
Land - Wastewater	616,889	-	-	616,889
Land - Parking	914,000	-	-	914,000
Water Rights	10,440	-	-	10,440
Construction in Progress -Water	2,404,428	2,228,632	1,831,613	2,801,447
Construction in Progress -Wastewater	13,792	-	13,792	-
Construction in Progress - Parking	327,486	906,664	71,523	1,162,627
Total Capital Assets, Not Being Depreciated	4,809,274	3,135,296	1,916,928	6,027,642
Capital Assets, Being Depreciated / Amortized:				
Improvements Other Than Buildings - Water	14,457,069	4,356,488	-	18,813,557
Improvements Other Than Buildings - Wastewater	20,023,508	1,787,108	-	21,810,616
Improvements Other Than Buildings - Parking	-	131,081	-	131,081
Equipment - Water	501,370	-	-	501,370
Equipment - Wastewater	390,085	13,792	-	403,877
Right-to-Use Asset - Water	190,356	4,194	190,356	4,194
Right-to-Use Asset - Wastewater	42,245	4,195	42,245	4,195
Total Capital Assets, Being Depreciated / Amortized	35,604,633	6,296,858	232,601	41,668,890
Accumulated Depreciation / Amortization:				
Improvements Other Than Buildings - Water	(9,581,514)	(428,524)	-	(10,010,038)
Improvements Other Than Buildings - Wastewater	(7,640,236)	(414,444)	-	(8,054,680)
Improvements Other Than Buildings - Parking	-	(5,561)	-	(5,561)
Equipment - Water	(316,505)	(22,719)	-	(339,224)
Equipment - Wastewater	(342,542)	(12,448)	-	(354,990)
Right-to-Use Asset - Water	(166,343)	(24,852)	(190,356)	(839)
Right-to-Use Asset - Wastewater	(37,552)	(5,533)	(42,245)	(840)
Total Accumulated Depreciation / Amortization	(18,084,692)	(914,081)	(232,601)	(18,766,172)
Capital Assets, Being Depreciated / Amortized, Net	17,519,941	5,382,777	-	22,902,718
Capital Assets, Business-Type Activities, Net	$ 22,329,215	$ 8,518,073	$ 1,916,928	$ 28,930,360

Depreciation / Amortization expense was charged to business-type functions of the City, as follows:

Water	$ 476,095
Wastewater	432,425
Parking	5,561
Total	$ 914,081

NOTE 6: Leases Receivable

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Communication Tower Lease 2012	$ 345,068	$ -	$ 17,595	$ 327,473	$ 18,474
Communication Tower Lease 2017	129,798	-	3,410	126,388	3,581
Total	$ 474,866	$ -	$ 21,005	$ 453,861	$ 22,055

On March 28, 2012, the City entered into a ground lease agreement. The lease term includes five consecutive five year options to renew by the lessee. As a result, the lease requires annual payments ranging from $12,000 to $42,166 to be received through March 2036, assuming all of the five-year options are exercised by the lessee. Interest accrued at an implied interest rate of 5% per annum. In 2025, the City received $34,848, including principal of $17,594 and interest of $17,253. At December 31, 2025, the lease receivable balance was $327,473 and deferred inflows of resources balance was $271,048, and annual amortization of $22,587 using straight-line basis.

In 2017 the City entered into a ground lease agreement. The lease term includes five consecutive five year options to renew by the lessee. As a result, the lease requires annual payments ranging from $9,000 to $13,177 to be received through June 2041, assuming all of the five-year options are exercised by the lessee. Interest accrues at an implied interest rate of 5% per annum. In 2025, the City received $9,900, including principal of $3,410 and interest of $6,490. At December 31, 2025, the lease receivable balance was $126,388 and deferred inflows of resources balance was $131,218, with annual amortization of $7,719 using straight-line basis.

Lease receivable payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 22,055	$ 22,693	$ 44,748
2027	27,632	21,590	49,222
2028	29,014	20,209	49,223
2029	30,465	18,758	49,223
2030	31,988	17,235	49,223
2031-2035	206,808	58,996	265,804
2036-2040	93,350	13,503	106,853
2041	12,549	627	13,176
Total	$ 453,861	$ 173,611	$ 627,472

NOTE 7: Long-Term Debt

Governmental Activities

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

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Sales Tax Revenue Bonds, Series 2018	$ 8,560,000	$ -	$ 270,000	$ 8,290,000	$ 290,000
Bond Premium	529,571	-	51,138	478,433	-
2025 SBITA	-	25,165	10,315	14,850	3,854
Compensated Absences	80,120	-	2,830	77,290	7,729
Total Long-Term Debt, Governmental Activities	$ 9,169,691	$ 25,165	$ 334,283	$ 8,860,573	$ 301,583

2018 Street Sales Tax Revenue Bonds

On December 1, 2018, the City issued $9,875,000 in Sales Tax Revenue Bonds to finance the cost of certain City improvements through the voter-approved 1% Street Sales Tax Fund. Principal payments are due annually on December 1, through 2041. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at rates ranging from 2% to 5% per annum. Principal and interest will be paid solely from the net revenue derived from the City-imposed 1.5% sales taxes and any other legally available taxes or revenues that the City Council pledges.

These bonds require a reserve account which is the least of i) 10% of the principal amount of the issued Bonds, ii) 100% of the maximum annual debt service requirements on the Bonds, or iii) 125% of the average annual debt service requirements on the bonds. The City is in compliance with this requirement. The City has established that the reserve in the bonds are secured by net revenues derived from pledged Sales Tax.

Future debt service on the bond payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 290,000	$ 378,313	$ 668,313
2027	315,000	369,612	684,612
2028	350,000	353,863	703,863
2029	370,000	336,363	706,363
2030	395,000	317,862	712,862
2031-2035	2,455,000	1,262,062	3,717,062
2036-2040	3,350,000	569,325	3,919,325
2041	765,000	27,731	792,731
Total	$ 8,290,000	$ 3,615,131	$ 11,905,131

NOTE 7: Long-Term Debt (Continued)

Governmental Activities (Continued)

Subscription-Based Information Technology Arrangement (SBITA)

On March 1, 2025, the City entered into a SBITA with Brightly Software, Inc. for cloud services. The City used an implied interest rate of 5% per annum in determining the principal and interest portions of the remaining payments. A right-to-use asset has been recorded and will be amortized over the life of the arrangement. In 2025, the City made an initial payment of $14,978, with future payments ranging between $5,348 and $5,844 due on March 1, through 2029. The SBITA right-to-use asset was $33,554 and a related accumulated amortization of $6,710, with an annual amortization of $6,710 calculated on a straight-line basis. This SBITA is shared between governmental activities and business-type activities and its liability, and related assets, have been allocated to the governmental activities, water fund, and wastewater fund.

Combined future minimum SBITA payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 4,358	$ 990	$ 5,348
2027	4,737	772	5,509
2028	5,139	535	5,674
2029	5,566	278	5,844
Total	$ 19,800	$ 2,575	$ 22,375

Business-Type Activities

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

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Business-Type Activities					
2000 CWCB Note - Water	$ 441,567	$ -	$ 40,046	$ 401,521	$ 42,048
2002 CWCB Note - Water	43,324	-	12,066	31,258	12,730
Software and Equipment Lease - Water	32,747	-	32,747	-	-
2025 SBITA - Water	-	4,194	1,719	2,475	545
2019 CWRPDA Note - Wastewater	2,563,818	-	96,525	2,467,293	97,008
2020 CWRPDA Note - Wastewater	2,707,705	-	95,805	2,611,900	96,284
Software and Equipment Lease - Wastewater	6,440	-	6,440	-	-
2025 SBITA - Wastewater	-	4,194	1,719	2,475	545
2024 Parking Financed Purchases	685,500	-	228,500	457,000	228,500
Compensated Absences - Water	25,692	-	3,370	22,322	2,232
Compensated Absences - Wastewater	25,692	-	3,370	22,322	2,232
Compensated Absences - Parking	2,638	2,158	-	4,796	480
Long-Term Debt, Business-Type Activities	$ 6,535,123	$ 10,546	$ 522,307	$ 6,023,362	$ 482,604

NOTE 7: Long-Term Debt (Continued)

Business-Type Activities (Continued)

2000 Colorado Water Conservation Board Loan

On December 20, 2000, the City entered into a $955,000 loan agreement with the Colorado Water Conservation Board (CWCB) for water system improvements. Principal and interest payments are due annually on April 1st, through 2033, with interest accruing at a fixed rate of 5% per annum. In 2025, the City paid $62,124, including $40,046 in principal and $22,079 in interest. The note is collateralized by the net revenues of the combined water and wastewater system.

Future debt service payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 42,048	$ 20,076	$ 62,124
2027	44,150	17,974	62,124
2028	46,358	15,766	62,124
2029	48,676	13,448	62,124
2030	51,110	11,014	62,124
2031-2033	169,179	17,194	186,373
Total	$ 401,521	$ 95,472	$ 496,993

2002 Colorado Water Conservation Board Loan

On March 1, 2002, the City amended the 2000 CWCB loan agreement for an additional $210,000 to continue the water system improvement project. Principal and interest payments are due annually on April 1st, through 2033, with interest accruing at a fixed rate of 5% per annum. In 2025, the City paid $14,449, including $12,066 in principal and $2,383 in interest. The note is collateralized by the net revenues of the combined water and wastewater system.

Future debt service payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 12,730	$ 1,719	$ 14,449
2027	13,430	1,019	14,449
2028	5,098	281	5,378
Total	$ 31,258	$ 3,019	$ 34,276

2019 Colorado Water Resources and Power Development Authority Loan

On April 1, 2019, the City entered into a $3,000,000 loan agreement with the Colorado Water Resource and Power Development Authority (CWRPDA) for wastewater system improvements. Principal and interest payments are due semi-annually on May 1st and November 1st, through 2049, with interest accruing at a fixed rate of 0.5% per annum. In 2025, the City paid $109,224, including $96,525 in principal and $12,699 in interest. The note is collateralized by the net revenues of the combined water and wastewater systems. The City still has $10,000 to draw against this loan as of December 31, 2025.

NOTE 7: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Future debt service payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 97,008	$ 12,215	$ 109,223
2027	97,494	11,730	109,224
2028	97,982	11,242	109,224
2029	98,473	10,751	109,224
2030	98,966	10,258	109,224
2031-2035	502,310	43,809	546,119
2036-2040	515,009	31,109	546,118
2041-2045	528,030	18,088	546,118
2046-2049	432,021	4,875	436,896
Total	$ 2,467,293	$ 154,077	$ 2,621,370

2020 Colorado Water Resources and Power Development Authority Loan

On June 30, 2020, the City entered into a $3,000,000 loan agreement with the CWRPDA for wastewater system improvements. Principal and interest payments are due semi-annually on May 1st and November 1st, through 2051, with interest accruing at a fixed rate of 0.5% per annum. In 2025, the City paid $109,224, including $95,804 in principal and $13,419 in interest. The note is collateralized by the net revenues of the combined water and wastewater systems.

Future debt service payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 96,284	$ 12,939	$ 109,223
2027	96,766	12,457	109,223
2028	97,251	11,973	109,224
2029	97,738	11,486	109,224
2030	98,227	10,997	109,224
2031-2035	498,561	47,558	546,119
2036-2040	511,166	34,953	546,119
2041-2045	524,090	22,029	546,119
2046-2050	537,341	8,778	546,119
2051	54,476	136	54,612
Total	$ 2,611,900	$ 173,306	$ 2,785,206

In 2025, the CWCB and CWRPDA loans require that the City comply with rate covenant and the operating reserve requirement. At December 31, 2025, the City was compliant with both requirements.

NOTE 7: Long-Term Debt (Continued)

Business-Type Activities (Continued)

2023 Software and Equipment Lease and SBITA – SCADA System

In 2020, the City extended software and equipment leases with Browns Hill Engineering & Controls for a SCADA system to manage the water and wastewater systems. The agreements contained identical terms requiring 60 monthly payments of $1,620 commencing April 2020 including implied interest of 3% per annum. In 2023, the City updated the water portion of the agreement to include certain replacement equipment. This increased the water fund monthly payment by $6,618 for the remaining 23 months to $8,238. The addendum includes imputed interest at 6%. Payments are made by the respective funds. At December 31, 2025, the lease and SBITA was paid in full.

2024 Parking Financed Purchase – 1856 Colorado Avenue

On April 8, 2024, the City entered into a financed purchase agreement to purchase land located at 1856 Colorado Avenue used for parking in the amount of $875,000. Payments are made annually, through 2027, in the amount of $218,750 plus accrued interest. Interest is accrued annually at a fixed rate of 5% per annum. Property possession transfers when the lease is fully paid. The financed purchase is to be paid by the Parking Fund.

2024 Parking Financed Purchase – 1856 Colorado Avenue (Adjacent Property)

On April 8, 2024, the City entered into a financed purchase agreement for land located adjacent to 1856 Colorado Avenue used for parking in the amount of $39,000. Payments are made annually, through 2027, in the amount of $218,750 plus accrued interest. Interest is accrued annually at a fixed rate of 5% per annum. Property possession transfers when the lease is fully paid. The financed purchase is to be paid by the Parking Fund.

Future minimum financed purchase payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 228,500	$ 22,850	$ 251,350
2027	228,500	11,426	239,926
Total	$ 457,000	$ 34,276	$ 491,276

NOTE 8: Employee Retirement Plans

Police Pension Plan

Plan Description – The City contributes to the Statewide Retirement Plan (the SRP Plan), a cost-sharing multiple-employer defined benefit pension plan. The SRP Plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The SRP Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997, through the Statewide Death and Disability Plan (the SWDD plan), which is also administered by the FPPA as a non-contributory plan. Full-time police officers of the City are members of the SRP Plan and the SWDD Plan. Local revenue sources are responsible for funding of the death and disability benefits for police officers and firefighters hired on or after January 1, 1997.

Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

Benefits Provided – A SRP Plan member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80). A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

The annual normal retirement benefit for the Plan is 2% of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007, for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually, calculated considering the social security benefit started as of age 62. Effective January 1, 2007, members covered under the Social Security Component will receive half the benefit when compared to the Statewide Retirement Plan for each year of credited service up to then years plus 1.25% of the average of the member's highest three years' base salary for each year thereafter.

Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions – The City and eligible employees are required to contribute to the SRP Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The City and eligible employees each contributed 10.5% and 12.0% of base salary, respectively, for the year ended December 31, 2025.

SRP Plan members elected to increase the employee contribution rate 0.5% annually through 2030, to a total of 13% of pensionable earnings. Employer contributions will increase 0.5% annually through 2030 to a total of 13.0% of pensionable earnings. In 2025, the City's contribution to the SRP plan was $76,235.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the City reported a net pension liability of zero for its proportionate share of the SRP Plan.

The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The City's proportion of the net pension liability was based on a projection of the City's contributions to the Plan for the calendar year ended December 31, 2025, relative to the projected contributions of all participating employers.

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

At December 31, 2024, the City's proportion was 0.06411462%, which was an increase of 0.00091017% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense (income) of $124,098. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 154,067	$ 4,819
Changes of assumptions	55,139	-
Net difference between projected and actual earnings on plan investments	21,887	-
Changes in proportion	28,422	23,548
Contributions subsequent to the measurement date	76,235	-
Total	$ 335,750	$ 28,367

City contributions subsequent to the measurement date of $76,235 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	
2026	$ 64,714
2027	92,154
2028	7,181
2029	7,594
2030	20,219
Thereafter	39,286
Total	$ 231,148

Actuarial Assumptions - The actuarial valuation as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial Method	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.75%
Cost of living adjustments (COLA)	0.0%

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Health Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

NOTE 8: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

Discount Rate - The discount rate used to measure the total pension liability was 7%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of Board's Benefit Policy, which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year-to-year depending on the plan experience and the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0%, then a COLA assumption of 0% will be used and a Net Pension Liability will be reported.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%. The municipal bond rate is 4.08%, based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release. The resulting single discount rate is 7% percent.

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents the plan's net pension liability (asset), calculated using a single discount rate of 7%, as well as what the plan's net pension liability (asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SWDB Net Pension Asset (Liability)	$ 312,874	$ -	$ -

Defined Contribution Retirement Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is available to all non-FPPA City employees and permits them to defer a portion of their salary until future years. The City matches employee contributions up to 5% of eligible salary. During the year ended December 31, 2025, the City's contributions were $45,779, equal to the required contribution. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

NOTE 9: Other Postemployment Benefits

Statewide Death and Disability Plan

Plan Description - The City contributes to the Statewide Death and Disability Plan (the SD&D Plan), a cost sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.fppaco.org.

Benefits Provided - The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
- On-duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:

- 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

Once a member is eligible to retire, all plan benefit obligations cease.

Contributions - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary. As of 2020, the FPPA Board may adjust the required contribution rate annually by a maximum of 0.2%.

The City Council determines the contribution split between members and the City. For members hired on or after January 1, 1997, the City contributed 1.8% of base salaries on behalf of the members during the year ended December 31, 2025. The City has no requirement to make contributions to the plan. Any contributions to the SD&D Plan are considered to be "member contributions". For the year ended December 31, 2025, the City's contributions to the plan were $13,793.

Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

The City has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the City does not report a net OPEB liability, or deferred outflows and inflows of resources related to OPEB.

OPEB Plan Fiduciary Net Position - Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 10: Commitments and Contingencies

Claims and Judgments

The City participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the City.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. On April 5, 1994, voters within the City approved the collection, retention and expenditure of the full revenues generated by the City in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

At November 4, 2008, the residents voted to authorize the City to retain all revenues, in excess of TABOR and statutory limits from all sources in 2008 and subsequent years, and spend the same for streets, curbs and gutters, water and sewer utilities, drainage, and asphalt.

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 $278,000, $147,000, and $71,000 was reported as restricted fund balance in the General Fund, Water Fund, and Wastewater Fund, respectively.

Litigation

The City from time to time is involved in various legal matters. In the opinion of the City's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the City.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Taxes				
Property Taxes	$ 250,000	$ 250,000	$ 216,755	$ (33,245)
Specific Ownership Taxes	22,000	22,000	25,579	3,579
Sales and Use Taxes	2,370,000	2,370,000	2,096,087	(273,913)
Franchise Taxes	123,200	123,200	113,293	(9,907)
Total Taxes	2,765,200	2,765,200	2,451,714	(313,486)
Intergovernmental				
Cigarette Taxes	5,000	5,000	4,587	(413)
Highway Users Tax Fund (HUTF)	65,000	65,000	73,750	8,750
Road and Bridge	480,000	480,000	411,669	(68,331)
Clerk/Motor Vehicle Fees	7,000	7,000	6,960	(40)
State Severance	110,000	110,000	16,256	(93,744)
State Grants	10,000	10,000	35,118	25,118
Other Intergovernmental	12,000	12,000	6,754	(5,246)
Total Intergovernmental	689,000	689,000	555,094	(133,906)
Licenses and Permits				
Liquor Licenses	6,000	6,000	6,686	686
Building Permits	250,000	250,000	59,194	(190,806)
Annexation/Other P&Z Fees	50,000	50,000	32,147	(17,853)
Business Licenses	49,000	49,000	30,255	(18,745)
Other Licenses and Permits	70,000	70,000	84,172	14,172
Total Licenses and Permits	425,000	425,000	212,454	(212,546)
Fines and Forfeitures	270,000	270,000	350,588	80,588
Charges for Services				
Rents	70,000	70,000	55,541	(14,459)
Other Charges for Services	7,500	7,500	6,413	(1,087)
Total Charges for Services	77,500	77,500	61,954	(15,546)
Investment Income	50,000	50,000	36,381	(13,619)
Other Revenues				
Reimbursements and Refunds	30,000	30,000	25,879	(4,121)
Donations	2,500	2,500	11,366	8,866
Other Miscellaneous Revenue	7,000	7,000	54,433	47,433
Total Other Revenues	39,500	39,500	91,678	52,178
TOTAL REVENUES	4,316,200	4,316,200	3,759,863	(556,337)

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES				
Current				
General Government				
Administrator/Manager	931,104	931,104	945,359	(14,255)
Economic Development	334,580	334,580	399,221	(64,641)
Total General Government	1,265,684	1,265,684	1,344,580	(78,896)
Public Safety				
Police	1,980,634	1,980,634	2,133,334	(152,700)
Fire	309,540	309,540	309,540	-
Municipal Court	78,519	78,519	64,283	14,236
Code Enforcement	152,000	152,000	78,137	73,863
Total Public Safety	2,520,693	2,520,693	2,585,294	(64,601)
Public Works				
Streets	502,053	502,053	675,051	(172,998)
Parks, Recreation and Other				
Parks	258,216	258,216	217,289	40,927
Cemetery	5,000	5,000	12,266	(7,266)
Total Parks, Recreation, and Othe	263,216	263,216	229,555	33,661
Capital Outlay	-	-	25,165	(25,165)
Debt Service				
Principal	-	-	10,315	(10,315)
Interest	-	-	1,656	(1,656)
Total Debt Service	-	-	11,971	(11,971)
Contingencies	1,253,148	1,253,148	-	1,253,148
TOTAL EXPENDITURES	5,804,794	5,804,794	4,871,616	933,178
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,488,594)	(1,488,594)	(1,111,753)	376,841
OTHER FINANCING SOURCES (USES)				
SBITA Proceeds	-	-	25,165	25,165
CHANGE IN FUND BALANCE	(1,488,594)	(1,488,594)	(1,086,588)	402,006
FUND BALANCE, Beginning	1,546,364	1,546,364	1,353,394	(192,970)
FUND BALANCE, Ending	$ 57,770	$ 57,770	$ 266,806	$ 209,036

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
1% STREET SALES TAX FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes				
Sales Taxes	$ 1,025,000	$ 1,025,000	$ 983,724	$ (41,276)
Investment Income	50,000	50,000	32,683	(17,317)
TOTAL REVENUES	1,075,000	1,075,000	1,016,407	(58,593)
EXPENDITURES				
Current				
Public Works				
Streets	604,356	604,356	129,979	474,377
Capital Outlay	-	-	11,910	(11,910)
Debt Service				
Principal	270,000	270,000	270,000	-
Interest	386,413	386,413	386,413	-
TOTAL EXPENDITURES	1,260,769	1,260,769	798,302	462,467
CHANGE IN FUND BALANCE	(185,769)	(185,769)	218,105	403,874
FUND BALANCE, Beginning	1,242,207	1,242,207	1,239,912	(2,295)
FUND BALANCE, Ending	$ 1,056,438	$ 1,056,438	$ 1,458,017	$ 401,579

CITY OF IDAHO SPRINGS, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND CONTRIBUTIONS
FIRE AND POLICE PENSION ASSOCIATION OF COLORADO STATEWIDE RETIREMENT PLAN
December 31, 2025

MEASUREMENT YEAR	2024	2023	2022	2021
Plan Measurement Date	December 31	December 31	December 31	December 31
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY				
City's Proportion of the Net Pension Liability (Asset)	0.06411462%	0.06330550%	0.05826090%	0.06219780%
City's Proportionate Share of the Net Pension Liability (Asset)	$ -	$ -	$ (51,713)	$ 337,071
City's Covered Payroll	$ 622,093	$ 512,378	$ 500,842	$ 559,403
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered Payroll	0.0%	0.0%	-10.3%	60.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset	100.0%	100.0%	97.6%	116.2%

CALENDAR YEAR	2025	2024	2023	2022
CITY CONTRIBUTIONS				
Statutorily Required Contribution	$ 76,235	$ 69,909	$ 58,990	$ 45,619
Contributions in Relation to the Statutorily Required Contribution	(76,235)	(69,909)	(58,990)	(45,619)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 727,248	$ 622,093	$ 512,378	$ 500,842
Contributions as a Percentage of Covered Payroll	10.5%	11.2%	11.51%	9.11%

	2020 December 31	2019 December 31	2018 December 31	2017 December 31	2016 December 31	2015 December 31
	0.06964570%	0.07328200%	0.07299320%	0.08135810%	0.07977020%	0.06504340%
	$ 151,201	$ 41,446	$ (92,283)	$ 117,046	$ (28,824)	$ 1,147
	$ 540,113	$ 488,950	$ 475,888	$ 408,250	$ 315,313	$ 341,525
	28.0%	8.5%	-19.4%	28.7%	-18.4%	-18.4%
	106.7%	101.9%	95.2%	106.3%	95.2%	95.2%
	2021	2020	2019	2018	2019	2019
	$ 42,560	$ 44,752	$ 43,209	$ 39,116	$ 38,071	$ 32,660
	(42,560)	(44,752)	(43,209)	(39,116)	(37,457)	(37,457)
	$ -	$ -	$ -	$ -	$ -	$ -
	$ 559,403	$ 540,113	$ 488,950	$ 475,888	$ 408,250	$ 315,313
	7.61%	8.29%	8.84%	8.22%	7.60%	7.60%

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are legally adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures. The City adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the City Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Expenditures may not legally exceed appropriations at the fund level. Any budget revisions that alter the total expenditures of any fund must be approved by the City Council.
- Management 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 the City Council.

Budget Compliance and Accountability

At December 31, 2025, the City's Sales Tax Improvement Fund actual expenditures exceeded budgeted expenditures in the amount of $985,396. In addition, at December 31, 2025, the City's Sales Tax Improvement Fund had a negative fund balance of $895,911. These may be violations of state statutes.

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2025. The measurement date was December 31, 2024. The following assumptions were used in computing the pension benefit obligation for this plan:

TOTAL PENSION LIABILITY	2025	2024
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%

ACTUARIAL DETERMINED CONTRIBUTIONS	2025	2024
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Period	Level % of Payroll, Open	Level % of Payroll, Open
Remaining Amortization Period	30 Years	30 Years
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan (Continued)

The City increased the employer portion of the salary scale by 0.5% annually, as intended by the plan through 2030.

Effective January 1, 2023, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years.

The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale.

The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.000015. The occupational disability mortality assumption uses the non-disabled post-retirement mortality tables set forward three years. The total disability mortality assumption uses the Pub-210 Safety Heathy Retiree Mortality tables for males and females, amount-weighted, set forward five years, projected with the ultimate values of the MP-2020 projection scale, with minimum probability of 3.5% for males and 2.5% for females.

The actuarial method used for the valuation of benefits for funding and financial reporting purposes is specific by the state statute to be either the Entry Age Normal or Aggregate Cost Method, with experience gains or losses adjusting the unfunded actuarial accrued liability.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2024. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2025, and as such, the Total Pension Liability was measured using those assumptions for the fiscal year ended December 31, 2025, with a one-year lag.

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES

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

	RAMP	CONSERVATION TRUST	TOTAL
ASSETS			
Cash and Investments	$ 699,052	$ 137,255	$ 836,307
LIABILITIES			
Accrued Liabilities	$ 16	$ -	$ 16
FUND BALANCES			
Restricted for Conservation Trust	-	137,255	137,255
Committed to RAMP	699,036	-	699,036
TOTAL FUND BALANCES	699,036	137,255	836,291
TOTAL LIABILITIES AND FUND BALANCES	$ 699,052	$ 137,255	$ 836,307

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

	RAMP	CONSERVATION TRUST	TOTAL
REVENUES			
Intergovernmental	$ -	$ 10,344	$ 10,344
Investment Income	26,063	3,149	29,212
TOTAL REVENUES	26,063	13,493	39,556
EXPENDITURES			
Current			
Public Works	1,640	-	1,640
CHANGES IN FUND BALANCES	24,423	13,493	37,916
FUND BALANCES, Beginning	674,613	123,762	798,375
FUND BALANCES, Ending	$ 699,036	$ 137,255	$ 836,291

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
SALES TAX IMPROVEMENT FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes				
Sales and Use Taxes	$ 1,170,000	$ 1,170,000	$ 1,035,341	$ (134,659)
Intergovernmental				
Federal Grants	-	-	2,825	2,825
State Grants	2,500,000	2,500,000	1,120,066	(1,379,934)
Total Intergovernmental	2,500,000	2,500,000	1,122,891	(1,377,109)
Investment Income (Loss)	15,000	15,000	(2,487)	(17,487)
Other Revenues				
Donations	-	-	135,000	135,000
TOTAL REVENUES	3,685,000	3,685,000	2,290,745	(1,394,255)
EXPENDITURES				
Current				
General Government				
Administrator/Manager	49,179	49,179	60,581	(11,402)
Public Safety				
Police	139,100	139,100	60,807	78,293
Public Works				
Community Development	100,000	100,000	-	100,000
Streets	50,000	50,000	18,774	31,226
Total Public Works	150,000	150,000	18,774	131,226
Parks, Recreation and Other				
Other Parks and Recreation	10,000	10,000	1,592	8,408
Capital Outlay	3,750,000	3,750,000	4,941,921	(1,191,921)
TOTAL EXPENDITURES	4,098,279	4,098,279	5,083,675	(985,396)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(413,279)	(413,279)	(2,792,930)	(2,379,651)
OTHER FINANCING SOURCES (USES)				
Proceeds from the Sale of Capital Assets	-	-	68,800	68,800
CHANGE IN FUND BALANCE	(413,279)	(413,279)	(2,724,130)	(2,310,851)
FUND BALANCE, Beginning	1,542,401	1,542,401	1,838,249	295,848
FUND BALANCE, Ending	$ 1,129,122	$ 1,129,122	$ (885,881)	$ (2,015,003)

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
RAMP FUND
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Investment Income	$ 35,000	$ 35,000	$ 26,063	$ (8,937)
EXPENDITURES				
Public Works				
Streets	51,464	51,464	1,640	49,824
CHANGE IN FUND BALANCE	(16,464)	(16,464)	24,423	40,887
FUND BALANCE, Beginning	676,781	676,781	674,613	(2,168)
FUND BALANCE, Ending	$ 660,317	$ 660,317	$ 699,036	$ 38,719

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Intergovernmental	$ 12,000	$ 12,000	$ 10,344	$ (1,656)
Investment Income	4,000	4,000	3,149	(851)
TOTAL REVENUES	16,000	16,000	13,493	(2,507)
CHANGE IN FUND BALANCE	16,000	16,000	13,493	(2,507)
FUND BALANCE, Beginning	125,018	125,018	123,762	(1,256)
FUND BALANCE, Ending	$ 141,018	$ 141,018	$ 137,255	$ (3,763)

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER FUND (BUDGETARY BASIS TO GAAP BASIS)
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
REVENUES				
Utility Charges	$ 1,447,193	$ 1,447,193	$ 1,543,646	$ 96,453
OPERATING EXPENSES				
Production and Distribution	872,062	872,062	763,906	108,156
Capital Outlay	5,650,000	5,650,000	4,753,507	896,493
Capital Outlay - SBITA	-	-	4,194	(4,194)
TOTAL OPERATING EXPENSES	6,522,062	6,522,062	5,521,607	1,000,455
NET OPERATING INCOME (LOSS)	(5,074,869)	(5,074,869)	(3,977,961)	1,096,908
NONOPERATING REVENUES (EXPENSES)				
Sales Tax	511,875	511,875	491,862	(20,013)
Investment Income	70,000	70,000	6,813	(63,187)
Grants	10,000	10,000	10,000	-
Other Revenue	1,000	1,000	400	(600)
Debt Service				
Principal	(52,112)	(52,112)	(86,578)	(34,466)
Interest and Fiscal Charges	(24,461)	(24,461)	(24,461)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	516,302	516,302	398,036	(118,266)
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND GRANTS	(4,558,567)	(4,558,567)	(3,579,925)	978,642
CAPITAL CHARGES AND GRANTS				
Grants	3,323,911	3,323,911	1,940,434	(1,383,477)
Plant Investment Fees	100,000	100,000	58,265	(41,735)
TOTAL CAPITAL CHARGES AND GRANTS	3,423,911	3,423,911	1,998,699	(1,425,212)
OTHER FINANCING SOURCES (USES)				
SBITA Proceeds	-	-	4,194	4,194
CHANGE IN NET POSITION, Budgetary Basis	$ (1,134,656)	$ (1,134,656)	(1,577,032)	$ (442,376)
RECONCILIATION TO GAAP BASIS				
Capital Outlay			4,753,507	
Debt Principal			86,578	
Change in Accrued Interest Payable			2,000	
Change in Compensated Absences			3,370	
Depreciation and Amortization			(476,095)	
CHANGE IN NET POSITION, GAAP Basis			$ 2,792,328	

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
WASTEWATER FUND (BUDGETARY BASIS TO GAAP BASIS)
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Utility Charges	$ 1,221,279	$ 1,221,279	$ 1,224,098	$ 2,819
OPERATING EXPENSES				
Collection and Treatment	1,057,300	1,057,300	862,970	194,330
Capital Outlay	2,700,000	2,700,000	1,787,108	912,892
Capital Outlay - SBITA	-	-	4,195	(4,195)
TOTAL OPERATING EXPENSES	3,757,300	3,757,300	2,654,273	1,103,027
NET OPERATING INCOME (LOSS)	(2,536,021)	(2,536,021)	(1,430,175)	1,105,846
NONOPERATING REVENUES (EXPENSES)				
Sales Tax	511,875	511,875	491,862	(20,013)
Investment Income	50,000	50,000	5,217	(44,783)
Grants	10,000	10,000	-	(10,000)
Other Revenue	6,000	6,000	4,500	(1,500)
Debt Service				
Principal	(192,330)	(192,330)	(200,490)	(8,160)
Interest and Fiscal Charges	(26,118)	(26,118)	(26,118)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	359,427	359,427	274,971	(84,456)
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND GRANTS	(2,176,594)	(2,176,594)	(1,155,204)	1,021,390
CAPITAL CHARGES AND GRANTS				
Grants	875,000	875,000	544,409	(330,591)
Plant Investment Fees	20,000	20,000	60,265	40,265
TOTAL CAPITAL CHARGES AND GRANTS	895,000	895,000	604,674	(290,326)
OTHER FINANCING SOURCES (USES)				
SBITA Proceeds	-	-	4,195	4,195
CHANGE IN NET POSITION, Budgetary Basis	$ (1,281,594)	$ (1,281,594)	(546,335)	$ 735,259
RECONCILIATION TO GAAP BASIS				
Capital Outlay			1,787,108	
Debt Principal			200,490	
Change in Accrued Interest Payable			160	
Change in Compensated Absences			3,370	
Depreciation and Amortization			(432,425)	
CHANGE IN NET POSITION, GAAP Basis			$ 1,012,368	

CITY OF IDAHO SPRINGS, COLORADO
BUDGETARY COMPARISON SCHEDULE
PARKING FUND (BUDGETARY BASIS TO GAAP BASIS)
Year Ended December 31, 2025

	BUDGET ORIGINAL	BUDGET FINAL	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Parking Revenue	$ 580,000	$ 580,000	$ 598,567	$ 18,567
OPERATING EXPENSES				
Parking	70,594	70,594	109,823	(39,229)
Capital Outlay	3,329,000	3,329,000	966,222	2,362,778
TOTAL OPERATING EXPENSES	3,399,594	3,399,594	1,076,045	2,323,549
NET OPERATING INCOME (LOSS)	(2,819,594)	(2,819,594)	(477,478)	2,342,116
NONOPERATING REVENUES (EXPENSES)				
Investment Income	25,000	25,000	20,735	(4,265)
Debt Service				
Principal	-	-	(228,500)	(228,500)
Interest and Fiscal Charges	-	-	(34,275)	(34,275)
TOTAL NONOPERATING REVENUES (EXPENSES)	25,000	25,000	(242,040)	(267,040)
NET INCOME (LOSS) BEFORE CAPITAL CHARGES AND GRANTS	(2,794,594)	(2,794,594)	(719,518)	2,075,076
CAPITAL CHARGES AND GRANTS				
Cash in Lieu of Construction	833	833	2,000	1,167
Grants	3,235,200	3,235,200	868,514	(2,366,686)
TOTAL CAPITAL CHARGES AND GRANTS	3,236,033	3,236,033	870,514	(2,365,519)
CHANGE IN NET POSITION, Budgetary Basis	$ 441,439	$ 441,439	150,996	$ (290,443)
RECONCILIATION TO GAAP BASIS				
Capital Outlay			966,222	
Debt Principal			228,500	
Change in Accrued Interest Payable			8,568	
Change in Compensated Absences			(2,158)	
Depreciation			(5,561)	
CHANGE IN NET POSITION, GAAP Basis			$ 1,346,567	

COMPLIANCE SECTION

SINGLE AUDIT

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

Honorable Mayor and the City Council
City of Idaho Springs
Idaho Springs, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Idaho Springs, 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 basic financial statements of the City and have issued our report thereon dated July 23, 2026.

Report on 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 as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, report on, 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 over financial reporting.

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the City's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of the 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2025-001 that we consider to be a material weakness.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Honorable Mayor and the City Council
City of Idaho Springs, Colorado

City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

DMC Auditing and Consulting, LLC

DMC Auditing and Consulting, LLC
July 23, 2026
Bailey, Colorado

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Honorable Mayor and the City Council
City of Idaho Springs
Idaho Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Idaho Springs, Colorado's (the City) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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 complied, 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 (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of 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 to 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 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 expressing 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 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 the Town's 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 may exist that were not identified.

Honorable Mayor and City Council
City of Idaho Springs, Colorado

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.

DMC Auditing and Consulting, LLC

July 23, 2026
Bailey, Colorado

CITY OF IDAHO SPRINGS, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☒ Yes ☐ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal programs:

Federal Assistant Listing Number	Name of Federal Cluster/Program
20.933	Rebuilding Transportation Infrastructure with Sustainability and Equity (RAISE) / Better Utilizing Investments to Leverage Development (BUILD)

Dollar threshold used to distinguish Between Type A and Type B programs: $1,000,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

SECTION II: FINANCIAL STATEMENT FINDINGS

2025-001: Material Audit Adjusting Journal Entries in the Financial Statements

Criteria: AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a material misstatement of the financial statements under audit in circumstances that indicate that the misstatement would not have been detected and corrected by the entity's internal control.

Condition: We identified a material audit adjustment as a result of correction of an error in the financial statements, related to an adjustment relating to a correction in grant revenue and year-end accrual in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

Cause: The internal controls related to year-end closing process and revenue recognition were designed properly but were not effective for a material transactions.

Effect: The City's financial statements were materially misstated.

Repeat Finding: No.

Recommendation: The City should perform a review of the year-end accruals in order to avoid future material misstatements.

Corrective Action Plan: Reported on page 61.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No federal awards findings and questioned costs identified.

CITY OF IDAHO SPRINGS
1711 Miner Street
P.O. Box 907
Idaho Springs, CO 80452-0907
Telephone (303) 567-4421
FAX (303) 567-4955

Corrective Action Plan: The 2025 finding pertained to a 2025 grant amount that had been distributed to and received by the City; however, the granting agency had later (during 2026) modified the grant approval for a reduced amount and withheld the reduced amount from a draw request in the next year (2026). This change in 2025 grant awards had not been identified and recorded by the City in a timely manner, but was discovered when the City's auditors conducted their tests of 2025 year-end receivables. The City has developed a master tracking system for all its grants, and has designated an employee to track project work, grant draw requests, and grant receipts on daily basis. The City will also verify grant disbursement records with the granting agencies on a quarterly basis (including year-end).

Estimated implementation by: December 31, 2026

Responsible person: Andrew Marsh, City Administrator

CITY OF IDAHO SPRINGS, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number		Expenditures
U.S. DEPARTMENT OF THE INTERIOR				
Passed Through Colorado Department of Natural Resources				
Outdoor Recreation Acquisition, Development and Planning	15.916	194871	$	854,553
U.S. DEPARTMENT OF TRANSPORTATION				
Direct				
RAISE / BUILD Grants	20.933			868,514
TOTAL EXPENDITURES OF FEDERAL AWARDS			$	1,723,067

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards 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*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The City does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the City.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the City's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

NOTE 3: Indirect Cost Rate

The City has not elected to use the 15% de minimis cost rate.

NOTE 4: Subrecipients

At December 31, 2025, the City did not pass-through federal awards to subrecipients.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**STATE:** Colorado
City of Idaho Springs	Lorraine Trotter lhtrotter@professionalmanagemen	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	58,747.01
b. Non-property Taxes and Assessments Imposts	1,020,654.88	b. Other Misc. Local Receipts	727,197.65
c. Total (a + b)	$ 1,020,654.88	**c. Total (a + b)**	$ 785,944.66
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	73,749.57	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	6,960.11		
c. Total (a + b)	$ 6,960.11		
4. Total (1 + 2 + 3c)	$ 80,709.68	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	11,910.00
c. Construction Costs	0.00
d. Total Capital Outlay (a+ b + c)	$ 11,910.00

LOCAL HIGHWAY FINANCE REPORT			STATE: Colorado	
			REPORT YEAR ENDING DATE(mm/yyyy): 12/2025	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	0.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,020,654.88
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 785,944.66
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 1,806,599.54
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 80,709.68
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 1,887,309.22

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 11,910.00
2. Maintenance:	515060.874
3. Road and Street Services:	
a. Snow and Ice Removal	89540.766
b. Other & Traffic Control Operations	130,318.11
c. Total (a + b)	$ 219,858.88
4. General Administration & Miscellaneous	120,237.52
5. Highway Law Enforcement and Safety	704,000.17
6. Total (1 through 5)	$ 1,571,067.44
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 1,571,067.44

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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