Town of Ault, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

Town of Ault, Colorado
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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the Board of Trustees
Town of Ault, Colorado
Ault, Colorado

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 Town'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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Emphasis of Matter

We draw your attention to Note 9 to the financial statements, which describes the restatement of the net position as of December 31, 2024 for a correction of an error involving the recording of capital assets. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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 Town'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 Town'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.

Other Matters

Required Supplementary Information

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

Other Information

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

Hinkle & Company, PC

Englewood, Colorado
July 30, 2026

Town of Ault, Colorado

Management's Discussion and Analysis
December 31, 2025

The discussion and analysis of the Town of Ault's financial performance provides an overall review of the Town's financial activities for the year ended December 31, 2025. The intent of this discussion and analysis is to look at the Town's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the Town's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments, issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

The Town of Ault's overall net position increased by $162,494 with its governmental net position increasing by $24,766 and business-type net position increasing by $137,728 for the year, with the increase mainly due to the new building developments.

- The assets of the Town exceeded its liabilities at the close of fiscal year 2025 by $26,052,846 *(net position).* Of this amount, $12,076,092 *(unrestricted net position)* may be used to meet the Town's ongoing obligations or unforeseen expenses.

- At the end of 2025, the unrestricted net position for the governmental funds was $6,805,574 and proprietary funds (business-type activities) were $5,270,518.

- As of the close of fiscal year 2025, the Town's General Fund reported an ending fund balance of $7,142,701 compared to the fiscal year 2024 balance of $6,291,797.

- General Fund 2025 revenues increased by $1,047,283 to $3,686,425.

- General Fund expenditures increased in 2025 by $540,480 to $2,920,521.

Using the Basic Financial Statements

The Basic Financial Statements consists of the Management's Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Town of Ault as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. Both provide long and short-term information about the Town's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the Town's operations in more detail. The governmental fund statements tell how general Town services were financed in the short term as well as what remains for future spending. The Town has two major governmental funds, the General Fund and the Street Systems Fund.

Proprietary fund statements offer short and long-term financial information about the activities that the Town operates as a business. The Town operates two proprietary funds as follows:

- Water Fund
- Sanitation Fund

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Financial Analysis of the Town as a Whole

The Town's total net position was $26,052,846 as of December 31, 2025, compared to $24,917,393 as of December 31, 2024. This represents an increase of $1,135,453.

Government-Wide Financial Statements

The government-wide statements report information about the Town as a whole using accounting methods similar to those used by private businesses. The statements of net position include all the government's assets and liabilities. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the Town's net position and how they have changed. The change in net position is important because it tells the reader that for the Town as a whole, the financial position of the Town has improved or diminished. The causes of this change may be the result of various factors, some financial, some not. Non-financial factors include facility conditions, and state or federal government required programs.

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues *(Governmental Activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges *(Business-type Activities).* The Governmental Activities of the Town include: general government, public safety (police), public works, parks and recreation, and health and welfare. The Business-type Activities of the Town of Ault consists of water and sanitation services.

Net Position

Net position might serve over time as a useful indicator of a government's financial position. In the case of the Town of Ault, assets exceeded liabilities by approximately $15.7 million overall at the close of 2025.

Net position of the Town as of December 31 was as follows:

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
ASSETS						
Current and Other Assets	$ 8,982,580	$ 8,062,506	$ 5,623,315	$ 5,163,418	$ 14,605,895	$ 13,225,924
Capital Assets, net	2,484,054	2,702,342	11,233,365	10,819,565	13,717,419	13,521,907
Total Assets	11,466,634	10,764,848	16,856,680	15,982,983	28,323,314	26,747,831
DEFERRED OUTFLOWS	412,713	542,052	-	-	412,713	542,052
LIABILITIES						
Current Liabilities	235,713	76,343	102,348	64,241	338,061	140,584
Non-Current Liabilities	327,859	117,208	1,041,041	1,224,467	1,368,900	1,341,675
Total Liabilities	563,572	193,551	1,143,389	1,288,708	1,706,961	1,482,259
DEFERRED OUTFLOWS	976,220	890,231	-	-	976,220	890,231
NET POSITION						
Net Investment in Capital Assets	2,043,011	2,595,738	10,221,887	9,624,661	12,264,898	12,220,399
Restricted Net Position	1,490,970	1,581,989	220,886	220,886	1,711,856	1,802,875
Unrestricted	6,805,574	6,045,391	5,270,518	4,848,728	12,076,092	10,894,119
Total Net Position	$ 10,339,555	$ 10,223,118	$ 15,713,291	$ 14,694,275	$ 26,052,846	$ 24,917,393

The statement of net position reflects a cash position totaling $14,605,895 of total assets. As well in the Town's resources, $13.7 million are invested in capital assets. These assets consist of land and improvements, buildings, equipment, and utility system assets. The remaining assets represent receivables.

The Town of Ault uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Ault's investment in its capital assets is reported net of related debt, it should be noted that the funds needed to repay this debt must be provided from other sources since; in general, the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Changes in Net Position

Governmental activities increased the Town of Ault's net position by $116,437.
Business activities increased the Town's net position by $1,019,016.

A summary of the changes in net position is as follows:

Condensed Statement of Activities

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
PROGRAM REVENUES						
Charges for Services	$ 1,222,275	$ 587,113	$ 2,225,710	$ 2,054,856	$ 3,447,985	$ 2,641,969
Operating Grants and Contributions	212,972	251,896	-	-	212,972	251,896
Capital Grants and Contributions	-	-	130,944	-	130,944	-
Total Program Revenues	1,435,247	839,009	2,356,654	2,054,856	3,791,901	2,893,865
GENERAL REVENUES:						
Taxes	2,422,404	1,506,615	-	-	2,422,404	1,506,615
Other General Revenues	279,197	488,978	475,397	133,153	754,594	622,131
Total General Revenues	2,701,601	1,995,593	475,397	133,153	3,176,998	2,128,746
Total Revenue	4,136,848	2,834,602	2,832,051	2,188,009	6,968,899	5,022,611
PROGRAM EXPENSES						
General Government	580,570	530,878	-	-	580,570	530,878
Public Safety	2,068,274	1,978,720	-	-	2,068,274	1,978,720
Public Works	918,105	704,092	-	-	918,105	704,092
Parks and Recreation	218,262	212,196	-	-	218,262	212,196
Health & Welfare	88,680	58,702	-	-	88,680	58,702
Economic Development	238,191	4,324	-	-	238,191	4,324
Water Operations	-	-	1,380,635	1,839,433	1,380,635	1,839,433
Sanitation Operations	-	-	1,313,688	1,247,956	1,313,688	1,247,956
Total Program Expense	4,112,082	3,488,912	2,694,323	3,087,389	6,806,405	6,576,301
CHANGE IN NET POSITION	24,766	(654,310)	137,728	(899,380)	162,494	(1,553,690)
NET POSITION, Beginning of Year	10,223,118	10,786,505	14,694,275	15,609,725	24,917,393	26,396,230
RESTATEMENT	91,671	90,923	881,288	(16,070)	972,959	74,853
NET POSITION, Beginning of Year	10,314,789	10,877,428	15,575,563	15,593,655	25,890,352	26,471,083
NET POSITION, End of Year	$ 10,339,555	$ 10,223,118	$ 15,713,291	$ 14,694,275	$ 26,052,846	$ 24,917,393

For 2025, the Town's Governmental Activities show an increase of $1,302,246 in total revenues and an increase of $623,170 in expenses, resulting in an increase in net position of $24,766 over 2024. The Business-type Activities show an increase of $644,042 in revenues and a decrease of $393,066 in expenses resulting in an increase in net position of $1,135,453 over 2024.

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town's governmental fund is to provide information on near-term inflows, outflows, and balance of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the year.

General Fund - The General Fund went from a fund balance of $6,291,797 to $7,142,701. This increase in fund balance has improved significantly from 2024.

Proprietary Funds - Proprietary funds have historically operated as enterprise funds using the same basis of accounting as business-type activities; therefore, these statements will essentially match the information provided in the statements for the business-type activities of the Town as a whole. The proprietary fund statements, however, will provide a greater level of detail than the information found in the government-wide statements.

Water Fund - The net position increased by $1,094,149 in 2025, compared to a decrease of $681,254 in 2024, due to the inflows of impact fees from new construction.

Sanitation Fund - The net position decreased by $75,133 in 2025, compared to the decrease of $218,126 in 2024, due to the restatement of 2024 net position as stated in Note 9.

Capital Assets

Approximately 18% of the Town's capital assets support governmental activities. The majority of the value is invested in land, buildings, infrastructure, and improvements.

Approximately 82% of the Town's capital assets support business-type activities.

Governmental Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Capital Assets Not Being Depreciated				
Land and Improvements	$ 219,806	$ 1,000	$ -	$ 220,806
Construction in Progress	16,644	-	-	16,644
Total Capital Assets Not Being Depreciated	236,450	1,000	-	237,450
Capital Assets Being Depreciated				
Buildings and Improvements	367,736	23,126	(34,600)	356,262
Land Improvements	527,338	-	-	527,338
Vehicles and Equipment	927,175	191,890	-	1,119,065
Infrastructure	3,635,653	-	-	3,635,653
Total Capital Assets Being Depreciated	5,457,902	215,016	(34,600)	5,638,318
Less Accumulated Depreciation for				
Buildings and Improvements	(220,435)	(11,767)	34,600	(197,602)
Land Improvements	(369,182)	(10,109)	-	(379,291)
Vehicles and Equipment	(296,156)	(75,087)	-	(371,243)
Infrastructure	(2,014,566)	(429,012)	-	(2,443,578)
Total Accumulated Depreciation	(2,900,339)	(525,975)	34,600	(3,391,714)
Total Capital Assets Being Depreciated, Net	2,557,563	(310,959)	-	2,246,604
Government Type Activities, Capital Assets, Net	$ 2,794,013	$ (309,959)	$ -	$ 2,484,054

The Town's business-type activities capital assets consist of investments in its utility systems and related equipment.

Business Type Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Capital Assets Not Being Depreciated				
Land	$ 15,338	$ -	$ -	$ 15,338
Water Rights	5,443,266	-	-	5,443,266
Total Capital Assets Not Depreciated	5,458,604	-	-	5,458,604
Capital Assets Being Depreciated				
Water and Sewer Systems	10,473,116	367,347	-	10,840,463
Equipment	357,750	103,940	-	461,690
Total Capital Assets Being Depreciated	10,830,866	471,287	-	11,302,153
Less Accumulated Depreciation for				
Water and Sewer Systems	(4,985,493)	(364,718)	-	(5,350,211)
Equipment	(74,412)	(102,769)	-	(177,181)
Total Accumulated Depreciation	(5,059,905)	(467,487)	-	(5,527,392)
Total Capital Assets Being Depreciated, Net	5,770,961	3,800	-	5,774,761
Business Type Activities, Capital Assets, Net	$ 11,229,565	$ 3,800	$ -	$ 11,233,365

The Town's Governmental Activities reported depreciation expense of $525,975 in the Government-Wide Financial Statements. The Town's Business-Type Activities reported $467,487 in depreciation expense allocated to the Water and Sanitation Funds at $364,718 and $102,769, respectively.

Long-Term Debt

The Town's governmental and business-type activities for long-term debt consist of various capital leases, loans and notes payable that were used for capital asset acquisition and system improvements. Long-term debt transactions for the year were as follows:

Governmental Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
Leases - Equipment	$ 51,281	$ 305,701	$ (95,050)	$ 261,932	$ 79,147
Compensated Absences	65,927	-	-	65,927	-
Total	$ 117,208	$ 305,701	$ (95,050)	$ 327,859	$ 79,147

Business-Type Activities	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
2006 CWRPDA Loan	$ 122,468	$ -	$ (81,288)	$ 41,180	$ 41,179
2015 CWRPDA Loan	1,072,435	-	(102,137)	970,298	102,137
Compensated Absences	46,845	-	(17,282)	29,563	-
Total Business-Type Activities	$ 1,241,748	$ -	$ (200,707)	$ 1,041,041	$ 143,316

General Fund Budget

The General Fund accounts for all the general government services provided by the Town of Ault including: public safety (police), public works, parks and recreation, and general government services. The Town's General Fund revenues were higher than budgeted by $756,522. The Town's expenditures were $111,329 under budgeted.

Economic Factors and Future Budgets and Rates

The Town will see slight growth in 2026 with new Townhomes going in as well as increases in Sales Tax due to the newly constructed businesses from 2025. It remains important to have stable, well-thought-out planning.

The Town continues to emphasize steady growth while intelligently utilizing assets for infrastructure improvements and repairs. In 2026, continued emphasis on strengthening internal controls and updating infrastructure will allow the town to maintain its steady path forward.

The Town must continue to strategize for growth and needs of the future. Steady yet smart growth is needed to continue with an upward trend.

Request for Information

The financial statements are designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the Town's finances. Questions concerning this or any additional information should be addressed to Town Clerk/Treasurer, Town of Ault, 201 1st Street, P.O. Box 1098 Ault, CO 80610 or call (970) 834-2844.

Basic Financial Statements

Town of Ault, Colorado
Statement of Net Position
December 31, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	Northern Plains Public Library
Assets				
Cash and Cash Equivalents	$ 8,648,797	$ 5,217,674	$ 13,866,471	$ 3,480,486
Cash and Cash Equivalents - Restricted	-	220,886	220,886	-
Accounts Receivable, net	129,900	163,655	293,555	-
Property Taxes Receivable	203,883	-	203,883	1,418,386
Inventories	-	21,100	21,100	-
Prepaid Expenses	-	-	-	2,402
Capital Assets, *not Being Depreciated*	237,450	5,458,604	5,696,054	35,000
Capital Assets, *net of Accumulated Depreciation*	2,246,604	5,774,761	8,021,365	1,357,854
Total Assets	11,466,634	16,856,680	28,323,314	6,294,128
Deferred Outflows of Resources				
Deferred Outflows Due to Pensions	412,713	-	412,713	-
Liabilities				
Accounts Payable	192,331	79,050	271,381	11,120
Accrued Payroll Liabilities	31,722	19,203	50,925	-
Accrued Liabilities	6,873	-	6,873	6,524
Developer Tap Fees Payable	-	3,276	3,276	-
Accrued Interest Payable	687	819	1,506	-
Unearned Revenue	4,100	-	4,100	-
Noncurrent Liabilities				
Due Within One Year	79,147	143,316	222,463	-
Due in More Than One Year	248,712	897,725	1,146,437	-
Total Liabilities	563,572	1,143,389	1,706,961	17,644
Deferred Inflows of Resources				
Deferred Inflows Due to Pensions	772,337	-	772,337	
Unavailable Revenue - Property Taxes	203,883	-	203,883	1,418,386
Total Deferred Inflows of Resources	976,220	-	976,220	1,418,386
Net Position				
Net Investment in Capital Assets	2,043,011	10,221,887	12,264,898	1,392,854
Restricted for:				
Emergencies (TABOR)	90,000	-	90,000	34,000
Impact Related Improvements	1,322,842	-	1,322,842	-
Parks and Recreation	78,128	-	78,128	-
Operations and Maintenance Reserve	-	220,886	220,886	-
Unrestricted, Unreserved	6,805,574	5,270,518	12,076,092	3,431,244
Total Net Position	$ 10,339,555	$ 15,713,291	$ 26,052,846	$ 4,858,098

See Notes to the Financial Statements.

Town of Ault, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position, Primary Government: Governmental Activities	Business-Type Activities	Total	Component Unit
Primary Government								
Governmental Activities								
General Government	$ 580,570	$ 349,418	$ 53,160	$ -	$ (177,992)	$ -	$ (177,992)	$ -
Public Safety	2,068,274	611,531	-	-	(1,456,743)	-	(1,456,743)	-
Public Works	918,105	261,326	119,510	-	(537,269)	-	(537,269)	-
Culture, Parks and Recreation	218,262	-	40,302	-	(177,960)	-	(177,960)	-
Health and Welfare	88,680	-	-	-	(88,680)	-	(88,680)	-
Interest on Long-Term Debt	238,191	-	-	-	(238,191)	-	(238,191)	-
Total Governmental Activities	4,112,082	1,222,275	212,972	-	(2,676,835)	-	(2,676,835)	-
Business-Type Activities								
Water Operations	1,380,635	1,161,829	-	130,944	-	(87,862)	(87,862)	(175,724)
Sanitation Operations	1,313,688	1,063,881	-	-	-	(249,807)	(249,807)	(499,614)
Total Business-Type Activities	2,694,323	2,225,710	-	130,944	-	(337,669)	(337,669)	(675,338)
Total Primary Government	$ 6,806,405	$ 3,447,985	$ 212,972	$ 130,944	(2,676,835)	(337,669)	(3,014,504)	(675,338)
Component Unit								
Northern Plains Public Library	$ 482,571	$ 904	$ -	$ -	-	-	-	(481,667)
General Revenues								
Taxes								
Property					254,090	-	254,090	1,216,931
Specific Ownership					12,153	-	12,153	-
General Sales					2,065,605	-	2,065,605	-
Other					90,556	-	90,556	-
Investment Income					146,057	164,732	310,789	124,389
Oil & Gas Royalites					92,613	-	92,613	-
Capital Contributions - Tap Fees					-	305,265	305,265	-
Misc.					40,527	5,400	45,927	11,183
Total General Revenues and Transfers					2,701,601	475,397	3,176,998	1,352,503
Change in Net Position					24,766	137,728	162,494	870,836
Net Position, *Beginning of Year*, as Previously Stated					10,223,118	14,694,275	24,917,393	3,987,262
Restatement					91,671	881,288	972,959	-
Net Position, *Beginning of Year*, as Restated					10,314,789	15,575,563	25,890,352	3,987,262
Net Position, *End of Year*					$ 10,339,555	$ 15,713,291	$ 26,052,846	$ 4,858,098

Town of Ault, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	Major Funds		*Non-Major*	
	General Fund	Street Systems	Conservation Trust	Total
Assets				
Cash and Cash Equivalents	$ 7,247,702	$ 1,322,967	$ 78,128	$ 8,648,797
Accounts Receivable	123,278	6,622	-	129,900
Property Taxes Receivable	203,883	-	-	203,883
Total Assets	$ 7,574,863	$ 1,329,589	$ 78,128	$ 8,982,580
Liabilities				
Accounts Payable	$ 187,478	$ 4,853	$ -	$ 192,331
Accrued Payroll	30,859	863	-	31,722
Accrued Liabilities	5,842	1,031	-	6,873
Unearned Revenue	4,100	-	-	4,100
Total Liabilities	228,279	6,747	-	235,026
Deferred Inflows of Resources				
Property Taxes	203,883	-	-	203,883
Fund Balance				
Restricted for:				
Emergencies (TABOR)	90,000	-	-	90,000
Impact Related Projects	-	1,322,842	-	1,322,842
Parks and Recreation	-	-	78,128	78,128
Committed				
Martinez Memorial	6,083	-	-	6,083
Unassigned	7,046,618	-	-	7,046,618
Total Fund Balance	7,142,701	1,322,842	78,128	8,543,671
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 7,574,863	$ 1,329,589	$ 78,128	$ 8,982,580

Town of Ault, Colorado

Reconciliation of Balance Sheet of the Governmental Funds to the Statement of Net Position

December 31, 2025

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

Total Fund Balance of Governmental Funds	$	8,543,671
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		2,484,054
Pension assets and deferred outflows are not current, therefore, are not reported in governmental funds:		
Deferred Outflows, Pensions		412,713
Deferred Inflows, Pensions		(772,337)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Lease Liability		(261,932)
Accrued Interest Payable		(687)
Accrued Compensated Absences		(65,927)
Total Net Position of Governmental Activities	$	10,339,555

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

	Major Funds		*Non-Major*	
	General Fund	Street Systems	Conservation Trust	Total
Revenues				
Taxes	$ 2,410,251	$ 12,153	$ -	$ 2,422,404
Licenses and Permits	786,361	261,326	-	1,047,687
Intergovernmental	53,160	119,510	40,302	212,972
Charges for Services	92,613	-	-	92,613
Fines and Forfeitures	174,588	-	-	174,588
Investment Income	128,925	17,118	14	146,057
Miscellaneous	40,527	-	-	40,527
Total Revenues	3,686,425	410,107	40,316	4,136,848
Expenditures				
Current				
General Government	791,769	171	-	791,940
Public Safety	1,695,805	-	-	1,695,805
Public Works	3,532	362,522	-	366,054
Culture, Parks and Recreation	197,335	3,089	-	200,424
Health and Welfare	80,386	-	-	80,386
Capital Outlay	123,335	90,660	-	213,995
Debt Service				
Principle	24,774	-	-	24,774
Interest	3,585	-	-	3,585
Total Expenditures	2,920,521	456,442	-	3,376,963
Excess Revenues Over (Under) Expenditures	765,904	(46,335)	40,316	759,885
Other Financing Sources (Uses)				
Transfers In	(65,000)	-	(150,000)	(215,000)
Transfers Out	150,000	65,000	-	215,000
Other Financing Sources (Uses)	85,000	65,000	(150,000)	-
Net Change in Fund Balance	850,904	18,665	(109,684)	759,885
Fund Balance, *Beginning of Year*	6,291,797	1,304,177	187,812	7,783,786
Fund Balance, *End of Year*	$ 7,142,701	$ 1,322,842	$ 78,128	$ 8,543,671

Town of Ault, Colorado

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

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

Net Change in Fund Balance of Governmental Funds	$ 759,885
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.	
Capitalization of Capital Outlays	216,016
Depreciation Expense	(525,975)
Principal payments on debt are reported as expenditures and debt proceeds are reported as revenue in the governmental funds.	
Change in Accrued Interest Payable	819
Proceeds on Issuance of Debt	(305,701)
Principal Payments on Debt	95,050
FPPA Pension liabilities reported in governmental funds as expenditures when contributions are made. However, for governmental activities those costs are reflected as liabilities when incurred.	
Deferred Outflows, Pensions	(129,339)
Deferred Inflows, Pensions	(85,989)
Change in Net Position of Governmental Activities	$ 24,766

Town of Ault, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2025

	Water	Sanitation	Total
Assets			
Current Assets			
Cash and Equivalents	$ 2,616,074	$ 2,601,600	$ 5,217,674
Restricted Cash and Cash Equivalents	-	220,886	220,886
Accounts Receivable	61,110	102,545	163,655
Accrued Interest Receivable	-	-	-
Inventory	21,100	-	21,100
Prepaid Expenses	-	-	-
Total Current Assets	2,698,284	2,925,031	5,623,315
Noncurrent Assets			
Capital Assets, *Not Being Depreciated*	5,443,266	15,338	5,458,604
Capital Assets, *Net of Accumulated Depreciation*	2,065,175	3,709,586	5,774,761
Total Noncurrent Assets	7,508,441	3,724,924	11,233,365
Total Assets	10,206,725	6,649,955	16,856,680
Liabilities			
Current Liabilities			
Accounts Payable	36,165	48,968	85,133
Developer Tax Fees Payable	-	3,276	3,276
Accrued Salaries	6,176	6,944	13,120
Accrued Interest Payable	-	819	819
Current Portion of Noncurrent Liabilities	-	143,316	143,316
Total Current Liabilities	42,341	203,323	245,664
Noncurrent Liabilities			
Compensated Absences	12,522	17,041	29,563
Notes and Bonds Payable	-	868,162	868,162
Total Noncurrent Liabilities	12,522	885,203	897,725
Total Liabilities	54,863	1,088,526	1,143,389
Net Position			
Net Investment in Capital Assets	7,508,441	2,713,446	10,221,887
Restricted for:			
Operations and Maintenance Reserve	-	220,886	220,886
Unrestricted	2,643,421	2,627,097	5,270,518
Total Net Position	$ 10,151,862	$ 5,561,429	$ 15,713,291

See Notes to the Financial Statements.

Town of Ault, Colorado

Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2025

	Water	Sanitation	Total
Operating Revenues			
Charges for Services	$ 1,161,829	$ 1,063,881	$ 2,225,710
Miscellaneous	5,400	-	5,400
Total Operating Revenues	1,167,229	1,063,881	2,231,110
Operating Expenses			
Personnel Expenses	308,673	306,872	615,545
Supplies	8,607	24,902	33,509
Purchased Services	478,752	297,691	776,443
Other Operating Expenses	191,669	34,919	226,588
Fleet Maintenance	18,648	230,826	249,474
Small Capital Outlays	271,517	51,970	323,487
Depreciation	102,769	364,719	467,488
Total Operating Expenses	1,380,635	1,311,899	2,692,534
Net Operating Income	(213,406)	(248,018)	(461,424)
Non-Operating Revenues (Expenses)			
Grants	130,944	-	130,944
Interest Income	110,320	54,412	164,732
Interest Expense	-	(1,789)	(1,789)
Net Income (Loss) Before Contributed Capital	27,858	(195,395)	(167,537)
Contributed Capital and Transfers			
System Development Fees	261,265	44,000	305,265
Total Capital Contributions and Transfers	261,265	44,000	305,265
Change in Net Position	289,123	(151,395)	137,728
Net Position, *Beginning of Year*, as Originally Stated	9,057,713	5,636,562	14,694,275
Restatement	805,026	76,262	881,288
Net Position, *Beginning of Year*, as Restated	9,862,739	5,712,824	15,575,563
Net Position, *End of Year*	$ 10,151,862	$ 5,561,429	$ 15,713,291

See Notes to the Financial Statements.

Town of Ault, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2025

	Water	Sanitation	Total
Cash Flows From Operating Activities			
Cash Received from Customers	$ 1,161,829	$ 1,053,649	$ 2,215,478
Cash Received from Others	19,692	-	19,692
Cash Paid to Suppliers	(1,053,948)	(715,526)	(1,769,474)
Cash Paid to Employees	(208,927)	(209,020)	(417,947)
Net Cash Provided by Operating Activities	(81,354)	129,103	47,749
Cash Flows From Capital and Related Financing Activities			
System Development Fees	261,265	44,000	305,265
Grant Revenues Received	130,944	-	130,944
Debt Principal Payments	-	(183,426)	(183,426)
Debt Interest Payments	-	(1,789)	(1,789)
Net Cash Used by Capital and Related Financing Activities	392,209	(141,215)	250,994
Cash Flows From Investing Activities			
Interest Received	118,681	54,412	173,093
Net Cash Used by Capital and Related Financing Activities	118,681	54,412	173,093
Net Change in Cash and Cash Equivalents	429,536	42,300	471,836
Cash and Cash Equivalents, *Beginning of Year*	2,186,538	2,780,186	4,966,724
Cash and Cash Equivalents, *End of Year*	$ 2,616,074	$ 2,822,486	$ 5,438,560
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:			
Net Operating Income	$ (213,406)	$ (248,018)	$ (461,424)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	102,769	364,719	467,488
Changes in Assets and Liabilities Related to Operations			
Accounts Receivable	14,292	(10,232)	4,060
Accounts Payable	15,473	22,634	38,107
Unearned Revenue	(482)	-	(482)
Net Cash Provided by Operating Activities	$ (81,354)	$ 129,103	$ 47,749

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Town of Ault (the Town) was incorporated in 1904 and is administered by a 7-member Board of Trustees, and provides municipal services to a population of 2,500 citizens. The Town's basic financial statements include all of the Town's operations.

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

Reporting Entity

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

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

Based on the application of these criteria, the Town does include additional organizations in its reporting entity, the Northern Plains Public Library.

Discretely Presented Component Unit

The Northern Plains Public Library - the Mayor appoints a board member to represent the Board of Trustees at library meetings. New members for the Library Board are selected by the Library Board, and then presented to the Town's Board of Trustees for approval. Currently, one member of the Town's Board of Trustees is a member of the Library Board. The Library serves the citizens of Weld County School District RE-9, which includes the Town of Ault. The Town's Board of Trustees approves the annual budget for the Library and includes their audit in the Town's audited financial statements as a discretely presented component unit. Complete financial statements of the Library can be obtained from the Northern Plains Public Library, 216 2nd Street, Ault, CO 80610.

Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets, liabilities and deferred inflows of the Town is net position.

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

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The Town uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town has all three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the Town are financed. The acquisition, use, and balances of the Town's expendable financial resources and the related liabilities (except those accounted for in the proprietary fund) are accounted for through governmental funds. The measurement focus is on determination of and changes in financial position, rather than on net income.

The following are the Town's governmental major funds:

> The General Fund - used to account for all financial resources except those required to be accounted for in another fund and is the general operating fund of the Town.

Note 1: Summary of Significant Accounting Policies (Continued)

Governmental Funds *(Continued)*

The Street Systems Fund - accounts for the financial resources related to improvements of the Town's streets and drainage systems. The Town has dedicated its specific ownership taxes, motor vehicle registration fees, Highway Users Tax Fund receipts and Road and Bridge tax revenue for this purpose.

The following funds are considered nonmajor governmental funds:

The Conservation Trust Fund - accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investments.

Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

Water and Sanitation Funds - accounts for all operations of the Town's water and sanitation services. They are primarily financed by user charges.

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.

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

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Town.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Cash and Investments

The Town considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes and Town policy authorize the Town to invest in obligations of the United States or any agency thereof, time deposit certificates, and repurchase agreements. The Pension Trust Funds are also authorized to invest in corporate common or preferred stocks, bonds and mortgages, real or personal property, and other evidence of indebtedness or ownership (excluding any debt of the Town itself), and individual insurance policies.

Receivables

The Town uses the allowance method for recognizing the uncollectable delinquent accounts receivable. At December 31, 2025, no allowance has been established, as all amounts are considered collectible.

Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed, but uncollected, property taxes for calendar year 2025 have been recorded as receivable and as deferred revenue. Property taxes are billed and collected by Weld County, Colorado and distributed to the municipalities and special districts within the county the month after collection.

Inventories

Water parts are valued at market values based on current pricing.

Note 1: Summary of Significant Accounting Policies (Continued)

Interfund Receivables and Payables

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental funds and transfers in (out) in the proprietary funds.

Transactions between the Town's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to the Town government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the process of aggregating data for the statement of net position and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activity’s column.

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has one item qualifying for this category: the collective deferred outflows related to the Town’s net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a change of the net pension liability or asset in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two types of items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the Town’s net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants.

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost where historical records are available or estimated historical costs where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets (excluding land, water rights, construction in progress and capital assets held for other government) are depreciated using the straight-line method over the following estimated useful lives:

Building and Improvements	10 - 40 years
Infrastructure	3 - 15 years
Furniture and Fixtures	5 - 10 years
Utility Systems	20 - 50 years
Land Improvements	15 - 25 years

Compensated Absences

Employees of the Town are allowed to accumulate unused vacation, sick and compensator time depending on length of employment. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time and compensatory time at their current rate of pay, and all accrued sick time at one half their current rate of pay.

Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the Town’s defined benefit pension plan and additions to/deductions from the fiduciary net position of the Town’s defined benefit pension plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

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

Net Position

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Restricted - This consists of a net position legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position not meeting the definition of "restricted" or "invested in capital assets, net of related debt."

When an expense is incurred for purposes for which restricted and unrestricted net position is available, the Town's policy is to apply restricted net position first.

Fund Balance Classification

The following fund balance classifications describe the relative strength of the spending constraints placed on a government's fund balance and purposes for which resources can be used:

Nonspendable fund balance - amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Classification *(Continued)*

Restricted fund balance - amounts constrained to specific purposes stipulated by external resource providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation. Restrictions may be changed or lifted only with the consent of the resource providers.

Committed fund balance - amounts constrained to specific purposes stipulated by a government itself, determined by formal action by the Board of Trustees to be reported as committed, amounts cannot be used for any other purpose unless changed by the Board of Trustees.

Assigned fund balance - amounts the Town intends to use for a specific purpose as expressed by management.

Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Town's Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. Each December the budget is adopted by resolution for the coming year. A fund balance commitment is indicated in the budget by the use of reserves. The budget document will also identify the budgeted use of any restricted funds planned in the budget.

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

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The Town has evaluated subsequent events through July 30, 2026, the date the financial statements were available to be issued.

Note 2: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

- In October, the Town staff submits to the Town Council a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- The Town Administration is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town Council.
- Budgets are legally adopted for all funds of the Town. Budgets for the General and Special Revenue Funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The Budgetary comparison presented for the Enterprise Fund is presented on a non-GAAP budgetary basis. Capital outlay and debt payments are budgeted as expenditures and depreciation is not budgeted.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Council. All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Note 3: Cash Deposits and Investments

The Town's investment policy conforms to the investment policy guidelines set forth by the State of Colorado. The Town's investment policy sets the primary objectives of investments activities to be safety, liquidity, and yield, in that order. The policy sets a conservative, "prudent person" approach to investment purchases and management of the overall portfolio. The Town's Volunteer Firefighters Pension Trust is managed by the Fire and Police Pension Association of Colorado in accordance with State statute.

At year end, the Town had the following deposits and investments as reported in the financial statements:

Petty Cash	$ 250
Bank Deposits	1,573,993
Bank Savings	6,219,630
Certificates of Deposit	6,291,756
COLOTRUST	1,728
Total	$ 14,087,357

Note 3: Cash Deposits and Investments (Continued)

Cash and investments are reflected in the statement of net position as follows:

Cash and Investments	$	13,866,471
Restricted Cash and Investments		220,886
Total	$	14,087,357

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible depositories. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2025, the Town had deposits of $14,085,379. Depositor's insurance (FDIC) covers $250,000 of this amount; the balance is covered by PDPA.

Investments

The Town's investment policy lists the authorized investment types as defined by Colorado statutes. Authorized investments include direct obligations of the United States, obligations of U.S. government agencies, general or revenue obligations of any state of the United States, any territory, or political subdivision of any state, qualified bankers' acceptances, commercial paper, certificates of participation, repurchase agreements, qualified local government investment pool, money market funds, qualified corporate or bank debt, and certain guaranteed investment contracts. The Town held no such investments at December 31, 2025.

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

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

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

Note 3: Cash Deposits and Investments (Continued)

Investments *(Continued)*

Local Government Investment Pool - At December 31, 2025, the Town had $1,728 (fair value) invested in COLOTRUST, an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces the requirements of creating and operating COLOTRUST. COLOTRUST operates similar to money market funds and each share is equal in value to $1.00. COLOTRUST is rated AAAm by Standard and Poor's. Investments are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

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

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

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

Note 4: Capital Assets

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

	(Restated) Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Governmental Activities				
Capital Assets Not Being Depreciated				
Land and Improvements	$ 219,806	$ 1,000	$ -	$ 220,806
Construction in Progress	16,644	-	-	16,644
Total Capital Assets Not Being Depreciated	236,450	1,000	-	237,450
Capital Assets Being Depreciated				
Buildings and Improvements	367,736	23,126	(34,600)	356,262
Land Improvements	527,338	-	-	527,338
Vehicles and Equipment	927,175	191,890	-	1,119,065
Infrastructure	3,635,653	-	-	3,635,653
Total Capital Assets Being Depreciated	5,457,902	215,016	(34,600)	5,638,318
Less Accumulated Depreciation for				
Buildings and Improvements	(220,435)	(11,767)	34,600	(197,602)
Land Improvements	(369,182)	(10,109)	-	(379,291)
Vehicles and Equipment	(296,156)	(75,087)	-	(371,243)
Infrastructure	(2,014,566)	(429,012)	-	(2,443,578)
Total Accumulated Depreciation	(2,900,339)	(525,975)	34,600	(3,391,714)
Total Capital Assets Being Depreciated, Net	2,557,563	(310,959)	-	2,246,604
Governmental Activities, Capital Assets, Net	$ 2,794,013	$ (309,959)	$ -	$ 2,484,054

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

Governmental Activities	
General Government	$ 4,646
Public Safety	38,998
Public Works	461,391
Health and Welfare	5,698
Culture and Recreation	15,242
Total	$ 525,975

Note 4: Capital Assets (Continued)

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

	(Restated) Balance 12/31/24	Additions	Deletions	Balance 12/31/25
Business Type Activities				
Capital Assets Not Being Depreciated				
Land	$ 15,338	$ -	$ -	$ 15,338
Water Rights	5,443,266	-	-	5,443,266
Total Capital Assets Not Being Depreciated	5,458,604	-	-	5,458,604
Capital Assets Being Depreciated				
Water and Sanitation Systems	10,473,116	367,347	-	10,840,463
Equipment	357,750	103,940	-	461,690
Total Capital Assets Being Depreciated	10,830,866	471,287	-	11,302,153
Less Accumulated Depreciation for				
Water and Sanitation Systems	(4,985,493)	(364,718)	-	(5,350,211)
Equipment	(74,412)	(102,769)	-	(177,181)
Total Accumulated Depreciation	(5,059,905)	(467,487)	-	(5,527,392)
Total Capital Assets Being Depreciated, Net	5,770,961	3,800	-	5,774,761
Business Type Activities, Capital Assets, Net	$ 11,229,565	$ 3,800	$ -	$ 11,233,365

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

Business-Type Activities	
Water	$ 364,718
Sanitation	102,769
Total	$ 467,487

Note 5: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
Governmental Activities					
Leases - Equipment	$ 51,281	$ 305,701	$ (95,050)	$ 261,932	$ 79,147
Compensated Absences	65,927	-	-	65,927	-
Total	$ 117,208	$ 305,701	$ (95,050)	$ 327,859	$ 79,147

Note 5: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

In July 2022, the Town entered into a lease arrangement for the purchase of two police vehicles. The lease was for $123,894 and requires annual payments of $28,359, including interest at a rate of 6.99% and maturing in July 2026. In October 2025, the Town entered into a new lease arrangement for the purchase of four police vehicles. The lease was for $305,701 and requires annual payments of $70,275, including interest at a rate of 7.49% and maturing in October 2029. The Town has capitalized the assets with a remaining basis of $261,932 related to these leases.

The debt service related to this lease will be made from the General Fund and is as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 79,147	$ 19,486	$ 98,633
2027	56,584	13,691	70,275
2028	60,822	9,452	70,274
2029	65,379	4,897	70,276
Total	$ 261,932	$ 47,526	$ 309,458

Business-Type Activities

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

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
Business-Type Activities					
2006 CWRPDA Loan	$ 122,468	$ -	$ (81,288)	$ 41,180	$ 41,179
2015 CWRPDA Loan	1,072,435	-	(102,137)	970,298	102,137
Compensated Absences	46,845	-	(17,282)	29,563	-
Total Business-Type Activities	$ 1,241,748	$ -	$ (200,707)	$ 1,041,041	$ 143,316

<u>2006 CWRPDA Loan</u>

The Town has a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), which originally enabled the Town to borrow up to $1,396,850 at 1.75% interest annually, with payments of $46,539 per year with a final payment due May 1, 2026. The purpose of the loan was for upgrades to the lower water treatment plant. The proceeds of the bond were used to upgrade the Town’s wastewater treatment facility from a facultative lagoon system to an aerated lagoon facility. Both principal and interest is payable solely from the net revenue, gross revenue less operations and maintenance expenses, of the wastewater treatment system. The net revenue of the system is pledged as collateral on the bond.

Note 5: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

2006 CWRPDA Loan (Continued)

Principal and interest payments for the years following December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 41,180	$ 360	$ 41,540
Total	$ 41,180	$ 360	$ 41,540

The Town has a loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA), which originally enabled the Town to borrow up to $2,000,000 at 0.0% interest per annum, with semi-annual payments of $51,068 due November 1 and May 1, with a final payment due May 1, 2035. The purpose of the loan was for upgrades to the lower water treatment plant. The proceeds of the bond were used to upgrade the Town's wastewater treatment facilities. CWRPDA has designated with project as a 2015 Green Project. As such, the interest rate was reduced from the original 2.0% annual rate to 0.0%.

The Town must maintain an "operations and maintenance" reserve in the Sanitation Fund to report resources set aside to subsidize potential deficiencies from the Town's operations that could adversely affect debt service payments. The amount is equal to three months of operations and maintenance expenses, excluding depreciation, and may be represented by cash or securities or unrestricted Net Position. The Town has funded this reserve through restriction of its cash balances in the Sanitation Fund in the amount of $220,886, as of December 31, 2025. The Town believes it is in compliance with all required covenants and obligations called for by the loan agreement.

Principal and interest payments for the years following December 31, 2025 are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 102,137	$ -	$ 102,137
2027	102,137	-	102,137
2028	102,137	-	102,137
2029	102,137	-	102,137
2030-2034	510,685	-	510,685
2035-2038	51,065	-	51,065
Total	$ 970,298	$ -	$ 970,298

Note 6: Employee Retirement Plans

Deferred Compensation Plan

The Town has established an employer SIMPLE IRA Plan, which is a “money-purchase” plan under current law and U.S. Treasury regulations for all substantially full-time non-police employees. A contribution to each employee’s account is made and all contributions vest immediately to the employee. The Town has no statutory or contractual liability for any individual’s post-employment benefits under this plan. Employer contributions for the year ended December 31, 2025 totaled $35,351.

FPPA Statewide Defined Benefit Plan

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

Description of Benefits: A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index.

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

Contributions: The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Note 6: Employee Retirement Plans (Continued)

FPPA Statewide Defined Benefit Plan *(Continued)*

Members of the SWDB plan and their employers are contributing at the rate of 10.5 percent of base salary for a total contribution rate of 22.5 percent. Member contribution rates will increase 0.5 percent annually until it matches a total of 12 percent of base salary.

Contributions from members and employers of departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20 percent of base salary through 2014. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. Per the 2014-member election, the re-entry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2025 for a total combined member and employer contribution rate of 24 percent in 2025.

The contribution rate for members and employers of affiliated social security employers is 4 percent of base salary for a total contribution rate of 8 percent through 2014. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2025 to a total of 6 percent of base salary. Employer contributions will remain at 4 percent resulting in a combined contribution rate of 10 percent in 2025.

The Town’s contributions to the SWDB Plan for the year ended December 31, 2025, were $71,769, equal to the required contributions.

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

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

At December 31, 2025, the Town reported a net pension liability (asset) of $0 representing its proportionate share of the net pension asset of the SWDB.

The net pension liability was measured on December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation at January 1, 2025. The Town’s proportion of the net pension asset was based on a projection of the Town’s contributions to the plans for the calendar year ended December 31, 2024, relative to the projected contributions of all participating employers.

At December 31, 2024, the Town’s proportion of the SWDB Plan was 0.05536625%, which was a decrease of 0.03693217% from its proportion measured on December 31, 2023.

Note 6: Employee Retirement Plans (Continued)

FPPA Statewide Defined Benefit Plan *(Continued)*

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

For the year ended December 31, 2025, the Town recognized pension expense (Benefit) for the SWDB plan of $102,203.

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Statewide Defined Benefit Plan		
Differences between expected and actual experience	$ 214,042	$ 9,750
Net difference between projected and actual earnings on plan investments	23,138	-
Changes in assumptions and other inputs	103,764	-
Changes in proportion	-	762,587
Contributions subsequent to the measurement date	71,769	-
Total	$ 412,713	$ 772,337

Town contributions to the SWDB plan subsequent to the measurement date were $71,769 and will be recognized as an increase or decrease to the net pension (asset) liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	Amount
2026	$ (25,704)
2027	(75,833)
2028	(99,596)
2029	(99,252)
2030	(96,212)
Thereafter	(34,796)
Total	$ (431,393)

Note 6: Employee Retirement Plans (Continued)

FPPA Statewide Defined Benefit Plan *(Continued)*

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

Actuarial Assumptions - The actuarial valuation at January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

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

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

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

Note 6: Employee Retirement Plans (Continued)

FPPA Statewide Defined Benefit Plan *(Continued)*

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate at the prior measurement date was 7.5%.

Note 6: Employee Retirement Plans (Continued)

FPPA Statewide Defined Benefit Plan *(Continued)*

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

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Town's proportionate share of the SWDB net pension (asset) liability	$ 284,079	$ -	$ -

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

Note 7: Commitments and Contingencies

Litigation/Legal Claims

The Town may be a defendant in lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of any legal proceedings, it is the opinion of management that they will not have a material effect on the Town's financial position.

Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the Town's financial position.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year, unless voters approve retention of such excess revenue.

Note 7: Commitments and Contingencies (Continued)

TABOR Amendment *(Continued)*

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used to declare emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved $90,000, which is the approximate required reserve at December 31, 2025.

The Town's voters approved the following ballot issue on November 6, 2001.

Excluding ad valorem property taxes and rates, and without creating any new taxes, increasing any tax rate, or adding any new taxes of any kind, shall the Town be permitted to collect, retain, and spend, for the fiscal year of 2001 and for each and every year thereafter, the full proceeds of the Town's taxes, grants and other revenues for expenditure on lawful municipal purposes, notwithstanding any State of Colorado restrictions on spending including the restrictions of Article X, Section 20 of the Constitution of the State of Colorado, and that these shall each constitute a voter approval revenue change.

The Town's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Note 8: Joint Venture

The Town participates with various towns, cities and Weld County, Colorado in the Weld 911 Emergency Telephone Service Authority (the Authority) which provides emergency 911 dialing services to customers with the Town limits. On dissolution of the Authority, the Net Position will be shared proportionately based upon main telephone station access lines within the agency's jurisdiction. As of December 31, 2025, the Town contributed $47,385 to the Authority. The Authority is governed by a seven-member Board of Directors, of which four are chosen by the Weld County, Colorado Board of Commissioners. The Authority is primarily funded through a $0.50 per month surcharge to each customer's telephone bill. Accounting responsibility has been placed with Weld County, Colorado and is included as a discretely presented component unit in its Annual Comprehensive Financial Report.

Note 9: Restatement

The beginning net position of the governmental activities and the business type activities have been restated to reflect capital assets, net of depreciation not previously accounting for in the financial statements. The beginning net position was increased by $91,671 and $881,288 for the governmental activities and business type activities, respectively, the year ended December 31, 2025. For the business type activities, the beginning net position for the individual funds were increased by $805,026 and $76,262 for the water and sanitation funds, respectively.

Required Supplementary Information

Town of Ault, Colorado

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

	12/31/24	12/31/23	12/31/22	12/31/21	12/31/20
Proportionate Share of the Net Pension Asset					
Town's Proportion of the Net Pension Assets	0.05821390%	0.09229800%	0.05364000%	0.04183590%	0.03289900%
Town's Proportion Share of the Net Pension Asset (Liability)	$ -	$ -	$ (47,612)	$ 226,723	$ 71,434
Town's Covered Payroll	$ 747,000	$ 494,126	$ 336,785	$ 264,251	$ 259,500
Town's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	0.0%	0.0%	-14.1%	85.8%	27.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	100.0%	97.6%	116.2%	106.7%

	12/31/25	12/31/24	12/31/23	12/31/22	12/31/21
Town Contribution					
Statutorily Required Contribution	$ 71,769	$ 63,475	$ 42,001	$ 28,627	$ 21,140
Contributions in Relation to the Statutorily Required Contribution	(71,769)	(63,475)	(42,001)	(28,627)	(21,140)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 684,816	$ 747,000	$ 494,126	$ 336,785	$ 264,251
Contributions as a Percentage of Covered Payroll	10.48%	8.50%	8.50%	8.50%	8.00%

This schedule is presented to show information for 10 years.

(Continued)

Town of Ault, Colorado

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

	12/31/19	12/31/18	12/31/17	12/31/16	12/31/15
Proportionate Share of the Net Pension Asset					
Town's Proportion of the Net Pension Assets	0.03520900%	0.03762200%	0.04126400%	0.04483600%	0.04944300%
Town's Proportion Share of the Net Pension Asset (Liability)	$ 19,913	$ (47,564)	$ 59,364	$ (16,201)	$ 872
Town's Covered Payroll	$ 252,013	$ 241,363	$ 229,463	$ 239,688	$ 222,525
Town's Proportionate Share of the Net Pension Asset (liability) as a Percentage of Covered Payroll	7.9%	-19.7%	25.9%	-6.8%	0.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.9%	95.2%	106.3%	98.2%	100.1%

	12/31/20	12/31/19	12/31/18	12/31/17	12/31/16
Town Contribution					
Statutorily Required Contribution	$ 20,760	$ 20,161	$ 19,309	$ 18,357	$ 19,175
Contributions in Relation to the Statutorily Required Contribution	(20,760)	(20,161)	(19,309)	(18,357)	(19,175)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Town's Covered Payroll	$ 259,500	$ 252,013	$ 241,363	$ 229,463	$ 239,688
Contributions as a Percentage of Covered Payroll	8.00%	8.00%	8.00%	8.00%	8.00%

This schedule is presented to show information for 10 years.

Town of Ault, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
General Property Taxes	$ 248,595	$ 248,595	$ 254,090	$ 5,495
Sales Tax	1,754,968	1,754,968	2,065,605	310,637
Other Taxes	94,954	94,954	90,556	(4,398)
Intergovernmental	115,720	115,720	53,160	(62,560)
Licenses, Permits and Fees	370,490	370,490	786,361	415,871
Fines and Forfeitures	202,029	202,029	174,588	(27,441)
Oil and Gas Royalties	23,833	23,883	92,613	68,730
Investment Income	108,144	108,144	128,925	20,781
Miscellaneous	11,170	11,170	40,527	29,357
Total Revenues	2,929,903	2,929,953	3,686,425	756,472
Expenditures				
Current				
General Government	994,118	994,118	791,769	202,349
Public Safety	1,554,194	1,554,194	1,695,805	(141,611)
Public Works	7,500	7,500	3,532	3,968
Culture, Parks and Recreation	213,579	213,579	197,335	16,244
Health and Welfare	82,000	82,000	80,386	1,614
Capital Outlay	152,100	152,100	123,335	28,765
Debt Service				
Principle	28,359	28,359	24,774	3,585
Interest	-	-	3,585	(3,585)
Total Expenditures	3,031,850	3,031,850	2,920,521	111,329
Excess Revenues Over (Under) Expenditures	(101,947)	(101,897)	765,904	867,801
Other Financing Sources (Uses)				
Transfers In	-	-	150,000	150,000
Transfers Out	-	-	(65,000)	(65,000)
Other Financing Sources (Uses)	-	-	85,000	85,000
Net Change in Fund Balance	(101,947)	(101,897)	850,904	952,801
Fund Balance, *Beginning of Year*	6,291,797	6,291,797	6,291,797	-
Fund Balance, *End of Year*	$ 6,189,850	$ 6,189,900	$ 7,142,701	$ 952,801

Town of Ault, Colorado
Budgetary Comparison Schedule
Street Systems Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 5,500	$ 12,153	$ 6,653
Licenses and Permits	101,104	261,326	160,222
Intergovernmental	173,222	119,510	(53,712)
Investment Income	15,000	17,118	2,118
Total Revenues	294,826	410,107	115,281
Expenditures			
Current			
General Government	350	171	179
Public Works	663,622	362,522	301,100
Culture and Recreation	8,500	3,089	5,411
Capital Outlay	88,064	90,660	(2,596)
Total Expenditures	760,536	456,442	304,094
Excess Revenues Over (Under) Expenditures	(465,710)	(46,335)	419,375
Other Financing Uses			
Transfers In	65,000	65,000	-
Other Financing Sources (Uses)	65,000	65,000	-
Net Change in Fund Balance	(400,710)	18,665	419,375
Fund Balance, *Beginning of Year*	1,304,177	1,304,177	-
Fund Balance, *End of Year*	$ 903,467	$ 1,322,842	$ 419,375

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

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 28,400	$ 40,302	$ 11,902
Investment Income	125	14	(111)
Total Revenues	28,525	40,316	11,791
Expenditures			
Contingency	-	-	-
Total Expenditures	-	-	-
Excess Revenues Over Net Change in Fund Balance	28,525	40,316	11,791
Other Financing Uses			
Transfers In	(150,000)	(150,000)	-
Other Financing Sources (Uses)	(150,000)	(150,000)	-
Fund Balance, *Beginning of Year*	187,812	187,812	-
Fund Balance, *End of Year*	$ 66,337	$ 78,128	$ 11,791

Town of Ault, 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 Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

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

- Management submits to the Town's Board a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Town's Board.
- All appropriations lapse at year end.

Supplementary Information

Town of Ault, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services	$ 1,360,979	$ 1,161,829	$ (199,150)
Grant Income	177,100	130,944	(46,156)
Miscellaneous	5,000	5,400	400
Total Revenue	1,543,079	1,298,173	(244,906)
Expenses			
Personal Services	314,049	308,673	5,376
Supplies	12,350	8,607	3,743
Purchased Services	511,233	478,752	32,481
Other Operating Expenses	332,193	191,669	140,524
Fleet Maintenance	59,054	18,648	40,406
Capital Outlay	355,825	271,517	84,308
Total Expenses	1,584,704	1,277,866	306,838
Net Operating Income	(41,625)	20,307	61,932
Non-Operating Revenues (Expenses)			
Tap Fees	133,000	261,265	128,265
Interest Income	90,000	110,320	20,320
Total Non-Operating Revenues (Expenses)	223,000	371,585	148,585
Budgetary Basis	$ 181,375	391,892	$ 210,517
Reconciliation to GAAP Basis			
Capital Outlay		-	
Depreciation		(102,769)	
Change in Net Position, *GAAP Basis*		$ 289,123	

Town of Ault, 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	$ 1,093,491	$ 1,093,491	$ 1,063,881	$ (29,610)
Total Revenues	1,093,491	1,093,491	1,063,881	(29,610)
Expenses				
Personal Services	314,049	314,049	306,872	7,177
Supplies	34,488	34,488	24,902	9,586
Purchased Services	302,040	302,040	297,691	4,349
Other Operating Expenses	54,165	54,165	34,919	19,246
Fleet Maintenance	-	302,814	230,826	71,988
Capital Outlay	48,875	48,875	51,970	(3,095)
Debt Service				
Principal	-	-	183,425	(183,425)
Interest	1,789	1,789	1,789	-
Total Expenses	755,406	1,058,220	1,132,394	(74,174)
Net Operating Income	338,085	35,271	(68,513)	(103,784)
Non-Operating Revenues (Expenses)				
Tap Fees	61,980	61,980	44,000	(17,980)
Interest Income	32,000	32,000	54,412	22,412
Total Non-Operating Revenues (Expenses)	93,980	93,980	98,412	4,432
Budgetary Basis	$ 432,065	$ 129,251	29,899	$ (99,352)
Reconciliation to GAAP Basis				
Debt Service Principal			183,425	
Depreciation			(364,719)	
Change in Net Position, *GAAP Basis*			$ (151,395)	

State Compliance

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: Town of Ault	PREPARED BY: Marcus Rooks mrooks@aultcolorado.gov	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 Assessments	13,179.43	a. Interest on investments	17,120.06
b. Non-property Taxes and Assessments Imposts	271,579.38	b. Other Misc. Local Receipts	66,900.00
c. Total (a + b)	$ 284,758.81	**c. Total (a + b)**	$ 84,020.06

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	102,327.63	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	4,002.94		
c. Total (a + b)	$ 4,002.94		
4. Total (1 + 2 + 3c)	$ 106,330.57	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	3,948.75
c. Construction Costs	245,433.47
d. Total Capital Outlay (a+ b + c)	$ 249,382.22

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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		III. EXPENDITURES FOR ROAD AND STREET PURPOSES	
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
A. Receipts from Local Sources:		**A. Local highway expenditures:**	
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	$ 249,382.22
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	53,823.59
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:	
c. Total (a + b)		a. Snow and Ice Removal	91.31
2. General Fund Appropriations	717,117.13	b. Other & Traffic Control Operations	60,638.06
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 284,758.81	**c. Total (a + b)**	$ 60,729.37
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 84,020.06	4. General Administration & Miscellaneous	3,132.67
5. Transfers from Toll Facilities		5. Highway Law Enforcement and Safety	713,984.46
6. Proceeds of Sale of Bonds and Notes:		**6. Total (1 through 5)**	$ 1,081,052.31
a. Bonds - Original Issues		**B. Debt Service on Local Obligations:**	
b. Bonds - Refunding Issues		1. Bonds:	
c. Notes		a. Interest	
d. Total (a + b + c)	$ -	b. Redemption	
7. Total (1 through 6)	$ 1,085,896.00	**c. Total (a + b)**	$ -
B. Private Contributions		2. Notes:	
C. Receipts from State government (from page 1, Item II.C.4)	$ 106,330.57	a. Interest	
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -	b. Redemption	
E. Total receipts (A.7 + B + C + D)	$ 1,192,226.57	**c. Total (a + b)**	$ -
		3. Total (1c + 2c)	$ -
		C. Payments to State for Highways	
		D. Payments to Toll Facilities	
		E. Total Expenditures (A6 + B3 + C + D)	$ 1,081,052.31

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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