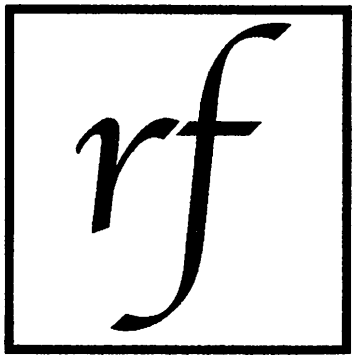


Town of Gilcrest, Colorado

Financial Statements

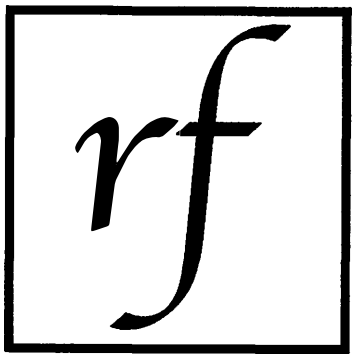
December 31, 2025

Town of Gilcrest, Colorado
Table of Contents
December 31, 2025

	Page
Table of Contents	i
Independent Auditor's Report	1
Management's Discussion and Analysis	iii
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Fund Financial Statements:	
Balance Sheet - Governmental Funds	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Statement of Net Position – Proprietary Funds	10
Statement of Revenues, Expenses, and Changes in Net Position – Proprietary Funds	11
Statement of Cash – Proprietary Funds	12
Notes to the Financial Statements	14
Required Supplementary Information:	
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual- General Fund	28
Notes to Required Supplementary Information	29

Town of Gilcrest, Colorado
Table of Contents
December 31, 2025
(CONTINUED)

	Page
Other Supplementary Information:	
Combining Balance Sheets – Non-Major Governmental Funds	30
Combining Statements of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds	31
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Conservation Trust Fund	32
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Municipal Court Surcharge Fund	33
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Street Capital Improvement Fund	34
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Capital Improvement Fund	35
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Town Hall Replacement Fund	36
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Water Fund	37
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Sewer Fund	38
Schedule of Revenues and Expenditures and Changes in Fund Balances – Budget & Actual – Stormwater Fund	39
Local Highway Finance Report	40
Report on Internal Control Over Financial Reporting and on Compliance And Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	42
Single Audit Report	
Schedule of Findings and Questioned Costs	44
Schedule of Expenditure of Federal Awards	45
Notes to the Schedule of Expenditure of Federal Awards	46
Report on Compliance for each Major Federal Program and Report on Internal Control over Compliance in Accordance with Uniform Guidance	47



Independent Auditor's Report

Town Council
Town of Gilcrest, CO

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gilcrest, 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 Town's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

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

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

rfarmer, llc a certified public accounting and consulting firm

po box 1173 122 north main street lamar, colorado 81052 719.336.7428 719.336.2982

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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information presented on pages iii-xi and 28-29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary 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 accompanying supplementary information on pages 30-41 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

rfarmer, llc

September 28, 2026

Management's Discussion and Analysis

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

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by $740,055 (9.6%) during 2025, to $8,486,548.
- At December 31, 2025, the Town's governmental funds reported combined ending fund balances of $3,161,592. This marked a slight decrease of $11,107 (-0.3%) from the prior year's ending governmental fund balances.
- The Town's General Fund increased its Fund Balance by $246,332 (14.0%) during 2025.
- The Net Position of the Town's Business-type activities (water, sewer, and storm drainage enterprises) increased by $462,358 (12.2%) in 2025.

USING THIS ANNUAL REPORT

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

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private-sector business.

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

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

Both government-wide financial statements distinguish functions of the Town of Gilcrest 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, health and welfare, and parks and recreation. The business-type activities of the Town include water and sewer operations.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Gilcrest, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All funds of the Town can be divided into two categories: Governmental Funds and Proprietary Funds.

Governmental Funds -- Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available for spending in future years. These funds are reported using the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services

provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund *Balance Sheet* and the *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Gilcrest maintains six individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for four of the six governmental funds that meet the criteria to be designated as major funds (General Fund, Street Capital Improvement Fund, Capital Improvement Fund, and Town Hall Replacement Fund). The Town's non-major funds (Conservation Trust Fund and Municipal Court Surcharge Fund) are combined in the Non-major Governmental Funds column on these statements.

Proprietary Funds -- The Town's utility services are reported in proprietary funds; they focus on overall economic position rather than year-end fund balances. Enterprise funds are the type of proprietary funds used to account for the Town's Water Fund, Sewer Fund, and Stormwater Fund. All three funds meet the criteria to be designated as major funds. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, only in a bit more detail.

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

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

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Gilcrest, assets exceeded liabilities and deferred inflows of resources by $8,486,548 at the close of 2025. As shown below, the Town's financial position improved by $740,055 (9.6%) during 2025.

Town of Gilcrest's Condensed Net Position

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 3,504,368	$ 3,516,723	$ 1,081,469	$ 983,802	$ 4,585,837	$ 4,500,525
Capital assets, net	1,091,560	800,055	6,046,588	3,323,573	7,138,148	4,123,628
Total assets	$ 4,595,928	$ 4,316,778	$ 7,128,057	$ 4,307,375	$ 11,723,985	$ 8,624,153
Current liabilities	$ 29,834	$ 32,124	$ 279,612	$ 76,624	$ 309,446	$ 108,748
Noncurrent Liabilities	21,353	16,789	2,593,697	438,361	2,615,050	455,150
Total liabilities	$ 51,187	$ 48,913	$ 2,873,309	$ 514,985	$ 2,924,496	$ 563,898
Deferred inflows of resources	$ 312,941	$ 313,762	$ -	$ -	$ 312,941	$ 313,762
Net position:						
Net investment in capital assets	$ 1,091,560	$ 800,055	$ 3,473,483	$ 2,854,237	$ 4,565,043	$ 3,654,292
Restricted	732,254	1,454,632	-	-	732,254	1,454,632
Unrestricted	2,407,986	1,699,416	781,265	938,153	3,189,251	2,637,569
Total net position	$ 4,231,800	$ 3,954,103	$ 4,254,748	$ 3,792,390	$ 8,486,548	$ 7,746,493

Much (53.8%) of the Town's total net position at December 31, 2025 ($4,565,043) is represented by its investment in capital assets (e.g. land, infrastructure, buildings, machinery, and equipment). The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 8.6% ($732,254) of the Town's total net position at the end of 2025 represents resources that are subject to external restrictions on how they may be used. They are mostly fund balance restrictions of sales taxes collected for various capital improvements ($546,893). An additional $37,978 is restricted for parks and certain recreation purposes, $99,883 for law enforcement, and $47,500 for emergencies.

The remaining amount of the Town's total net position at the end of 2025 ($3,189,251) represents 37.6% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors.

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

Town of Gilcrest's Condensed Changes in Net Position

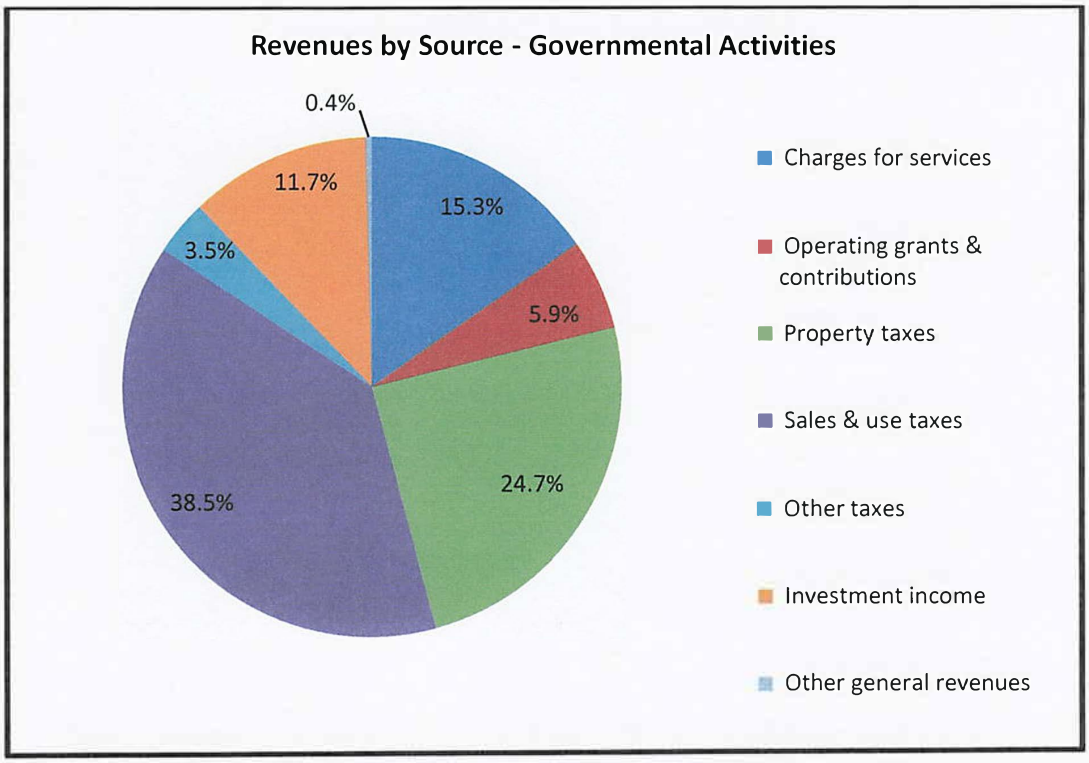
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	$ 202,918	$ 193,586	$ 628,671	$ 535,265	$ 831,589	$ 728,851
Operating grants & contributions	77,736	78,634	-	-	77,736	78,634
Capital grants & contributions	-	131,025	466,318	3,882	466,318	134,907
General revenues:						
Property taxes	326,960	384,971	-	-	326,960	384,971
Sales & use taxes	509,434	566,915	-	-	509,434	566,915
Other taxes	46,785	74,324	-	-	46,785	74,324
Investment income	155,293	166,246	36,072	43,629	191,365	209,875
Other general revenues	5,474	6,087	2,500	5,599	7,974	11,686
Total revenues	$ 1,324,600	$ 1,601,788	$ 1,133,561	$ 588,375	$ 2,458,161	$ 2,190,163
Program expenses:						
General government	$ 293,686	$ 247,271	$ -	$ -	$ 293,686	$ 247,271
Public safety	209,738	210,009	-	-	209,738	210,009
Public works	283,541	283,985	-	-	283,541	283,985
Health & welfare	18,826	28,680	-	-	18,826	28,680
Culture, recreation and parks	119,112	142,720				
Water utility	-	-	364,631	378,320	364,631	378,320
Sewer utility	-	-	400,686	292,066	400,686	292,066
Stormwater utility			27,886	24,148		
Total expenses	$ 924,903	$ 912,665	$ 793,203	$ 694,534	$ 1,571,108	$ 1,440,331
Transfers In/(Out)	$ (122,000)	$ 3,100	$ 122,000	$ (3,100)	$ -	$ -
Increase/(decrease)in net position	$ 277,697	$ 692,223	$ 462,358	$ (109,259)	$ 740,055	$ 582,964
Net Position, Beginning	3,954,103	3,261,880	3,792,390	3,901,649	7,746,493	7,163,529
Net Position, Ending	$ 4,231,800	$ 3,954,103	$ 4,254,748	$ 3,792,390	$ 8,486,548	$ 7,746,493

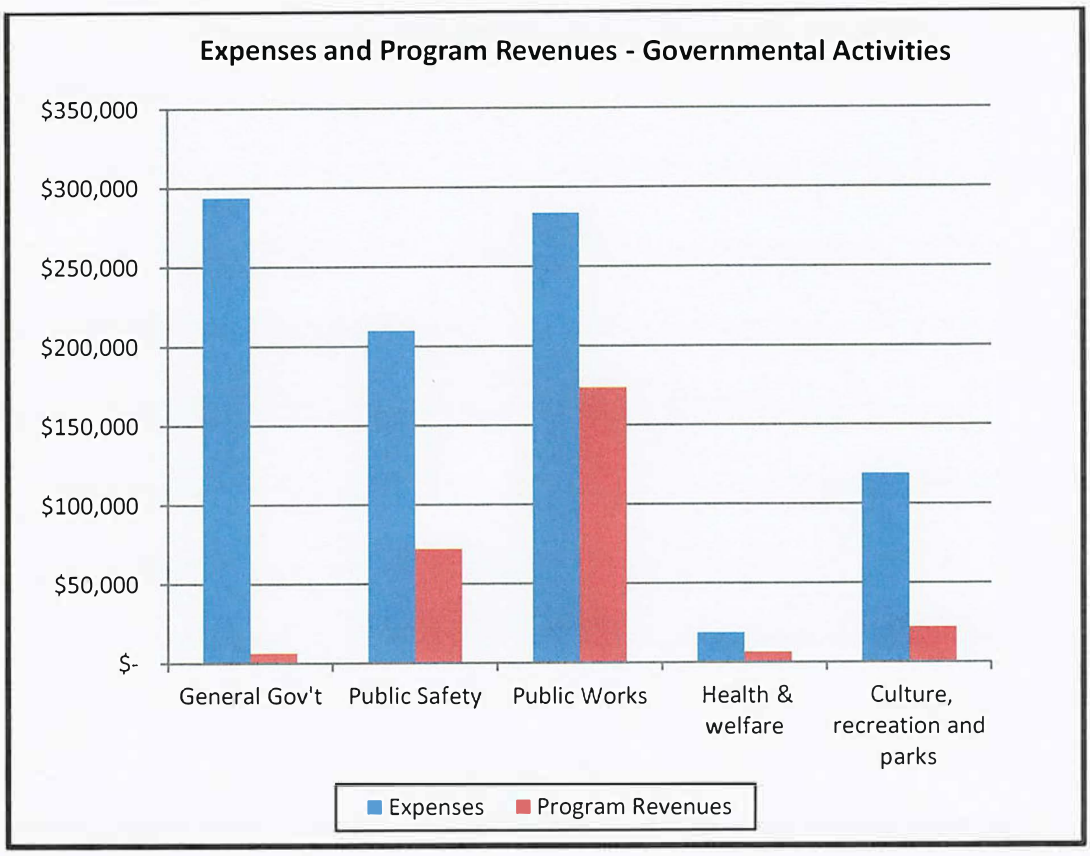
Governmental Activities

The Town's Governmental Activities increased in net position by $277,697 (7.0%) in 2025. Key elements contained in this increase are as follows:

- Property tax revenues decreased by $58,011 (-15.1%) in 2025.
- Capital grants and contributions decreased by $131,025 (-100.0%) in 2025.
- Total revenues surpassed expenses by $399,697 (43.2%).
- The Governmental Activities transferred $122,000 to the Business-type Activities for Capital Improvements.

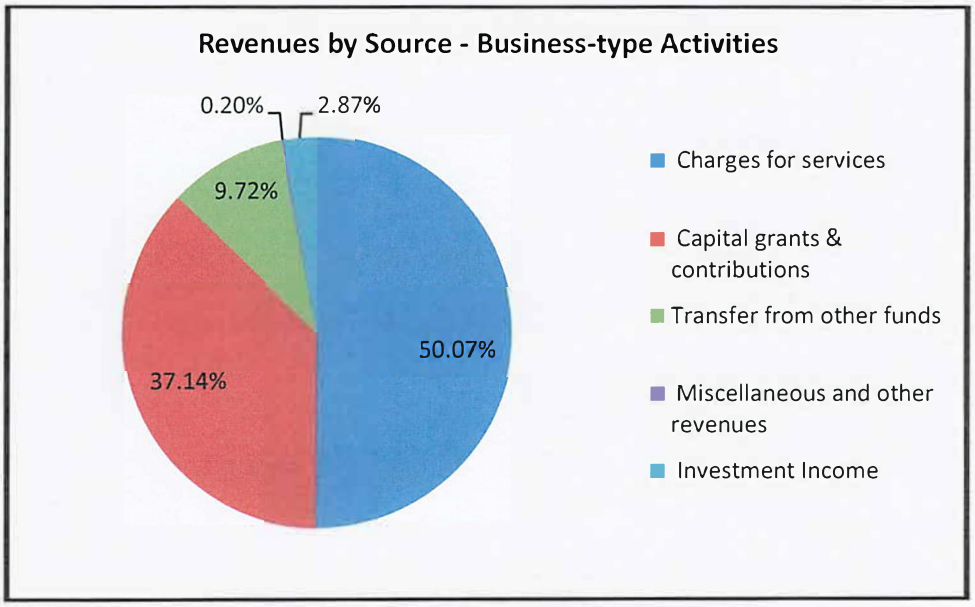
The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.

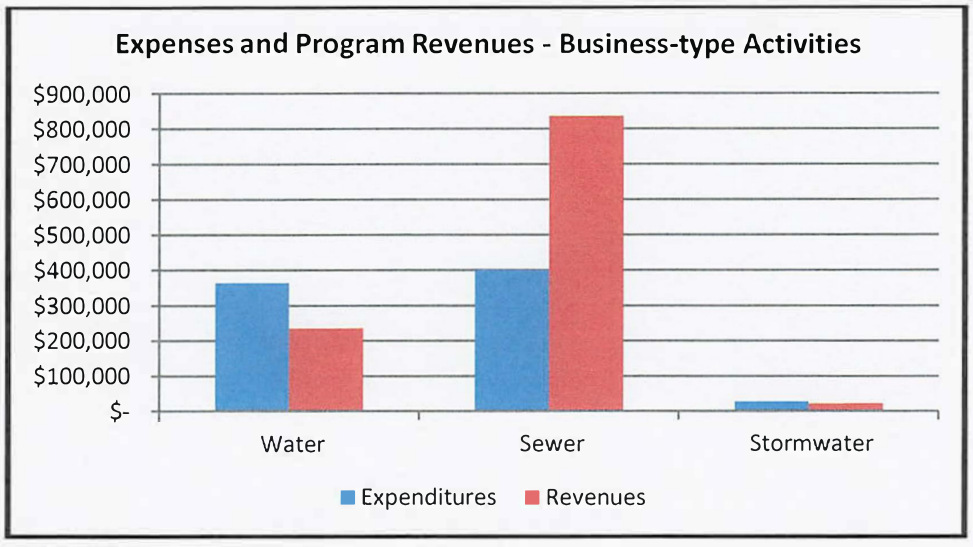

Revenues by Source - Governmental Activities
0.4%
11.7%
15.3%
3.5%
5.9%
24.7%
38.5%
Charges for services
Operating grants & contributions
Property taxes
Sales & use taxes
Other taxes
Investment income
Other general revenues


Expenses and Program Revenues - Governmental Activities
$350,000
$300,000
$250,000
$200,000
$150,000
$100,000
$50,000
$-
General Gov't
Public Safety
Public Works
Health & welfare
Culture, recreation and parks
Expenses
Program Revenues

Business-type Activities
Business-type Activities increased in net position by $462,358 (12.2%) during 2025. Expenses for the Water activity exceeded Charges for Services by $128,728 (54.6%). Program revenues for the Sewer fund activity exceeded Charges for Services by $29,363 (7.9%), and expenses for the Stormwater activity exceeded Charges for Services by $6,441 (30.0%) in the Stormwater Fund. Management anticipates that rate increases as well as gradual growth in customer bases will address future revenue needs in these funds.

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

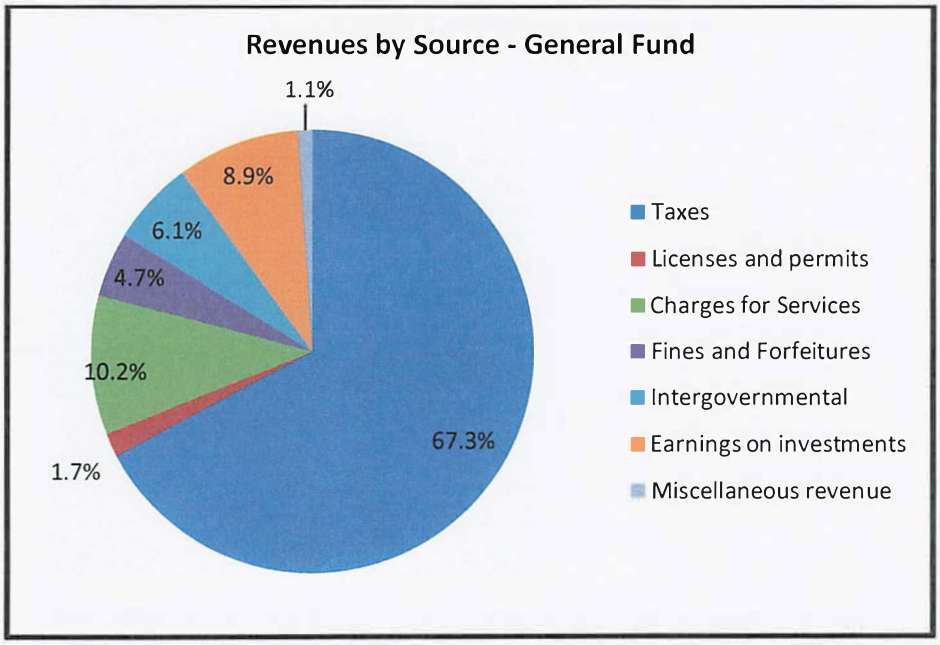


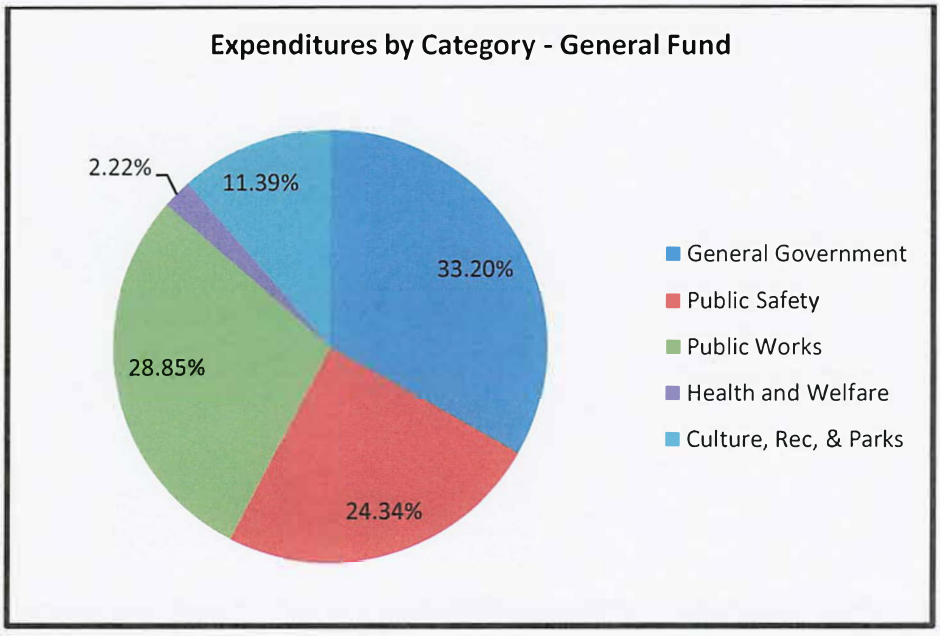


THE TOWN'S FUNDS
As noted earlier, the Town of Gilcrest uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balances of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2025 the Town's four major Governmental funds reported combined

ending fund balances of $3,021,734. These funds and the Town's three major Business-type Funds are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Gilcrest. It accounts for all the general services provided by the Town. At the end of 2025, the fund balance of the General Fund totaled $2,004,978. This was a $246,332 (14.0%) increase from 2024 primarily due to revenues outpacing expenditures by $262,632 (30.9%). Revenues totaled $1,112,216 and expenditures totaled $849,584. The General Fund transferred $50,000 of this excess to the Street Capital Improvement Fund. The General Fund also received a $33,700 transfer from the Town Hall Replacement Fund, as that fund was closed out after a new Town Hall was acquired. The following two tables illustrate General Fund revenues and expenditures during 2025.





Street Capital Improvement Fund. At the end of 2025, the fund balance of the Street Capital Improvement Fund totaled $469,863. This was a $90,866 (24.0%) increase from 2024 as no capital improvements were acquired or constructed during the year in this fund. Revenues totaled $40,866 and the fund received a transfer of $50,000 from the General Fund for future street capital needs.

Capital Improvement Fund. At the end of 2025, the fund balance of the Capital Improvement Fund totaled $546,893. This was a $2,831 (0.5%) increase from 2024. Revenues totaled $125,831, and expenditures for town beautification totaled $1,000. The fund also transferred $122,000 to the Sewer Fund to assist with capital projects.

Town Hall Replacement Fund. During 2025, the Town Hall Replacement Fund accomplished its objective with the acquisition of a new Town Hall. Revenues of $9,822 were combined with beginning balances and a new Town Hall was acquired for $347,035. The residual monies in the fund ($33,700) were transferred back to the General Fund (from whence the monies in the Twon Hall Replacement Fund had been transferred during past years), and the Town Hall Replacement Fund was closed.

Water Fund. At December 31, 2025 the net position of the Water Fund was $1,321,334. This was a decrease of $115,104 (-8.0%) from 2024. Approximately 26.3% of the decrease was attributable to depreciation of the water system's capital assets; the rest (approximately 73.7%) was due to system operations and administrative expenses exceeding charges for services and other operating revenues. The Fund had an operating loss of $124,746 in 2025, compared to its operating losses $137,295 in 2024, and $124,853 in 2023.

Sewer Fund. At December 31, 2025 the net position of the Sewer Fund was $2,221,294. This was an increase of $577,445 (35.1%) from 2024. Approximately 80.6% ($466,318) of the increase was attributable to a capital grant for sewer system improvements. The Fund also had operating income of $55,973.

Stormwater Fund. At December 31, 2025 the net position of the Stormwater Fund was $712,120. This was a negligible increase of $18 (0.0%) from 2024. The Fund had an operating loss of $6,441 in 2025, following operating losses of $2,532 in 2024, and $3,719 in 2023.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. As of December 31, 2025 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, parks, and water, sewer, and storm drainage systems totaling $7,170,683 in value. Note 5 of the financial statements provides a summary of changes in capital assets during the year. During 2025, the Town acquired a new Town Hall, installed a sewer pump, and continued constructing improvements to its sewer system.

The Town has specified certain sales tax revenue streams to fund capital improvements. One-quarter of the Town's four cent sales tax is restricted for general governmental capital improvements.

Debt Administration. The Town's long-term debt primarily consists of loans to the Enterprise Funds. These debts were incurred for water and sewer system facilities. At December 31, 2025, the Town had a balance of $25,821 owed on its 2009 Energy Impact Assistance Fund (EIAF) Loan from the Colorado Department of Local Affairs (DOLA), and a $398,061 balance owed on its 2015 loan from the Colorado Water Resources & Power Development Authority (CWRPDA). During the year, the Town acquired $2,149,223 in interim financing for the sewer improvement project. Compensated absences are also recorded. See Note 6 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The extent of oil and gas industry operations in the region fluctuates quickly and significantly with the national economy. When active drilling takes place in the region, the Town benefits from increases in sales

taxes, property taxes, and state shared excise taxes. Currently the Town seeks to be conservative in its revenue estimates, although Management is confident that these revenues will continue to benefit the Town to some extent. The 2026 Budget conservatively estimates revenues and anticipates ending General Fund balances at December 31, 2026 to be approximately 11.6% higher than at December 31, 2025. Grant and loans from DOLA and the U.S. Department of Agriculture, Rural Development program (USDA) are anticipated to help construct the Sewer Fund's collection system improvement project.

Volatile world-wide energy prices affect inflation, development, and costs experienced by the Town. Changes in federal economic policies have begun to ease inflation, but the full economic impact of these policies on the Town's 2026 and future budgets has yet to be determined. Town management monitors revenues and expenditures throughout the year and makes adjustments to budgets and spending if necessary.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Gilcrest's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town's management at Town of Gilcrest, 304 8th Street, P.O. Box 128, Gilcrest, CO 80623 or call Town Hall at (970) 737-2426.

Basic Financial Statements

Town of Gilcrest
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current Assets:			
Cash and cash equivalents	$ 3,073,470	$ 948,023	$ 4,021,493
Receivables	406,064	63,637	469,701
Receivables from other governments	6,463	67,487	73,950
Prepaid expenses	18,371	2,322	20,693
Non-Current Assets:			
Capital asset, not being depreciated:			
Water rights, land, system enhancement fees	383,562	683,075	1,066,637
Construction in progress	-	3,160,295	3,160,295
Capital asset, net of accumulated depreciation	707,998	2,203,218	2,911,216
Total Non-Current Assets	1,091,560	6,046,588	7,138,148
Total Assets	4,595,928	7,128,057	11,723,985
LIABILITIES			
Accounts payable	27,012	136,193	163,205
Accrued wages and benefits	2,822	12,393	15,215
Retainage payable	-	131,026	131,026
Long-term liabilities:			
Due within one year:			
Loans payable	-	46,138	46,138
Compensated absences	2,135	2,059	4,194
Due in more than one year:			
Loans payable	-	2,526,967	2,526,967
Compensated absences	19,218	18,533	37,751
Total liabilities	51,187	2,873,309	2,924,496
Deferred inflow of resources:			
Deferred property taxes	312,941	-	312,941
Total deferred inflows	312,941	-	312,941
NET POSITION			
Net investment in capital assets	1,091,560	3,473,483	4,565,043
Restricted for:			
TABOR and other legal restrictions	732,254	-	732,254
Unrestricted	2,407,986	781,265	3,189,251
Total net position	$ 4,231,800	$ 4,254,748	$ 8,486,548

The accompanying notes to financial statements
are an integral part of these statements.

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

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total
Primary government							
Governmental Activities							
General Government	$ 293,686	$ 6,118	$ -	$ -	$ (287,568)	$ -	$ (287,568)
Public Safety	209,738	72,494	-	-	(137,244)	-	(137,244)
Public Works	283,541	108,039	65,504	-	(109,998)	-	(109,998)
Health & Welfare	18,826	6,273	-	-	(12,553)	-	(12,553)
Culture, Recreation and Parks	119,112	9,994	12,232	-	(96,886)	-	(96,886)
Total governmental activities	924,903	202,918	77,736	-	(644,249)	-	(644,249)
Business-type activities:							
Water	364,631	235,903	-	-	-	(128,728)	(128,728)
Sewer Fund	400,686	371,323	-	466,318	-	436,955	436,955
Stormwater Fund	27,886	21,445	-	-	-	(6,441)	(6,441)
Total business-type activities	793,203	628,671	-	466,318	-	301,786	301,786
Total primary government	1,718,106	831,589	77,736	466,318	(644,249)	301,786	(342,463)
General revenues:							
Taxes:							
Property taxes, including SO taxes					$ 326,960	$ -	$ 326,960
Sales and use taxes					509,434	-	509,434
Franchise fees					38,255	-	38,255
Miscellaneous taxes					8,530	-	8,530
Unrestricted investment earnings					155,293	36,072	191,365
Miscellaneous					5,474	2,500	7,974
Transfers					(122,000)	122,000	-
Total general revenues, special items, and transfers					921,946	160,572	1,082,518
Change in net position					277,697	462,358	740,055
Net position - beginning					3,954,103	3,792,390	7,746,493
Net position - ending					$ 4,231,800	$ 4,254,748	$ 8,486,548

The accompanying notes to financial statements
are an integral part of these statements.

Town of Gilcrest
Balance Sheet
Governmental Funds
December 31, 2025

	General Fund	Street Capital Improvement Fund	Capital Improvement Fund	Non-Major Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,936,361	$ 467,977	$ 531,202	$ 137,929	$ 3,073,469
Taxes receivable, net	312,941	-	-	-	312,941
Receivable from other governments	6,463	-	-	-	6,463
Other receivables	75,546	1,886	15,691	-	93,123
Prepaid Expenses	16,373	-	-	1,997	18,370
Total assets	2,347,684	469,863	546,893	139,926	3,504,366
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	26,943	-	-	68	27,011
Accrued wages and benefits	2,822	-	-	-	2,822
Total liabilities	29,765	-	-	68	29,833
Deferred inflow of resources:					
Deferred property taxes	312,941	-	-	-	312,941
Fund balances:					
Non spendable-Prepaid expenses	16,373	-	-	1,997	18,370
Restricted:					
TABOR	47,500	-	-	-	47,500
Law enforcement	-	-		99,883	99,883
Capital replacement	-	-	546,893	-	546,893
Parks and recreation	-	-	-	37,978	37,978
Committed-Other purposes:					
Street improvements	-	469,863	-	-	469,863
Unassigned	1,941,105	-	-	-	1,941,105
Total fund balances	2,004,978	469,863	546,893	139,858	3,161,592
Total liabilities and fund balances	$ 2,347,684	$ 469,863	$ 546,893	$ 139,926	$ 3,504,366

The accompanying notes to financial statements
are an integral part of these statements.

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

Total fund balance, governmental funds	$	3,161,592
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.		1,091,560
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(21,352)
Net Position of Governmental Activities in the Statement of Net Position	$	4,231,800

The accompanying notes to financial statements
are an integral part of these statements.

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

	General Fund	Street Capital Improvement Fund	Capital Improvement Fund	Town Hall Replacement Fund	Non-Major Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 326,960	$ -	$ -	$ -	$ -	$ 326,960
Sales and use taxes	383,560	24,747	101,127	-	-	509,434
Franchise tax	38,255	-	-	-	-	38,255
Fees and fines	52,406	-	-	-	-	52,406
Licenses and permits	18,336	-	-	-	-	18,336
Intergovernmental	68,389	-	-	-	12,232	80,621
Charges for services	112,904	-	-	-	18,399	131,303
Investment earnings	99,413	16,119	24,704	9,822	5,236	155,294
Miscellaneous	11,993	-	-	-	-	11,993
Total revenues	1,112,216	40,866	125,831	9,822	35,867	1,324,602
EXPENDITURES						
General government	282,105	-	-	986	-	283,091
Public safety	206,833	-	-	-	2,368	209,201
Health and welfare	18,826	-	-	-	-	18,826
Culture and rec	96,747	-	1,000	-	13,722	111,469
Public works	245,073	-	-	-	-	245,073
Capital Outlay	-	-	-	346,049	-	346,049
Total Expenditures	849,584	-	1,000	347,035	16,090	1,213,709
Excess (deficiency) of revenues over expenditures	262,632	40,866	124,831	(337,213)	19,777	110,893
OTHER FINANCING) SOURCES (USES						
Transfers in	33,700	50,000	-	-	-	83,700
Transfers out	(50,000)	-	(122,000)	(33,700)	-	(205,700)
Total other financing sources and uses	(16,300)	50,000	(122,000)	(33,700)	-	(122,000)
Net change in fund balances	246,332	90,866	2,831	(370,913)	19,777	(11,107)
Fund balances - beginning	1,758,646	378,997	544,062	370,913	120,081	3,172,699
Fund balances - ending	$ 2,004,978	$ 469,863	$ 546,893	$ -	$ 139,858	$ 3,161,592

The accompanying notes to financial statements
are an integral part of these statements.

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

Net change in fund balances - total governmental funds:	$	(11,107)
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $346,046 was more than depreciation of $54,544 in the current period.		291,502
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Change in Compensated Absences		(2,698)
Change in net position of governmental activities	$	277,697

The accompanying notes to financial statements
are an integral part of these statements.

Town of Gilcrest
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Sewer Fund	Stormwater Fund	Total
ASSETS				
Current assets:				
Cash and cash equivalents	$ 229,776	$ 556,851	$ 161,396	$ 948,023
Accounts receivable, net	18,122	110,518	2,484	131,124
Prepaid Expenses	1,167	1,031	124	2,322
Total current assets	249,065	668,400	164,004	1,081,469
Property, Plant and Equipment:				
Capital assets, not being depreciated	554,703	3,207,870	80,797	3,843,370
Capital assets, being depreciated	556,468	1,177,524	469,226	2,203,218
Total property, plant and equipment	1,111,171	4,385,394	550,023	6,046,588
Total assets	1,360,236	5,053,794	714,027	7,128,057
LIABILITIES				
Current Liabilities:				
Accounts payable	1,916	134,236	41	136,193
Retainage payable	-	131,026	-	131,026
Accrued wages payable	405	904	182	1,491
Accrued interest payable	430	10,472	-	10,902
Compensated absences	1,033	858	168	2,059
Loans payable, current portion	5,991	40,147	-	46,138
Total current liabilities	9,775	317,643	391	327,809
Non-current liabilities:				
Compensated absences long term	9,296	7,721	1,516	18,533
Loans payable	19,831	2,507,136	-	2,526,967
Total non-current liabilities	29,127	2,514,857	1,516	2,545,500
Total liabilities	38,902	2,832,500	1,907	2,873,309
NET POSITION				
Net investment in capital assets	1,085,349	1,838,111	550,023	3,473,483
Unrestricted	235,985	383,183	162,097	781,265
Total net position	$ 1,321,334	$ 2,221,294	$ 712,120	$ 4,254,748

The accompanying notes to financial statements
are an integral part of these statements.

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

	Water Fund	Sewer Fund	Stormwater Fund	Total
REVENUES				
Charges for services	$ 227,507	$ 372,851	$ 21,516	$ 621,874
Miscellaneous	8,396	-	-	8,396
Other operating revenues (expenses)	2,500	(1,528)	(71)	901
Total operating revenues	238,403	371,323	21,445	631,171
OPERATING EXPENSES				
System operations	261,480	136,274	13,888	411,642
Administrative and general	71,370	78,501	-	149,871
Depreciation	30,299	100,575	13,998	144,872
Total Operating Expenses	363,149	315,350	27,886	706,385
Operating income (loss)	(124,746)	55,973	(6,441)	(75,214)
NON-OPERATING REVENUES (EXPENSES)				
Interest income	11,123	18,491	6,459	36,073
Loan fees	-	(20,000)	-	(20,000)
Capital grant	-	466,318	-	466,318
Interest expense	(1,481)	(65,337)	-	(66,818)
Total non-operating revenue (expenses)	9,642	399,472	6,459	415,573
Income (loss) before contributions and transfers	(115,104)	455,445	18	340,359
Transfers in	-	122,000	-	122,000
Change in net position	(115,104)	577,445	18	462,359
Total net position - beginning	1,436,438	1,643,849	712,102	3,792,389
Total net position - ending	$ 1,321,334	$ 2,221,294	$ 712,120	$ 4,254,748

The accompanying notes to financial statements
are an integral part of these statements.

Town of Gilcrest
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sewer Fund	Stormwater Fund	Total
Cash flows from operating activities:				
Cash received from customers	$ 236,897	$ 357,657	$ 21,500	$ 616,054
Cash paid to suppliers	(252,909)	(126,046)	(1,208)	(380,163)
Cash paid for personnel costs	(86,889)	(89,192)	(12,183)	(188,264)
Net cash flows from Operating Activities	(102,901)	142,419	8,109	47,627
Cash flows from non-capital financing activities:				
Transfers from other funds	-	122,000	-	122,000
Net cash flows from non-capital financing activities	-	122,000	-	122,000
Cash flows from capital and related financing activities:				
Capital grant	-	400,360	-	400,360
Capital assets purchased	-	(32,533)	-	(32,533)
Construction costs	-	(2,577,875)	-	(2,577,875)
Construction loan advances	-	2,149,223	-	2,149,223
Principal payment on long term debt	(5,707)	(39,749)	-	(45,456)
Interest payment on debt	(1,576)	(75,594)	-	(77,170)
Net cash flows from capital and financing activities	(7,283)	(176,168)	-	(183,451)
Cash flows from investing activities:				
Interest income	11,123	16,963	6,460	34,546
Net cash flows from investing activities	11,123	16,963	6,460	34,546
Net increase (decrease) in cash and cash equivalents	(99,061)	105,214	14,569	20,722
Beginning of year	328,837	451,637	146,827	927,301
End of year	$ 229,776	$ 556,851	$ 161,396	$ 948,023

The accompanying notes to financial statements
are an integral part of these statements.

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

	Water Fund	Sewer Fund	Stormwater Fund	Total
Reconciliation of operating income (loss) to net cash flows from operating activities:				
Operating income (loss)	$ (124,746)	$ 55,973	$ (6,441)	$ (75,214)
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:				
Depreciation	30,299	100,575	13,998	144,872
Changes in assets and liabilities:				
(Increase) decrease in:				
Accounts receivable	(1,506)	(13,666)	55	(15,117)
Prepaid expenses	2,827	2,845	(16)	5,656
Increase (decrease) in:				
Accounts payable	(11,983)	(5,114)	22	(17,075)
Compensated absences	2,208	1,806	491	4,505
Net cash flows from operating activities	$ (102,901)	$ 142,419	$ 8,109	$ 47,627

The accompanying notes to financial statements
are an integral part of these statements.

Note 1 Summary of Significant Accounting Policies

The Town of Gilcrest, Colorado (the "Town") was founded in 1912 as a statutory town. The Town's major operations include general government, public safety, public works, culture, parks and recreation, health and welfare, and water, sewer and stormwater utilities.

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

Reporting Entity

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

1. Appointment of a voting majority of the component unit's governing board, and either a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or

2. Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the Town.

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 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, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

The fund financial statements report detailed information about the Town. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated in the Supplementary Information section of this report and shown in a single column in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances present increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible 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. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. Debt service expenditures, however, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Property taxes, intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual, and so, 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.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

Governmental funds are used to account for all or most of a government's general activities. The following are the Town's major governmental funds:

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

Street Capital Improvement Fund - The Street Capital Improvement Fund accounts for revenues and expenses relating to capital improvement on the Town's streets.

Capital Improvement Fund – The Capital Improvement Fund accounts for revenues and expenses relating to general capital improvement projects approved by the Town Council.

Town Hall Replacement Fund – The Town Hall Replacement Fund accounts for the accumulation of cash to be held for the purchase of a town hall.

The other governmental funds (non-major funds) are special revenue funds and have been established to account for revenues derived from specific earmarked revenue sources which finance specific activities as required by law or administrative action. The Town's other governmental funds include the Conservation Trust and the Municipal Court Surcharge.

Proprietary funds, which include enterprise funds, are accounted for on a flow of economic resources measurement focus using the accrual basis of accounting. Therefore, all assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of these funds are included on the statement of net position. Revenues and expenses are recorded in the accounting period in which they are earned or incurred, and they become measurable. Net position is segregated into amounts invested in capital assets, restricted for debt service, and unrestricted.

Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in total net position. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The Town's major enterprise funds include the Water, Sewer, and Stormwater funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other funds of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Cash and Cash Equivalents

To improve cash management, cash received by the Town is pooled and invested. Individual fund integrity is maintained through the Town's records. Interest in the pool is presented as equity in pooled cash and cash equivalents on the financial statements. The Town considers all highly liquid investments with original maturities of three months or less to be cash equivalents. Overdrawn balances in pooled cash accounts are treated by the Town as interfund liabilities, payable to the fund deemed to have made the loan. Short term investments, consisting of funds invested in a local government investment pool (Note 2) are considered to be cash equivalents and are measured at net asset value, which approximates fair value.

Restricted Cash

The amount of $53,694 is restricted in the Sewer Fund to be in compliance with the 2015 revenue loan reserve requirements. The amount will be used to prevent default in the payment of the bonds.

Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables, if any, are classified as internal balances on the government-wide statement of net position and classified as due from other funds or due to other funds on the balance sheet.

Bond Premium and Debt Issuance Costs

In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums are deferred and amortized over the life of the bonds using the effective interest rate method as principal is paid. Debt issuance costs are recognized during the period of issuance.

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., streets and roads, bridges, water lines, storm-water drainage, 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, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Assets are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities.

	Governmental Activities	Business-Type Activities
Land	N/A	N/A
Water Rights	N/A	N/A
System Enhancement Fee	N/A	N/A
Land Improvements	40 Years	40 Years
Buildings and Improvements	10 – 40 Years	10 – 40 Years
Utility Systems	N/A	25 – 50 Years
Streets	20 Years	20 Years
Vehicles and Equipment	5 – 15 Years	15 Years

Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 101, Accounting for Pronouncements relating to Compensated Absences. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, employees are compensated for all accrued vacation and compensatory time at their current rate of pay. There is no payment for unused sick leave upon termination.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

Fund Balance and Net Position

In the government-wide and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which those funds can be spent. In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Trustees (the Board). The Board is the highest level of decision making authority for the Town. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the Town considers restricted resources 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 the Board has provided otherwise in its commitment or assignment actions.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The County Treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the Town by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the Town.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become measurable and available.

Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 Cash and Cash Equivalents

Custodial Credit Risk – Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2025, the Town had deposits with financial institutions with a carrying amount of $265,903. The bank balances with the financial institutions were $265,903 of which $250,000 was covered by federal depository insurance. The remaining balance of $15,903 was collateralized with securities held by the financial institutions' agents but not in the Town's name.

At December 31, 2025, the Town had cash and cash equivalent balances, including restricted cash, as follows:

Cash on hand	$ 550
Cash deposits	265,903
Local government investment pool	3,754,950
Total cash and cash equivalents	$ 4,021,403

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the Town may invest, which include:

- Certificates of deposit with an original maturity in excess of three months;
- Certain obligations of the United States and U.S. government agency securities;
- Certain international agency securities;
- General obligation and revenue bonds of U.S. local government entities;
- Banker's acceptance of certain banks;
- Commercial paper;
- Written repurchase agreements collateralized by certain authorized securities;
- Certain money market funds;
- Guaranteed investment contracts;
- Local government investment pools.

The Town's policy is to utilize Local Government Investment Pools for all its investment activity.

Custodial Credit Risk – Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Town would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town does not have a specific policy for custodial credit risk. As of December 31, 2025, the Town had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust, discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pools

At December 31, 2025, the Town had invested $3,754,950 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAm by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Note 3 Receivables

Receivables at December 31, 2025 consisted of the following:

	General Fund	Stormwater Fund	Sewer Fund	Water Fund	Non-Major Funds	Total
Taxes	$ 312,941	$ -	$ -	$ -	$ -	$ 312,941
Trade accounts	8,506	2,484	43,032	18,122	-	72,144
Other receivables	67,040	-	-	-	17,577	84,617
Intergovernmental	6,463	-	67,487	-	-	73,950
Total	$ 394,950	$ 2,484	$ 110,519	$ 18,122	$ 17,577	$ 543,652

Management has determined that all receivables are fully collectible and therefore no allowance is deemed necessary.

Note 4 Interfund Transfers

The Town made the following fund transfers between funds during 2025.

	Transfers to:				
	Street Improvement	Stormwater	Capital Improvement	Town Hall	Sewer
Transfers from:					
General	$ 50,000	$ -	$ -	$ (33,700)	$ -
Water	-	-	-	-	-
Stormwater	-	-	-	-	-
Capital Improvement	-	-	-	-	122,000
Total	$ 50,000	$ -	$ -	$ (33,700)	$ 122,000

Note 5 Capital Assets

Capital asset activity for the year ended December 31, 2025 was as follows:

	Governmental Activities:			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Construction in Progress	$ -	$ 19,718	$ -	$ 19,718
Land	37,514	326,330	-	363,844
Total capital assets not being depreciated	37,514	346,048	-	383,562
Capital assets being depreciated:				
Land Improvements	344,278	-	-	344,278
Buildings and Improvements	135,201	-	-	135,201
Vehicles and Equipment	658,374	-	-	658,374
Streets	1,059,542	-	-	1,059,542
Total capital assets being depreciated	2,197,395	-	-	2,197,395
Less accumulated depreciation:				
Land Improvements	(136,963)	(9,354)	-	(146,317)
Buildings and Improvements	(102,753)	(3,258)	-	(106,011)
Vehicles and Equipment	(557,157)	(12,793)	-	(569,950)
Streets	(637,980)	(29,139)	-	(667,119)
Total accumulated depreciation	(1,434,853)	(54,544)	-	(1,489,397)
Total capital assets being depreciated, net	762,542	(54,544)	-	707,998
Governmental Activities Capital Assets, Net	$ 800,056	$ 291,504	$ -	$ 1,091,560

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

Governmental Activities:	
General Government	$ 7,897
Public Safety	537
Public Works	37,468
Culture, Recreation and Parks	8,642
	$ 54,544

	Business-Type Activities:			
	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 137,736	$ -	$ -	$ 137,736
Water Rights	545,339	-	-	545,339
Construction in Progress	324,942	2,835,353	-	3,160,295
Total Capital assets not being depreciated	1,008,017	2,835,353	-	3,843,370
Capital assets being depreciated:				
Buildings and Improvements	33,619	-	-	33,619
Equipment	171,416	-	-	171,416
Utility Systems	5,055,433	32,531	-	5,087,964
Total capital assets being depreciated	5,260,468	32,531	-	5,292,999
Less accumulated depreciation for:				
Buildings and Improvements	(33,619)	-	-	(33,619)
Equipment	(61,082)	(3,459)	-	(64,541)
Utility Systems	(2,850,208)	(141,413)	-	(2,991,621)
Total accumulated depreciation	(2,944,909)	(144,872)	-	(3,089,781)
Total capital assets being depreciated, net	2,315,559	(112,341)	-	2,203,218
Business-Type Activities Capital Assets, Net	$ 3,323,576	$ 2,723,012	$ -	$ 6,046,588

Depreciation expense was charged to function or programs of the Town's business-type activities as follows:

Business-Type Activities:	
Water	$ 30,299
Sewer	100,575
Stormwater	13,998
	$ 144,872

Note 6 Long-Term Debt

Business-Type Activities

2009 Energy Impact Assistance Loan (EIAF)

On June 16, 2009, the Town executed a $90,000 promissory note with the State of Colorado, Department of Local Affairs to make improvements to the Town's water system. The note is due in annual installments of $7,282, principal and interest, at 5.0% through September 1, 2029. The Town agreed to establish rates and charges for the services of the water system in an amount sufficient to manage, operate and maintain, in an efficient and economical manner, the potable water system.

2015 Colorado Water Resources and Power Development Authority Loan (CWRPDA)

On June 30, 2015, the Town executed a loan agreement totaling $1,090,000 with the Colorado Water Resources and Power Development Authority to make improvements and upgrades to the Town's wastewater treatment facility. The loan accrues interest at 1.00% and is payable in semi-annual principal and interest payments, beginning on November 1, 2016, with a maturity date of May 1, 2035. The loan is secured by the net revenues of the ownership and operation of the system, as defined within the Agreement. In 2018, the remaining loan principal was reduced by $271,517 with unused project funds.

Changes in long-term debt for the year ended December 31, 2025 were as follows:

	Business-Type Activities:				
	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
2009 EIAF Loan	$ 31,527	$ -	$ (5,706)	$ 25,821	$ 5,991
2015 CWRPDA Loan	437,809	-	(39,748)	398,061	40,147
CoBank	-	2,149,223	-	2,149,223	-
Accrued compensated absences	16,087	4,505	-	20,592	2,059
Total	$ 485,423	$ 2,153,728	$ (45,454)	$ 2,593,697	$ 48,197

The following table represents future debt service requirements on the business-type activity debt as December 31, 2025:

Year	Principal	Interest	Total
2026	$ 46,138	$ 5,171	$ 51,309
2027	46,839	4,469	51,308
2028	47,561	3,748	51,309
2029	48,302	3,008	51,310
2030	42,200	2,246	44,446
2031-2035	192,842	4,862	197,704
Total	$ 423,882	$ 23,504	$ 447,386

During 2025, the Town received approval and project funding to start a wastewater construction project at an estimated cost of $6,307,700. Funding will come from several sources including a construction loan from CoBank, grants from the Department of Local

Affairs, a state ARP grant, and long-term financing from the United States Department of Agriculture.

When the construction project is completed and long-term financing is obtained, the loan will be scheduled for repayment over a 40 year period. For planning purposes, the Town will use an annual interest rate of 2.50% with a bi-annual payments of $56,295. The precise amount, including the interest rate, will be determined at closing.

In addition, the Town will be required to establish a debt service reserve account equal to at least one annual loan payment. Based on the preliminary estimates, the Town will need to deposit $1,330 monthly until the reserve totals $159,552.

The Town will also be required to establish a short-lived asset reserve fund to be funded annually for the life of the loan. The Town will be required to assess the short-lived needs and adjust the amount deposited to meet those needs.

Governmental Activities

Changes in long-term debt for the year ended December 31, 2025 were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Accrued compensated absences	$ 18,655	$ 2,698	$ -	$ 21,353	$ 2,135

Note 7 Rate Maintenance

Sewer Fund

Pursuant to the 2015 CWRPDA loan, the Town must establish, maintain and enforce rates and charges for services rendered by the sewer system sufficient to create income and revenue each year, which pay maintenance and operation expenses of the system and cover the principal and interest payments of the loan as they become due.

The following calculation shows the Town was in compliance with the rate maintenance provision of this loan agreement.

Operating revenues	$ 371,323	
Less operating expenses, excluding depreciation	(214,775)	
Net revenues as defined in the bond agreement		$ 156,548
2025 principal due	40,147	
2025 interest due	3,880	
	44,027	
	x110%	
		(48,430)
Amount by which the current year revenues exceed the 2015 loan requirement		$ 108,118

Note 8 Pledged Revenues

The Town has pledged future water customer revenues, net of specified operating expenses, to repay the $90,000, 2009 Energy Impact Assistance Loan. The proceeds were used to make water system improvements and are payable through 2029. Annual principal and interest payments on this debt are expected to require less than 50% of net revenues as defined in the debt agreements. The total principal and interest remaining to be paid on this debt is $29,128. Principal and interest paid for the current year and total customer revenues were $7,187 and $235,903, respectively.

Note 9 Contingency

Risk Management

The Town is self-insured for property and liability insurance. In order to mitigate risk, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA has a legal obligation for claims against their members to the extent that funds are available in their annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although they are not legally required to do so. Additionally, the Town may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2025 limit CIRSA's per occurrence exposure to $1,000,000 for property coverage, $1,000,000 for excess property coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to $1,000,000 for 2025 and provides coverage to statutory limits for the State of Colorado.

The ultimate liability to the Town resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

Note 10 Taxes, Spending, and Debt Limitations

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. The limits on property taxes, revenue, and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserve (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the Town under specified voting requirements by the entire electorate.

The Amendment also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary of fringe benefit increase. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Town has restricted $47,500 for this purpose. The amount is shown in the General Fund.

On November 7, 1995, the voting citizens of the Town of Gilcrest authorized the Town (retroactive to January 1, 1994) to retain all of the revenues from all sources generated during 1994 and subsequent years and spend the same as a voter-approved revenue change as an exception to limits which would otherwise apply for each of said years. This effectively removed all revenue and spending limits imposed by TABOR.

Required Supplementary Information

Town of Gilcrest
Budget and Actual
General Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Property taxes	$ 329,362	$ 329,362	$ 326,960	$ (2,402)
SO taxes	31,000	31,000	38,255	7,255
Sales and miscellaneous taxes	260,000	260,000	383,560	123,560
Fees and fines	35,150	35,150	52,406	17,256
Licenses and permits	133,218	133,218	18,336	(114,882)
Intergovernmental	103,950	103,950	68,389	(35,561)
Charges for services	128,852	128,852	112,904	(15,948)
Investment earnings	67,003	67,003	99,413	32,410
Miscellaneous	8,200	8,200	11,992	3,792
Total revenues	1,096,735	1,096,735	1,112,215	15,480
EXPENDITURES				
General government	254,569	254,569	282,105	(27,536)
Public safety	212,883	212,883	206,833	6,050
Health and welfare	42,663	42,663	18,826	23,837
Culture and rec	160,224	160,224	96,747	63,477
Public works	315,351	315,351	245,072	70,279
Capital outlay	95,000	95,000	-	95,000
Total Expenditures	1,080,690	1,080,690	849,583	231,107
Excess (deficiency) of revenues over expenditures	16,045	16,045	262,632	246,587
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	33,700	(33,700)
Transfers out	(113,900)	(113,900)	(50,000)	(63,900)
Total other financing sources and uses	(113,900)	(113,900)	(16,300)	(97,600)
Net change in fund balances	(97,855)	(97,855)	246,332	148,987
Fund balances - beginning	1,488,964	1,488,964	1,758,646	(269,682)
Fund balances - ending	$ 1,391,109	$ 1,391,109	$ 2,004,978	$ (59,253)

Town of Gilcrest, Colorado
Notes to Required Supplementary Information
December 31, 2025

Note 1 Budgets and Budgetary Accounting

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

- By October 15, the Town Administrator submits to the Town Board of Trustees a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The Town legally adopts budgets for all of the funds. Budgets for the general and special revenue funds are adopted on a basis consistent with GAAP. Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis, where payments for capital assets and principal amounts of debt are treated as expenditures.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Town Board of Trustees. All appropriations lapse at year end.

Other Supplementary Information

Town of Gilcrest
Combining Balance Sheets
Non-Major Governmental Funds
December 31, 2025

	Conservation Trust	Municipal Court Surcharge	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 38,046	$ 99,883	$ 137,929
Prepaid expenses	178	1,819	1,997
Total assets	38,224	101,702	139,926
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts payable	68	-	68
Total liabilities	68	-	68
Fund balances:			
Nonspendable			
Prepaid expenses	178	1,819	1,997
Restricted	37,978	99,883	137,861
Total fund balances	38,156	101,702	139,858
Total liabilities and fund balances	$ 38,224	$ 101,702	$ 139,926

Town of Gilcrest
Combining Statements of Revenues, Expenditures and Changes in Fund Balances
Non-Major Governmental Funds
For the Year Ended December 31, 2025

	Conservation Trust	Municipal Court Surcharge	Total Other Governmental Funds
REVENUES			
Intergovernmental	$ 12,232	$ -	$ 12,232
Charges for services	-	18,399	18,399
Investment earnings	1,475	3,761	5,236
Total revenues	13,707	22,160	35,867
EXPENDITURES			
Current:			
Public Safety	-	2,368	2,368
Culture and recreation	13,722	-	13,722
Total Expenditures	13,722	2,368	16,090
Excess (deficiency) of revenues over expenditures	(15)	19,792	19,777
Net change in fund balances	(15)	19,792	19,777
Fund balances - beginning	38,171	81,910	120,081
Fund balances - ending	$ 38,156	$ 101,702	$ 139,858

Town of Gilcrest
Budget and Actual
Conservation Trust
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 15,500	$ 15,500	$ 12,232	$ (3,268)
Investment earnings	4,500	4,500	1,475	(3,025)
Total revenues	20,000	20,000	13,707	(6,293)
EXPENDITURES				
Current:				
Culture and recreation	16,594	16,594	13,722	2,872
Total Expenditures	16,594	16,594	13,722	2,872
Excess (deficiency) of revenues over expenditures	3,406	3,406	(15)	(3,421)
Net change in fund balances	3,406	3,406	(15)	(3,421)
Fund balances - beginning	46,593	46,593	38,171	(8,422)
Fund balances - ending	$ 49,999	$ 49,999	$ 38,156	$ (11,843)

Town of Gilcrest
Budget and Actual
Municipal Court Surcharge
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 15,000	$ 15,000	$ 18,399	$ 3,399
Investment earnings	2,147	2,147	3,761	1,614
Total revenues	17,147	17,147	22,160	5,013
EXPENDITURES				
Current:				
Public Safety	5,600	5,600	2,368	3,232
Total Expenditures	5,600	5,600	2,368	3,232
Excess (deficiency) of revenues over expenditures	11,547	11,547	19,792	1,781
Net change in fund balances	11,547	11,547	19,792	8,245
Fund balances - beginning	47,708	47,708	81,910	34,202
Fund balances - ending	$ 59,255	$ 59,255	$ 101,702	$ 42,447

Town of Gilcrest
Budget and Actual
Street Capital Improvement
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and miscellaneous taxes	$ -	$ -	$ 24,747	$ 24,747
Investment earnings	10,000	10,000	16,119	16,119
Total revenues	10,000	10,000	40,866	40,866
EXPENDITURES				
Current:				
Street improvements	105,000	105,000	-	-
Total Expenditures	105,000	105,000	-	-
Excess (deficiency) of revenues over expenditures	(95,000)	(95,000)	40,866	40,866
OTHER FINANCING SOURCES (USES)				
Transfers in	50,000	50,000	50,000	50,000
Total other financing sources and uses	50,000	50,000	50,000	50,000
Net change in fund balances	(45,000)	(45,000)	90,866	90,866
Fund balances - beginning	164,914	164,914	378,997	-
Fund balances - ending	$ 119,914	$ 119,914	$ 469,863	$ 2,004,978

Town of Gilcrest
Budget and Actual
Capital Improvement Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Sales and use taxes	92,500	92,500	101,127	8,627
Investment earnings	10,000	10,000	24,704	14,704
Total revenues	102,500	102,500	125,831	23,331
EXPENDITURES				
Current:				
Health and welfare	4,000	4,000	1,000	3,000
Total Expenditures	4,000	4,000	1,000	3,000
Excess (deficiency) of revenues over expenditures	98,500	98,500	124,831	26,331
OTHER FINANCING SOURCES (USES)				
Transfers in	36,300	36,300	-	36,300
Transfers out	(122,000)	(122,000)	(122,000)	-
Total other financing sources and uses	(85,700)	(85,700)	(122,000)	36,300
Net change in fund balances	12,800	12,800	2,831	9,969
Fund balances - beginning	458,729	458,729	544,062	(85,333)
Fund balances - ending	$ 471,529	$ 471,529	$ 546,893	$ (75,364)

Town of Gilcrest
Budget and Actual
Town Hall Replacement Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	$ 56,000	$ 56,000	$ 9,822	$ (46,178)
Total revenues	56,000	56,000	9,822	(46,178)
EXPENDITURES				
Current:				
General government	-	-	986	(986)
Capital Outlay	30,000	388,409	346,049	(346,049)
Total Expenditures	30,000	388,409	347,035	(347,035)
Excess (deficiency) of revenues over expenditures	26,000	(332,409)	(337,213)	(4,804)
OTHER FINANCING SOURCES (USES)				
Transfers in (out)	50,000	50,000	(33,700)	(83,700)
Total other financing sources and uses	50,000	50,000	(33,700)	(83,700)
Net change in fund balances	76,000	(282,409)	(370,913)	(88,504)
Fund balances - beginning	362,409	362,409	370,913	8,504
Fund balances - ending	$ 438,409	$ 80,000	$ -	$ (80,000)

Town of Gilcrest
Budget and Actual
Water Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 236,600	$ 236,600	$ 227,507	$ (9,093)
Investment earnings	22,500	22,500	11,123	(11,377)
Other operating revenues	500	500	2,500	2,000
Miscellaneous	3,000	3,000	8,396	5,396
Total revenues	262,600	262,600	249,526	(13,074)
EXPENDITURES				
Current:				
System Operations	260,993	260,993	261,480	(487)
Administrative and general	77,275	77,275	71,370	5,905
Debt Service:				
Principal	5,500	5,500	5,707	(207)
Interest	2,000	2,000	1,481	519
Capital Outlay	16,250	16,250	-	-
Total Expenditures	362,018	362,018	340,038	5,730
Excess (deficiency) of revenues over expenditures	(99,418)	(99,418)	(90,512)	(7,344)
OTHER FINANCING SOURCES (USES)				
Transfers out	(10,200)	(10,200)	-	(10,200)
Total other financing sources and uses	(10,200)	(10,200)	-	(10,200)
Change in Net Position	(109,618)	(109,618)	(90,512)	(17,544)
Reconciliation to GAAP Basis				
Reconciling to GAAP principal			5,707	-
Reconciling to GAAP depreciation			(30,299)	-
Change in Net Position, GAASP Basis			$ (115,104)	$ (17,544)

Town of Gilcrest
Budget and Actual
Sewer Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 282,000	$ 282,000	$ 372,851	$ 90,851
Investment earnings	5,500	5,500	18,491	12,991
Miscellaneous	4,000	4,000	(1,528)	(5,528)
Total revenues	291,500	291,500	389,814	98,314
EXPENDITURES				
Current:				
System operations	209,167	209,167	136,274	72,893
Administration and general	77,095	77,095	78,501	(1,406)
Debt Service:				
Principal	45,800	45,800	39,749	6,051
Interest	5,300	5,300	65,337	(60,037)
Capital Outlay	3,204,950	3,204,950	2,867,886	337,064
Total Expenditures	3,542,312	3,542,312	3,187,747	354,565
Excess (deficiency) of revenues over expenditures	(3,250,812)	(3,250,812)	(2,797,933)	452,879
OTHER FINANCING SOURCES (USES)				
Proceeds from financing	1,474,000	1,474,000	2,149,223	(675,223)
Capital grants	1,739,200	1,739,200	466,318	1,272,882
Loan fees	-	-	(20,000)	20,000
Transfers in	122,000	122,000	122,000	-
Transfers out	(5,100)	(5,100)	-	(5,100)
Total other financing sources and uses	3,330,100	3,330,100	2,717,541	612,559
Change in Net Position	$ 79,288	$ 79,288	(80,392)	(159,680)
Reconciliation to GAAP Basis				
Reconciling to GAAP capital outlay			2,867,886	2,867,886
Reconciling to GAAP financing			(2,149,223)	(2,149,223)
Reconciling to GAAP principal			39,749	39,749
Reconciling to GAAP depreciation			(100,575)	(100,575)
Change in Net Position, GAAP Basis			$ 577,445	$ 498,157

Town of Gilcrest
Budget and Actual
Stormwater Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 21,500	$ 21,500	$ 21,516	$ 16
Investment earnings	5,000	5,000	6,459	1,459
Other operating income	-	-	(71)	(71)
Total revenues	26,500	26,500	27,904	1,404
EXPENDITURES				
Current:				
System operations	18,415	18,415	13,888	4,527
Capital Outlay	11,125	11,125	-	
Total Expenditures	29,540	29,540	13,888	4,527
Excess (deficiency) of revenues over expenditures	(3,040)	(3,040)	14,016	5,931
OTHER FINANCING SOURCES (USES)				
Transfers in	2,000	2,000	-	(2,000)
Transfers out	(5,100)	(5,100)	-	(5,100)
Total other financing sources and uses	(3,100)	(3,100)	-	(7,100)
Change in Net Position	(6,140)	(6,140)	14,016	20,156
Reconciliation to GAAP Basis				
Reconciling GAAP depreciation			(13,998)	(13,998)
Change in Net Position, GAAP Basis			$ 18	$ 6,158

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
Town of Gilcrest	Lorraine Trotter lhtrotter@professionalmanagemen	12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		A.4. Miscellaneous Local Receipts:	
a. Property Taxes and Assesments	0.00	a. Interest on investments	16,118.80
b. Non-property Taxes and Assessments Imposts	111,697.62	b. Other Misc. Local Receipts	47,150.50
c. Total (a + b)	$ 111,697.62	c. Total (a + b)	$ 63,269.30

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user Taxes (from Item I.C.5.)	55,501.13	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	5,645.15		
c. Total (a + b)	$ 5,645.15		
4. Total (1 + 2 + 3c)	$ 61,146.28	3. Total (1 + 2)	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

Form FHWA-536 (Rev. 02-2025)

LOCAL HIGHWAY FINANCE REPORT

STATE: Colorado

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	3,187.56
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 111,697.62
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 63,269.30
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 178,154.48
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 61,146.28
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 239,300.76

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	67,052.70
3. Road and Street Services:	
a. Snow and Ice Removal	7,402.23
b. Other & Traffic Control Operations	28,174.08
c. Total (a + b)	$ 35,576.31
4. General Administration & Miscellaneous	5,153.94
5. Highway Law Enforcement and Safety	131,517.82
6. Total (1 through 5)	$ 239,300.76
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 239,300.76

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

Independent Auditor's Report

Town Council
Town of Gilcrest, CO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gilcrest, 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 Town's basic financial statements, and have issued our report thereon dated September 28, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material

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weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

rfarmer, llc

September 28, 2026

Single Audit

Town of Gilcrest
Schedule of Findings and Questioned Costs
December 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP: **unmodified**

Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified?	____ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	____ Yes	__X__ No
• Significant deficiency(ies) identified?	____ Yes	__X__ None Reported
Type of auditor's report issued on compliance for major federal programs:	**unmodified**	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	__X__ No
Identification of major federal programs:		
Assistance Listing Number(s) 10.760	Name of Federal Program or Cluster	Water & Wastewater Disposal Systems for Rural Communities
Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as a low-risk auditee?	____ Yes	__X__ No

Section II: Financial Statement Findings

There are not any findings to report.

Section III: Federal Awards Findings

There are not any findings to report.

Town of Gilcrest
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2025

GRANT TITLE	FEDERAL ALN	AMOUNT OF AWARD EXPENDED
UNITED STATE DEPARTMENT of AGRICULTURE:		
Water and Wastewater Disposal Systems for Rural Communities	10.760	$ 2,149,223

Town of Gilcrest, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2025

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Town of Gilcrest, Colorado (the "Town"). The Town's reporting entity is defined in Note I to the general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The Town received federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient, if any, is treated as an expenditure when it is paid to the sub-recipient.

The Town has elected not to use the 10 percent de minim is indirect cost rate allowed under the Uniform Guidance.

Note 2 Federal Financial Assistance Listing

Federal Financial Assistance Listing (ALN) is managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Town Council
Town of Gilcrest, CO

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Gilcrest, Colorado's (the "Town") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each

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major federal program. Our audit does not provide a legal determination of the Town's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a

reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

rfarmer, llc

September 28, 2026