

Cortez City Sales Tax Media Release

December 10, 2025

FOR IMMEDIATE RELEASE

CITY DETAILS RECREATION SALES TAX ANALYSIS; NO FRAUD; ACKNOWLEDGES OVERCOLLECTION; CONSIDERING OPTIONS

Cortez, CO. – At the City Council Meeting on Tuesday, December 9, 2025, City Manager Drew Sanders provided the City Council with the results from an analysis he completed on the Recreation Center Sales Tax collection issue first shared with the City Council in October.

Manager Sanders began by acknowledging that the funds had been over-collected since 2022. The total amount over collected is projected to be \$2,844,896. This is made up of \$2,114,830.45 from 2022-2024, and \$730,066 projected for 2025. Randy Bailey, the City's Finance Director stated "Years 2022-2024 are from our third-party audited financial records, and 2025 is our projection that will be confirmed after the fiscal year closes in early 2026."

Sanders stated that there is no fraud and that funds are currently in the Recreation Center Enterprise Fund. He said that "every penny collected is accounted for and used for the intended purpose." These funds have been used to complete recent emergency repairs to pool boilers and water-heating systems, as well as for much-needed repairs and deferred maintenance in 2026.

The overcollection occurred after voters approved the Recreation Center Sales Tax extension (from the 2001 original initiation) in 2018, but a city ordinance necessary to change the tax rate with the state was never passed. Sanders discovered the issue earlier this year while investigating whether the Recreation Center Tax funds could support other park needs. While using Recreation Center Sales Tax funds was not found to be an appropriate solution for other department needs, the analysis revealed the 2018 ballot language calling for a reduction in the sales tax.

The 2018 ballot language was similar to the original ballot question that initiated the sales tax in 2001, calling for the tax rate to be reduced by .20% to .35% after the Recreation Center construction bond was paid off, or no later than December 31, 2021. The bond was not initiated until 2002, and had a 20-year pay-off; the final payment was made in 2022.

"It seems pretty clear that the original intent was that the sales tax change date was to occur December 31, 2021, or when the bond was paid off, whichever came first. For our analysis, we used December 31, 2021, as the intended change date since that is the higher standard," Sanders said.

City Manager Sanders summarized, "There was no fraud, all funds are accounted for in the Recreation Center Enterprise Fund, and we are seeking legal advice that will assist in determining future options. We take our financial stewardship responsibility very seriously. We have addressed the most pressing issue, adjusting the sales tax rate. More legal analysis is needed here. Although we want to move forward as expeditiously as possible, we must to ensure that options are grounded on a sound legal basis so we can avoid preventable legal and procedural errors", Sanders concluded.

Parks and Recreation Director Creighton Wright shared, "This is an unfortunate issue. I am disappointed that we are having to address it. It feels like we have finally gotten the Recreation Center back on track after dealing with staffing shortages and ongoing infrastructure failures that have led to closures and impacts on the community. With leadership from City Manager Sanders, and guidance from Finance Director Randy Bailey and Attorney Patrick Coleman, I am confident that we will move past this, and continue to build the community's confidence to make the Recreation Center the hub of community health, wellness, and socialization we want it to be."

Upon receiving the presentation, City Council members asked questions about how best to move forward. They were interested in understanding possible options and the financial picture of the Recreation Center Enterprise Fund. The City Manager confirmed that the over-collected funds are currently in the Recreation Center Enterprise Fund. He also shared that he would have a detailed conversation with our special legal counsel to understand and discuss options during the next several weeks.