City of Rifle, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

City of Rifle, Colorado

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

City Council
City of Rifle, Colorado
Rifle, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rifle, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund inform of the City as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplementary information, such as the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated July 13, 2026 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Hinkle & Company, PC

Englewood, Colorado
July 13, 2026

City of Rifle, Colorado
Management's Discussion and Analysis
December 31, 2025

As management of the City of Rifle, Colorado, we offer readers of the City of Rifle financial statements, this narrative overview, and analysis of the financial activities of the City for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS

- The assets of the City of Rifle exceeded liabilities at the close of 2025 by $185,099,009 (net position). Of this amount, $128,895,890 was categorized as net investment in capital assets, $3,338,240 was restricted, and $52,864,879 was unrestricted and can be used to meet the government's ongoing obligations.

- Total net position across the entire entity increased by $9,927,727 or 5.67%.

- The General fund unassigned fund balance on December 31, 2025 was $12,600,540; this equates to 91.73% of 2025 total general fund expenditures.

- The business-type activities net position increased $5,900,606 to $93,338,352 during the year. The Water Fund increased $3,934,633; The Sewer Fund increased $1,995,772; and the Sanitation Fund decreased $29,799.

OVERVIEW OF REPORT

The following narrative is intended to serve as an introduction to the City of Rifle's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information and a compliance section in addition to the basic financial statements.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to private-sector business, on an accrual basis. Note 1 to the statements, starting on p. 13, provides a further description of the related Statement of Net Position and Statement of Activities, which report City activities in two categories - governmental activities and business-type activities.

Governmental activities are most of the City's basic services including general administration, police, property inspection, public works, cemetery, parks maintenance and recreation, senior services, downtown development, visitor improvement, and urban renewal. Taxes and intergovernmental revenues principally support these services.

Business-type activities include the City's water, wastewater (sewer) and sanitation (trash) services. Customer service fees are expected to cover all or most of the cost of services provided support these activities.

The government-wide financial statements can be found on pages 4-5 of this report and are described further in Note 1 to the Financial Statements, starting on page 13.

Fund Financial Statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City of Rifle, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the City's funds can be divided into three categories, governmental funds, proprietary funds, and fiduciary funds. The City of Rifle adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for all funds to demonstrate compliance with the state budget statutes.

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, using the modified accrual basis. See Note 1 for more detail.

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 Rifle maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the major funds which include the General Fund, Street Improvement Fund, Capital Improvement fund, and the Parks and Recreation Fund. Data from the other (non-major) funds are combined into a single, aggregated presentation with the column heading Other Governmental Funds. The non-major funds are Conservation Trust, Visitor Improvement, Downtown Development Authority, Rifle Tourism and Industry, and Urban Renewal Authority.

The basic governmental financial statements for the major funds are found on pages 6-9 of this report. The basic governmental financial statements for the non-major funds are found on pages 37-45.

Proprietary Funds

The City of Rifle maintains two 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 uses enterprise funds to account for its water, sewer, and sanitation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Rifle uses two internal service funds to account for its fleet maintenance and information technology operations. Because most of these services predominantly benefit the government rather than the business-type functions and are included with the 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 each of the proprietary funds. However, only the water and sewer funds are considered major funds.

The basic proprietary fund financial statements can be found on pages 10-12 of this report. The budget and actual reports are shown on pages 39-48.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of outside parties. The City's only fiduciary fund is the Cemetery Perpetual Care Fund. The fund is not reflected in the government-wide financial statements because the resources of this fund are not available to support City operations.

Notes to the Financial Statements

The notes provide additional information that is essential to the 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 13-32 of this report.

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Rifle. This information is presented on pages 33-48.

Compliance Section

Lastly, this report also presents certain information related to compliance matters concerning the City of Rifle. This information is presented starting on pg. 49.

GOVERNMENT-WIDE FINANCIAL RESULTS

The City of Rifle's net position may serve over time as a useful indicator of the City's financial position. The City of Rifle's assets exceeded its liabilities (net position) at the close of 2025 by $185,099,009.

The largest portion of the City's net position (69.64%) is the investment in capital assets (e.g., land, buildings, infrastructure, and equipment); less any related outstanding debt used to acquire the assets. These capital assets are used to provide services to citizens and consequently are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, the related resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities.

Net Position

The following table shows the City's net position for 2025 as compared to 2024.

STATEMENT OF NET POSITION
December 31, 2025 and 2024

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 33,010,557	$ 32,265,552	$ 27,662,305	$ 30,570,394	$ 60,672,862	$ 62,835,946
Capital assets (net)	66,144,806	62,748,537	85,471,870	78,873,181	151,616,676	141,621,718
Total assets	99,155,363	95,014,089	113,134,175	109,443,575	212,289,538	204,457,664
Other liabilities	2,289,511	1,429,701	3,877,076	884,791	6,166,587	2,314,492
Long-term liabilities	4,140,819	4,864,159	15,848,850	21,051,141	19,989,669	25,915,300
Total liabilities	6,430,330	6,293,860	19,725,926	21,935,932	26,156,256	28,229,792
Deferred Inflows:						
Property Taxes/Tap Fees	967,376	986,693	69,897	69,897	1,037,273	1,056,590
Net position:						
Invested in capital assets net of related debt	62,044,997	58,405,168	66,850,893	57,762,986	128,895,890	116,168,154
Restricted For:						
for Emergencies	1,021,537	1,021,537	182,670	182,670	1,204,207	1,204,207
for Parks and Recreation	687,124	658,002	-	-	687,124	658,002
for Debt Service and O&M Reserves	180,698	180,698	1,266,211	1,266,211	1,446,909	1,446,909
Unrestricted	27,826,301	27,468,131	25,038,578	28,225,879	52,864,879	55,694,010
Total Net Position	$ 91,760,657	$ 87,733,536	$ 93,338,352	$ 87,437,746	$ 185,099,009	$ 175,171,282

An additional portion of the City's net position balance (1.80%) represents resources that are subject to external restrictions on how they may be used. The remaining unrestricted balance of $52,864,879 (28.56%) may be used to meet the City's ongoing obligations to citizens and creditors.

Restricted net position is the portion of net position legally restricted less any non-capital-related liabilities payable from those resources. As of December 31, 2025, non-spendable and restricted net position in the governmental activities included the following: Debt Service ($180,698), TABOR Emergencies ($1,021,537), and Parks and Recreation ($687,124). The Business-Type Activities includes restricted net position of the following: Debt Service and O&M reserves ($1,266,211), and TABOR Emergencies ($182,670).

Changes in Net Position

The following summarizes the Statement of Revenues, Expenditures, and Changes in Fund Balance (as on p.5 of the report), with a comparison to the prior year.

SUMMARY OF CHANGES IN NET POSITION
For Years Ended December 31, 2025 and 2024

	Governmental Activities		Business Type Activivies		Total	
	2025	2024	2025	2024	2025	2024
REVENUES						
Program Revenues:						
Charges for services	$ 4,794,871	$ 2,492,000	$ 10,230,601	$ 9,276,389	$ 15,025,472	$ 11,768,389
Operating grants and contributions	3,662,476	$ 4,624,516	-	-	3,662,476	4,624,516
Capital grants and contributions	397,906	$ 3,286,414	-	-	397,906	3,286,414
General Revenues:						
Property taxes	1,048,761	1,101,200	-	-	1,048,761	1,101,200
Sales and use taxes	14,543,097	13,651,005	2,996,769	2,813,602	17,539,866	16,464,607
Other taxes	706,120	662,820	-	-	706,120	662,820
Investment earnings	1,220,083	1,293,544	1,100,936	1,125,559	2,321,019	2,419,103
Other revenues	608,744	288,774	532,788	513,491	1,141,532	802,265
Total revenues	$ 26,982,058	$ 27,400,273	$ 14,861,094	$ 13,729,041	$ 41,843,152	$ 41,129,314
EXPENSES						
General government	6,034,634	6,589,198	-	-	6,034,634	6,589,198
Public Safety	4,702,488	4,010,890	-	-	4,702,488	4,010,890
Public Works	4,326,446	4,191,041	-	-	4,326,446	4,191,041
Cemetery	2,465	4,673	-	-	2,465	4,673
Parks and recreation	6,934,400	4,013,968	-	-	6,934,400	4,013,968
Economic development and assistance	1,052,724	688,690	-	-	1,052,724	688,690
Interest Expense	151,942	150,279	-	-	151,942	150,279
Water operations	-	-	4,550,800	4,480,850	4,550,800	4,480,850
Sewer operations	-	-	3,247,301	3,359,014	3,247,301	3,359,014
Sanitation operations	-	-	998,221	883,944	998,221	883,944
Total expenses	$ 23,205,099	$ 19,648,739	$ 8,796,322	$ 8,723,808	$ 32,001,421	$ 28,372,547
Increase in net assets before transfers	3,776,959	7,751,534	6,064,772	5,005,233	9,841,731	12,756,767
Transfers	250,162	(389,141)	(164,166)	389,141	85,996	-
Increase in net assets	$ 4,027,121	$ 7,362,393	$ 5,900,606	$ 5,394,374	$ 9,927,727	$ 12,756,767
Restatement	-	-	-	-	-	-
Net Position, Beginning of year	87,733,536	80,371,143	87,437,746	82,043,372	175,171,282	162,414,515
Net Position, end of year	$ 91,760,657	$ 87,733,536	$ 93,338,352	$ 87,437,746	$ 185,099,009	$ 175,171,282

ANALYSIS OF THE CITY'S FUND BALANCE

The City of Rifle uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

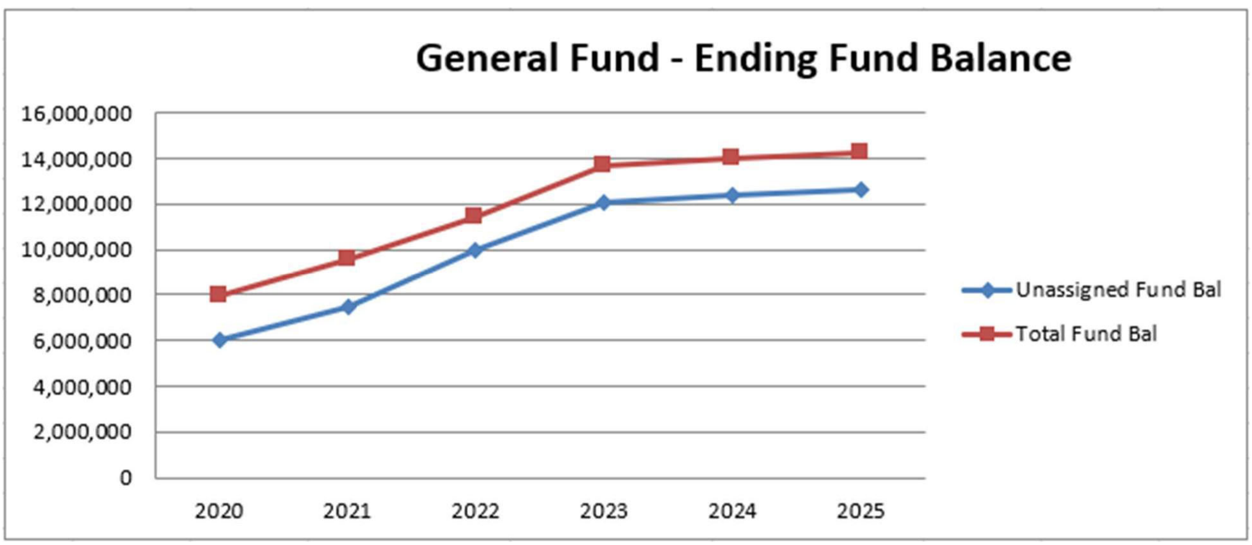
The focus of the City's governmental funds statements is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the

City's financial requirements. Unreserved fund balance may serve as a useful measure of net resources available for spending at the end of the fiscal year.

One of the differences between the governmental activities as reported in the government-wide Statement of Activities and the individual governmental fund financial statements is the reporting of capital asset acquisitions. For the government-wide financial statements, any new assets are capitalized and only depreciation expense for those assets is reported in the Statement of Activities. In the individual governmental fund financial statements, the expenditure for capital asset acquisitions is reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance. Therefore, governmental fund capital outlay expenditures of $6,707,172 acquired in 2025 (page 9) are not reflected in the Statement of Activities.

At year-end 2025, governmental funds as reported on the Balance Sheet – Governmental Funds (page 6) reported a combined fund balance of $32,425,346, an increase of $689,298 from the prior year. The General Fund balance increased $243,762 or 1.74%. The Street Improvement Fund balance increased $610,060 or 12.30%. The Parks and Recreation Fund balance decreased $500,229 or 16.96%. The Capital Improvement Fund balance decreased $52,922.

The General Fund unassigned fund balance on December 31, 2025 was $12,600,540 or 91,73% of 2025 annual expenditures. Unassigned fund balance increased $243,762. The following chart illustrates a trend analysis of these amounts.



Proprietary Funds

The City's proprietary funds statements provide the same type of information found in the government-wide financial statements, but in more detail. The Proprietary Funds include the Water, Wastewater (Sewer), and Sanitation (Trash) Funds. The Proprietary Fund Net Position increased by $5,900,606 to $93,338,352. Investment in capital assets, net of related debt represents 71.62% of total net position.

ENTERPRISE FUND NET POSITION
December 31, 2025 and 2024

	Water		Wastewater		Sanitation		Total	
	2025	2024	2025	2024	2025	2024	2025	2024
Investment in capital assets net of related debt	$ 48,000,667	$ 39,709,564	$ 18,850,226	$ 18,053,422	$ -	$ -	$ 66,850,893	57,762,986
Restricted:								
For Emergencies	182,670	182,670	-	-	-	-	182,670	182,670
For O&M Reserve	716,460	716,460	549,751	549,751	-	-	1,266,211	1,266,211
Unrestricted	14,216,307	18,572,777	10,575,799	9,376,831	246,472	276,271	25,038,578	28,225,879
Total net position	$ 63,116,104	$ 59,181,471	$ 29,975,776	$ 27,980,004	$ 246,472	$ 276,271	$ 93,338,352	$ 87,437,746

In the Wastewater Fund, a new treatment plant was completed in 2009. The plant was funded via Colorado Water Resources and Power Development Authority loan. Annual increases in wastewater user fees assist with meeting the debt covenants.

A replacement Water Treatment plant was constructed with a $23.8 million loan obtained from the Colorado Water Resources and Power Development Authority. Water user fees and a voter-approved .75% sales and use tax are being used to pay back the loan.

Unrestricted net position is reserved for the operation and maintenance component of all the proprietary funds. The Sewer Fund has continued to increase user fees annually to meet the increasing costs of operation and to replace decaying infrastructure, which includes collection and distribution lines. The Water Fund has also continued to increase user fees to ensure proper funding for care and maintenance of existing facilities.

In 2025, the Water fund increased Net Position by $3,934,633. Wastewater increased by $1,995,772. The Sanitation fund incurred a net decrease of $29,799.

Overall, total unrestricted net position decreased $3,187,301 during 2025. The Water Fund's unrestricted net position decreased by $4,356,470; Wastewater Fund increased $1,198,968; and the Sanitation Fund decreased by $29,799.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund revenues decreased by $21,703 or 0.16% from 2024 and but they did exceed budget by $577,964 or 4.31%. Expenditures increased $80,610 from 2024 or 0.59% and were under budget by $980,794 or 6.66%. Management and the City Council continue to budget conservatively to ensure the city has the flexibility to address community needs.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets

At the end of 2025, the city had $151,616,676 invested in capital assets net of depreciation. Investment in capital assets includes land, buildings, improvements, machinery and equipment, park facilities, roads, bridges, and trails. Total investment in capital assets for the current year increased by 7.06%.

CAPITAL ASSETS AT YEAR-END (Net of Depreciation) As of December 31, 2025 and 2024						
	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land & Rights	$ 4,541,719	$ 4,541,719	$ 2,611,719	$ 2,968,062	$ 7,153,438	$ 7,509,781
Construction in Process	2,468,564	2,908,114	6,497,677	1,322,967	8,966,241	4,231,081
Buildings	9,486,174	10,017,772	41,686,134	43,519,121	51,172,308	53,536,893
Improvements	45,997,041	41,745,165	33,013,173	29,575,420	79,010,214	71,320,585
Equipment	1,975,843	1,977,066	1,578,583	1,365,013	3,554,426	3,342,079
Int Svc Equipment & Vehicles	1,215,558	855,771	-	-	1,215,558	855,771
Lease Assets	349,927	556,591	25,396	47,267	375,323	603,858
Subscription Assets	109,980	146,339	59,188	75,331	169,168	221,670
Total	$ 66,144,806	$ 62,748,537	$ 85,471,870	$ 78,873,181	$ 151,616,676	$ 141,621,718

Debt Administration

At the end of 2025, the City of Rifle had a balance of $22,280,174 outstanding in revenue bonds; revenue notes payable, notes payable, leases, and subscription arrangements, of which $3,388,303 is a construction loan for the pool renovation. Footnote disclosure number 4 on page 23 provides additional information regarding this and other obligations. The City has no general obligation debt.

OUTSTANDING DEBT Years Ended December 31, 2024 and 2023						
	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenue bonds and notes payable	$ -	$ -	$ 18,332,811	$ 20,908,883	$ 18,332,811	$ 20,908,883
Construction Loan	3,388,303	3,559,745	-	-	3,388,303	3,559,745
Right-to-Use Leases	369,271	563,649	25,437	116,349	394,708	679,998
Subscription Arrangements	102,794	137,525	61,558	169,788	164,352	307,313
Total	$ 3,860,368	$ 4,260,919	$ 18,419,806	$ 21,195,020	$ 22,280,174	$ 25,455,939

OTHER ECONOMIC FACTORS

The City of Rifle continues to benefit from a resilient and diversified local economy, supported by prudent financial management and a stable revenue base. While sales and use tax collections moderated during 2025 following several years of exceptional post-pandemic growth, revenues remained consistent with long-term expectations and continued to provide strong support for core municipal services. The City has maintained a conservative budgeting philosophy that emphasizes realistic revenue projections, preservation of adequate reserves, and long-term financial sustainability.

Although inflationary pressures have eased from the elevated levels experienced in recent years, uncertainty surrounding interest rates, consumer spending, and broader economic conditions continue to present challenges for local governments. In response, the City remains focused on controlling operating expenditures while maintaining service levels and investing in critical infrastructure. Capital improvements to the City's transportation, water, wastewater, and other public facilities continue to be prioritized through a combination of grants, available reserves, and pay-as-you-go financing. This disciplined approach has allowed the City to address infrastructure needs while avoiding the issuance of additional long-term debt.

Rifle continues to experience steady population growth and remains well positioned within western Colorado as a regional center for commerce, healthcare, education, and public services. The local economy is supported by a diverse mix of retail, construction, healthcare, manufacturing, and service industries, reducing the City's dependence on any single economic sector. Continued industrial and commercial development opportunities are expected to further diversify the City's tax base and strengthen long-term economic resilience. The City continues to work collaboratively with regional economic development organizations, including the Rifle Regional Economic Development Corporation, the Colorado River Valley Economic Development Partnership, and the Associated Governments of Northwest Colorado. These partnerships support business attraction, workforce development, infrastructure planning, and investment opportunities that enhance the City's long-term economic competitiveness. Looking ahead, City management remains cautiously optimistic regarding Rifle's financial outlook. Conservative fiscal planning, healthy reserve levels, strategic capital investment, and continued efforts to diversify the local economy position the City to respond effectively to changing economic conditions while continuing to provide high-quality public services to residents and businesses.

REQUEST FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Finance office at the City of Rifle, 202 Railroad Ave, Rifle, CO 81650.

Basic Financial Statements

City of Rifle, Colorado

Statement of Net Position

December 31, 2025

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and Investments	$ 30,129,720	$ 26,014,339	$ 56,144,059
Accounts Receivable	245,077	1,177,629	1,422,706
Accrued Interest Receivable	760	-	760
Taxes Receivable	1,654,821	309,703	1,964,524
Property Taxes Receivable	964,376	-	964,376
Inventory	15,803	159,637	175,440
Prepaid Expenses	-	997	997
Capital Assets*, Not Being Depreciated*	7,010,283	9,109,396	16,119,679
Capital Assets*, Net of Accumulated Depreciation*	59,134,523	76,362,474	135,496,997
Total Assets	$ 99,155,363	$ 113,134,175	$ 212,289,538
Liabilities			
Accounts Payable	$ 648,412	$ 902,127	$ 1,550,539
Accrued Salaries	16,019	95,647	111,666
Accrued Liabilities	-	92,396	92,396
Accrued Interest Payable	21,907	183,114	205,021
Unearned Income	98,808	-	98,808
Deposits	836,929	10,840	847,769
Retainage Payable	239,441	-	239,441
Noncurrent Liabilities			
Due Within One Year	427,995	2,592,952	3,020,947
Due in More Than One Year	4,140,819	15,848,850	19,989,669
Total Liabilities	6,430,330	19,725,926	26,156,256
Deferred Inflows of Resources			
Property Taxes	964,376	-	964,376
Deferred Tap Fees	-	69,897	69,897
Total Deferred Inflows of Resources	964,376	69,897	1,034,273
Net Position			
Net Investment in Capital Assets	62,044,997	66,850,893	128,895,890
Restricted For:			
Emergencies	1,021,537	182,670	1,204,207
Debt Service	180,698	-	180,698
Parks and Recreation	687,124	-	687,124
Operations and Maintenance Reserve	-	1,266,211	1,266,211
Unrestricted	27,826,301	25,038,578	52,864,879
Total Net Position	$ 91,760,657	$ 93,338,352	$ 185,099,009

See Notes to the Financial Statements.

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

		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
Governmental Activities							
General Government	$ 5,948,638	$ 3,672,999	$ 953,230	$ 347,906	$ (974,503)	$ -	$ (974,503)
Public Safety	4,702,488	15,789	1,470,425	-	(3,216,274)	-	(3,216,274)
Public Works	4,326,446	-	1,096,144	-	(3,230,302)	-	(3,230,302)
Cemetery	2,465	64,050	-	-	61,585	-	61,585
Parks and Recreation	6,934,400	737,250	134,501	50,000	(6,012,649)	-	(6,012,649)
Economic Development	1,052,724	304,783	8,176	-	(739,765)	-	(739,765)
Interest on Long-Term Debt	151,942	-	-	-	(151,942)	-	(151,942)
Total Government Activities	23,119,103	4,794,871	3,662,476	397,906	(14,263,850)	-	(14,263,850)
Business-Type Activities							
Water Utility	4,550,800	4,358,207	-	-	-	(192,593)	(192,593)
Wastewater Utility	3,247,301	4,927,296	-	-	-	1,679,995	1,679,995
Sanitation Operations	998,221	945,098	-	-	-	(53,123)	(53,123)
Total Business-Type Activities	8,796,322	10,230,601	-	-	-	1,434,279	1,434,279
Total Primary Government	$ 31,915,425	$ 15,025,472	$ 3,662,476	$ 397,906	(14,263,850)	1,434,279	(12,829,571)
		General Revenues					
		Property Taxes			965,957	-	965,957
		Specific Ownership Taxes			82,804	-	82,804
		Sales and Use Taxes			14,543,097	2,996,769	17,539,866
		Franchise Taxes			483,872	-	483,872
		Other Taxes			222,248	-	222,248
		Grants and Contributions not Restricted to Specific Programs			132,077	-	132,077
		Investment Income			1,220,083	1,100,936	2,321,019
		Gain (Loss) on Disposal of Capital Assets			66,365	(48,954)	17,411
		Other			410,302	581,742	992,044
		Transfers			164,166	(164,166)	-
		Total General Revenues			18,290,971	4,466,327	22,757,298
		Change in Net Position			4,027,121	5,900,606	9,927,727
		Net Position, *Beginning of Year*			87,733,536	87,437,746	175,171,282
		Net Position, *End of Year*			$ 91,760,657	$ 93,338,352	$ 185,099,009

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

	General	Street Improvements	Parks and Recreation	Capital Improvement	Nonmajor Governmental Funds	Totals
Assets						
Cash and Investments	$ 14,212,339	$ 8,606,294	$ 2,947,567	$ 1,894,825	$ 1,899,287	$ 29,560,312
Accounts Receivable	196,153	42,470	-	-	6,454	245,077
Accrued Interest Receivable	760	-	-	-	-	760
Taxes Receivable	994,675	206,469	412,937	-	40,740	1,654,821
Property Taxes Receivable	904,400	-	-	-	59,976	964,376
Total Assets	$ 16,308,327	$ 8,855,233	$ 3,360,504	$ 1,894,825	$ 2,006,457	$ 32,425,346
Liabilities						
Accounts Payable	$ 224,306	$ 49,284	$ 321,036	$ 10,745	$ 1,841	$ 607,212
Retainage Payable	-	161,913	77,528	-	-	239,441
Unearned Revenue	98,808	-	610	-	-	99,418
Deposits	835,079	-	350	-	1,500	836,929
Total Liabilities	1,158,193	211,197	399,524	10,745	3,341	1,783,000
Deferred Inflows of Resources						
Property Taxes	904,400	-	-	-	59,976	964,376
Fund Balances						
Nonspendable						
Cemetery Perpetual Care	-	-	-	-	375,726	375,726
Restricted For:						
Emergencies	1,021,537	-	-	-	-	1,021,537
Debt Service	180,698	-	-	-	-	180,698
Parks and Recreation	292,037	-	-	-	395,087	687,124
Assigned For:						
Channel 10	45,293	-	-	-	-	45,293
Senior Center Capital and Meals	103,157	-	-	-	-	103,157
Police Expenditures	2,472	-	-	-	-	2,472
Economic Development	-	-	-	-	1,172,327	1,172,327
Street Improvement	-	8,644,036	-	-	-	8,644,036
Parks and Recreation	-	-	2,960,980	-	-	2,960,980
Capital Improvements	-	-	-	1,884,080	-	1,884,080
Unrestricted, Unassigned	12,600,540	-	-	-	-	12,600,540
Total Fund Balances	14,245,734	8,644,036	2,960,980	1,884,080	1,943,140	29,677,970
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 16,308,327	$ 8,855,233	$ 3,360,504	$ 1,894,825	$ 2,006,457	$ 32,425,346

City of Rifle, Colorado

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

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

Total Fund Balances of Governmental Funds	$ 29,677,970
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	64,922,856
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Notes Payable	(3,388,303)
Right-to-use Leases	(369,271)
Subscription Arrangements	(102,794)
Accrued Interest	(13,944)
Accrued Compensated Absences	(701,954)
Internal Service Funds are blended into Governmental Activities	1,736,097
Total Net Position of Governmental Activities	$ 91,760,657

See Notes to the Financial Statements.

City of Rifle, Colorado

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

	General	Street Improvements	Parks and Recreation	Capital Improvement	Nonmajor Governmental Funds	Totals
Revenues						
Taxes	$ 9,640,833	$ 1,986,371	$ 3,972,744	$ -	$ 698,030	$ 16,297,978
Licenses and Permits	284,832	174,340	-	-	-	459,172
Intergovernmental	1,600,019	2,202,387	254,453	-	135,600	4,192,459
Charges for Services	1,386,041	72,586	567,885	-	325,256	2,351,768
Investment Income	563,293	351,314	134,627	75,571	76,502	1,201,307
Other	393,495	-	6,340	-	6,025	405,860
Total Revenues	13,868,513	4,786,998	4,936,049	75,571	1,241,413	24,908,544
Expenditures						
Current						
General Government	5,227,022	-	-	-	-	5,227,022
Public Safety	4,549,243	-	-	-	-	4,549,243
Public Works	2,113,767	143,098	-	-	-	2,256,865
Parks and Recreation	809,253	-	5,468,565	-	-	6,277,818
Economic Development	-	-	-	-	954,200	954,200
Capital Outlay	232,763	4,033,840	137,857	128,493	194,622	4,727,575
Debt Service						
Principal	29	-	171,442	-	-	171,471
Interest and Fiscal Charges	15,533	-	126,637	-	-	142,170
Total Expenditures	12,947,610	4,176,938	5,904,501	128,493	1,148,822	24,306,364
Revenues Over (Under) Expenditures	920,903	610,060	(968,452)	(52,922)	92,591	602,180
Other Financing Sources (Uses)						
Proceeds from the Sale of Assets	66,365	-	-	-	-	66,365
Transfers In	45,000	-	644,883	-	62,000	751,883
Transfers Out	(788,506)	-	(176,660)	-	(189,883)	(1,155,049)
Total Other Financing Sources (Uses)	(677,141)	-	468,223	-	(127,883)	(336,801)
Net Change in Fund Balances	243,762	610,060	(500,229)	(52,922)	(35,292)	265,379
Fund Balances, *Beginning of Year*	14,001,972	8,033,976	3,461,209	1,937,002	1,978,432	29,412,591
Fund Balances, *End of Year*	$ 14,245,734	$ 8,644,036	$ 2,960,980	$ 1,884,080	$ 1,943,140	$ 29,677,970

City of Rifle, Colorado

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

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:		
Net Change in Fund Balances of Governmental Funds	$	265,379
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 Outlay		6,707,172
Loss on Disposal of Assets		(46,436)
Depreciation Expense		(3,612,455)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Principal Payment of Long-term Debt		
Note Payable		171,442
Right-to-use Leases		194,378
Subscription Arrangements		24,674
Change in Accrued Interest		(18,116)
Change in Accrued Compensated Absences		(98,714)
Internal Service Funds are blended into Governmental Activities:		
Fleet Maintenance and Information Technology Funds, Change in Net Position		439,797
Change in Net Position of Governmental Activities	$	4,027,121

See Notes to the Financial Statements.

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

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Totals	Internal Service Funds
Assets					
Current Assets					
Cash and Investments	$ 14,905,902	$ 10,847,516	$ 260,921	$ 26,014,339	$ 569,408
Accounts Receivable	398,088	642,188	137,353	1,177,629	-
Taxes Receivable	309,703	-	-	309,703	-
Prepaid Expenses	-	499	498	997	-
Inventory	138,117	21,520	-	159,637	15,803
Total Current Assets	15,751,810	11,511,723	398,772	27,662,305	585,211
Noncurrent Assets					
Capital Assets					
Not Being Depreciated	8,194,798	914,598	-	9,109,396	-
Net of Accumulated Depreciation	54,782,235	21,580,239	-	76,362,474	1,221,950
Total Noncurrent Assets	62,977,033	22,494,837	-	85,471,870	1,221,950
Total Assets	$ 78,728,843	$ 34,006,560	$ 398,772	$ 113,134,175	$ 1,807,161
Liabilities					
Current Liabilities					
Accounts Payable	$ 402,178	$ 146,689	$ 152,089	$ 700,956	$ 48,528
Retainage Payable	199,536	1,635	-	201,171	-
Accrued Liabilities	62,127	125,705	211	188,043	16,019
Accrued Interest Payable	117,263	65,851	-	183,114	25
Deposits	10,840	-	-	10,840	-
Leases and Subscription Agreements - Current Portion	40,518	4,694	-	45,212	6,492
Compensated Absences	1,133	-	-	1,133	-
Loan Payable - Current Portion	1,200,575	1,096,032	-	2,296,607	-
Certificates of Participation - Current Portion	250,000	-	-	250,000	-
Total Current Liabilities	2,284,170	1,440,606	152,300	3,877,076	71,064
Noncurrent Liabilities					
Leases and Subscription Agreements	41,782	-	-	41,782	-
Compensated Absences	20,863	-	-	20,863	-
Notes Payable	10,613,955	2,542,250	-	13,156,205	-
Certificates of Participation	2,630,000	-	-	2,630,000	-
Total Noncurrent Liabilities	13,306,600	2,542,250	-	15,848,850	-
Total Liabilities	15,590,770	3,982,856	152,300	19,725,926	71,064
Deferred Inflows of Resources					
Deferred Tap Fees	21,969	47,928	-	69,897	-
Net Position					
Net Investment in Capital Assets	48,000,667	18,850,226	-	66,850,893	1,215,458
Restricted for:					
Emergencies	182,670	-	-	182,670	-
Operations and Maintenance Reserve	716,460	549,751	-	1,266,211	-
Unrestricted	14,216,307	10,575,799	246,472	25,038,578	520,639
Total Net Position	$ 63,116,104	$ 29,975,776	$ 246,472	$ 93,338,352	$ 1,736,097

See Notes to the Financial Statements.

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

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Totals	Internal Service Funds
Operating Revenues					
Charges for Services	$ 3,976,943	$ 4,648,917	$ 945,098	$ 9,570,958	$ 1,983,931
Sale of Materials	34,807	-	-	34,807	-
Other	576,567	13,222	-	589,789	-
Total Operating Revenues	4,588,317	4,662,139	945,098	10,195,554	1,983,931
Operating Expenses					
Personal Services	1,057,752	674,672	21,994	1,754,418	708,946
Supplies	105,327	171,542	-	276,869	237,173
Purchased Services	950,183	637,225	937,893	2,525,301	680,889
Other Expenses	1,013	(1,702)	-	(689)	-
Management Fees	171,418	105,238	36,917	313,573	-
Fleet Maintenance	100,364	55,211	-	155,575	21,883
Information Technology Maintenance	137,411	52,414	1,417	191,242	11,805
Small Equipment Purchases	(1,909)	281,252	-	279,343	44,427
Depreciation and Amortization	1,727,916	1,134,499	-	2,862,415	429,451
Total Operating Expenses	4,249,475	3,110,351	998,221	8,358,047	2,134,574
Operating Income (Loss)	338,842	1,551,788	(53,123)	1,837,507	(150,643)
Nonoperating Revenues (Expenses)					
Sales and Use Taxes	2,979,558	-	17,211	2,996,769	-
Investment Income	690,619	402,204	8,113	1,100,936	18,776
Other Revenues	(8,047)	-	-	(8,047)	4,442
Gain on Sale of Assets	-	(48,954)	-	(48,954)	-
Amortization of Bond Premiums	69,258	35,614	-	104,872	-
Interest and Fiscal Charges	(370,583)	(172,564)	-	(543,147)	(110)
Total Nonoperating Revenues (Expenses)	3,360,805	216,300	25,324	3,602,429	23,108
Income (Loss) Before Capital Contributions & Transfers	3,699,647	1,768,088	(27,799)	5,439,936	(127,535)
Capital Contributions					
System Improvement Fees	325,253	278,379	-	603,632	-
Cash in lieu of Water Rights	21,204	-	-	21,204	-
Total Capital Contributions	346,457	278,379	-	624,836	-
Transfers					
Transfers In	-	-	-	-	567,332
Transfers Out	(111,471)	(50,695)	(2,000)	(164,166)	-
Total Transfers	(111,471)	(50,695)	(2,000)	(164,166)	567,332
Change in Net Position	3,934,633	1,995,772	(29,799)	5,900,606	439,797
Net Position, *Beginning of Year*	59,181,471	27,980,004	276,271	87,437,746	1,296,300
Net Position, *End of Year*	$ 63,116,104	$ 29,975,776	$ 246,472	$ 93,338,352	$ 1,736,097

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

	Business-Type Activities				Governmental Activities
	Water	Wastewater	Sanitation	Totals	Internal Service Funds
Cash Flows From Operating Activities					
Cash Received from Customers	$ 4,035,166	$ 4,667,540	$ 946,531	$ 9,649,237	$ 1,983,931
Cash Received from Others	576,567	13,222	-	589,789	-
Cash Payments to Vendors and Suppliers	(1,439,946)	(1,512,378)	(910,432)	(3,862,756)	(1,267,875)
Cash Payments to Employees	(722,049)	(471,104)	(11,122)	(1,204,275)	(465,883)
Net Cash Provided (Used) by Operating Activities	2,449,738	2,697,280	24,977	5,171,995	250,173
Cash Flows From Noncapital Financing Activities					
Other Revenues	(8,047)	-	-	(8,047)	4,442
Payments from (to) Other Funds	(111,471)	(50,695)	(2,000)	(164,166)	567,332
Net Cash Provided (Used) by Noncapital Financing Activities	(119,518)	(50,695)	(2,000)	(172,213)	571,774
Cash Flows From Capital and Related Financing Activities					
Purchases of Capital Assets	(8,637,974)	(872,084)	-	(9,510,058)	(777,439)
Proceeds from Sale of Assets	-	-	-	-	-
Proceeds from System Improvement Fees	325,253	278,379	-	603,632	-
Proceeds from Cash in Lieu of Fees	21,204	-	-	21,204	-
Proceeds from Sales and Use Taxes	2,942,984	-	17,211	2,960,195	-
Principal Payments on Debt	(1,436,306)	(1,072,559)	-	(2,508,865)	(11,909)
Interest Payments on Debt	(376,564)	(190,830)	-	(567,394)	(106)
Net Cash Provided (Used) by Capital and Related Financing Activities	(7,161,403)	(1,857,094)	17,211	(9,001,286)	(789,454)
Cash Flows from Investing Activities					
Interest Received	690,619	402,204	8,113	1,100,936	18,776
Net Increase in Cash and Cash Equivalents	(4,140,564)	1,191,695	48,301	(2,900,568)	51,269
Cash and Cash Equivalents, *Beginning of Year*	19,046,466	9,655,821	212,620	28,914,907	518,139
Cash and Cash Equivalents, *End of Year*	$ 14,905,902	$ 10,847,516	$ 260,921	$ 26,014,339	$ 569,408
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Operating Income (Loss)	$ 338,842	$ 1,551,788	$ (53,123)	$ 1,837,507	$ (150,643)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities					
Depreciation	1,727,916	1,134,499	-	2,862,415	429,451
Changes in Asset and Liabilities					
Accounts Receivable	23,416	18,623	1,433	43,472	-
Inventory	9,096	(8,473)	-	623	(4,438)
Accounts Payable	202,095	(8,025)	76,539	270,609	(22,966)
Retainage Payable	124,519	-	-	124,519	-
Accrued Liabilities	23,854	8,868	128	32,850	(1,231)
Net Cash Provided (Used) by Operating Activities	$ 2,449,738	$ 2,697,280	$ 24,977	$ 5,171,995	$ 250,173

Note 1: Summary of Significant Accounting Policies

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

The City was incorporated in 1905 and became a Home Rule City in 1963. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety, highways and streets, water, sewer, sanitation, health and social services, culture and recreation, education, public improvements, planning and zoning, and general administrative services. The City's basic financial statements include the accounts of all City operations.

Reporting Entity

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

Based on the application of these criteria, the City includes the Downtown Development Agency (DDA) and the Urban Renewal Authority (URA) as blended component units. The DDA and URA were created as separate legal entities by an act of the state legislature and "activated" by action of the City Council to plan and develop the downtown and other blighted areas of the City and to attract new businesses and residents. The governing board of the DDA is appointed by the City Council for fixed terms. The DDA has the complete authority to hire management and all other employees. There is no significant continuing relationship between the City and the DDA for carrying out day-to-day functions. The governing board of the URA is the City Council.

The DDA is a separate taxing body and levies taxes against the property owners within the designated development district and may hold referendums of its constituents. The DDA's levy and the levy of the City are independent of each other and are related only by the fact they are levied against a common tax base within the DDA's geographic boundaries. Property taxes from the DDA's levy are its primary revenue source. The URA's primary source of revenue is incrementing tax receipts based on the increased assessed valuation of taxes in the Urban Renewal Authority boundaries.

Note 1: Summary of Significant Accounting Policies (Continued)

Reporting Entity *(Continued)*

Because the DDA's governing board is appointed by the City and the budget and any amendments thereto are approved by the City, the DDA is reported as if it were part of the primary government. Similarly, since the URA's governing board is the City Council and the budget and any amendments thereto are approved by the City Council, the URA is reported as if it were part of the primary government.

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Note 1: Summary of Significant Accounting Policies (Continued)

<u>Measurement Focus, Basis of Accounting, and Financial Statement Presentation</u>
(Continued)

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 *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the 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 fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the 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:

> The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the City, except those accounted for in another fund.
>
> The *Street Improvement Fund* receives sales, use, and street impact revenues restricted for public works and street improvements.
>
> The *Parks and Recreation Fund* accounts for the operations of the City's parks and recreation programs. It is partially funded through a 1% sales and use tax assessment.
>
> The *Capital Improvement Program Fund* accounts for the operations of the City's Capital Improvement Projects.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Additionally, the City reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services.

The *Wastewater Fund* accounts for the financial activities associated with the provision of sewer services.

The *Sanitation Fund* accounts for the financial activities associated with the City's waste collection services.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The City considers all pooled cash and investments to be cash equivalents.

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

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

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses using the consumption method.

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure owned by the City, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Buildings and Improvements	10 - 50 years
Infrastructure	7 - 75 years
Water, Sewer and Storm Drainage Plants and Systems	30 - 50 years
Machinery and Equipment	5 - 10 years

Compensated Absences - Employees of the City are allowed to accumulate unused vacation and sick time depending on length of employment. Upon termination of employment from the City, an employee will be compensated for all accrued vacation time at their current rate of pay. Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements and the proprietary funds in the fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources - Deferred inflows of resources include property taxes earned but levied for a subsequent year. In addition, grants are not available as current financial resources are reported as deferred inflows in the governmental fund financial statements.

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. The City Council establishes a fund balance commitment through passage of an ordinance and is authorized to informally assign amounts to a specific purpose. The City has not established a formal policy for its use of restricted and unrestricted fund balances. However, if both restricted and unrestricted fund balances are available for a specific purpose, the City uses restricted amounts first, followed by committed, assigned and unassigned amounts.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attached as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Subsequent Events

We have evaluated subsequent events through July 13, 2026, the date the financial statements were available to be issued.

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2025, follows:

Petty Cash	$	5,883
Cash Deposits		1,810,792
Investments		53,788,015
Custodial		539,369
Total	$	56,144,059

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the City had bank deposits of $4,479,1000 collateralized with securities held by the financial institutions' agents but not in the City's name.

Investments

The City is required to comply with state statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which the City may invest, which include the following. Custodial risk is not addressed by State statutes.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed Investment Contracts (GICs)
- Certificates of Deposit

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

	S&P	Investment Maturities (in Years)		
	Rating	Less Than 1	1 - 5 Years	Total
U.S. Agency Bonds	AA+	$ -	$ -	$ -
U.S. Treasury Securities	AA+	5,754,671	8,157,131	13,911,802
Certificates of Deposit	n/a	1,020,137	-	1,020,137
Money Market Funds	n/a	9,270,652	-	9,270,652
Local Government Investment Pools	AAAm	29,585,424	-	29,585,424
Total		$ 45,630,884	$ 8,157,131	$ 53,788,015

Fair Value Measurements - The City reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1) inputs are quoted prices in active markets for identical investments; Level 2) inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3) inputs are unobservable inputs. At December 31, 2025, the City's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

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

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

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

	Rating	Total
U.S. Treasury Securities		
Federal Home Loan	AA+	7.9%
Federal Home Loan Bank Bond	AA+	3.3%
U.S. Treasury Securities		
U.S. Treasury Note	AA+	5.0%
Certificates of Deposit	N/A	1.8%
Money Market Funds		
Public Fund Money Market	AAAmmf	24.9%
Charles Schwab	AAAmmf	7.3%
Local Government Investment Pools		
COLOTRUST Prime	AAAm*	22.9%
CSAFE	AAAmmf	26.9%

Concentration of Credit Risk - State statutes do not limit the amount the City may invest in a single issuer of investment securities, except for corporate securities. At December 31, 2025, the City's investments in the following represented more than 5% of the City's total investments.

Local Government Investment Pools - At December 31, 2025, the City had $13,610,846 and $15,974,577 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. 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.

Note 3: Capital Assets

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

	Balance 12/31/24	Additions	Transfer	Deletions	Balance 12/31/25
Governmental Activities					
Capital Assets, *Not Being Depreciated:*					
Land	$ 4,541,719	$ -	$ -	$ -	$ 4,541,719
Construction in Progress	2,908,114	6,036,430	(6,475,980)	-	2,468,564
Total Capital Assets, *Not Being Depreciated*	7,449,833	6,036,430	(6,475,980)	-	7,010,283
Capital Assets, *Being Depreciated:*					
Buildings	19,242,941	-	-	-	19,242,941
Improvements	94,933,569	360,864	6,475,980	-	101,770,413
Equipment	5,609,125	309,878	-	-	5,919,003
Internal Service - Equipment	2,969,495	777,438	-	(69,340)	3,677,593
Lease Assets					
Equipment	965,739	-	-	(42,398)	923,341
Internal Service - Equipment	53,588	-	-	-	53,588
Subscription Assets	216,994	-	-	(4,038)	212,956
Total Capital Assets, *Being Depreciated*	123,991,451	1,448,180	6,475,980	(115,776)	131,799,835
Less Accumulated Depreciation:					
Buildings	(9,225,169)	(531,598)	-	-	(9,756,767)
Improvements	(53,188,404)	(2,584,968)	-	-	(55,773,372)
Equipment	(3,632,059)	(311,101)	-	-	(3,943,160)
Internal Service - Equipment	(2,113,724)	(417,651)	-	69,340	(2,462,035)
Lease Assets					
Equipment	(427,339)	(152,467)	-	-	(579,806)
Internal Service - Equipment	(35,397)	(11,799)	-	-	(47,196)
Subscription Assets	(70,655)	(32,321)	-	-	(102,976)
Total Accumulated Depreciation	(68,692,747)	(4,041,905)	-	69,340	(72,665,312)
Total Capital Assets, *Being Depreciated, net*	55,298,704	(2,593,725)	6,475,980	(46,436)	59,134,523
Governmental Activities Capital Assets, *net*	$ 62,748,537	$ 3,442,705	$ -	$ (46,436)	$ 66,144,806

Note 3: Capital Assets (Continued)

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

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Business-Type Activities					
Capital Assets, *Not Being Depreciated:*					
Land and improvements	$ 2,316,710	$ -	$ -	$ (356,343)	$ 1,960,367
Water Rights	651,352	-	-	-	651,352
Construction in Progress	1,322,967	8,379,231	(3,204,521)	-	6,497,677
Total Capital Assets, *Not Being Depreciated*	4,291,029	8,379,231	(3,204,521)	(356,343)	9,109,396
Capital Assets, *Being Depreciated:*					
Buildings	69,405,535	-	-	-	69,405,535
Improvements	45,811,428	1,072,857	3,204,521	-	50,088,806
Equipment	3,393,159	365,359	-	-	3,758,518
Lease Assets					
Equipment	101,636	-	-	-	101,636
Subscription Assets	107,617	-	-	-	107,617
Total Capital Assets, *Being Depreciated*	118,819,375	1,438,216	3,204,521	-	123,462,112
Less Accumulated Depreciation:					
Buildings	(25,886,413)	(1,832,988)	-	-	(27,719,401)
Improvements	(16,236,009)	(839,624)	-	-	(17,075,633)
Equipment	(2,028,146)	(151,789)	-	-	(2,179,935)
Lease Assets					
Equipment	(54,369)	(21,871)	-	-	(76,240)
Subscription Assets	(32,286)	(16,143)	-	-	(48,429)
Total Accumulated Depreciation	(44,237,223)	(2,862,415)	-	-	(47,099,638)
Total Capital Assets, *Being Depreciated* , *net*	74,582,152	(1,424,199)	3,204,521	-	76,362,474
Business-Type Activities Capital Assets, *net*	$ 78,873,181	$ 6,955,032	$ -	$ (356,343)	$ 85,471,870

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

Governmental Activities	Total
General Government	$ 414,887
Public Safety	153,245
Public Works	2,069,581
Cemetery	2,465
Parks and Recreation	873,753
Economic Development	98,524
	3,612,455
Internal Service - Equipment	429,450
Total	$ 4,041,905

Note 4: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Construction Loan	$ 3,559,745	$ -	$ (171,442)	$ 3,388,303	$ 177,256
Right-to-use Leases	563,649	-	(194,378)	369,271	188,769
Subscription Arrangements	137,525	-	(34,731)	102,794	61,970
Compensated Absences	603,240	165,530	(60,324)	708,446	-
Total	$ 4,864,159	$ 165,530	$ (460,875)	$ 4,568,814	$ 427,995

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

In December 2018, the City obtained a construction loan which allows the City to borrow up to $5,800,000, towards the pool renovation. The City was allowed to draw upon the loan through December 2020, at which time the loan converted into a term loan. The loan is due on December 1, 2040, with a maximum bi-annual payment of $144,588. Semi-annual payments are due on June 1 and December 1. Interest on the unpaid outstanding loan balance is at 3.3%. During the loan period, the City must maintain a cash deposit with the lender in a Debt Service Reserve Fund equal to 125% of the bi-annual principal and interest payable on the loan in the amount of $180,698.

The loan's principal and interest future maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 177,226	$ 111,890	$ 289,116
2027	183,205	105,911	289,116
2028	189,104	100,012	289,116
2029	195,766	93,350	289,116
2030-2034	1,082,251	363,329	1,445,580
2035-2039	1,277,645	167,935	1,445,580
2040	283,106	7,153	290,259
Total	$ 3,388,303	$ 949,580	$ 4,337,883

The City leases certain right-to-use equipment for governmental activities from various third parties with terms varying from 5 to 6 years. Monthly lease payments range from $25 to $1,284. As of December 31, 2025, the cost of the City's right-to-use equipment was $976,929 with accumulated amortization of $627,002.

Note 4: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

Future principal and interest requirements related to the City's right-to-use lease liabilities at December 31, 2024 are:

Year Ended December 31,	Principal	Interest	Total
2026	$ 189,078	$ 7,401	$ 196,479
2027	142,989	2,543	145,532
2028	37,204	137	37,341
Total	$ 369,271	$ 10,081	$ 379,352

The City has entered into software subscription agreements utilized for governmental activities from various third parties with terms ranging from 60 to 72 months. Monthly subscription payments range from $135 to $1,232. As of December 31, 2025, the cost of the City's software subscription agreements were $212,956 with accumulated amortization of $102,976.

Future principal and interest requirements related to the City's software subscription agreements at December 31, 2025 are:

Year Ended December 31,	Principal	Interest	Total
2026	$ 26,923	$ 2,967	$ 29,890
2027	27,678	2,212	29,890
2028	22,805	1,435	24,240
2029	13,712	778	14,490
2030-2034	11,676	394	12,070
Total	$ 102,794	$ 7,786	$ 110,580

Note 4: Long-Term Debt (Continued)

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2025:

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
2007 CWRPDA Loan - Wastewater	$ 4,610,664	$ -	$ (1,064,384)	$ 3,546,280	$ 1,096,032
Premium	127,616	-	(35,614)	92,002	-
2012 CWRPDA Loan - Water	11,506,964	-	(1,064,333)	10,442,631	1,096,032
2012 CWRPDA Loan - Water (Fed)	879,919	-	(102,483)	777,436	104,543
Premium	663,720	-	(69,258)	594,462	-
2015 Certificate of Participation - Water	3,120,000	-	(240,000)	2,880,000	250,000
Right-to-use Leases	116,349	-	(90,912)	25,437	13,791
Subscription Arrangements	169,788	-	(108,230)	61,558	31,421
Compensated Absences	17,598	4,398	-	21,996	1,133
Total	$ 21,212,618	$ 4,398	$ (2,775,214)	$ 18,441,802	$ 2,592,952

In May 2007, the City entered into a loan agreement with the Colorado Water Resource and Power Development Authority in the amount of $17,852,112. The proceeds were used to complete sewer improvements. The City has also recorded $747,848 of premiums that are being amortized over the life of the loan, with the remaining unamortized portion included in the note payable balance in the financial statements. The loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2028. The loan bears interest at 3.5% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3-month operations and maintenance reserve based on the subsequent years budgeted expenditures, or $386,484. The City has funded this reserve through the restriction of net position in the Wastewater Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement.

The loan's principal and interest future maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,096,032	$ 156,287	$ 1,252,319
2027	1,185,564	65,421	1,250,985
2028	1,264,684	-	1,264,684
Total	$ 3,546,280	$ 221,708	$ 3,767,988

In August 2012, the City entered into two loan agreements with the Colorado Water Resource and Power Development Authority in the amount of $23,858,367. The loans are comprised of $21,858,367 of regular CWRPDA financing and an additional $2,000,000 direct loan. The proceeds are to be used to complete water system improvements.

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

The City has also received the benefit of $1,523,671 of premiums related to the $21,858,367 CWRPDA debt issuance that are amortized over the life of the loan. The unamortized portions of the premiums are included in the note payable balance in the financial statements. Issuance costs of $382,038 were expensed during 2012. The $21,858,367 loan requires semi-annual principal and interest payments on February 1 and August 1 of each year through 2034 commencing in August 2012. The loan bears interest at 1.6% per annum, not including administrative fees. Pursuant to the loan agreement, the City was required to establish a 3-month operations and maintenance reserve based on the subsequent years budgeted expenditures or $608,678. The City has funded this reserve through the restriction of its net position balance in the Water Fund. The City believes it is in compliance with all required covenants and obligations called for by the loan agreement. All debt payments related to this loan are made by the Water Fund.

The loan's principal and interest future maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,076,497	$ 245,840	$ 1,322,337
2027	1,088,661	234,238	1,322,899
2028	1,100,825	223,077	1,323,902
2029	1,112,989	212,369	1,325,358
2030-2034	6,063,659	562,435	6,626,094
Total	$ 10,442,631	$ 1,477,959	$ 11,920,590

The $2,000,000 direct loan was previously a federally subsidized non-interest-bearing loan. However, in 2014, the project no longer qualified as green and, therefore, the loan did not qualify for a 0% interest rate. The new rate of 2% interest began accruing on August 1, 2014, with the first payment, at the new interest rate, due on February 1, 2015. The loan requires semi-annual principal payments of $50,000 on February 1 and August 1 of each year through 2032 commencing in February 2013. All debt payments related to this loan are made by the Water Fund.

The subsidized loan principal and interest future maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 104,543	$ 15,029	$ 119,572
2027	106,644	12,927	119,571
2028	108,788	10,784	119,572
2029	110,974	8,597	119,571
2030-2032	346,487	12,228	358,715
Total	$ 777,436	$ 59,565	$ 837,001

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

In 2015, the City issued $5,085,000 in certificates of participation for a water tank construction project. Principal payments are due semi-annually on June 1 and December 1. Principal payments started at $110,000 in 2015 and increase to $335,000 by 2035, at an interest rate of 3.13%. Payments are made by the Water Fund.

The 2015 Certificate of Participation principal and interest future maturities are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 250,000	$ 91,396	$ 341,396
2027	255,000	83,462	338,462
2028	265,000	75,576	340,576
2029	275,000	66,960	341,960
2030	280,000	199,246	479,246
2031-2035	1,555,000	3,521	1,558,521
Total	$ 2,880,000	$ 520,161	$ 3,400,161

The City leases certain right-to-use equipment for business-type activities from various third parties with terms varying from 5 to 6 years. Monthly lease payments range from $569 to $682. As of December 31, 2025, the cost of this right-to-use equipment was $101,636 with accumulated amortization of $76,240.

Future principal and interest requirements related to the City's right-to-use lease liabilities at December 31, 2024 are:

Year Ended December 31,	Principal	Interest	Total
2026	$ 14,116	$ 463	$ 14,579
2027	7,293	239	7,532
2028	4,028	42	4,070
Total	$ 25,437	$ 744	$ 26,181

The City has entered into a software subscription agreement utilized for business-type activities from a third party with a term of 36 months. Subscription payments are $1,475 per month. As of December 31, 2025, the cost of this software subscription agreements was $107,617 with accumulated amortization of $48,428.

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

Future principal and interest requirements related to the City's software subscription agreements at December 31, 2025 are:

Year Ended December 31,	Principal	Interest	Total
2026	$ 16,157	$ 1,543	$ 17,700
2027	16,623	1,077	17,700
2028	17,103	597	17,700
2029	11,675	125	11,800
Total	$ 61,558	$ 3,342	$ 64,900

Note 5: Interfund Transactions

The City has recorded the following routine transfers:

	Transfer In	Transfer Out
General Fund	$ 45,000	$ (788,506)
Parks and Recreation	644,883	(176,660)
Non-major Governmental Funds	62,000	(189,883)
Water Fund	-	(111,471)
Wastewater Fund	-	(50,695)
Sanitation Fund	567,332	(2,000)
Total	$ 1,319,215	$ (1,319,215)

Note 6: Pension Plan

The City provides pension benefits for all its full-time police officers through a defined contribution plan. The police officers contribute 8% of their compensation to the plan, which the City matches with a 12.51% contribution. The City's contributions for each employee (and interest allocated thereon) vest at the rate of 20% per year, after the first year, so that by the fifth year of participation, employees are 100% vested in all contributions made to the plan. During the year ended December 31, 2025, the City contributed $235,618 and the employees contributed $153,227 to the plan.

Note 6: Pension Plan (Continued)

All other full-time employees of the City are eligible to participate in a defined contribution pension plan established under the provisions of Section 401(a) of the Internal Revenue Code. In this defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan covers all full-time employees upon initial employment and who have attained the age of twenty-one. The City contributes 5% of compensation to the plan on behalf of each qualified employee. Employees may not make contributions to this plan. Employers' contributions vest at the rate of 20% per year, after the first year, so that by the fifth year of participation, employees are 100% vested in all contributions made to the plan. For the year ended December 31, 2025, the City contributed $284,835 to the plan. During the year ended December 31, 2025, there were unvested participant account balances totaling $0 which were forfeited and used to reduce County contributions.

The City offers a deferred compensation plan in accordance with Section 457(b) of the Internal Revenue Code. The plan permits employees to contribute a portion of their current salary, based upon limits prescribed in the Internal Revenue Code. The City contributes a match of up to 3% when an employee elects to participate in the plan. For the year ended December 31, 2025, the City made $166,538 in matching contributions to the plan.

Note 7: Risk-Related Activities

The City is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; and natural disasters. For risks related to property and liability, the City is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-20-115.5, 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 and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers. The City has not significantly changed its insurance coverage over the past three years, nor have settlements exceeded coverage during the same period.

The City carries commercial insurance for workers' compensation claims.

Note 8: Commitments and Contingencies

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The City is subject to the TABOR Amendment. Fiscal year 1992 provides the basis for limits in future years, to which may be applied allowable increases for inflation and property valuation. Revenue received in excess of the limitations may be required to be refunded unless the City's electorate vote to retain the revenue. The TABOR Amendment is subject to many interpretations, but the City believes it is in substantial compliance with the Amendment.

Litigation

From time to time, the City is involved in various litigation. Management believes the outcome of any litigation will not have a significant impact on the City's financial position.

Note 9: Rate Maintenance

The 2012 Colorado Water Resources and Power Development Authority (CWRPDA) water loan agreement, and the 2007 CWRPDA wastewater loan agreement required that Net Revenues shall represent a sum equal to 110% of the amount necessary to pay, when due, the principal and interest on the loans and any parity debt coming due.

Note 9: Rate Maintenance (Continued)

The computation of both the Water and Wastewater rate maintenance is as follows:

	Water Fund	Wastewater Fund
Revenues		
Operating Revenues	$ 4,588,317	$ 4,662,139
Sales & Use Taxes	2,979,558	-
System Improvement Fees	325,253	278,379
Investment Income	690,619	402,204
Cash in Lieu of Water Rights Fees	21,204	-
Other Revenues	(8,047)	-
Total Revenues	8,596,904	5,342,722
Expenses		
Operating Expenses	4,249,475	3,110,351
Less Depreciation	(1,727,916)	(1,134,499)
Net Expenses	2,521,559	1,975,852
Net Revenues	$ 6,075,345	$ 3,366,870
Debt Service Requirements (Parity and Subordinate)		
2007 CWRPDA Note Payable	$ -	$ 1,252,319
2012 CWRPDA - Interest Bearing	1,322,337	-
2012 CWRPDA - Federal	119,572	-
2015 Certificates of Participation	341,396	-
Debt Service Required	1,783,305	1,252,319
Required Coverage		
(Water at 100%, without System Improvement Fees)	110%	110%
Debt Service Coverage at 110%	$ 1,961,636	$ 1,377,551
Net Revenue Excess	$ 4,113,710	$ 1,989,319

Note 10: West Rifle Compost Facility Closure and Post-Closure Requirements

The City of Rifle is responsible for the West Rifle Compost Facility (Caca Loco) which is no longer operable. State and Federal laws and regulations require the City to take proper remediation steps and to perform certain maintenance and monitoring functions at the site. Closure and Post Closure costs of $92,396 have been recognized as operating expense and a corresponding liability will continue to be carried on the balance sheet. This amount is based on what it would cost to perform all closure and post closure care in 2025 and each year thereafter. Actual costs may be higher due to inflation, changes in technology or changes in regulations. The City is required by State and Federal laws and regulations to demonstrate financial assurance.

Note 10: West Rifle Compost Facility Closure and Post-Closure Requirements (Continued)

The City is in compliance with these requirements through the local government financial test.

Estimated total current cost of closure and post-closure care applicable to the West Rifle Compost Facility for 2025, reflected in the accompanying financial statements in accrued liabilities, are as follows:

Closure Costs	$ 65,851
Post Closure Costs - 5 years	26,545
Estimated Cost in 2025 Dollars for Closure and Post-Closure Costs	$ 92,396

Required Supplementary Information

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 9,172,942	$ 9,172,942	$ 9,640,833	$ 467,891
Licenses and Permits	175,300	175,300	284,832	109,532
Intergovernmental	2,001,916	2,036,916	1,600,019	(436,897)
Charges for Services	1,188,644	1,188,644	1,386,041	197,397
Interest Income	552,769	552,769	563,293	10,524
Miscellaneous	240,343	240,343	393,495	153,152
Total Revenues	13,331,914	13,366,914	13,868,513	501,599
Expenditures				
General Government	5,413,965	5,413,965	5,227,022	186,943
Public Safety	4,912,709	4,912,709	4,549,243	363,466
Public Works	2,394,500	2,394,500	2,113,767	280,733
Parks and Recreation	716,053	822,226	809,253	12,973
Economic Development	-	-	-	-
Capital Outlay	47,270	47,270	232,763	(185,493)
Debt Service				
Principal	6,240	6,240	29	6,211
Interest and Fiscal Charges	-	-	15,533	(15,533)
Total Expenditures	13,490,737	13,596,910	12,947,610	649,300
Excess Revenues Over (Under) Expenditures	(158,823)	(229,996)	920,903	1,150,899
Other Financing Sources (Uses)				
Proceeds from the Sale of Assets	-	-	66,365	66,365
Transfers In	35,000	35,000	45,000	10,000
Transfers Out	(1,120,000)	(1,120,000)	(788,506)	331,494
Total Other Financing Sources (Uses)	(1,085,000)	(1,085,000)	(677,141)	407,859
Change in Fund Balance	(1,243,823)	(1,314,996)	243,762	1,558,758
Fund Balance, *Beginning of Year*	14,001,972	14,001,972	14,001,972	-
Fund Balance, *End of Year*	$ 12,758,149	$ 12,686,976	$ 14,245,734	$ 1,558,758

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 1,846,571	$ 1,846,571	$ 1,986,371	$ 139,800
Licenses and Permits	242,985	242,985	246,926	3,941
Intergovernmental	6,989,793	6,989,793	2,202,387	(4,787,406)
Investment Income	268,209	268,209	351,314	83,105
Total Revenues	9,347,558	9,347,558	4,786,998	(4,560,560)
Expenditures				
Public Works	295,627	295,627	143,098	152,529
Capital Outlay	11,925,079	9,175,000	4,033,840	5,141,160
Total Expenditures	12,220,706	9,470,627	4,176,938	5,293,689
Excess Revenues Over (Under) Expenditures	(2,873,148)	(123,069)	610,060	733,129
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balance	(2,873,148)	(123,069)	610,060	733,129
Fund Balance, *Beginning of Year*	8,033,976	8,033,976	8,033,976	-
Fund Balance, *End of Year*	$ 5,160,828	$ 7,910,907	$ 8,644,036	$ 733,129

City of Rifle, Colorado
Budgetary Comparison Schedule
Parks and Recreation Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 3,693,143	$ 3,693,143	$ 3,972,744	$ 279,601
Intergovernmental	378,011	377,971	254,453	(123,518)
Charges for Services	481,600	481,600	567,885	86,285
Interest Income	129,839	129,839	134,627	4,788
Other	1,000	1,000	6,340	5,340
Total Revenues	4,683,593	4,683,553	4,936,049	252,496
Expenditures				
Parks and Recreation	4,764,373	4,764,373	5,468,565	(704,192)
Capital Outlay	267,500	4,267,500	137,857	4,129,643
Debt Service				
Principal	171,442	171,442	171,442	-
Interest and Fiscal Charges	117,674	117,674	126,637	(8,963)
Total Expenditures	5,320,989	9,320,989	5,904,501	3,416,488
Excess Revenues Over (Under) Expenditures	(637,396)	(4,637,436)	(968,452)	3,668,984
Other Financing Sources (Uses)				
Transfers In	530,000	530,000	644,883	114,883
Transfers Out	(184,000)	(184,000)	(176,660)	7,340
Total Other Financing Sources (Uses)	346,000	346,000	468,223	122,223
Net Change in Fund Balance	(291,396)	(4,291,436)	(500,229)	3,791,207
Fund Balance, *Beginning of Year*	3,461,209	3,461,209	3,461,209	-
Fund Balance, *End of Year*	$ 3,169,813	$ (830,227)	$ 2,960,980	$ 3,791,207

City of Rifle, 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, which has no operations other than depreciation expense. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP), except for certain interfund transactions that are reported as revenues and expenditures on the budgetary basis but not the GAAP basis of accounting. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures and depreciation and amortization are not budgeted.

The City adheres to the following procedures to establish the budgetary information reflected in the financial statements:

- By October 15, 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 by the City Council to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the City Council.
- All appropriations lapse at the end of each fiscal year.

Combining and Individual Fund Statements and Schedules

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

	Conservation Trust	Visitor Improvement	Downtown Development	Tourism and Industry	Urban Renewal Authority	Perpetual Care Fund	Totals
Assets							
Cash and Investments	$ 395,087	$ 498,785	$ 106,469	$ 58,557	$ 464,663	$ 375,726	$ 1,899,287
Accounts Receivable	-	-	-	6,454	-	-	6,454
Taxes Receivable	-	12,877	361	27,502	-	-	40,740
Property Taxes Receivable	-	-	59,976	-	-	-	59,976
Total Assets	$ 395,087	$ 511,662	$ 166,806	$ 92,513	$ 464,663	$ 375,726	$ 2,006,457
Liabilities							
Accounts Payable	$ -	$ -	$ 2,576	$ (1,710)	$ 975	$ -	$ 1,841
Deposit	-	-	-	1,500	-	-	1,500
Total Liabilities	-	-	2,576	(210)	975	-	3,341
Deferred Inflows of Resources							
Property Taxes	-	-	59,976	-	-	-	59,976
Fund Balances							
Nonspendable:							
Cemetery Perpetual Care	-	-	-	-	-	375,726	375,726
Restricted For:							
Parks and Recreation	395,087	-	-	-	-	-	395,087
Assigned For:							
Economic Development	-	511,662	104,254	92,723	463,688	-	1,172,327
Total Fund Balances	395,087	511,662	104,254	92,723	463,688	375,726	1,943,140
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 395,087	$ 511,662	$ 166,806	$ 92,513	$ 464,663	$ 375,726	$ 2,006,457

City of Rifle, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Conservation Trust	Visitor Improvement	Downtown Development	Tourism and Industry	Urban Renewal Authority	Perpetual Care Fund	Totals
Revenues							
Taxes	$ -	$ 222,248	$ 51,765	$ 270,516	$ 153,501	$ -	$ 698,030
Intergovernmental	127,424	8,176	-	-	-	-	135,600
Charges for Services	-	4,723	-	304,783	-	15,750	325,256
Investment Income	16,581	19,777	4,580	5,308	16,865	13,391	76,502
Other	-	5,000	-	1,025	-	-	6,025
Total Revenues	144,005	259,924	56,345	581,632	170,366	29,141	1,241,413
Expenditures							
Economic Development	-	50,712	68,579	813,759	21,150	-	954,200
Capital Outlay	-	175,238	915	18,469	-	-	194,622
Total Expenditures	-	225,950	69,494	832,228	21,150	-	1,148,822
Excess of Revenues Over (Under) Expenditures	144,005	33,974	(13,149)	(250,596)	149,216	29,141	92,591
Other Financing Sources (Uses)							
Transfers In	-	-	7,000	55,000	-	-	62,000
Transfers Out	(114,883)	(75,000)	-	-	-	-	(189,883)
Total Other Financing Sources (Uses)	(114,883)	(75,000)	7,000	55,000	-	-	(127,883)
Net Change in Fund Balances	29,122	(41,026)	(6,149)	(195,596)	149,216	29,141	(35,292)
Fund Balances, *Beginning of Year*	365,965	552,688	110,403	288,319	314,472	346,585	1,978,432
Fund Balances, *End of Year*	$ 395,087	$ 511,662	$ 104,254	$ 92,723	$ 463,688	$ 375,726	$ 1,943,140

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Investment Income	$ 80,930	$ 80,930	$ 75,571	$ (5,359)
Total Revenues	80,930	80,930	75,571	(5,359)
Expenditures				
Capital Outlay	352,500	352,500	128,493	224,007
Total Expenditures	352,500	352,500	128,493	224,007
Net Change in Fund Balance	(271,570)	(271,570)	(52,922)	218,648
Fund Balance, *Beginning of Year*	1,937,002	1,937,002	1,937,002	-
Fund Balance, *End of Year*	$ 1,665,432	$ 1,665,432	$ 1,884,080	$ 218,648

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Intergovernmental	$ 140,000	$ 140,000	$ 127,424	$ (12,576)
Investment Income	9,503	9,503	16,581	7,078
Total Revenues	149,503	149,503	144,005	(5,498)
Expenditures				
Capital Outlays	270,000	270,000	-	270,000
Excess Revenues Over (Under) Expenditures	(120,497)	(120,497)	144,005	264,502
Other Financing Sources (Uses)				
Transfers Out	-	-	(114,883)	(114,883)
Total Other Financing Sources (Uses)	-	-	(114,883)	(114,883)
Net Change in Fund Balance	(120,497)	(120,497)	29,122	149,619
Fund Balance, *Beginning of Year*	365,965	365,965	365,965	-
Fund Balance, *End of Year*	$ 245,468	$ 245,468	$ 395,087	$ 149,619

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 251,031	$ 251,031	$ 222,248	$ (28,783)
Charges for Services	3,000	3,000	4,723	1,723
Intergovernmental	-	-	13,176	13,176
Investment Income	19,408	19,408	19,777	369
Total Revenues	273,439	273,439	259,924	(13,515)
Expenditures				
Economic Development	82,321	82,321	50,712	31,609
Capital Outlays	132,000	244,854	175,238	69,616
Total Expenditures	214,321	327,175	225,950	101,225
Excess Revenues Over (Under) Expenditures	59,118	(53,736)	33,974	87,710
Other Financing Sources (Uses)				
Transfers Out	(65,000)	(65,000)	(75,000)	(10,000)
Total Other Financing Sources (Uses)	(65,000)	(65,000)	(75,000)	(10,000)
Net Change in Fund Balance	(5,882)	(118,736)	(41,026)	77,710
Fund Balance, *Beginning of Year*	552,688	552,688	552,688	-
Fund Balance, *End of Year*	$ 546,806	$ 433,952	$ 511,662	$ 77,710

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 58,860	$ 58,860	$ 51,765	$ (7,095)
Intergovernmental	500	500	-	(500)
Investment Income	4,996	4,996	4,580	(416)
Total Revenues	64,356	64,356	56,345	(8,011)
Expenditures				
Economic Development	65,447	65,447	68,579	(3,132)
Capital Outlay	5,200	5,200	915	4,285
Total Expenditures	70,647	70,647	69,494	1,153
Excess of Revenues Over (Under) Expenditures	(6,291)	(6,291)	(13,149)	(6,858)
Other Financing Sources (Uses)				
Transfers In	7,000	7,000	7,000	-
Total Other Financing Sources (Uses)	7,000	7,000	7,000	-
Net Change in Fund Balance	709	709	(6,149)	(6,858)
Fund Balance, *Beginning of Year*	110,403	110,403	110,403	-
Fund Balance, *End of Year*	$ 111,112	$ 111,112	$ 104,254	$ (6,858)

City of Rifle, Colorado
Budgetary Comparison Schedule
Tourism and Industry Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 251,515	$ 251,515	$ 270,516	$ 19,001
Charges for Services	262,951	347,951	304,783	(43,168)
Investment Income	20,692	20,692	5,308	(15,384)
Other	42,000	42,000	1,025	(40,975)
Total Revenues	577,158	662,158	581,632	(80,526)
Expenditures				
Economic Development	729,739	839,739	813,759	25,980
Capital Outlay	10,000	10,000	18,469	(8,469)
Total Expenditures	739,739	849,739	832,228	17,511
Excess Revenues Over (Under) Expenditures	(162,581)	(187,581)	(250,596)	(63,015)
Other Financing Sources (Uses)				
Transfers In	-	-	55,000	55,000
Total Other Financing Sources (Uses)	-	-	55,000	55,000
Net Change in Fund Balance	(162,581)	(187,581)	(195,596)	(8,015)
Fund Balance, *Beginning of Year*	288,319	288,319	288,319	-
Fund Balance, *End of Year*	$ 125,738	$ 100,738	$ 92,723	$ (8,015)

City of Rifle, Colorado

Budgetary Comparison Schedule
Urban Renewal Authority Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 235,000	$ 235,000	$ 153,501	$ (81,499)
Investment Income	3,007	3,007	16,865	13,858
Total Revenues	238,007	238,007	170,366	(67,641)
Expenditures				
Economic Development	20,000	35,000	21,150	13,850
Total Expenditures	20,000	35,000	21,150	13,850
Net Change in Fund Balance	218,007	203,007	149,216	(53,791)
Fund Balance, *Beginning of Year*	314,472	314,472	314,472	-
Fund Balance, *End of Year*	$ 532,479	$ 517,479	$ 463,688	$ (53,791)

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

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 15,000	$ 15,750	$ 750
Investment Income	13,808	13,391	(417)
Total Revenues	28,808	29,141	333
Expenditures			
Perpetual Care	5,000	-	5,000
Total Expenditures	5,000	-	5,000
Net Change in Fund Balance	23,808	29,141	5,333
Fund Balance, *Beginning of Year*	346,585	346,585	-
Fund Balance, *End of Year*	$ 370,393	$ 375,726	$ 5,333

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 5,990,372	$ 5,990,372	$ 3,976,943	$ (2,013,429)
Sale of Meters	25,000	25,000	34,807	9,807
Other - Operating	540,110	540,110	576,567	36,457
Sales and Use Taxes	2,769,858	2,769,858	2,979,558	209,700
Investment Income	719,486	719,486	690,619	(28,867)
Other - Nonoperating	20,000	20,000	(8,047)	(28,047)
System Improvement Fees	175,000	175,000	325,253	150,253
Cash in Lieu of Fees	25,000	25,000	21,204	(3,796)
Transfers In	-	-	-	-
Total Revenues	10,264,826	10,264,826	8,596,904	(1,667,922)
Expenditures				
Personal Services	1,113,800	1,113,800	1,057,752	56,048
Supplies	98,500	153,500	105,327	48,173
Purchased Services	1,373,294	1,473,294	950,183	523,111
Other Expenses	1,200	1,200	1,013	187
Management Fees	171,418	171,418	171,418	-
Fleet Maintenance	100,364	100,364	100,364	-
Information Technology Maintenance	137,411	137,411	137,411	-
Small Equipment Purchases	21,852	21,852	(1,909)	23,761
Capital Outlays	6,647,501	9,077,259	8,637,974	439,285
Interest Expense	304,793	304,793	301,325	3,468
Debt Principal Payments	1,406,816	1,406,816	1,169,205	237,611
Transfers Out	110,000	110,000	111,471	(1,471)
Total Expenditures	11,486,949	14,071,707	12,741,534	1,330,173
Change in Net Position - Budgetary Basis	$ (1,222,123)	$ (3,806,881)	(4,144,630)	$ (337,749)
Adjustments to GAAP Basis				
Capital Outlay			8,637,974	
Debt Principal Payments			1,169,205	
Depreciation			(1,727,916)	
Change in Net Position			3,934,633	
Fund Balance, *Beginning of Year*			59,181,471	
Fund Balance, *End of Year*			$ 63,116,104	

City of Rifle, Colorado
Budgetary Comparison Schedule
Wastewater Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 4,740,253	$ 4,740,253	$ 4,648,917	$ (91,336)
Investment Income	354,852	354,852	375,440	20,588
Other - Nonoperating	-	-	26,764	26,764
System Improvement Fees	250,000	250,000	278,379	28,379
Miscellaneous	-	-	13,222	13,222
Total Revenues	5,345,105	5,345,105	5,342,722	(2,383)
Expenditures				
Personal Services	723,761	723,761	674,672	49,089
Supplies	192,384	192,384	171,542	20,842
Purchased Services	1,195,995	1,197,995	637,225	560,770
Other Expense	-	-	(1,702)	1,702
Management Fees	105,238	105,238	105,238	-
Fleet Maintenance	55,211	55,211	55,211	-
Information Technology Maintenance	52,414	52,414	52,414	-
Small Equipment Purchase	-	-	281,252	(281,252)
Capital Outlays	1,999,614	501,077	872,084	(371,007)
Interest Expense	154,923	154,923	136,950	17,973
Debt Principal Payments	1,064,384	1,064,384	1,064,384	-
Transfers Out	50,000	50,000	50,695	(695)
Total Expenditures	5,593,924	4,097,387	4,099,965	(2,578)
Change in Net Position - Budgetary Basis	$ (248,819)	$ 1,247,718	1,242,757	$ (4,961)
Adjustments to GAAP Basis				
Capital Outlay			872,084	
Gain(Loss) on Sale of Assets			(48,954)	
Debt Principal Payments			1,064,384	
Depreciation			(1,134,499)	
Change in Net Position			1,995,772	
Fund Balance, *Beginning of Year*			27,980,004	
Fund Balance, *End of Year*			$ 29,975,776	

City of Rifle, Colorado
Budgetary Comparison Schedule
Sanitation Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Charges for Services	$ 1,042,941	$ 1,042,941	$ 945,098	$ (97,843)
Other - Operating	1,000	1,000	17,211	16,211
Investment Income	10,452	10,452	8,113	(2,339)
Total Revenues	1,054,393	1,054,393	970,422	(83,971)
Expenditures				
Personal Services	23,711	23,711	21,994	1,717
Purchased Services	960,000	960,000	937,893	22,107
Other Expenses	100	100	-	100
Management Fees	36,917	36,917	36,917	-
Information Technology Maintenance	1,417	1,417	1,417	-
Total Expenditures	1,022,145	1,022,145	998,221	23,924
Revenues Over (Under) Expenditures	32,248	32,248	(27,799)	(60,047)
Transfers				
Transfers Out	(2,000)	(2,000)	(2,000)	-
Change in Net Position - Budgetary Basis	$ 30,248	$ 30,248	(29,799)	$ (60,047)
Change in Net Position			(29,799)	
Fund Balance, *Beginning of Year*			276,271	
Fund Balance, *End of Year*			$ 246,472	

State Compliance

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: City of Rifle, CO	PREPARED BY: Scott Rust srust@rifleco.org	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	351,312.00
b. Non-property Taxes and Assessments Imposts	2,820,545.00	b. Other Misc. Local Receipts	964,976.00
c. Total (a + b)	$ 2,820,545.00	**c. Total (a + b)**	$ 1,316,288.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	395,977.00	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	85,539.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	1,148,610.00		
c. Total (a + b)	$ 1,148,610.00		
4. Total (1 + 2 + 3c)	$ 1,544,587.00	**3. Total (1 + 2)**	$ 85,539.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	537,997.00
c. Construction Costs	3,608,305.00
d. Total Capital Outlay (a+ b + c)	$ 4,146,302.00

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	3,432,398.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 2,820,545.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 1,316,288.00
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 7,569,231.00
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 1,544,587.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 85,539.00
E. Total receipts (A.7 + B + C + D)	$ 9,199,357.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 4,146,302.00
2. Maintenance:	1,818,784.00
3. Road and Street Services:	
a. Snow and Ice Removal	39,921.00
b. Other & Traffic Control Operations	239,413.00
c. Total (a + b)	$ 279,334.00
4. General Administration & Miscellaneous	276,085.00
5. Highway Law Enforcement and Safety	1,772,015.00
6. Total (1 through 5)	$ 8,292,520.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 8,292,520.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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