City of Montrose, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

City of Montrose, Colorado

Table of Contents
December 31, 2025

Independent Auditor's Report 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements
- Statement of Net Position 4
- Statement of Activities 5

Governmental Funds
- Balance Sheet 6
- Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position 7
- Statement of Revenues, Expenditures and Changes in Fund Balance 8
- Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities 9

Proprietary Fund
- Statement of Net Position 10
- Statement of Revenues, Expenses and Changes in Net Position 11
- Statement of Cash Flows 12

Fiduciary Fund Financial Statements - Custodial Funds
- Statement of Fiduciary Net Position 13
- Statement of Changes in Fiduciary Net Position 14

Notes to Financial Statements 15

Required Supplementary Information

Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions - Fire & Police Pension Association of Colorado Statewide
- *Defined Benefit Plan* 39

Budgetary Comparison Schedules
- General Fund 41
- Montrose Urban Renewal Authority Fund 43
- Public Safety Fund 44

Notes to Required Supplementary Information 45

Supplementary Information

Nonmajor Governmental Funds
- Combining Balance Sheet 46
- Combining Statement of Revenues, Expenditures and Changes in Fund Balance 49

(Continued)

City of Montrose, Colorado

Table of Contents
December 31, 2025
(Continued)

Budgetary Comparison Schedules
Special Revenue Funds:
Retail Sales Enhancement Fund 52
Capital Improvement Fund 53
Downtown Opportunity Fund 54
Downtown Improvement Fund 55
Public Education / Government Fund 56
Surplus and Deficiency Fund 57
Conservation Trust Fund 58
Pavilion Improvement Fund 59
Special Benefits Fund 60
Tourism Promotional Fund 61

Debt Service Funds:
2017 Certificates of Participation Fund 62

Permanent Funds:
Demoret Trust Fund 63
Cemetery Perpetual Care Fund 64

Capital Projects Funds:
Special Improvements Revolving Fund 65
Grand / Rio Grande Project Fund 66

Nonmajor Proprietary Funds:
Combining Statement of Net Position 67
Combining Statement of Revenues, Expenses and Changes in Net Position 68
Combining Statement of Cash Flows 69

Proprietary Funds:
Water Fund 70
Sewer Fund 71
Trash / Recycling Fund 72
Black Canyon Golf Course Fund 73

Internal Service Funds:
Combining Statement of Net Position 74
Combining Statement of Revenues, Expenses and Changes in Net Position 75
Combining Statement of Cash Flows 76

Budgetary Comparison Schedules:
Fleet Management Fund 77
Employee Insurance Fund 78

Compliance Section

State Compliance

Local Highway Finance Report 79

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Montrose, Colorado
Montrose, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the City, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Office Locations:
Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue,
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Management is responsible for the other information included in the Supplementary Information and the local highway finance report, as listed in the table of contents. The other information comprises the Supplementary Information and the local highway finance report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Hinkle & Company, PC

Englewood, Colorado
September 9, 2026

Management's Discussion and Analysis

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

Financial Highlights

- The assets of the City exceeded its liabilities as of December 31, 2025, by $196,938,446. Of this amount, $23,882,580 is unrestricted to meet the City's ongoing obligations to its citizens and creditors.
- Sales and Use taxes make up a super majority of the revenue collected in the General and Public Safety Funds. This is revenue that is collected by businesses that conduct business within the City of Montrose. In 2020, the City Council approved a change to section 5-15 of the Municipal Code basing nexus on economic sales not physical presence.
- Sales and Use tax is collected at 3% for the General Fund on tangible personal property. In 2025, $30,709,015 was collected which represents an increase of 3.81% over 2024 collections.
- After a vote of the people in November of 2019, sales and use taxes in Montrose increased by .58%. In 2025, $5,653,979 was collected to finance Public Safety in our community which is an increase of 3.68% over 2024 collections.
- In 2020, the City issued $15,980,000 of Certificate of Participation debt to build the new public safety facility. Payments have been made in accordance with the amortization schedule.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of $57,985,662, an increase of $38,117,408 over the prior year. Approximately 24.2% of the total amount, $14,031,874, is available for spending at the City Council's discretion (unassigned fund balance) for general government functions such as streets, parks, and public safety.
- The City's goal is to maintain a recommended 6 months of reserves for the General Fund. At the end of 2025, the unassigned fund balance for the general fund was $14,031,874, which is approximately 10.5 months of operating expenditures.
- Maintaining existing street and sidewalk infrastructure is a high priority for the City. In 2025, the City spent $5,144,757 in support of the MoveMo project for infrastructure upgrades to streets and sidewalks as well as paid the debt service on the $10 million dollar loan from Vectra Bank.
- The City's total long-term liabilities increased by $55 million during the current fiscal year. This is due to the issuance of certificates of participation for the construction of the new public works facility.
- The City collects a capacity fee when a water and/or sewer tap is issued. This fee is to recover the cost of new connector's proportionate share of capacity in the infrastructure and to fund growth related capital improvements. In 2025, the City collected $280,153 in water capacity fees and $846,986 in sewer capacity fees which is an increase of 79.0% and 35.6% respectively over the 2024 collections.
- Water Fund capital investment in water lines totaled $3.5 million and included the following: Woodgate/East Oak Grove Roundabout, West Main Revitalization, East Main Replacement San Juan to Townsend, Montrose Drive, 6600 Rd Sidewalk Project, and water line improvements for MoveMo projects. Other capital investments included Valve replacements and Hydrant replacements.
- Sewer Fund capital investment in sewer lines totaled $1 million and included the following projects: Woodgate/East Oak Grove Roundabout, Sanitary Sewer CIP 3 NE Trunkline, Montrose Drive, South 5th & San Juan/Miami Sewer, and sewer line improvements for MoveMo. Other capital investments included Manhole Rehabilitation & H2S lining.

Overview of the Financial Statements

This management discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise 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 the reader with a broad overview of the City's finances, in a manner like a private-sector business.

The *statement of net position* presents information on all the City's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City of Montrose 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 vacation leave).

Both government-wide financial statements distinguish functions of the City of Montrose 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, Pavilion operations, parks maintenance and street maintenance. The business-type activities of the City of Montrose include Water distribution, Sewer collection and treatment, Trash and Recycling, Black Canyon Golf Course, Fleet Management, Information Services, and Facilities management.

The government-wide financial statements can be found on pages 4 and 5 of the financial statements.

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 Montrose, like other states and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City of Montrose can be divided into two categories: governmental funds and proprietary funds.

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

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

The City of Montrose maintains 20 individual government funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, public safety fund, Montrose urban renewal authority, and the capital improvement fund because they are major funds for the 2025 fiscal year. Data from the other 17 governmental funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

The City of Montrose adopts an annual appropriated budget for all funds at the fund level. Budgetary comparison statements have been provided to demonstrate compliance with the budget.

The basic governmental fund financial statements can be found on pages 6-9 of this report.

Proprietary funds. The City of Montrose maintains two (2) different types of proprietary funds, enterprise and internal service funds. *Enterprise funds* are used to report on the same functions presented as *business-type activities* in the government-wide financial statements. The City of Montrose uses enterprise funds to account for its Water distribution, Sewer collection and treatment, Trash and Recycling services and Black Canyon Golf Course. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Montrose uses internal service funds to account for its fleet of vehicles, information services, facilities maintenance and employee health and dental insurance. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for Water, Sewer, Trash & Recycling services, and the Black Canyon Golf Course which are major funds of the City of Montrose. Conversely, the internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. The Individual fund data for the internal service funds is provided in the form of *combining statements* elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 10-12 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 on pages 15-38 of the report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's budgetary comparisons. Required supplementary information can be found on page 39 and 40 of this report.

The combining statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the required supplementary information on budgetary comparisons. Combining and individual fund statements and schedules can be found on pages 41 - 78 of the report.

Government-wide Financial Analysis

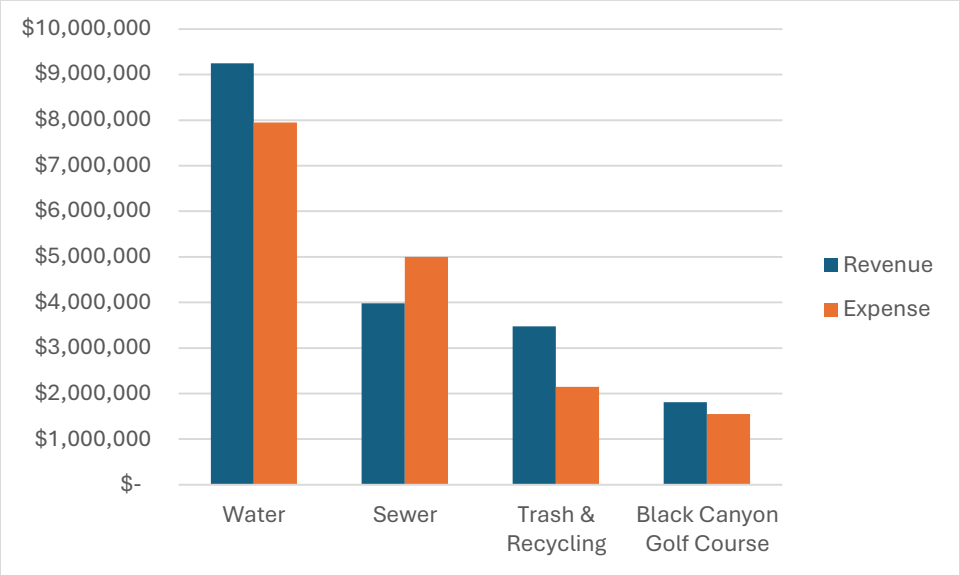
As noted earlier, net position may serve over time as a useful indicator of a city's financial position. Approximately 99% of the City's net position reflects its investment in capital assets (e.g., land, infrastructure, buildings, machinery, and equipment), less any related debt used to acquire those assets that are still outstanding. The city uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Montrrose Statement of Net Position								
	Governmental activities		Business-type activities		Total		Amount of Change	% Change
	2025	2024	2025	2024	2025	2024		
Current assets	$ 73,397,123	$ 29,515,020	$ 12,928,878	$ 15,411,367	$ 86,326,001	$ 44,926,387	$ 41,399,614	92.1%
Noncurrent assets	$ 136,517,317	$ 111,215,486	$ 59,326,756	$ 56,610,117	$ 195,844,073	$ 167,825,603	$ 28,018,470	16.7%
Total assets	$ 209,914,440	$ 140,730,506	$ 72,255,634	$ 72,021,484	$ 282,170,074	$ 212,751,990	$ 69,418,084	32.6%
Deferred Outflows	$ 1,593,582	$ 1,306,204	$ -	$ -	$ 1,593,582	$ 1,306,204	$ 287,378	22.0%
Current liabilities	$ 7,845,075	$ 4,919,208	$ 1,113,524	$ 583,555	$ 8,958,599	$ 5,502,763	$ 3,455,836	62.8%
Noncurrent liabilities	$ 77,741,545	$ 21,916,996	$ 100,226	$ 100,226	$ 77,841,771	$ 22,017,222	$ 55,824,549	253.5%
Total liabilitieis	$ 85,586,620	$ 26,836,204	$ 1,213,750	$ 683,781	$ 86,800,370	$ 27,519,985	$ 59,280,385	215.4%
Deferred inflows							$ -	
Pension	$ 24,840	$ 109,051	$ -	$ -	$ 24,840	$ 109,051	$ (84,211)	-77.2%
Total Deferred inflows	$ 24,840	$ 109,051	$ -	$ -	$ 24,840	$ 109,051	$ (84,211)	-77.2%
Net Position:								
Net Investment in								
Capital Assets	$ 136,517,317	$ 89,207,408	$ 59,326,756	$ 56,610,117	$ 195,844,073	$ 145,817,525	$ 50,026,548	34.3%
Restricted	$ 54,212,237	$ 7,713,544	$ -	$ -	$ 54,212,237	$ 7,713,544	$ 46,498,693	602.8%
Unrestricted	$ 12,167,452	$ 18,170,503	$ 11,715,128	$ 14,727,586	$ 23,882,580	$ 32,898,089	$ (9,015,509)	-27.4%
Total Net Position	$ 125,896,562	$ 115,091,455	$ 71,041,884	$ 71,337,703	$ 196,938,446	$ 186,429,158	$ 10,509,288	5.6%

At the end of the current fiscal year, the City's net position government-wide has increased over the net position reported in 2024. Under GASB 34 the audit shows the City's net position increased by $10,509,288 during the current fiscal year. This increase is partially due to an inflationary increase in sales tax collection, interest on investments, and rate increases on charges for service in preparation for long-term debt service for the Wastewater Treatment Plant project. Governmental activities increased the City's net position by $10,805,107 and business type activities decreased the City's net position by $295,819.

City of Montrose Changes in Net Position							
	Governmental activities		Business-type activities		Total		Amount of Change
	2025	2024	2025	2024	2025	2024	
Revenues:							
Program Revenues:							
Charges for services	$ 1,414,781	$ 1,145,777	$ 17,717,511	$ 15,641,023	$ 19,132,292	$ 16,786,800	$ 2,345,492
Operating grants and							
Contributions	$ 3,567,842	$ 7,066,356	$ -	$ 22,174	$ 3,567,842	$ 7,088,530	$ (3,520,688)
Capital Grants and							
contributions	$ 1,780,975	$ 293,050	$ 1,221,897	$ 882,495	$ 3,002,872	$ 1,175,545	$ 1,827,327
General revnues:							
Taxes							
Sales Tax	$ 36,258,494	$ 35,134,589	$ -		$ 36,258,494	$ 35,134,589	$ 1,123,905
Franchise Fees	$ 1,130,660	$ 1,134,371	$ -		$ 1,130,660	$ 1,134,371	$ (3,711)
Hotel & Lodging Tax (Portions: Child Care, Affordable Housing, Public Transit)	$ 641,876	$ -	$ -		$ 641,876	$ -	$ 641,876
Earning on Investments	$ 2,737,801	$ 1,536,044	$ 455,935	$ 589,083	$ 3,193,736	$ 2,125,127	$ 1,068,609
Miscellaneous	$ 3,849,470	$ 959,401	$ 111,809	$ -	$ 3,961,279	$ 959,401	$ 3,001,878
Gain on disposal of assets					$ -	$ -	$ -
Administrative Charges	$ 639,807	$ 667,364	$ (639,807)	$ (667,364)	$ -	$ -	$ -
Contributions to Permanent Endowment	$ 9,520	$ 3,840	$ -		$ 9,520	$ 3,840	$ 5,680
Other	$ -	$ 1,382,055		$ 137,834	$ -	$ 1,519,889	$ (1,519,889)
Total Revenues	$ 52,031,226	$ 49,322,847	$ 18,867,345	$ 16,605,245	$ 70,898,571	$ 65,928,092	$ 4,970,479
Expenses:						$ -	$ -
General government	$ 9,787,053	$ 9,518,445			$ 9,787,053	$ 9,518,445	$ 268,608
Community Development	$ 2,351,681	$ 7,366,678			$ 2,351,681	$ 7,366,678	$ (5,014,997)
Public Safety	$ 17,745,553	$ 14,584,850			$ 17,745,553	$ 14,584,850	$ 3,160,703
Engineering & Inspection	$ 779,909	$ 790,446			$ 779,909	$ 790,446	$ (10,537)
Public Works	$ 7,368,460	$ 7,566,398			$ 7,368,460	$ 7,566,398	$ (197,938)
Parks & Cemetery	$ 2,774,532	$ 2,908,844			$ 2,774,532	$ 2,908,844	$ (134,312)
Administration	$ -	$ -			$ -	$ -	$ -
Contributed Capital Assets	$ -	$ -			$ -	$ -	$ -
Interest	$ 2,935,822	$ 1,299,292			$ 2,935,822	$ 1,299,292	$ 1,636,530
Water			$ 7,951,091	$ 7,875,758	$ 7,951,091	$ 7,875,758	$ 75,333
Sewer			$ 4,995,098	$ 4,589,845	$ 4,995,098	$ 4,589,845	$ 405,253
Trash & Recycling			$ 2,148,738	$ 2,142,758	$ 2,148,738	$ 2,142,758	$ 5,980
Black Canyon Golf Course			$ 1,551,346	$ 1,565,810	$ 1,551,346	$ 1,565,810	$ (14,464)
Total Expenses	$ 43,743,010	$ 44,034,953	$ 16,646,273	$ 16,174,171	$ 60,389,283	$ 60,209,124	$ 180,159
Increase of net assets							
before transfers	$ 8,288,216	$ 5,287,894	$ 2,221,072	$ 431,074	$ 10,509,288	$ 5,718,968	$ 4,790,320
Transfers	$ 2,516,891	$ 589,121	$ (2,516,891)	$ (589,121)	$ -	$ -	$ -
Change in Net Position	$ 10,805,107	$ 5,877,015	$ (295,819)	$ (158,047)	$ 10,509,288	$ 5,718,968	$ 4,790,320
Net Position 1-1	$ 115,091,455	$ 109,214,440	$ 71,337,703	$ 71,495,750	$ 186,429,158	$ 180,710,190	$ 5,718,968
Prior Period reinstatement		$ -				$ -	$ -
Net Position, 1-1 as restated	$ 115,091,455	$ 109,214,440	$ 71,337,703	$ 71,495,750	$ 186,429,158	$ 180,710,190	$ 5,718,968
Net Position 12/31	$ 125,896,562	$ 115,091,455	$ 71,041,884	$ 71,337,703	$ 196,938,446	$ 186,429,158	$ 10,509,288

Expenses and Program Revenues – Business type Activities



Financial Analysis of the City's Funds

As noted earlier, the City of Montrose uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. Unassigned *fund balance* may serve as a useful measure of a city's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of $57,985,662 an increase of $38,117,408 over the prior year. Approximately 24% of the governmental fund balance constitutes *unassigned fund balance*, which is available for spending at the City's discretion. The remainder of the fund balance falls into one of four categories in accordance with GASB 54 to indicate that it is not available for new spending. *Unspendable fund balance of $610,683 is* made up of prepaid expenses, interfund advances and inventory ($108,931) and permanent funds ($501,752). *Restricted fund balance* is for emergencies per TABOR ($1,350,000), economic development ($183,489) pays debt service ($476,314), parks and open space ($485,647), capital projects ($50,836,950) and for public safety ($879,837). *Committed fund balance* consists of economic development ($1,281,576) and public education ($32,435) and *Assigned*: capital project ($1,700,528), Urban Renewal Authority (URA) (-$14,055,695), and animal benefit ($172,024).

The general fund is the chief operating fund of the City of Montrose. At the end of the current fiscal year, the unassigned fund balance of the general fund was $14,031,874, while total fund balance reached $15,760,113. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Due to sales and use tax revenues increasing in 2025 compared to 2024, the unassigned fund balance is more than adequate to meet the City's reserve. The reserve goal is six months of operating expenditures which in 2025 totaled $7,954,039 or 50.47% of the fund balance.

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

The Unrestricted net position of the Water Fund and Sewer Fund at the end of the year amounted to $8,561,629 and $2,099,786 respectively. Changes from year to year are mostly based on capital project completion.

General Fund Budgetary Highlights

The Final Budget for the General Fund including transfers was $39,859,181. Actual expenditures totaled $39,767,390 which is a decrease of $3,389,450 from 2024 actual expenditures. The budget was completed in accordance with the City's Charter. The city has a Capital Improvement Plan that is a live document that is updated as the city experiences growth. It is a helpful budgetary planning tool to assist management with setting priorities to accomplish these large projects efficiently and effectively.

Capital Asset and Debt Administration

Capital Assets. The City's gross investment in capital assets for its governmental and business type activities as of December 31, 2025, amounts to $405,014,213. This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, roads, highways, bridges and water distribution, sewer collection and wastewater treatment plant infrastructure.

City of Montrrose Capital Assets
(does not include internal service funds or depreciation)

	Governmental activities		Business-type activities		Total		Amount of Change	% Change
	2025	2024	2025	2024	2025	2024		
Land	$ 15,783,912	$ 15,973,730	$ 1,657,525	$ 1,657,525	$ 17,441,437	$ 17,631,255	$ (189,818)	-1%
Improvements other than buildings	$ 28,218,158	$ 15,844,026	$ 14,638,395	$ 14,433,127	$ 42,856,553	$ 30,277,153	$ 12,579,400	42%
Infrastructure	$ 181,675,977	$ 168,465,909			$ 181,675,977	$ 168,465,909	$ 13,210,068	8%
Buildings & Systems	$ 27,352,792	$ 27,305,851	$ 99,350,145	$ 93,139,162	$ 126,702,937	$ 120,445,013	$ 6,257,924	5%
Machinery & Equipmen	$ 32,830,223	$ 7,339,820	$ 3,507,086	$ 3,461,783	$ 36,337,309	$ 10,801,603	$ 25,535,706	236%
Total Gross Investment	$ 285,861,062	$ 234,929,336	$ 119,153,151	$ 112,691,597	$ 405,014,213	$ 347,620,933	$ 57,393,280	17%
Less								
Accum Depreciation	$ (149,343,745)	$ (133,736,496)	$ (59,826,395)	$ (56,081,480)	$ (209,170,140)	$ (189,817,976)	$ (19,352,164)	10%
Net Capital Investment	$ 136,517,317	$ 101,192,840	$ 59,326,756	$ 56,610,117	$ 195,844,073	$ 157,802,957	$ 38,041,116	24%

Additional information on the City's capital assets can be found in note 5 on pages 25-26 of this report.

Long-term debt. At the end of the current fiscal year, the city had a total debt outstanding of $77,000,444 that is backed by the full faith and credit of the City.

City of Montrrose Outstanding Debt								
	Governmental activities		Business-type activities		Total		Amount of Change	% Change
	2025	2024	2025	2024	2025	2024		
General obligations bonds								
Special assessment debt with governmental commitment								
Revenue Bonds								
2020 Certificate of Participation	$14,570,000	$14,945,000			$14,570,000	$14,945,000	$ (375,000)	-2.51%
2017 Certificate of Participation	$ 6,599,994	$ 7,063,078			$ 6,599,994	$ 7,063,078	$ (463,084)	-6.56%
2025 Certificate of Participation	$54,560,000				$54,560,000	$ -	$ 54,560,000	100.00%
Premium	$ 1,270,450				$ 1,270,450	$ -	$ 1,270,450	100.00%
Total	$77,000,444	$22,008,078	$-	$-	$77,000,444	$22,008,078	$ 54,992,366	249.87%

The City's debt increased by $54,992,366 during 2025. This change was primarily driven by the issuance of the 2025 Certificates of Participation (COPs), which are designated to fund the design and construction of the new public works facility.

The City of Montrose's Charter limits general obligation debt issuance to 5% of its total assessed valuation. Using the assessed valuation from the County of $533,325,924 the current general obligation debt limitation for the city is $26,666,296. Currently the City does not have any General Obligation debt.

Additional information on the City's long-term debt can be found in note 6 on pages 27 - 29 of this report.

Economic Factors and Next Year's Budgets and Rates

- According to the USDA website (https://fred.stlouisfed.org/series) the 2025 unemployment rate for Montrose County was 4.2%. Montrose County had a slightly higher unemployment rate than the state's average rate of 4.0%.
- Montrose County's median household income in 2024 was $72,120, which is 74.2% of the State's median household income.
- The city is a regional retail center for Montrose, San Miguel, Ouray, and Gunnison counties with expansion of current businesses and the addition of retail and restaurant building permits.
- Single family residential building permits decreased from 190 to 142 or 25% from 2024. Non-residential construction building permits decreased from 270 to 250 7.4% from 2024.
- Rates for Water increased by 3% plus .25 per thousand gallons of water usage, Sewer rates increased 22% and the rates for Trash and Recycling were increased 20% in 2025.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to the City of Montrose, Office of the Finance Director, P.O. Box 790, 400 Main Street, Montrose, Colorado, 81402.

Basic Financial Statements

City of Montrose, Colorado
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	$ 13,435,471	$ 10,152,547	$ 23,588,018
Restricted Cash and Cash Equivalents	46,088,287	-	46,088,287
Investments	8,035,981	1,298,894	9,334,875
Accounts Receivable, *net*	1,059,133	1,184,968	2,244,101
Sales Tax Receivable	3,354,182	-	3,354,182
Franchise Fee Receivable	153,948	-	153,948
Special Assessments Receivable	182,173	-	182,173
Interest Receivable	-	6,380	6,380
Due from Other Governments	10,566	-	10,566
Due from Other Funds	28,316	(28,316)	-
Inventory	270,941	314,333	585,274
Prepaid Expenses	257,919	72	257,991
Capital Assets,			
Not being depreciated	15,783,912	1,657,525	17,441,437
Being depreciated, net	120,733,405	57,669,231	178,402,636
Total Assets	209,394,234	72,255,634	281,649,868
Deferred Outflow of Resources			
Pensions	1,593,582	-	1,593,582
Liabilities			
Accounts Payable	4,820,387	854,089	5,674,476
Accrued Salaries and Benefits	546,744	116,364	663,108
Accrued Interest Payable	343,463	15,078	358,541
Claims Payable	599,310	-	599,310
Unearned Revenue	428,942	28,100	457,042
Customer Deposits	1,106,229	99,893	1,206,122
Noncurrent Liabilities			
Due Within One Year	1,685,766	-	1,685,766
Due in More Than One Year	76,055,779	100,226	76,156,005
Total Liabilities	85,586,620	1,213,750	86,800,370
Deferred Inflows of Resources			
Pensions	24,840	-	24,840
Total Deferred Inflows of Resources	24,840	-	24,840
Net Position			
Net Investment in Capital Assets	59,516,873	59,326,756	118,843,629
Restricted for:	54,212,237	-	54,212,237
Unrestricted, Unreserved	11,647,246	11,715,128	23,362,374
Total Net Position	$ 125,376,356	$ 71,041,884	$ 196,418,240

See Notes to the Financial Statements.

City of Montrose, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Total
Primary Government							
Governmental Activities							
General Government	$ 9,787,053	$ 1,069,877	$ 2,225,123	$ 1,741,600	$ (4,750,453)	$ -	$ (4,750,453)
Community Development	2,351,681	12,960	-	-	(2,338,721)	-	(2,338,721)
Public Safety	17,745,553	130,637	191,213	-	(17,423,703)	-	(17,423,703)
Public Works	7,368,460	-	1,151,506	-	(6,216,954)	-	(6,216,954)
Parks, Recreation and Cemetery	2,774,532	201,307	-	39,375	(2,533,850)	-	(2,533,850)
Engineering & Inspection	779,909	-	-	-	(779,909)	-	(779,909)
Interest on Long-Term Debt and Related Charges	3,456,028	-	-	-	(3,456,028)	-	(3,456,028)
Total Governmental Activities	44,263,216	1,414,781	3,567,842	1,780,975	(37,499,618)	-	(37,499,618)
Business-Type Activities							
Water	7,951,091	9,248,775	-	355,209	-	1,652,893	1,652,893
Sewer	4,995,098	3,981,139	-	866,688	-	(147,271)	(147,271)
Trash/Recycling	2,148,738	3,462,462	-	-	-	1,313,724	1,313,724
Black Canyon Golf Course	1,551,346	1,025,135	-	-	-	(526,211)	(526,211)
Total Business-Type Activities	16,646,273	17,717,511	-	1,221,897	-	2,293,135	2,293,135
Total Primary Government	$ 60,909,489	$ 19,132,292	$ 3,567,842	$ 3,002,872	(37,499,618)	2,293,135	(35,206,483)
	General Revenues						
	Taxes						
	Sales and Use Taxes				36,258,494	-	36,258,494
	Franchise Taxes				1,130,660	-	1,130,660
	Other Taxes				641,876	-	641,876
	Investment Income				2,737,801	455,935	3,193,736
	Administrative Charges				639,807	(639,807)	-
	Contributions to Permanent Endowment				9,520	-	9,520
	Miscellaneous				3,849,470	111,809	3,961,279
	Transfers				2,516,891	(2,516,891)	-
	Total General Revenues and Transfers				47,784,519	(2,588,954)	45,195,565
	Change in Net Position				10,284,901	(295,819)	9,989,082
	Net Position, *Beginning of Year*				115,091,455	71,337,703	186,429,158
	Net Position, *End of Year*				$ 125,376,356	$ 71,041,884	$ 196,418,240

See Notes to the Financial Statements.

City of Montrose, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Capital Improvement	Public Safety	Montrose Urban Renewal Authority	Nonmajor Funds	Total
Assets						
Cash and Cash Equivalents	$ 212,032	$ 1,107,201	$ 690,282	$ 1,612,350	$ 4,207,377	$ 7,829,242
Restricted Cash and Cash Equivalents	-	46,088,287	-	-	-	46,088,287
Investments	5,962,115	-	280,000	-	1,199,785	7,441,900
Accounts Receivable, *net*	77,251	96	8,905	790	275,757	362,799
Franchise Fee Receivable	153,826	-	-	-	-	153,826
Sales Tax Receivable	2,920,323	12,683	265,995	14,073	141,108	3,354,182
Special Assessments Receivable	-	-	-	-	182,173	182,173
Due from Other Governments	(77,256)	-	87,822	-	-	10,566
Due from Other Funds	8,327,044	6,282,688	-	-	-	14,609,732
Inventory	45,276	-	-	-	35,832	81,108
Prepaid Expenses	11,875	-	14,571	-	1,377	27,823
Total Assets	$ 17,632,486	$ 53,490,955	$ 1,347,575	$ 1,627,213	$ 6,043,409	$ 80,141,638
Liabilities						
Accounts Payable	$ 546,852	$ 3,051,263	$ 180,871	$ 193	$ 73,349	$ 3,852,528
Accrued Salaries and Benefits	209,630	-	271,496	-	21,625	502,751
Due to Other Funds	-	206,214	-	16,579,518	-	16,785,732
Unearned Revenue	25,757	-	800	-	402,385	428,942
Deposits	1,090,134	1,846	-	-	14,249	1,106,229
Total Liabilities	1,872,373	3,259,323	453,167	16,579,711	511,608	22,676,182
Fund Balance						
Unspendable:						
Prepaid Expenses and Inventory	57,151	-	14,571	-	37,209	108,931
Permanent Fund	-	-	-	-	501,752	501,752
Restricted for:						
Emergencies	1,350,000	-	-	-	-	1,350,000
Economic Development	-	-	-	-	183,489	183,489
Debt Service	-	-	-	-	476,314	476,314
Beautification	-	477,200	-	-	8,447	485,647
Capital Projects	321,088	49,754,432	-	-	761,430	50,836,950
Public Safety	-	-	879,837	-	-	879,837
Committed:						
Economic Development	-	-	-	-	1,281,576	1,281,576
Public Education	-	-	-	-	32,435	32,435
Assigned						
Capital Projects	-	-	-	-	1,700,528	1,700,528
Parks/Pavilion Improvements	-	-	-	-	376,597	376,597
Urban Renewal	-	-	-	(14,952,498)	-	(14,952,498)
Animal Shelter	-	-	-	-	172,024	172,024
Unrestricted, Unassigned	14,031,874	-	-	-	-	14,031,874
Total Fund Balance	15,760,113	50,231,632	894,408	(14,952,498)	5,531,801	57,465,456
Total Liabilities and Fund Balance	$ 17,632,486	$ 53,490,955	$ 1,347,575	$ 1,627,213	$ 6,043,409	$ 80,141,638

See Notes to the Financial Statements.

City of Montrose, Colorado
Reconciliation of the Balance Sheet of the 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 Balance of Governmental Funds	$	57,465,456
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		123,785,594
Internal service funds are used by the City to charge the costs of vehicles and employee health and dental costs to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.		20,578,608
Certain long-term pension and related costs and adjustments are not available to pay or are payable currently and are, therefore, not reported in the funds financial statements.		
Net Deferred FPPA Pension Outflows		1,593,582
Net Deferred FPPA Pension Inflows		(24,840)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Long-Term Debt		(77,000,444)
Accrued Interest Payable		(343,463)
Accrued Compensated Absences		(678,137)
Total Net Position of Governmental Activities	$	125,376,356

See Notes to the Financial Statements.

City of Montrose, Colorado

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

	General	Capital Improvement	Public Safety	Montrose Urban Renewal Authority	Nonmajor Funds	Total
Revenues						
Taxes	$ 30,709,015	$ -	$ 5,653,979	$ -	$ 1,668,036	$ 38,031,030
Licenses and Permits	460,684	-	3	-	-	460,687
Intergovernmental	1,373,444	2,033,362	191,213	1,597,450	167,989	5,363,458
Charges for Services	232,810	-	128,724	-	2,209	363,743
Fines and Forfeitures	58,690	-	-	-	-	58,690
Special Assessments	-	-	-	-	59,960	59,960
Contributions and Donations	80,002	3,622	1,910	-	45,379	130,913
Permanently Restricted Contributions	-	-	-	-	9,520	9,520
Administrative Reimbursement	639,807	-	-	-	-	639,807
Investment Income	766,016	1,492,674	89,847	-	159,492	2,508,029
Miscellaneous	170,391	-	60,966	2,370	26,234	259,961
Total Revenues	34,490,859	3,529,658	6,126,642	1,599,820	2,138,819	47,885,798
Expenditures						
Current						
General Government	6,199,714	-	-	-	30,134	6,229,848
Community Development	622,136	-	-	28,036	1,823,401	2,473,573
Public Safety	-	-	16,905,175	-	-	16,905,175
Public Works	5,023,004	-	-	-	-	5,023,004
Parks, Recreation and Cemetery	2,761,546	-	-	-	-	2,761,546
Engineering and Inspection	953,083	-	-	-	-	953,083
Capital Outlay	348,596	26,849,377	34,646	-	659	27,233,278
Debt Service						
Principal	-	-	-	-	1,300,005	1,300,005
Cost of Issuance of Debt	-	395,150	-	-	-	395,150
Interest and Fiscal Charges	-	-	-	520,206	2,211,144	2,731,350
Total Expenditures	15,908,079	27,244,527	16,939,821	548,242	5,365,343	66,006,012
Excess Revenues Over (Under) Expenditures	18,582,780	(23,714,869)	(10,813,179)	1,051,578	(3,226,524)	(18,120,214)
Other Financing Sources (Uses)						
Proceeds from the Issuance of Debt	-	56,306,306	-	-		56,306,306
Transfers (In)	35,022	12,200,000	8,395,898	-	3,548,355	24,179,275
Transfers (Out)	(23,859,311)	-	(903,394)	-	(5,460)	(24,768,165)
Other Financing Sources (Uses)	(23,824,289)	68,506,306	7,492,504	-	3,542,895	55,717,416
Net Change in Fund Balance	(5,241,509)	44,791,437	(3,320,675)	1,051,578	316,371	37,597,202
Fund Balance, *Beginning of Year*	21,001,622	5,440,195	4,215,083	(16,004,076)	5,215,430	19,868,254
Fund Balance, *End of Year*	$ 15,760,113	$ 50,231,632	$ 894,408	$ (14,952,498)	$ 5,531,801	$ 57,465,456

See Notes to the Financial Statements.

City of Montrose, Colorado

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

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

Net Change in Fund Balance of Governmental Funds	$	37,597,202
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlays		27,286,629
Deletions		(302,823)
Depreciation Expense		(4,391,052)
Internal service funds are used by the City to charge the costs of vehicles and employee health and dental costs to individual funds. The net revenue (expense) of internal service funds is reported		5,059,183
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 the governmental funds. This includes changes in the following:		
Change in Deferred Outflows Related to Pensions		287,378
Change in Deferred Inflows Related to Pensions		84,211
Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Proceeds from Issuance of Debt, including premium		(56,306,306)
Change in Accrued Interest Payable		(343,463)
Principal Payments on Capital Leases		1,278,084
Amortization of Bond Premium		35,856
Change in Accrued Compensated Absences		2
Change in Net Position of Governmental Activities	$	10,284,901

See Notes to the Financial Statements.

City of Montrose, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Sewer Fund	Nonmajor Funds	Total	Internal Service Funds
Assets					
Current Assets					
Cash and Cash Equivalents	$ 6,236,812	$ 897,428	$ 3,018,307	$ 10,152,547	$ 5,604,409
Investments	(7)	1,298,901	-	1,298,894	594,081
Accounts Receivable	520,680	352,538	311,750	1,184,968	698,276
Interest Receivable	-	6,380	-	6,380	-
Due from Other Funds	2,176,000	-	-	2,176,000	-
Inventory	157,306	58,191	98,836	314,333	189,833
Prepaid Expenses	-	-	72	72	230,096
Total Current Assets	9,090,791	2,613,438	3,428,965	15,133,194	7,316,695
Noncurrent Assets					
Capital Assets, *Not Being Depreciated*	526,338	936,752	194,435	1,657,525	-
Capital Assets, *Net of Accumulated Depreciation*	32,200,618	24,767,596	701,017	57,669,231	12,731,723
Total Noncurrent Assets	32,726,956	25,704,348	895,452	59,326,756	12,731,723
Total Assets	41,817,747	28,317,786	4,324,417	74,459,950	20,048,418
Liabilities					
Current Liabilities					
Accounts Payable	333,075	450,083	70,931	854,089	967,859
Accrued Salaries and Benefits	38,577	38,441	39,346	116,364	43,993
Accrued Interest	8,293	6,785	-	15,078	-
Claims Payable	-	-	-	-	599,310
Unearned Revenue	-	4,800	23,300	28,100	-
Deposits	99,693	200	-	99,893	-
Total Current Liabilities	479,638	500,309	133,577	1,113,524	1,611,162
Noncurrent Liabilities					
Accrued Compensated Absences	49,524	13,343	37,359	100,226	62,964
Total Noncurrent Liabilities	49,524	13,343	37,359	100,226	62,964
Total Liabilities	529,162	513,652	170,936	1,213,750	1,674,126
Net Position					
Net Investment in Capital Assets	32,726,956	25,704,348	895,452	59,326,756	12,731,723
Unrestricted	8,561,629	2,099,786	3,258,029	13,919,444	5,642,569
Total Net Position	$ 41,288,585	$ 27,804,134	$ 4,153,481	$ 73,246,200	$ 18,374,292

See Notes to the Financial Statements.

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

	Water Fund	Sewer Fund	Nonmajor Funds	Total	Internal Service Funds
Operating Revenues					
Charges for Services	$ 9,248,775	$ 3,981,139	$ 4,487,597	$ 17,717,511	$ -
Interfund Charges	-	-	-	-	12,986,416
Other Charges	-	-	-	-	400,748
Miscellaneous	(701)	192	133,991	133,482	748,038
Total Operating Revenues	9,248,074	3,981,331	4,621,588	17,850,993	14,135,202
Operating Expenses					
Administrative and General	310,015	192,232	536,267	1,038,514	4,709,781
Operations and Maintenance	6,359,576	3,066,144	3,822,169	13,247,889	1,624,180
Medical Claims	-	-	-	-	2,776,188
Insurance Premiums	-	-	-	-	1,120,602
Capital Outlay	-	(35,773)	-	(35,773)	(457,284)
Depreciation	1,723,594	1,942,870	78,451	3,744,915	2,445,614
Total Operating Expenses	8,393,185	5,165,473	4,436,887	17,995,545	12,219,081
Net Operating Income	854,889	(1,184,142)	184,701	(144,552)	1,916,121
Non-Operating Revenues (Expenses)					
Interest Income	314,550	119,630	21,755	455,935	229,772
Gain (Loss) on Sale of Asset	-	-	-	-	516,973
Interest Expense	-	-	(21,672)	(21,672)	-
Net Income (Loss) Before Contributed Capital	1,169,439	(1,064,512)	184,784	289,711	2,662,866
Contributed Capital and Transfers					
Capital Contributions	355,209	866,688	-	1,221,897	-
Transfers In	6,095	5,800	663,574	675,469	6,220
Transfers Out	-	-	-	-	(92,799)
Total Capital Contributions and Transfers	361,304	872,488	663,574	1,897,366	(86,579)
Change in Net Position	1,530,743	(192,024)	848,358	2,187,077	2,576,287
Net Position, *Beginning of Year*	39,757,842	27,996,158	3,305,123	71,059,123	15,798,005
Net Position, *End of Year*	$ 41,288,585	$ 27,804,134	$ 4,153,481	$ 73,246,200	$ 18,374,292

Amounts Reported for Business-Type Activities in the Statement of Activities are Different Because:

Change in Net Position of the Enterprise Funds	$ 2,187,077
A portion of the net income of the internal service fund is included in business-type activities in the statement of activities.	(2,482,896)
Change in Net Position of Business Type Activities	$ (295,819)

See Notes to the Financial Statements.

City of Montrose, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sewer Fund	Nonmajor Funds	Total	Internal Service Funds
Cash Flows From Operating Activities					
Cash Received from Customers	$ 9,207,635	$ 3,964,302	$ 4,433,855	$ 17,605,792	$ 25,965
Cash Received from Others	(701)	192	133,991	133,482	11,676,809
Cash Paid to Suppliers	(4,848,200)	(1,999,190)	(3,296,314)	(10,143,704)	(9,616,377)
Cash Paid to Employees	(833,381)	(841,354)	(1,022,125)	(2,696,860)	8,277
Payments for Internal Services	-	-	-	-	1,894,406
Net Cash Provided by Operating Activities	3,525,353	1,123,950	249,407	4,898,710	3,989,080
Cash Flows From Noncapital Financing Activities					
Transfers In	-	-	663,574	663,574	-
Transfers Out	(61,905)	5,800		(56,105)	-
Net Cash Provided by Noncapital Financing Activities	(61,905)	5,800	663,574	607,469	-
Cash Flows From Capital and Related Financing Activities					
Acquisition and Construction of Capital Assets	(3,572,593)	(2,888,961)	-	(6,461,554)	(5,154,689)
Proceeds from Sale of Capital Assets	-	-	(21,672)	(21,672)	516,973
Tap Fees and Capital Contributions	355,209	866,688	-	1,221,897	(86,579)
Investment Income	314,550	119,630	21,755	455,935	229,772
Net Cash Used by Capital and Related Financing Activities	(2,902,834)	(1,902,643)	83	(4,805,394)	(4,494,523)
Net Change in Cash and Cash Equivalents	560,614	(772,893)	913,064	700,785	(505,443)
Cash and Cash Equivalents, *Beginning of Year*	5,676,191	2,969,222	2,105,243	10,750,656	6,703,933
Cash and Cash Equivalents, *End of Year*	$ 6,236,805	$ 2,196,329	$ 3,018,307	$ 11,451,441	$ 6,198,490
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:					
Net Operating Income	$ 854,889	$ (1,184,142)	$ 184,701	$ (144,552)	$ 1,916,121
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	1,723,594	1,942,870	78,451	3,744,915	2,445,614
Changes in:					
Accounts Receivable	(26,100)	(16,837)	(61,004)	(103,941)	(538,022)
Inventories	(68,132)	48,452	23,303	3,623	(175,065)
Prepaid Expenses	866,435	1,830	431	868,696	(100,985)
Accounts Payable	180,753	320,724	6,416	507,893	433,140
Accrued Salaries	8,954	11,053	9,847	29,854	8,277
Deposits / Unearned Revenue	(15,040)	-	7,262	(7,778)	-
Net Cash Provided by Operating Activities	$ 3,525,353	$ 1,123,950	$ 249,407	$ 4,898,710	$ 3,989,080

See Notes to the Financial Statements.

City of Montrose, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds - Custodial Fund
December 31, 2025

	Tax Pass-Through
Assets	
Cash and Cash Equivalents	$ 241,842
Sales Tax Receivable	522,425
Total Assets	764,267
Liabilities	
Sales Tax Payable	755,001
Total Liabilities	755,001
Net Position	$ 9,266

See Notes to the Financial Statements.

City of Montrose, Colorado
Statement of Changes in Fiduciary Net Position
Fiduciary Funds - Custodial Funds
December 31, 2025

	Tax Pass-Through
Additions	
Contributions:	
Taxes Collected for Other Governments	$ 2,930,770
Total Additions	2,930,770
Deductions	
Taxes Distributed to Other Governments	2,927,479
Total Liabilities	2,927,479
Changes in Net Position	3,291
Net Position, *Beginning of Year*	5,975
Net Position, *End of Year*	$ 9,266

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The City of Montrose, Colorado (the City) is incorporated as a home-rule city under the laws of the State of Colorado with a Council-Manager form of government.

The financial statements of the City of Montrose, Colorado have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Reporting Entity

In accordance with governmental accounting standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if City officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Included within the reporting entity, in blended presentation:

Montrose Urban Renewal Authority (MURA) - The Authority was organized pursuant to Colorado Revised Statutes, Part I, Article 25, Title 31 to finance various improvement projects within the Authority's boundaries. The Authority is fiscally dependent upon Montrose because the City Council approves the Authority's boundaries. The Authority is fiscally dependent upon the City because the City Council approves the Authority's budget, levies taxes, and must approve any debt issuances. MURA is presented as a major governmental fund and is a component unit of the City because the governing bodies are substantively the same. Also, there is either a financial benefit or burden relationship between MURA and the City of Montrose.

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 of the nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. 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 net position reports all financial, capital and debt resources of the City. The difference between assets, liabilities and deferred inflows of the City is net position.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

The statement of activities demonstrates the degree to which the direct expenses of the given function or segments 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 governmental funds and proprietary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Sales taxes, franchise taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items 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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

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

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

Public Safety Fund - In November of 2019, the voters approved a 0.58% sales and use tax to be collected and fund public safety. The fund issued certificates of participation in 2020 to fund capital improvements.

Montrose Urban Renewal Authority - The Montrose Urban Renewal Authority (MURA) was formed in late 2016 by a resolution of the Montrose City Council. MURA encompasses approximately 150 acres along the Uncompahgre River northwest of downtown Montrose.

Capital Improvement Fund - This fund accounts for the City's major Capital Improvements not accounted for in an enterprise or dedicated fund.

The City also reports the following major proprietary funds:

Water Fund - This fund accounts for the financial activities associated with the provision of water services.

Sewer Fund - This fund accounts for the financial activities associated with the sanitation services.

The City reports the following fund types:

Government-wide and Proprietary Fund Financial Statements - The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and *the accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include sales taxes, grants, entitlements, and donations. On an accrual basis, revenue from sales taxes is recognized in the period for which the taxes are collected by vendors. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

Governmental Fund Financial Statements - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The City considers all revenues reported in the governmental funds to be available if the revenues are collected within 120 days after year-end, with the exception of sales taxes, which must be within 90 days. Sales taxes, franchise taxes, licenses, and interest are considered to be susceptible to accrual.

Fiduciary Funds - As required under GASB Statement No. 84, the City created one new fiduciary fund in 2020, the Tax Passthrough Fund. This fund records the activity related to sales tax collected by the City on behalf of other entities. The City then passes these tax payments along to these entities.

Internal Service Funds - These funds account for facilities, equipment purchased for fleet and technology, and medical insurance coverage provided to other departments on a cost-reimbursement basis.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial, individual cost of more than $5,000 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 estimated fair market value at the date of donation.

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

Property and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	30 years
Infrastructure	10 - 25 years
Transmission and Distribution Lines and Meters	12 - 30 years
Treatment and Filtration Plants	20 - 40 years
Reservoirs and Storage Facilities	50 - 100 years

Note 1: Summary of Significant Accounting Policies (Continued)

Compensated Absences

These compensated absences are recognized as current salary costs when earned in the proprietary fund types and when due in the governmental fund types. A liability has been recorded in the government-wide financial statements for the accrued compensated absences.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund type in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent.

The classifications used in the governmental fund financial statements are as follows:

Nonspendable - This classification includes amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.

Restricted - This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The City has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies. In addition, the City has classified the fund balance in the Conservation Trust Fund as restricted because their use is restricted by State Statute.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Classification *(Continued)*

Committed - This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the City Council. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The City's committed resources are presented in the governmental fund balance sheet as of December 31, 2025.

Unassigned - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The City would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted, and unrestricted. Net investment in capital assets is intended to reflect the portion of net position, which is associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost. Restricted net position is liquid assets, which have third party limitations on their use. Unrestricted net position represents assets that do not have any third-party limitations on their use.

Subsequent Events

The City has evaluated subsequent events through September 9, 2026, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

- In October, the City staff 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 November 30, the budget is legally enacted through passage of an ordinance.
- The City Administration 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.
- Budgets are legally adopted for all funds of the City. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the City Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Note 3: Cash and Investments

A summary of deposits and investments as of December 31, 2025 follows:

Petty Cash	$	3,860
Cash Held in Checking Accounts		1,666,357
Cash Held in Deposits		21,917,801
Cash Held by Trustee		46,088,287
Investments		9,334,875
Total	$	79,011,180

Cash Held in Deposits		
CSAFE Deposits	$	5,415,793
COLOTRUST Deposits		12,256,816
New Public Works		1,167,132
Money Market Funds		3,078,060
Total	$	21,917,801

Investments		
Certificates of Deposits	$	9,334,875
Total	$	9,334,875

Note 3: Cash and Investments (Continued)

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors' accounts up to $250,000 for each financial institution. 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 the 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 balances with the financial institutions totaling $4,051,295 of which $500,000 were covered by the FDIC and $3,801,295 were collateralized with securities held by the financial institution's agent but not in the City's name.

Investments

The City does have a formal investment policy which generally follows state statutes regarding investments. The City generally limits its concentration risk of investments to Local Government Investment Pools, obligations of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the City is not subject to concentration of risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following.

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

Note 3: Cash and Investments (Continued)

Local Government Investment Pools - At December 31, 2025, the City had $12,256,816 (fair value) invested in Colorado Local Government Liquid Asset Trust (COLOTRUST) and $5,415,793 invested in Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. 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. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor's. 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.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk the City requires that U.S. Agency Securities have the highest possible rating. Colorado statutes establish standards for local government investment pools and the City requires the investment pool to maintain the highest possible rating.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to the increased risk of adverse interest rate changes. State statute limits investments in U.S. Agency Securities to a maximum five-year maturity. The City seeks to minimize interest rate risk by:

- Structuring investments to meet ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and structuring investments to have staggered maturities of less than five years.

Note 4: Interfund Transfers

Interfund transfers for the year ended December 31, 2025, consisted of the following:

Transfers Out	Transfers In	Amount
General Fund	Public Safety Fund	$ 8,395,898
General Fund	Capital Improvement Fund	12,200,000
General Fund	Black Canyon Golf Course Fund	659,074
General Fund	Retail Sales Enhancement Fund	60,909
General Fund	2017 Certification of Participation Fund	3,486,546
General Fund	Fleet Management Fund	6,220
General Fund	Tourism Fund	900
General Fund	Water Fund	6,095
General Fund	Sewer Fund	5,800
General Fund	Trash Fund	4,500
Public Safety Fund	General Fund	903,394
Cemetery Fund	General Fund	5,460
Total		$ 25,734,796

Note 5: Capital Assets

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

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Governmental Activities				
Capital Assets, *Not Being Depreciated*				
Land	$ 15,973,730	$ 113,005	$ (302,823)	$ 15,783,912
Total Capital Assets, *Not Being Depreciated*	15,973,730	113,005	(302,823)	15,783,912
Capital Assets, *Being Depreciated*				
Infrastructure	168,465,909	13,210,068	-	181,675,977
Land Improvements	15,844,026	13,671,391	(1,297,259)	28,218,158
Buildings	27,305,851	46,941	-	27,352,792
Equipment	7,339,820	245,224	-	7,585,044
Internal Service				
Vehicles	17,938,737	4,764,288	(2,096,316)	20,606,709
Equipment	4,388,105	250,365	-	4,638,470
Total Capital Assets, *Being Depreciated*	241,282,448	32,188,277	(3,393,575)	270,077,150
Less Accumulated Depreciation				
Infrastructure	(113,895,058)	(2,970,477)	-	(116,865,535)
Land Improvements	(6,930,857)	(702,310)	1,297,259	(6,335,908)
Buildings	(6,958,192)	(522,833)	-	(7,481,025)
Equipment	(5,952,389)	(195,432)	-	(6,147,821)
Internal Service				
Vehicles	(10,818,098)	(2,313,348)	2,236,354	(10,895,092)
Equipment	(1,486,098)	(132,266)	-	(1,618,364)
Total Accumulated Depreciation	(146,040,692)	(6,836,666)	3,533,613	(149,343,745)
Total Capital Assets, *Being Depreciated, net*	95,241,756	25,351,611	140,038	120,733,405
Governmental Activities Capital Assets, *net*	$ 111,215,486	$ 25,464,616	$ (162,785)	$ 136,517,317

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General Government	$ 3,446,914
Public Safety	555,035
Public Works	2,725,366
Parks, Recreation and Cemetery	109,351
Total	$ 6,836,666

Note 5: Capital Assets (Continued)

Capital assets Business-Type activity for the year ended December 31, 2025 is summarized below:

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Business-Type Activities				
Capital Assets, *Not Being Depreciated*				
Land and Easements	$ 1,657,525	$ -	$ -	$ 1,657,525
Total Capital Assets, *Not Being Depreciated*	1,657,525	-	-	1,657,525
Capital Assets, *Being Depreciated*				
Reservoirs	14,433,127	-	-	14,433,127
Land Improvements	205,268	-	-	205,268
Buildings	783,534	-	-	783,534
Transmissions, Collections and Distribution Lines	76,746,731	4,592,352	-	81,339,083
Treatment Plant	15,403,629	1,823,899	-	17,227,528
Equipment	3,461,783	45,303	-	3,507,086
Total Capital Assets, *Being Depreciated*	111,034,072	6,461,554	-	117,495,626
Total Capital Assets	112,691,597	6,461,554	-	119,153,151
Less: Accumulated Depreciation				
Reservoirs	(2,533,488)	(181,343)	-	(2,714,831)
Land Improvements	(110,377)	(12,123)	-	(122,500)
Buildings	(334,055)	(10,641)	-	(344,696)
Transmissions, Collections and Distribution Lines	(38,103,315)	(2,822,636)	-	(40,925,951)
Treatment Plant	(12,995,259)	(518,376)	-	(13,513,635)
Equipment	(2,004,986)	(199,796)	-	(2,204,782)
	(56,081,480)	(3,744,915)	-	(59,826,395)
Business-Type Activities Capital Assets, *net*	$ 56,610,117	$ 2,716,639	$ -	$ 59,326,756

Depreciation expense was charged to functions/programs of the City as follows:

Business-Type Activities	
Water	$ 1,723,594
Sewer	1,942,870
Trash	-
Black Canyon Golf Course	78,451
Total	$ 3,744,915

Note 6: Long-Term Debt

Governmental Activities

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

Governmental Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
2020 Certification of Participation	$ 14,945,000	$ -	$ (375,000)	$ 14,570,000	$ 390,000
2017 Certification of Participation	7,063,078	-	(463,084)	6,599,994	475,766
2025 Certification of Participation		55,000,000	(440,000)	54,560,000	820,000
Premium	-	1,306,306	(35,856)	1,270,450	
	22,008,078	56,306,306	(1,313,940)	77,000,444	1,685,766
Compensated Absences	747,002	187,793	(187,793)	741,101	-
Total	$ 22,755,080	$ 56,494,099	$ (1,501,733)	$ 77,741,545	$ 1,685,766

Accrued Compensated Absences are being paid from resources generated by the General Fund.

2020 Certification of Participation

During 2020, the City entered into a Certification of Participation (COP) for the acquisition and construction of major public safety capital facilities and improvements. The debt is secured by the constructed facilities and improvements. Debt service payments are made from the rents collected by U.S. Bank, based upon the lease agreements between the City and UMB Bank.

Following is a schedule of the future minimum lease payments required under the outstanding 2020 Certification of Participation at December 31, 2025:

Year Ended December 31,	Principal	Interest	Total
2026	$ 390,000	$ 509,394	$ 899,394
2027	405,000	493,794	898,794
2028	420,000	477,594	897,594
2029	435,000	460,794	895,794
2030	455,000	443,394	898,394
2031-2035	2,550,000	1,717,373	4,267,373
2036-2040	3,050,000	1,276,772	4,326,772
2041-2045	3,560,000	810,252	4,370,252
2046-2050	3,305,000	227,896	3,532,896
Total	$ 14,570,000	$ 6,417,263	$ 20,987,263

2017 Certification of Participation

During 2017, the City and the MURA entered into a Certification of Participation (COP) for infrastructure improvements total $10,000,000. The City Hall portion of the lease requires bi-annual payments on April and October 1st and does not begin principal payments until 2033. Principal payments of $298,050 will be made until maturity in 2037. The lender will recalculate the interest component for each five-year period using the Index Rate established on each Rental Adjustment Date. The interest rate as of December 31, 2025 is 2.72%. The City Hall building is used as collateral.

Note 6: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

The Pavilion portion of the agreement includes an original principal balance of $7,019,496 and bears interest at 2.72%. The Pavilion lease requires bi-annual payments on April and October 1st. Total debt service payments of $285,465 will be made until maturity in 2032. The Pavilion building is used as collateral.

Following is a schedule of the future minimum lease payments required under the outstanding 2017 Certification of Participation at December 31, 2025:

Year Ended December 31,	Principal	Interest	Total
2026	$ 475,766	$ 152,091	$ 627,857
2027	488,795	139,062	627,857
2028	502,180	125,677	627,857
2029	515,933	111,925	627,858
2030	530,061	97,796	627,857
2031-2035	2,858,274	281,013	3,139,287
2036-2037	1,228,985	26,730	1,255,715
Total	$ 6,599,994	$ 934,294	$ 7,534,288

2025 Certification of Participation

During 2025, the City entered into a Certification of Participation (COP) for the construction, improvement and equipping new public works facilities. The debt is secured by the constructed facilities and improvements. Debt service payments are made from the rents collected by U.S. Bank, based upon the lease agreements between the City and UMB Bank. The COP carries interest at a rate of 5.0% and requires interest payments each May 1st and November 1st. Principal payments are made annually on November 1st and the COP matures on November 15, 2025.

Note 6: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

Following is a schedule of the future minimum lease payments required under the outstanding 2020 Certification of Participation at December 31, 2025:

Year Ended December 31,	Principal	Interest	Total
2026	$ 820,000	$ 2,747,700	$ 3,567,700
2027	860,000	2,706,700	3,566,700
2028	905,000	2,663,700	3,568,700
2029	950,000	2,618,450	3,568,450
2030	995,000	2,570,950	3,565,950
2031-2035	5,780,000	12,056,000	17,836,000
2036-2040	7,375,000	10,459,750	17,834,750
2041-2045	9,415,000	8,421,250	17,836,250
2046-2050	12,020,000	5,817,462	17,837,462
2051-2055	15,440,000	2,391,000	17,831,000
Total	$ 54,560,000	$ 52,452,962	$ 107,012,962

Business-Type Activities

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

Revenue Bonds
Revenue Bonds in the amount of $6,045,000 were issued on March 15, 2004 for the purpose of refunding the City's outstanding 1993 water and sewer revenue refunding bonds and financing an additional $4,000,000 in improvements to the City's water and sewer systems. In 2016, the remaining debt was refunded by a note with a principal balance of $2,855,000 which resulted in a savings of $295,000. This note is paid from the net revenue derived from the operation and use of the City's water and sewer enterprise system. Interest rate for this note is 1.8% payable semi-annually.

Following is a schedule of the future minimum lease payments required under the outstanding capital lease agreement:

Business-Type Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
2004 Revenue Bonds	$ 336,707	$ -	$ (336,707)	$ -	$ -
Compensated Absences	104,487	6,188	(10,449)	100,226	-
Total	$ 441,194	$ 6,188	$ (347,156)	$ 100,226	$ -

Note 7: Retirement Commitments

Deferred Compensation Plan

The City offers its employees deferred compensation plans, both a 457(b) plan and a 401(a) plan, which are defined contribution plans. The plan is available to all City employees. The City matches employee contributions up to 8% of eligible salary and this contribution is fully vested after 5 years of service. During the year ended December 31, 2025, the City contributions were $591,558 equal to the required contribution.

FPPA Statewide Retirement Plan

Plan Description - The Statewide Retirement Plan (SRP) is a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org.

Description of Benefits - A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for an 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.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member’s highest three years’ base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member’s highest three years’ base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers.

Note 7: Retirement Commitments (Continued)

FPPA Statewide Retirement Plan *(Continued)*

Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions - Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 21.5 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 24.0 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 10.75 percent.

Note 7: Employee Retirement Plans (Continued)

FPPA Statewide Retirement Plan *(Continued)*

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014-member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022. For the year ended December 31, 2024, the re-entry contribution rate for officers was 12% and 10% for new employees.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2022.

The City's contributions to the SWDB Plan for the year ended December 31, 2025, were $385,417, equal to the required contributions.

The City and eligible employees are required to contribute to the SWH Plan at rates established by the City Council. However, the amount allocated to the defined benefit component is set annually by the FPPA Board of Directors, which currently must be at least 8% of base salary for the employee and the employer.

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

At December 31, 2024, the City reported a net pension liability (asset) of $0 representing its proportionate share of the net pension asset of the Statewide Retirement Plan.

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

At December 31, 2024, the City's proportion of the Statewide Retirement Plan was 0.41295252%, which was an increase of 0.08690659% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense (Benefit) for the SWDB plan of $762,288.

Note 7: Employee Retirement Plans (Continued)

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

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
Statewide Defined Benefit Plan		
Differences between expected and actual experience	$ 766,291	$ 24,840
Net difference between projected and actual earnings on plan investments	26,263	-
Changes in assumptions and other inputs	263,011	-
Changes in proportion	152,600	-
Contributions subsequent to the measurement date	385,417	-
Total	$ 1,593,582	$ 24,840

City contributions to the SWDB plan subsequent to the measurement date were $385,417 and will be recognized as an increase or decrease to the net pension (asset) 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	$ 615,421
2027	245,570
2028	34,975
2029	107,217
2030	103,842
Thereafter	76,300
Total	$ 1,183,325

Note 7: Employee Retirement Plans (Continued)

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

Actuarial Assumptions - The actuarial valuation at January 1, 2023, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Asset Valuation Method	5-Year Smoothed Fair Value
Long-term Investment Rate of Return*	7.0%
Projected Salary Increases	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0.0%
Includes Inflation at	2.5%

Mortality rates were based on the RP-2014 Mortality Table for Blue Collar Employees projected with Scale BB, using a 55% multiplier for off-duty mortality. The RP-2014 Mortality Table for Blue Collar Employees was used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants were used. For post-retirement members ages 55 through 64, a blend of the previous tables was used.

The current actuarial methods and assumptions were adopted by the FPPA Board of Directors for first use in the actuarial valuation as of January 1, 2016, based upon the actuary's unchanged analysis and recommendations from the 2015 Experience Study.

Note 7: Employee Retirement Plans (Continued)

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

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. 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 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%
	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. 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 in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.0%.

Note 7: Employee Retirement Plans (Continued)

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

Sensitivity of the Net Pension (Asset) Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension (asset) liability calculated using the discount rate of 7.0%, as well as the City's proportionate share of the net pension (asset) liability if it were calculated using a discount that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the SWDB net pension (asset) liability	$ 2,015,171	$ -	$ -

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

Note 8: Public Entity Risk Pool

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. For these risks of loss, the City is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members 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 the entity.

Note 9: Commitments and Contingencies

Public Entity Risk Pool

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 is a participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA operates as a common risk management and insurance program for 281 members participating in the Property & Casualty Pool and 128 members in the Workers' Compensation Pool. The City pays an annual premium to CIRSA for its general insurance coverage and workers' compensation insurance coverage. The agreement for formation of CIRSA provides that CIRSA will be financed by member premiums and will reinsure through commercial companies for claims in excess of $1,000,000 for each insured event. The City has other commercial insurance for other risks including employee health and accident insurance.

The City is not involved in any pending and threatened litigation as of December 31, 2025.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. In November 1996, voters within the City approved the collection, retention, and expenditure of all the revenues generated by the City in 1996 and subsequent years through 2019, notwithstanding the provisions of the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $1,350,000 was recorded in the General Fund.

Raw Water Purchase

The City has entered into a contract with the Tri-County Conservancy District to purchase water from the Dallas Creek Project. The contract requires an annual purchase, operation and maintenance commitment for the Block One, Two and Three 10,000 acre feet from 2008 through 2049. The annual payments are $841,135. The purchase price per acre-foot shall not exceed the average cost of all municipal and industrial water for which the Tri-County Water Conservancy District is obligated to pay the United States for such water, which is limited to $38,000,000. The purchase price is currently $77.61 per acre-foot, with potential cost adjustments at no longer than five-year intervals. Such annual payments are subject adjustments as a result of rate adjustment. In addition, the City pays the District a proportionate amount of the operations, maintenance and replacement costs of the project attributable to operations and maintenance was $8.50 per acre-foot.

Note 10: Jointly Governed Organization

Project 7 Water Authority

In 1977, the City along with the City of Delta, the Town of Olathe, the Tri-County Water Conservancy District, Chipeta Water District, and the Menoken Water District entered into a contract to create a separate governmental entity; the Project 7 Water Authority, which owns and operates a water treatment facility. This Authority is governed by a board consisting of appointed representatives from each of the contracting entities. The City is obligated by contract to purchase the treatment of 825 million gallons of water annually from the Authority so long as the Authority has any unpaid debt, other than from operating expenses. During 2025, the City purchased treatment of 1,277,450,000 gallons for $3,129,752. At December 31, 2025, the City owed the Authority $113,303 for 46,246,000 gallons of water. Separate financial statements of Project 7 Water Authority are available from the City or the Authority.

Note 11: Intergovernmental Agreements

In 2017, the City and Montrose Recreation District (MRD) determined there were cost savings to the taxpayers in Montrose if certain City services were made available to MRD for a fee. This arrangement has continued with small amendments to the IGA annually. In 2025, the City provided MRD fleet, information services, facility and finance services for $52,868.

Note 12: Related Parties

In 2016, the City along with the Montrose Fire Protection District, the Town of Mountain Village, the Town of Telluride, the Telluride Fire Protection District and the Town of Olathe created a new dispatch center; the Western Colorado Regional Dispatch Center (WestCO), to provide emergency services. Article VII, section 3 of the bylaws provides the City services to WestCO without compensation. WestCO employees participate in the City's self-insurance plan and WestCO reimburses the City for all costs paid on their behalf. In 2025, WestCO paid $297,684 related to the self-insurance plan.

Required Supplementary Information

City of Montrose, Colorado

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan
For the Year Ended December 31, 2025

	12/31/24	12/31/23	12/31/22	12/31/21
Proportionate Share of the Net Pension Asset				
City's Proportion of the Net Pension Assets	0.03161220%	0.03161220%	0.32604592%	0.33135000%
City's Proportion Share of the Net Pension Asset (Liability)	$ -	$ -	$ (289,402)	$ 968,788
City's Covered Payroll	$ 1,879,354	$ 2,352,977	$ 2,803,766	$ 2,697,715
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	0.0%	0.0%	-10.3%	35.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	100.0%	97.7%	100.7%

	12/31/25	12/31/24	12/31/23	12/31/22
City Contribution				
Statutorily Required Contribution	$ 340,717	$ 187,935	$ 255,298	$ 305,649
Contributions in Relation to the Statutorily Required Contribution	(340,717)	(187,935)	(255,298)	(305,649)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered Payroll	$ 3,291,103	$ 1,879,354	$ 2,352,977	$ 2,803,766
Contributions as a Percentage of Covered Payroll	10.35%	10.00%	10.85%	10.90%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

(Continued)

City of Montrose, Colorado

Required Supplementary Information
Schedule of Proportionate Share of the Net Pension Asset (Liability) and Contributions
Fire & Police Pension Association of Colorado Statewide Defined Benefit Plan
For the Year Ended December 31, 2025
(Continued)

	12/31/20	12/31/19	12/31/18
Proportionate Share of the Net Pension Asset			
City's Proportion of the Net Pension Assets	0.44624000%	0.47717000%	0.50725000%
City's Proportion Share of the Net Pension Asset (Liability)	$ (252,377)	$ (603,272)	$ 641,298
City's Covered Payroll	$ 2,601,018	$ 3,397,825	$ 3,397,825
City's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	-9.7%	-17.8%	18.9%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.7%	101.9%	95.2%

	12/31/21	12/31/20	12/31/19
City Contribution			
Statutorily Required Contribution	$ 283,402	$ 281,351	$ 271,826
Contributions in Relation to the Statutorily Required Contribution	(283,402)	(281,351)	(271,826)
Contribution Deficiency (Excess)	$ -	$ -	$ -
City's Covered Payroll	$ 2,697,715	$ 2,601,018	$ 3,397,825
Contributions as a Percentage of Covered Payroll	10.51%	10.82%	8.00%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

City of Montrose, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 29,960,850	$ 29,960,850	$ 30,709,015	$ 748,165
Licenses and Permits	526,078	526,078	460,684	(65,394)
Intergovernmental	1,593,335	1,593,335	1,373,444	(219,891)
Charges for Services	175,419	175,419	232,810	57,391
Fines and Forfeitures	64,830	64,830	58,690	(6,140)
Contributions and Donations	120,318	120,318	80,002	(40,316)
Administrative Reimbursement	559,831	559,831	639,807	79,976
Investment Income	329,787	329,787	766,016	436,229
Miscellaneous	127,945	127,945	170,391	42,446
Total Revenues	33,458,393	33,458,393	34,490,859	1,032,466
Expenditures				
Current				
General Government				
City Council	193,331	193,331	182,538	10,793
Youth Council	12,100	12,100	12,942	(842)
Economic Support	880,500	880,500	940,260	(59,760)
City Attorney	458,457	458,457	492,409	(33,952)
City Manager	449,883	449,883	456,532	(6,649)
Website/Communications	209,074	209,074	217,093	(8,019)
Human Resources	624,832	624,832	670,739	(45,907)
Montrose Pavilion	728,869	728,869	754,910	(26,041)
GIS	471,183	471,183	481,993	(10,810)
Finance	946,812	946,812	956,792	(9,980)
Municipal Court	328,087	328,087	341,805	(13,718)
Teen Court	300	300	-	300
City Clerk	441,434	441,434	431,598	9,836
Grants	159	159	799	(640)
Competitive Youth Sports	81,375	81,375	79,006	2,369
Insurance	(359,933)	(359,933)	180,298	(540,231)
Total General Government	5,466,463	5,466,463	6,199,714	(733,251)
Community Development				
Planning Services	596,153	596,153	622,136	(25,983)
Total Community Development	596,153	596,153	622,136	(25,983)
Engineering and Inspection				
Building Services	$ 929,052	$ 929,052	$ 953,083	$ (24,031)

(Continued)

City of Montrose, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025
(Continued)

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Expenditures *(Continued)*				
Current				
Public Works				
Administration	$ 658,695	$ 658,695	$ 688,866	$ (30,171)
Street Maintenance	4,482,693	4,482,593	3,525,790	956,803
Street Cleaning	676,308	676,308	808,348	(132,040)
Total General Government	5,817,696	5,817,596	5,023,004	794,592
Parks, Recreation and Cemetery				
Parks Maintenance	2,094,130	2,094,130	2,226,458	(132,328)
Tree Program	100,000	100,000	88,087	11,913
Sunset Mesa Maintenance	256,761	256,761	224,874	31,887
Cemetery	253,403	253,403	222,127	31,276
Total Parks and Cemetery	2,704,294	2,704,294	2,761,546	(57,252)
Capital Outlay	544,514	544,514	348,596	195,918
Total Expenditures	16,058,172	16,058,072	15,908,079	149,993
Excess Revenues Over (Under) Expenditures	17,400,221	17,400,321	18,582,780	1,182,459
Other Financing Sources (Uses)				
Transfers In	28,229	28,229	35,022	6,793
Transfers Out	(23,801,109)	(23,801,109)	(23,859,311)	(58,202)
Net Change in Fund Balance	(6,372,659)	(6,372,559)	(5,241,509)	1,131,050
Fund Balance, *Beginning of Year*	21,001,622	21,001,622	21,001,622	-
Fund Balance, *End of Year*	$ 14,628,963	$ 14,629,063	$ 15,760,113	$ 1,131,050

See Accompanying Independent Auditor's Report.

City of Montrose, Colorado
Budgetary Comparison Schedule
Montrose Urban Renewal Authority Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 1,860,139	$ 1,597,450	$ (262,689)
Miscellaneous	-	2,370	2,370
Total Revenues	1,860,139	1,599,820	(260,319)
Expenditures			
Community Development	20,000	28,036	(8,036)
Debt Service			
Interest Expense	-	520,206	(520,206)
Total Expenditures	20,000	548,242	(528,242)
Net Change in Fund Balance	1,840,139	1,051,578	(788,561)
Fund Balance, *Beginning of Year*	(16,004,076)	(16,004,076)	-
Fund Balance, *End of Year*	$ (14,163,937)	$ (14,952,498)	$ (788,561)

City of Montrose, Colorado
Budgetary Comparison Schedule
Public Safety Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 5,509,638	$ 5,653,979	$ 144,341
Intergovernmental Revenue	89,473	191,213	101,740
Charges for Services	117,026	128,724	11,698
Investment Income	64,224	89,847	25,623
Miscellaneous	(13,642)	62,879	76,521
Total Revenues	5,766,719	6,126,642	359,923
Expenditures			
Public Safety	15,989,163	16,905,175	(916,012)
Capital Outlay	38,103	34,646	3,457
Total Expenditures	16,027,266	16,939,821	(912,555)
Excess Revenues Over (Under) Expenditures	(10,260,547)	(10,813,179)	(552,632)
Other Financing Sources (Uses)			
Transfers In	8,395,898	8,395,898	-
Transfers Out	(542,036)	(903,394)	(361,358)
Net Change in Fund Balance	(2,406,685)	(3,320,675)	(913,990)
Fund Balance, *Beginning of Year*	4,215,083	4,215,083	-
Fund Balance, *End of Year*	$ 1,808,398	$ 894,408	$ (913,990)

City of Montrose, Colorado
Notes to Required Supplementary Information
December 31, 2025

Note 1: Stewardship, Compliance, and Accountability

Budgets

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 follows these procedures to establish the budgetary information reflected in the financial statements:

- Management submits to the City Council a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- 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.
- All appropriations lapse at year end.

Supplementary Information

City of Montrose, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds					
	Retail Sales Enhancement	Downtown Opportunity Fund	Downtown Improvement Fund	Surplus & Deficiency Fund	Conservation Trust Fund	Pavilion Improvement Fund
Assets						
Cash and Cash Equivalents	$ 953,898	$ 193,339	$ 209	$ 66,409	$ 418,701	$ 18,058
Investments	-	-	-	-	-	-
Accounts Receivable, *net*	10,700	15,056	1,225	-	-	-
Sales Tax Receivable	69,808	-	-	-	-	-
Special Assessments Receivable	-	-	-	-	-	-
Due from Other Governments	-	-	-	-	-	-
Inventory	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Assets	$ 1,034,406	$ 208,395	$ 1,434	$ 66,409	$ 418,701	$ 18,058
Liabilities						
Accounts Payable	$ 27,961	$ -	$ -	$ -	$ -	$ -
Accrued Salaries and Benefits	7,982	-	-	-	-	-
Unearned Revenue	-	24,906	-	-	-	-
Deposits	50	-	-	-	-	-
Total Liabilities	35,993	24,906	-	-	-	-
Fund Balance						
Unspendable:						
Prepaid Expenses and Inventory	-	-	-	-	-	-
Permanent Fund	-	-	-	-	-	-
Restricted for:						
Economic Development	-	183,489	-	-	-	-
Debt Service	-	-	-	-	-	-
Beautification	-	-	-	-	-	-
Capital Projects	-	-	1,434	66,409	418,701	-
Committed:						
Economic Development	998,413	-	-	-	-	-
Public Education	-	-	-	-	-	-
Assigned						
Capital Projects	-	-	-	-	-	-
Parks/Pavilion Improvements	-	-	-	-	-	18,058
Animal Shelter	-	-	-	-	-	-
Unrestricted, Unassigned	-	-	-	-	-	-
Total Fund Balance	998,413	183,489	1,434	66,409	418,701	18,058
Total Liabilities and Fund Balance	$ 1,034,406	$ 208,395	$ 1,434	$ 66,409	$ 418,701	$ 18,058

(Continued)

City of Montrose, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Public Education Fund	Special Benefits Fund	Tourism Promotional Fund	2017 Certificates of Participation Fund	Capital Project Funds: Special Improvements Fund	Capital Project Funds: Grand / Rio Grande Project Fund
Assets						
Cash and Cash Equivalents	$ 32,313	$ 535,632	$ 187,384	$ 476,314	$ 27,909	$ 1,138,358
Investments	-	-	57,659	-	228,610	562,170
Accounts Receivable, *net*	122	17,300	17,681	-	213,673	-
Sales Tax Receivable	-	-	71,300	-	-	-
Special Assessments Receivable	-	-	-	-	182,173	-
Due from Other Governments	-	-	-	-	-	-
Inventory	-	-	35,832	-	-	-
Prepaid Expenses	-	-	1,377	-	-	-
Total Assets	$ 32,435	$ 552,932	$ 371,233	$ 476,314	$ 652,365	$ 1,700,528
Liabilities						
Accounts Payable	$ -	$ 8,760	$ 36,628	$ -	$ -	$ -
Accrued Salaries and Benefits	-	-	13,643	-	-	-
Unearned Revenue	-	-	-	-	377,479	-
Deposits	-	13,609	590	-	-	-
Total Liabilities	-	22,369	50,861	-	377,479	-
Fund Balance						
Unspendable:						
Prepaid Expenses and Inventory	-	-	37,209	-	-	-
Permanent Fund	-	-	-	-	-	-
Restricted for:						
Economic Development	-	-	-	-	-	-
Debt Service	-	-	-	476,314	-	-
Beautification	-	-	-	-	-	-
Capital Projects	-	-	-	-	274,886	-
Committed:						
Economic Development	-	-	283,163	-	-	-
Public Education	32,435	-	-	-	-	-
Assigned						
Capital Projects	-	-	-	-	-	1,700,528
Parks/Pavilion Improvements	-	358,539	-	-	-	-
Animal Shelter	-	172,024	-	-	-	-
Unrestricted, Unassigned	-	-	-	-	-	-
Total Fund Balance	32,435	530,563	320,372	476,314	274,886	1,700,528
Total Liabilities and Fund Balance	$ 32,435	$ 552,932	$ 371,233	$ 476,314	$ 652,365	$ 1,700,528

(Continued)

City of Montrose, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Permanent Funds		
	Demoret Trust Fund	Cemetery Fund	Total
Assets			
Cash and Cash Equivalents	$ 5,616	$ 153,237	$ 4,207,377
Investments	351,346	-	1,199,785
Accounts Receivable, *net*	-	-	275,757
Sales Tax Receivable	-	-	141,108
Special Assessments Receivable	-	-	182,173
Due from Other Governments	-	-	-
Inventory	-	-	35,832
Prepaid Expenses	-	-	1,377
Total Assets	$ 356,962	$ 153,237	$ 6,043,409
Liabilities			
Accounts Payable	$ -	$ -	$ 73,349
Accrued Salaries and Benefits	-	-	21,625
Unearned Revenue	-	-	402,385
Deposits	-	-	14,249
Total Liabilities	-	-	511,608
Fund Balance			
Unspendable:			
Prepaid Expenses and Inventory	-	-	37,209
Permanent Fund	348,515	153,237	501,752
Restricted for:			
Economic Development	-	-	183,489
Debt Service	-	-	476,314
Beautification	8,447	-	8,447
Capital Projects	-	-	761,430
Committed:			
Economic Development	-	-	1,281,576
Public Education	-	-	32,435
Assigned			
Capital Projects	-	-	1,700,528
Parks/Pavilion Improvements	-	-	376,597
Animal Shelter	-	-	172,024
Unrestricted, Unassigned	-	-	-
Total Fund Balance	356,962	153,237	5,531,801
Total Liabilities and Fund Balance	$ 356,962	$ 153,237	$ 6,043,409

City of Montrose, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue Funds					
	Retail Sales Enhancement	Downtown Opportunity Fund	Downtown Improvement Fund	Surplus and Deficiency Fund	Conservation Trust Fund	Pavilion Improvement Fund
Revenues						
Taxes	$ 695,800	$ -	$ -	$ -	$ -	$ -
Intergovernmental	-	-	-	-	128,614	-
Charges for Services	230	-	1,290	-	-	-
Special Assessments	-	-	-	-	-	-
Contributions and Donations	24,670	-	-	-	-	-
Permanently Restricted Contributions	-	-	-	-	-	-
Investment Income	11,325	3,475	(826)	3	16,063	421
Miscellaneous	7,800	-	-	-	-	-
Total Revenues	739,825	3,475	464	3	144,677	421
Expenditures						
Current						
General Government	-	-	-	-	20,648	-
Community Development	659,455	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-
Debt Service						
Principal	21,935	-	-	-	-	-
Interest and Fiscal Charges	4,705	-	-	-	-	-
Total Expenditures	686,095	-	-	-	20,648	-
Excess Revenues Over (Under) Expenditures	53,730	3,475	464	3	124,029	421
Other Financing Sources (Uses)						
Transfers (In)	60,909	-	-	-	-	-
Transfers (Out)	-	-	-	-	-	-
Other Financing Sources (Uses)	60,909	-	-	-	-	-
Net Change in Fund Balance	114,639	3,475	464	3	124,029	421
Fund Balance, *Beginning of Year*	883,774	180,014	970	66,406	294,672	17,637
Fund Balance, *End of Year*	$ 998,413	$ 183,489	$ 1,434	$ 66,409	$ 418,701	$ 18,058

(Continued)

City of Montrose, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Public Education Fund	Special Benefits Fund	Tourism Promotional Fund	2017 Certificates of Participation Fund	Capital Project Funds: Special Improvements Fund	Capital Project Funds: Grand / Rio Grande Project Fund
Revenues						
Taxes	$ 1,901	$ -	$ 970,335	$ -	$ -	$ -
Intergovernmental	-	39,375	-	-	-	-
Charges for Services	-	-	689	-	-	-
Special Assessments	-	-	-	-	59,960	-
Contributions and Donations	-	23,209	(2,500)	-	-	-
Permanently Restricted Contributions	-	-	-	-	-	-
Investment Income	2,103	2,103	2,058	-	27,349	78,422
Miscellaneous	-	-	18,434	-	-	-
Total Revenues	4,004	64,687	989,016	-	87,309	78,422
Expenditures						
Current						
General Government	7,449	-	-	2,037	-	-
Community Development	-	123,796	1,040,150	-	-	-
Capital Outlay	-	-	-	-	659	-
Debt Service						
Principal	-	-	-	1,278,070	-	-
Interest and Fiscal Charges	-	-	-	2,206,439	-	-
Total Expenditures	7,449	123,796	1,040,150	3,486,546	659	-
Excess Revenues Over (Under) Expenditures	(3,445)	(59,109)	(51,134)	(3,486,546)	86,650	78,422
Other Financing Sources (Uses)						
Transfers (In)	-	-	900	3,486,546	-	-
Transfers (Out)	-	-	-	-	-	-
Other Financing Sources (Uses)	-	-	900	3,486,546	-	-
Net Change in Fund Balance	(3,445)	(59,109)	(50,234)	-	86,650	78,422
Fund Balance, *Beginning of Year*	35,880	589,672	370,606	476,314	188,236	1,622,106
Fund Balance, *End of Year*	$ 32,435	$ 530,563	$ 320,372	$ 476,314	$ 274,886	$ 1,700,528

(Continued)

City of Montrose, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Permanent Funds		
	Demoret Trust Fund	Cemetery Fund	Total
Revenues			
Taxes	$ -	$ -	$ 1,668,036
Intergovernmental	-	-	167,989
Charges for Services	-	-	2,209
Special Assessments	-	-	59,960
Contributions and Donations	-	-	45,379
Permanently Restricted Contributions	-	9,520	9,520
Investment Income	11,039	5,957	159,492
Miscellaneous	-	-	26,234
Total Revenues	11,039	15,477	2,138,819
Expenditures			
Current			
General Government	-	-	30,134
Community Development	-	-	1,823,401
Capital Outlay	-	-	659
Debt Service			
Principal	-	-	1,300,005
Interest and Fiscal Charges	-	-	2,211,144
Total Expenditures	-	-	5,365,343
Excess Revenues Over (Under) Expenditures	11,039	15,477	(3,226,524)
Other Financing Sources (Uses)			
Transfers (In)	-	-	3,548,355
Transfers (Out)	-	(5,460)	(5,460)
Other Financing Sources (Uses)	-	(5,460)	3,542,895
Net Change in Fund Balance	11,039	10,017	316,371
Fund Balance, *Beginning of Year*	345,923	143,220	5,215,430
Fund Balance, *End of Year*	$ 356,962	$ 153,237	$ 5,531,801

City of Montrose, Colorado
Budgetary Comparison Schedule
Retail Sales Enhancement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 676,862	$ 695,800	$ 18,938
Charges for Services	345	230	(115)
Contributions and Donations	15,330	24,670	9,340
Investment Income	9,652	11,325	1,673
Miscellaneous	2,220	7,800	5,580
Total Revenues	704,409	739,825	35,416
Expenditures			
Community Development	573,999	664,160	(90,161)
Debt Services			
Interest	-	21,935	(21,935)
Total Expenditures	573,999	686,095	(112,096)
Excess Revenues Over (Under) Expenditures	130,410	53,730	(76,680)
Other Financing Sources (Uses)			
Transfers In	53,295	60,909	7,614
Net Change in Fund Balance	183,705	114,639	(69,066)
Fund Balance, *Beginning of Year*	883,774	883,774	-
Fund Balance, *End of Year*	$ 1,067,479	$ 998,413	$ (69,066)

City of Montrose, Colorado
Budgetary Comparison Schedule
Capital Improvement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental Revenue	$ 2,026,557	$ 2,033,362	$ 6,805
Contributions and Donations	5,434	3,622	(1,812)
Investment Income	64,396	1,492,674	1,428,278
Total Revenues	2,096,387	3,529,658	1,433,271
Expenditures			
Capital Outlay	37,056,234	26,849,377	10,206,857
Total Expenditures	37,056,234	26,849,377	10,206,857
Excess Revenues Over (Under) Expenditures	(34,959,847)	(23,319,719)	11,640,128
Other Financing Sources (Uses)			
Proceeds from Issuance of Debt	22,000,000	56,306,306	34,306,306
Cost of Debt	-	(395,150)	(395,150)
Transfers In	12,200,000	12,200,000	-
Net Change in Fund Balance	(759,847)	44,791,437	45,551,284
Fund Balance, *Beginning of Year*	5,440,195	5,440,195	-
Fund Balance, *End of Year*	$ 4,680,348	$ 50,231,632	$ 45,551,284

City of Montrose, Colorado
Budgetary Comparison Schedule
Downtown Opportunity Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Investment Income	$ 2,525	$ 3,475	$ 950
Total Revenues	2,525	3,475	950
Expenditures			
General Government	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	2,525	3,475	950
Fund Balance, *Beginning of Year*	180,014	180,014	-
Fund Balance, *End of Year*	$ 182,539	$ 183,489	$ 950

City of Montrose, Colorado
Budgetary Comparison Schedule
Downtown Improvement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services	$ 98	$ 1,290	$ 1,192
Investment Income	540	(826)	(1,366)
Total Revenues	638	464	(174)
Net Change in Fund Balance	638	464	(174)
Fund Balance, *Beginning of Year*	970	970	-
Fund Balance, *End of Year*	$ 1,608	$ 1,434	$ (174)

City of Montrose, Colorado
Budgetary Comparison Schedule
Public Education Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 1,916	$ 1,901	$ (15)
Investment Income	3,133	2,103	(1,030)
Total Revenues	5,049	4,004	(1,045)
Expenditures			
General Government	5,964	7,449	(1,485)
Total Expenditures	5,964	7,449	(1,485)
Excess Revenues Over (Under) Expenditures	(915)	(3,445)	(2,530)
Fund Balance, *Beginning of Year*	35,880	35,880	-
Fund Balance, *End of Year*	$ 34,965	$ 32,435	$ (2,530)

City of Montrose, Colorado
Budgetary Comparison Schedule
Surplus and Deficiency Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Investment Income	$ -	$ 3	$ 3
Total Revenues	-	3	3
Net Change in Fund Balance	-	3	3
Fund Balance, *Beginning of Year*	63,066	66,406	3,340
Fund Balance, *End of Year*	$ 63,066	$ 66,409	$ 3,343

City of Montrose, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 125,288	$ 128,614	$ 3,326
Investment Income	13,220	16,063	2,843
Total Revenues	138,508	144,677	6,169
Expenditures			
General Government	-	20,648	(20,648)
Total Expenditures	-	20,648	(20,648)
Excess Revenues Over Net Change in Fund Balance	138,508	124,029	(14,479)
Fund Balance, *Beginning of Year*	294,672	294,672	-
Fund Balance, *End of Year*	$ 433,180	$ 418,701	$ (14,479)

City of Montrose, Colorado
Budgetary Comparison Schedule
Pavilion Improvement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Investment Income	$ 542	$ 421	$ (121)
Total Revenues	542	421	(121)
Net Change in Fund Balance	542	421	(121)
Fund Balance, *Beginning of Year*	16,481	17,637	1,156
Fund Balance, *End of Year*	$ 17,023	$ 18,058	$ 1,035

City of Montrose, Colorado
Budgetary Comparison Schedule
Special Benefits Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 51,975	$ 39,375	$ (12,600)
Contributions and Donations	23,421	23,209	(212)
Investment Income	1,543	2,103	560
Total Revenues	76,939	64,687	(12,252)
Expenditures			
Community Development	98,442	123,796	(25,354)
Capital Outlay	-	-	-
Total Expenditures	98,442	123,796	(25,354)
Excess Revenues Over (Under) Expenditures	(21,503)	(59,109)	(37,606)
Fund Balance, *Beginning of Year*	589,672	589,672	-
Fund Balance, *End of Year*	$ 568,169	$ 530,563	$ (37,606)

City of Montrose, Colorado
Budgetary Comparison Schedule
Tourism Promotional Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 941,598	$ 970,335	$ 28,737
Charges for Services	966	689	(277)
Investment Income	2,588	2,058	(530)
Miscellaneous	24,740	15,934	(8,806)
Total Revenues	969,892	989,016	19,124
Expenditures			
Community Development	1,105,644	1,040,150	65,494
Total Expenditures	1,105,644	1,040,150	65,494
Excess Revenues Over (Under) Expenditures	(135,752)	(51,134)	84,618
Other Financing Sources (Uses)			
Transfers In	-	900	900
Net Change in Fund Balance	(135,752)	(50,234)	85,518
Fund Balance, *Beginning of Year*	370,606	370,606	-
Fund Balance, *End of Year*	$ 234,854	$ 320,372	$ 171,036

City of Montrose, Colorado
Budgetary Comparison Schedule
2017 Certificates of Participation Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Expenditures			
General Government	$ 6,500	$ 2,037	$ 4,463
Debt Service			
Principal	1,278,084	1,278,070	14
Interest	2,143,259	2,206,439	(63,180)
Total Expenditures	3,427,843	3,486,546	(58,703)
Excess Revenues Over (Under) Expenditures	(3,427,843)	(3,486,546)	(58,703)
Other Financing Sources (Uses)			
Transfers In	3,427,844	3,486,546	58,702
Net Change in Fund Balance	1	-	(1)
Fund Balance, *Beginning of Year*	476,314	476,314	-
Fund Balance, *End of Year*	$ 476,315	$ 476,314	$ (1)

City of Montrose, Colorado
Budgetary Comparison Schedule
Demoret Trust Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Investment Income	$ 19,112	$ 11,039	$ (8,073)
Total Revenues	19,112	11,039	(8,073)
Net Change in Fund Balance	19,112	11,039	(8,073)
Fund Balance, *Beginning of Year*	345,923	345,923	-
Fund Balance, *End of Year*	$ 365,035	$ 356,962	$ (8,073)

City of Montrose, Colorado
Budgetary Comparison Schedule
Cemetery Perpetual Care Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Contributions to Permanent Endowment	$ 10,980	$ 9,520	$ (1,460)
Investment Income	5,426	5,957	531
Total Revenues	16,406	15,477	(929)
Excess Revenues Over (Under) Expenditures	16,406	15,477	(929)
Other Financing Sources (Uses)			
Transfers Out	(2,700)	(5,460)	(2,760)
Net Change in Fund Balance	13,706	10,017	(3,689)
Fund Balance, *Beginning of Year*	143,220	143,220	-
Fund Balance, *End of Year*	$ 156,926	$ 153,237	$ (3,689)

City of Montrose, Colorado
Budgetary Comparison Schedule
Special Improvements Revolving Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Special Assessments	$ -	$ 59,960	$ 59,960
Investment Income	24,651	27,349	2,698
Total Revenues	24,651	87,309	62,658
Expenditures			
Capital Outlay	-	659	(659)
Total Expenditures	-	659	(659)
Net Change in Fund Balance	24,651	86,650	61,999
Fund Balance, *Beginning of Year*	188,236	188,236	-
Fund Balance, *End of Year*	$ 212,887	$ 274,886	$ 61,999

City of Montrose, Colorado
Budgetary Comparison Schedule
Grand / Rio Grande Project Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Investment Income	$ 50,544	$ 78,422	$ 27,878
Total Revenues	50,544	78,422	27,878
Expenditures			
Capital Outlay	-	-	-
Total Expenditures	-	-	-
Excess Revenues Over (Under) Expenditures	50,544	78,422	27,878
Fund Balance, *Beginning of Year*	1,622,106	1,622,106	-
Fund Balance, *End of Year*	$ 1,672,650	$ 1,700,528	$ 27,878

City of Montrose, Colorado
Combining Statement of Net Position
Nonmajor Proprietary Funds
December 31, 2025

	Trash / Recycle Fund	Black Canyon Golf Course Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 2,123,812	$ 894,495	$ 3,018,307
Accounts Receivable	308,400	3,350	311,750
Inventory	62,291	36,545	98,836
Prepaid Expenses	-	72	72
Total Current Assets	2,494,503	934,462	3,428,965
Noncurrent Assets			
Capital Assets, *Not Being Depreciated*	-	194,435	194,435
Capital Assets, *Net of Accumulated Depreciation*	-	701,017	701,017
Total Noncurrent Assets	-	895,452	895,452
Total Assets	2,494,503	1,829,914	4,324,417
Liabilities			
Current Liabilities			
Accounts Payable	68,765	2,166	70,931
Accrued Salaries and Benefits	22,383	16,963	39,346
Unearned Revenue	-	23,300	23,300
Total Current Liabilities	91,148	42,429	133,577
Noncurrent Liabilities			
Accrued Compensated Absences	22,846	14,513	37,359
Total Noncurrent Liabilities	22,846	14,513	37,359
Total Liabilities	113,994	56,942	170,936
Net Position			
Net Investment in Capital Assets	-	895,452	895,452
Unrestricted	2,380,509	877,520	3,258,029
Total Net Position	$ 2,380,509	$ 1,772,972	$ 4,153,481

City of Montrose, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Nonmajor Proprietary Funds
For the Year Ended December 31, 2025

	Trash / Recycle Fund	Black Canyon Golf Course Fund	Total
Operating Revenues			
Charges for Services	$ 3,462,462	$ 1,025,135	$ 4,487,597
Miscellaneous	8,869	125,122	133,991
Total Operating Revenues	3,471,331	1,150,257	4,621,588
Operating Expenses			
Administrative and General	142,517	393,750	536,267
Operations and Maintenance	2,624,030	1,198,139	3,822,169
Depreciation	-	78,451	78,451
Total Operating Expenses	2,766,547	1,670,340	4,436,887
Net Operating Income	704,784	(520,083)	184,701
Non-Operating Revenues (Expenses)			
Interest Income	19,651	2,104	21,755
Interest Expense	-	(21,672)	(21,672)
Net Income (Loss) Before Contributed Capital	724,435	(539,651)	184,784
Contributed Capital and Transfers			
Transfers In	4,500	659,074	663,574
Total Capital Contributions and Transfers	4,500	659,074	663,574
Change in Net Position	728,935	119,423	848,358
Net Position, *Beginning of Year*	1,651,574	1,653,549	3,305,123
Net Position, *End of Year*	$ 2,380,509	$ 1,772,972	$ 4,153,481

City of Montrose, Colorado
Combining Statement of Cash Flows
Nonmajor Proprietary Funds
For the Year Ended December 31, 2025

	Trash / Recycle Fund	Black Canyon Golf Course Fund	Total
Cash Flows From Operating Activities			
Cash Received from Customers	$ 3,403,245	$ 1,030,610	$ 4,433,855
Cash Received from Others	8,869	125,122	133,991
Cash Paid to Suppliers	(2,208,961)	(1,087,353)	(3,296,314)
Cash Paid to Employees	(522,857)	(499,268)	(1,022,125)
Net Cash Provided by Operating Activities	680,296	(430,889)	249,407
Cash Flows From Noncapital Financing Activities			
Transfers In	4,500	659,074	663,574
Net Cash Provided by Noncapital Financing Activities	4,500	659,074	663,574
Cash Flows From Capital and Related Financing Activities			
Interest paid	-	(21,672)	(21,672)
Investment Income	19,651	2,104	21,755
Net Cash Used by Capital and Related Financing Activities	19,651	(19,568)	83
Net Change in Cash and Cash Equivalents	704,447	208,617	913,064
Cash and Cash Equivalents, *Beginning of Year*	1,419,365	685,878	2,105,243
Cash and Cash Equivalents, *End of Year*	$ 2,123,812	$ 894,495	$ 3,018,307
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	$ 704,784	$ (520,083)	$ 184,701
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	-	78,451	78,451
Changes in Assets and Liabilities Related to Operations			
Accounts Receivable	(59,217)	(1,787)	(61,004)
Inventories	19,714	3,589	23,303
Prepaid Expenses	-	431	431
Accounts Payable	8,034	(1,618)	6,416
Accrued Salaries	6,981	2,866	9,847
Unearned Revenue	-	7,262	7,262
Net Cash Provided by Operating Activities	$ 680,296	$ (430,889)	$ 249,407

City of Montrose, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges For Services	$ 9,887,853	$ 9,248,775	$ (639,078)
Intergovernmental	600,000	-	(600,000)
Investment Income	197,313	314,550	117,237
Miscellaneous Revenue	(1,051)	(701)	350
Total Revenues	10,684,115	9,562,624	(1,121,491)
Expenses			
Enterprise Administration	310,015	310,015	-
Operations and Maintenance	9,988,009	6,359,576	3,628,433
Capital Outlay	-	4,074,132	(4,074,132)
Debt Services			
Principal	-	187,000	(187,000)
Total Expenses	10,298,024	10,930,723	(632,699)
Net Operating Income	386,091	(1,368,099)	(1,754,190)
Nonoperating Revenues (Expenses)			
Tap Fees	301,178	355,209	54,031
Transfer In	6,121	6,095	(26)
Total Nonoperating Revenues (Expenses)	307,299	361,304	54,005
Change in Net Position, *Budgetary Basis*	$ 693,390	(1,006,795)	$ (1,700,185)
Reconciliation to GAAP Basis			
Capital Outlay Capitalized		4,074,132	
Debt Service Principal		187,000	
Depreciation		(1,723,594)	
Change in Net Position, *GAAP Basis*		$ 1,530,743	

City of Montrose, Colorado
Budgetary Comparison Schedule
Sewer Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges For Services	$ 4,019,445	$ 3,981,139	$ (38,306)
Investment Income	110,720	119,630	8,910
Miscellaneous Revenue	287	192	(95)
Total Revenues	4,130,452	4,100,961	(29,491)
Expenses			
Enterprise Administration	192,232	192,232	-
Operations and Maintenance	6,765,611	3,066,144	3,699,467
Capital Outlay	-	272,674	(272,674)
Debt Services			
Principal	-	153,000	(153,000)
Total Expenses	6,957,843	3,684,050	3,273,793
Net Operating Income	(2,827,391)	416,911	3,244,302
Nonoperating Revenues (Expenses)			
Tap Fees	683,335	866,688	183,353
Transfers In	5,075	5,800	725
Total Nonoperating Revenues (Expenses)	688,410	872,488	184,078
Change in Net Position, *Budgetary Basis*	$ (2,138,981)	1,289,399	$ 3,428,380
Reconciliation to GAAP Basis			
Capital Outlay Capitalized		308,447	
Debt Service Principal		153,000	
Depreciation		(1,942,870)	
Change in Net Position, *GAAP Basis*		$ (192,024)	

City of Montrose, Colorado
Budgetary Comparison Schedule
Trash / Recycling Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges For Services	$ 3,466,028	$ 3,462,462	$ (3,566)
Investment Income	14,473	19,651	5,178
Miscellaneous Income	10,734	8,869	(1,865)
Total Revenues	3,491,235	3,490,982	(253)
Expenses			
Enterprise Administration	142,517	142,517	-
Operations and Maintenance	2,652,243	2,624,030	28,213
Total Expenses	2,794,760	2,766,547	28,213
Net Operating Income	696,475	724,435	27,960
Nonoperating Revenues (Expenses)			
Transfers In	3,938	4,500	562
Total Nonoperating Revenues (Expenses)	3,938	4,500	562
Change in Net Position, *Budgetary Basis*	$ 700,413	728,935	$ 28,522
Reconciliation to GAAP Basis			
None		-	
Change in Net Position, *GAAP Basis*		$ 728,935	

City of Montrose, Colorado
Budgetary Comparison Schedule
Black Canyon Golf Course Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges For Services	$ 926,702	$ 1,021,785	$ 95,083
Investment Income	35,842	2,104	(33,738)
Miscellaneous Income	88,163	128,472	40,309
Total Revenues	1,050,707	1,152,361	101,654
Expenses			
Enterprise Administration	288,846	393,750	(104,904)
Operations and Maintenance	1,199,402	1,198,139	1,263
Debt Service			
Interest	18,577	21,672	(3,095)
Total Expenses	1,506,825	1,613,561	(106,736)
Net Operating Income	(456,118)	(461,200)	(5,082)
Nonoperating Revenues (Expenses)			
Transfers In	659,074	659,074	-
Total Nonoperating Revenues (Expenses)	659,074	659,074	-
Change in Net Position, *Budgetary Basis*	$ 202,956	197,874	$ (5,082)
Reconciliation to GAAP Basis			
Depreciation		(78,451)	
Change in Net Position, *GAAP Basis*		$ 119,423	

City of Montrose, Colorado
Combining Statement of Net Position
Internal Service Funds
December 31, 2025

	Fleet Management Fund	Employee Insurance Fund	Total
Assets			
Current Assets			
Cash and Cash Equivalents	$ 4,435,128	$ 1,169,281	$ 5,604,409
Investments	594,081	-	594,081
Accounts Receivable	16,824	681,452	698,276
Prepaid Expenses	189,833	-	189,833
Inventory	225,456	4,640	230,096
Total Current Assets	5,461,322	1,855,373	7,316,695
Noncurrent Assets			
Capital Assets,			
Net of Accumulated Depreciation	12,731,723	-	12,731,723
Total Noncurrent Assets	12,731,723	-	12,731,723
Total Assets	18,193,045	1,855,373	20,048,418
Liabilities			
Current Liabilities			
Accounts Payable	967,608	251	967,859
Accrued Salaries and Benefits	43,993	-	43,993
Claims Payable	-	599,310	599,310
Current Portion of Long-Term Debt	62,964	-	62,964
Total Current Liabilities	1,074,565	599,561	1,674,126
Total Liabilities	1,074,565	599,561	1,674,126
Net Position			
Net Investment in Capital Assets	12,731,723	-	12,731,723
Unrestricted	4,386,757	1,255,812	5,642,569
Total Net Position	$ 17,118,480	$ 1,255,812	$ 18,374,292

City of Montrose, Colorado
Combining Statement of Revenues, Expenses and Changes in Net Position
Internal Service Funds
For the Year Ended December 31, 2025

	Fleet Management Fund	Employee Insurance Fund	Total
Operating Revenues			
Interfund Charges	$ 10,529,382	$ 2,457,034	$ 12,986,416
Other Charges	72,627	328,121	400,748
Miscellaneous	1,359	746,679	748,038
Total Operating Revenues	10,603,368	3,531,834	14,135,202
Operating Expenses			
Administrative and General	4,501,063	208,718	4,709,781
Operations and Maintenance	1,573,558	50,622	1,624,180
Medical Claims	-	2,776,188	2,776,188
Insurance Premiums	-	1,120,602	1,120,602
Capital Outlay	(457,284)	-	(457,284)
Depreciation	2,445,614	-	2,445,614
Total Operating Expenses	8,062,951	4,156,130	12,219,081
Net Operating Income	2,540,417	(624,296)	1,916,121
Non-Operating Revenues (Expenses)			
Interest Income	137,341	92,431	229,772
Gain (Loss) on Sale of Asset	516,973	-	516,973
Net Income (Loss) Before Contributed Capital	3,194,731	(531,865)	2,662,866
Contributed Capital and Transfers			
Transfers In	6,220	-	6,220
Transfers Out	-	(92,799)	(92,799)
Total Capital Contributions and Transfers	6,220	(92,799)	(86,579)
Change in Net Position	3,200,951	(624,664)	2,576,287
Net Position, *Beginning of Year*	13,917,529	1,880,476	15,798,005
Net Position, *End of Year*	$ 17,118,480	$ 1,255,812	$ 18,374,292

See Accompanying Independent Auditor's Report.

City of Montrose, Colorado
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2025

	Fleet Management Fund	Employee Insurance Fund	Total
Cash Flows From Operating Activities			
Cash Received from Customers	$ 25,965	$ -	$ 25,965
Cash Received from Others	10,602,009	1,074,800	11,676,809
Cash Paid to Suppliers	(5,457,600)	(4,158,777)	(9,616,377)
Cash Paid to Employees	8,277	-	8,277
Payments for Internal Services	-	1,894,406	1,894,406
Net Cash Provided by Operating Activities	5,178,651	(1,189,571)	3,989,080
Cash Flows From Capital and Related Financing Activities			
Acquisition and Construction of Capital Assets	(5,154,689)	-	(5,154,689)
Proceeds from Sale of Capital Assets	516,973	-	516,973
Transfers from Other Funds	6,220	(92,799)	(86,579)
Net Cash Used by Capital and Related Financing Activities	(4,631,496)	(92,799)	(4,724,295)
Cash Flows From Investing Activities			
Investment Income	137,341	92,431	229,772
Net Cash Provided by Investing Activities	137,341	92,431	229,772
Net Change in Cash and Cash Equivalents	684,496	(1,189,939)	(505,443)
Cash and Cash Equivalents, *Beginning of Year*	4,344,713	2,359,220	6,703,933
Cash and Cash Equivalents, *End of Year*	$ 5,029,209	$ 1,169,281	$ 6,198,490
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	$ 2,540,417	$ (624,296)	$ 1,916,121
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	2,445,614	-	2,445,614
Changes in Assets and Liabilities Related to Operations			
Accounts Receivable	24,606	(562,628)	(538,022)
Inventories	(170,425)	(4,640)	(175,065)
Prepaid Expenses	(100,985)	-	(100,985)
Accounts Payable	431,147	1,993	433,140
Accrued Expenses	8,277	-	8,277
Net Cash Provided by Operating Activities	$ 5,178,651	$ (1,189,571)	$ 3,989,080

City of Montrose, Colorado
Budgetary Comparison Schedule
Fleet Management Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Interfund Charges	$ 10,370,994	$ 10,529,382	$ 158,388
Charges For Services	72,048	72,627	579
Investment Income	132,491	137,341	4,850
Miscellaneous Income	1,359	1,359	-
Total Revenues	10,576,892	10,740,709	163,817
Expenses			
Administration	4,549,294	4,501,063	48,231
Operations and Maintenance	1,461,341	1,573,558	(112,217)
Capital Outlay	4,185,931	(457,284)	4,643,215
Total Expenses	10,196,566	5,617,337	4,579,229
Net Operating Income	380,326	5,123,372	4,743,046
Nonoperating Revenues (Expenses)			
Gain on Sale of Asses	224,285	516,973	292,688
Transfers In	6,220	6,220	-
Total Nonoperating Revenues (Expenses)	230,505	523,193	292,688
Change in Net Position, *Budgetary Basis*	$ 610,831	5,646,565	$ 5,035,734
Reconciliation to GAAP Basis			
Depreciation		(2,445,614)	
Change in Net Position, *GAAP Basis*		$ 3,200,951	

City of Montrose, Colorado
Budgetary Comparison Schedule
Employee Insurance Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Interfund Charges	$ 2,421,575	$ 2,457,034	$ 35,459
Charges For Services	313,674	328,121	14,447
Contributions and Donations	-	-	-
Investment Income	105,415	92,431	(12,984)
Miscellaneous Income	766,583	746,679	(19,904)
Total Revenues	3,607,247	3,624,265	17,018
Expenses			
Administration	220,724	208,718	12,006
Operations and Maintenance	83,363	50,622	32,741
Medical Claims	2,415,385	2,776,188	(360,803)
Insurance Premiums	1,115,637	1,120,602	(4,965)
Total Expenses	3,835,109	4,156,130	(321,021)
Net Operating Income	(227,862)	(531,865)	(304,003)
Nonoperating Revenues (Expenses)			
Transfers In	(92,799)	(92,799)	-
Total Nonoperating Revenues (Expenses)	(92,799)	(92,799)	-
Change in Net Position, *Budgetary Basis*	$ (320,661)	(624,664)	$ (304,003)
Reconciliation to GAAP Basis			
None			
Change in Net Position, *GAAP Basis*		$ (624,664)	

Compliance Section

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:			
COLORADO			
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**		**REPORT YEAR ENDING DATE(mm/yyyy):**
City of Montrose	Shani Wittenberg	swittenberg@cityofmontrose.org	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:**	12/31/2025
a. Property Taxes and Assesments		a. Interest on investments	133,976.52
b. Non-property Taxes and Assessments Imposts	89,883.00	b. Other Misc. Local Receipts	58,689.90
c. Total (a + b)	$ 89,883.00	**c. Total (a + b)**	$ 192,666.42

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	1,002,553.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 1,002,553.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	107,018.11
b. Engineering Costs	
c. Construction Costs	13,070,472.66
d. Total Capital Outlay (a+ b + c)	$ 13,177,490.77

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

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	12,583,410.29
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 89,883.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 192,666.42
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 12,865,959.71
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 1,002,553.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 13,868,512.71

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 13,177,490.77
2. Maintenance:	
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	
c. Total (a + b)	$ -
4. General Administration & Miscellaneous	
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 13,177,490.77
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	227,951.53
b. Redemption	463,070.41
c. Total (a + b)	$ 691,021.94
3. Total (1c + 2c)	$ 691,021.94
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 13,868,512.71

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)		$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	7,060,392	$ -	$ 463,070.41	$ 6,597,321.59