TOWN OF GYPSUM, COLORADO

FINANCIAL STATEMENTS
INDEPENDENT AUDITORS' REPORT
AND
FEDERAL SINGLE AUDIT REPORT

DECEMBER 31, 2025

TOWN COUNCIL

Scott Green	–	Mayor
Tom Edwards	–	Mayor Pro-Tem
Jay Oyler	–	Council Member
Kathleen Brendza	–	Council member
Adam Trujillo	–	Council Member
Chris Huffman	–	Council Member
Marisa Sato	–	Council Member

TOWN OF GYPSUM
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

Table of Contents

	Page(s)
Independent Auditor's Report	A1 - A3
Management's Discussion and Analysis	B1 - B11
Basic Financial Statements:	
Government-wide Financial statements	
Statement of Net Position	C1
Statement of Activities	C2
Fund Financial Statements	
Balance Sheet – Governmental Funds	C3
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities	C4
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	C5
Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances of Government Funds to the Statement of Activities	C6
Statement of Net Position – Proprietary Funds	C7
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	C8
Statement of Cash Flows – Proprietary Funds	C9
Statement of Fiduciary Net Position - Custodial Fund	C10
Statement of Changes in Fiduciary Net Position - Custodial Fund	C11
Notes to Financial Statements	D1 - D29
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	E1
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Parks and Recreation Fund	E2
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Highway 6 Devolution Fund	E3

TOWN OF GYPSUM
AUDITED FINANCIAL STATEMENTS
For the Year Ended December 31, 2025

Table of Contents

	Page(s)
Supplementary Information	
Schedule of Revenues, Expenditures, & Other Financing Sources and Uses – Budget and Actual – General Fund	F1-F3
Schedule of Revenues, Expenditures, & Other Financing Sources and Uses – Budget and Actual – Parks & Recreation Fund	F4-F5
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Special Revenue Fund – Conservation Trust Fund	F6
Schedule of Budgetary Based Revenues and Expenditures - Budget and Actual – Water Enterprise Fund	F7
Schedule of Budgetary Based Revenues and Expenditures - Budget and Actual – Wastewater Enterprise Fund	F8
Schedule of Budgetary Based Revenues and Expenditures - Budget and Actual – Sanitation Fund	F9
Local Highway Finance Report - Counties, Cities and Towns Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets	F10- F11
Single Audit	
Reports and Schedules for Reporting Requirements of Uniform Guidance	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	G1 - G2
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by Uniform Guidance	G3-G5
Schedule of Audit Findings and Questioned Costs	G6
Schedule of Prior Audit Findings and Questioned Costs	G8 - G9
Schedule of Expenditures of Federal Awards	G10
Notes to Schedule of Expenditures of Federal Awards	G10

The Honorable Mayor and Members
of the Town Council
Gypsum, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gypsum as of December 31, 2025 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity 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 *(Government Auditing Standards)*. 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 of Gypsum, Colorado, 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 of Gypsum, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including any known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 one resulting in an 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.

Auditor's Responsibilities for the Audit of the Financial Statements – continued

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 judgement, 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 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 GAAS, which consisted of inquiries of management regarding 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.

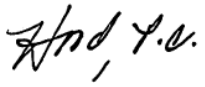
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The individual fund budgetary information, the Local Highway Finance Report, 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 included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 U.S. GAAS. In our opinion, the individual fund budgetary information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

In accordance with *Government Auditing Standards,* we have also issued our report dated September 21, 2026 on our consideration of the Town of Gypsum's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Town of Gypsum's internal control over financial reporting and on compliance.



HOOD, P.C.
Glenwood Springs, Colorado
September 21, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Town of Gypsum was organized in 1911, under provisions of Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the town. The Town operates under a Council-Mayoral form of government and provides the following services: general and administrative services, planning and zoning, building inspection, capital improvements, streets and alleys, parks and recreation, golf course operations, trash removal, and water and sewer systems. An elected Mayor and Town Council govern the Town and are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes.

The discussion and analysis of the Town of Gypsum's financial performance provides an overall review of the Town's financial activities for the fiscal year. The intent of this discussion and analysis is to look at the Town's financial performance as a whole; it should be read in conjunction with the basic financial statements and notes to enhance the reader's understanding of the Town's overall financial performance.

FINANCIAL HIGHLIGHTS

Key financial highlights for the fiscal year ended December 31, 2025 are as follows:

- In total, the Town's *overall* net position increased by $15,329,300 or 10.84% from the previous fiscal year. The overall net position is an accumulation of the entire Town's activities. The Governmental Activities increase of $4,962,287 was primarily due to increases in general revenues such as real estate transfer tax, sales tax and development impact fees combined with a decrease in expenditures related to infrastructure renovations that were completed in the prior year. The Enterprise Activities increase of $10,367,013 was the result increases in line dedication fees related to new developments and unrestricted earnings on cash reserves. The increase will be used to grow net position to fund future major capital projects.

- The Town's Governmental Activities General Revenues accounted for $16,903,757 or 73% of all revenues. These general revenues include taxes, grants, unrestricted revenue from general interest and other revenues not related to specific programs. Program specific revenues, in the form of charges for services and sales, as well as program specific grants and contributions, accounted for $6,197,692 or 27% of the Town's total revenues of $23,101,449.

- Governmental Activities for the Town had $18,139,162 in expenses, of which $5,373,147 were offset by program specific charges for services and sales, $768,802 by operating grants, $55,743 by capital grants.

- In the Town's business-type (utility enterprise) activities, fiscal year revenues exceed expenses by $10,367,013 thus increasing the activity's net position to $77,422,744.

USING THE BASIC FINANCIAL STATEMENTS

This annual report consists of four parts – *management's discussion and analysis* (this section), the *basic financial statements*, *required supplementary information*, and *other supplementary information*. These statements are organized so the reader can understand the Town of Gypsum as a financial whole, or as an entire operating activity. The basic financial statements include two types of information on the same statement that present different views of the Town.

- *Government-wide financial statements* that provide both *long-term* and *short-term* information about the Town's *overall* financial status.
- *Fund financial statements* that focus on *individual parts* of the Town government, reporting the Town's operations *in more detail* than the government-wide statements.

The financial statements also include *notes* that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of *required supplementary information* that further explains and supports the information in the financial statements. Additional supplemental information has also been included to enhance the readers understanding of the report.

REPORTING THE TOWN AS A WHOLE

Statement of Net Position and Statement of Activities

While this report contains all funds used by the Town to provide programs and activities, the view of the Town as a whole looks at all financial transactions and asks the question, "How did we do financially during the current fiscal year?" The statement of net position and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting system used by most private sector companies. The bases of accounting take into account all of the current year's revenues and expenses regardless of when cash was received or paid.

The focus of these government-wide financial statements is on the overall financial position and activities of the Town. These financial statements are constructed around the concept of a primary government, the Town, except for fiduciary funds. The statement of net position and statement of activities provide information about the activities of the whole Town, presenting both an aggregate view of the Town's finances and a longer-term view of those finances.

The statement of net position and the statement of activities report the Town's net position and changes in those assets. This change in net position is important because it identifies whether the financial position of the Town has improved or diminished for the Town as a whole. The cause of this change may be the result of many factors, some financial, some not. Nonfinancial factors include the Town's property tax base, current property tax laws, statutorily required reserves, facility conditions, and other factors.

In the statement of net position and the statement of activities, the Town is divided into two distinct kinds of activities:

> **Governmental Activities** – Governmental activities are generally financed through taxes, intergovernmental revenues and other non-exchange revenues. Most of the Town's programs and services are reported here including general government activities, community development, public safety, streets and public works, culture and recreation, as well as debt service charges.
> **Business-Type Activities** – Business-type activities are financed by some degree by charging external parties for the goods or services they acquire. The Town's enterprise funds for water, sewer and sanitation utilities are reported as business-type activities as the service is provided on a charge for goods or services basis to recover the expenses of the goods and services provided.

FUND FINANCIAL STATEMENTS

Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about each of the Town's major funds. For the Town of Gypsum, the General Fund is the most significant fund. The Town uses many funds to account for a multitude of financial transactions. The Town's major governmental funds include the General Fund and Special Revenue Funds (Parks and Recreation Fund, Highway 6 Devolution Fund) The Conservation Trust Fund is the Town's only non-major Special Revenue fund. The Town's proprietary, or enterprise, funds include the Water Fund, the Sewer Fund and the Sanitation Fund. The remaining fiduciary (Custodial Fund) statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside of the reporting entity. Unlike government-wide financial statements, the focus of fund financial statements is directed to specific activities of the Town rather than the Town as a whole. Except for the General Fund, a specific fund is established to satisfy managerial control over resources or to satisfy finance-related legal requirements established by external parties or governmental statutes or regulations. The Town's fund financial statements are divided into three broad categories; namely (1) governmental funds; (2) proprietary funds; and, (3) fiduciary funds.

Governmental Funds – The Town's activities are reported in governmental funds, which focus on how monies flow into and out of those funds and the balances left at fiscal year-end for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance the Town's programs. The relationship, or differences, between governmental activities reported in the statement of net assets and the statement of activities and the governmental funds is reconciled in the financial statements. The Town maintains the following governmental funds:

General Fund – used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds – used to account for proceeds of resources that are restricted or committed for purposes other than debt service or capital projects. The special revenue funds include the following:

Conservation Trust Fund – accounts for funds received and restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund – accounts for funds used for expenditure for parks and recreation, including the Town's golf course.

Highway 6 Devolution Fund – accounts for funds restricted in use for expenditure for maintenance of 5.7 miles of Highway 6 located within the Town's limits.

Proprietary Funds – The enterprise funds use the same basis of accounting as business-type activities; therefore, these statements are essentially the same. These funds are established to account for operations that are financed and operated in a manner similar to private enterprise, where the intent is that costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The proprietary (enterprise) funds include the following:

Water Fund – accounts for activities related to water services to the citizens of the Town.

Sewer Fund – accounts for activities related to the sewage treatment facilities and collections lines.

Sanitation Fund – accounts for activities related to trash collection and disposal.

Fiduciary Funds – Fiduciary funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, or other governmental units and funds. The fiduciary funds include the following:

Custodial Funds – The custodial fund accounts for monies maintained by the Town on behalf of the Gypsum Recreation Center Capital Committee. The committee is made up of members from the Town of Gypsum and the Mountain Recreation District, but is fiscally independent of these two governmental entities. The monies are used for ongoing capital maintenance and improvement of the Gypsum Recreation Center as approved by the committee. Since the resources are not available to support the Town's own programs these are not reflected in the governmental activities' financial statements.

THE TOWN AS A WHOLE

The perspective of the statement of net position is of the Town as a whole. Following is a summary of the Town's net position for the current and prior fiscal year.

(In Thousands)	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and Other Assets	$ 24,913	$ 21,661	$ 25,413	$ 25,575	$ 50,326	$ 47,236
Other Non-Current Assets	45	72	244	289	289	361
Restricted Cash	12,736	12,190	70,920	87,488	83,656	99,678
Capital Assets, Net	50,805	45,670	86,391	50,131	137,196	95,801
ROU Assets Net	40	324	-	-	40	324
Total Assets	88,539	79,917	182,968	163,483	271,507	243,400
Liabilities:						
Current & Other Liabilities	6,167	2,577	14,181	4,406	20,348	6,983
Long-term Liabilities	1,329	1,157	91,364	92,022	92,693	93,179
Total Liabilities	7,496	3,734	105,545	96,428	113,041	100,162
Deferred Inflows of Resources						
Property Taxes	1,627	1,402	-	-	1,627	1,402
Related to Leases	88	415	-	-	88	415
Total Deferred Inflows	1,715	1,817	-	-	1,715	1,817
Net Position:						
Invested in Capital Assets, Net of Related Debt	50,040	44,728	76,126	45,618	126,166	90,346
Restricted	13,478	12,918	70,920	87,488	84,398	100,406
Unrestricted	15,811	16,720	(69,623)	(66,051)	(53,813)	(49,331)
Total Net Position	$ 79,328	$ 74,366	$ 77,423	$ 67,055	$ 156,751	$ 141,421

As indicated earlier, net position may serve over time as a useful indicator of the Town's financial health. The Town's *overall* assets exceeded its liabilities and deferred inflows by $156,750,565 at December 31, 2025.

By far the largest portion of the Town's Net Position (80%) reflects its net investment of $126,165,561 in capital assets less the related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to the public; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's Net Position, $84,397,539 represents resources that are subject to restrictions as to how they may be used; this includes statutorily required TABOR emergency reserves and monies restricted for capital improvements, community enhancement and conservation trust purposes.

THE TOWN AS A WHOLE -- *CONTINUED*

The statement of activities reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The following detail reflects the total cost of services supported by program revenues and general property taxes, unrestricted state entitlements, and other general revenues, resulting in the overall change in net assets for the fiscal year 2025:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services/Sales	$ 5,373	$ 3,975	$ 7,024	$ 5,780	$ 12,397	$ 9,755
Operating Grants & Contrib.	769	626	-	-	769	626
Capital Grants & Contrib.	56	488	7,017	2,920	7,073	3,408
Total Program Revenues	6,198	5,089	14,041	8,700	20,238	13,789
General Revenues and Transfers:						
Taxes	15,244	13,288	-	-	15,244	13,288
Intergovernmental Revenue	1,247	1,121	-	-	1,247	1,121
Interest/Investment Earnings	1,385	1,721	4,548	1,938	5,933	3,659
Gain(Loss) on Disposal of Assets	(49)	439	-	-	(49)	439
Premium Accretion	-	-	226	-	226	-
Transfers	(924)	(746)	924	746	-	-
Total General Revenues and Transfers	16,903	15,823	5,698	2,684	22,601	18,507
Total Revenues	23,101	20,912	19,739	11,384	42,840	32,296
Program Expenses:						
General Government	4,187	3,742	-	-	4,187	3,742
Community Development	1,898	1,710	-	-	1,898	1,710
Public Safety	2,082	1,915	-	-	2,082	1,915
Streets and Public Works	5,319	13,521	-	-	5,319	13,521
Culture and Recreation	4,445	4,192	-	-	4,445	4,192
Economic Development	185	142	-	-	185	142
Interest on Long-term Debt	23	25	-	-	23	25
Water Utility	-	-	3,077	2,976	3,077	2,976
Sewer Utility	-	-	5,871	2,997	5,871	2,997
Sanitation Utility	-	-	424	390	424	390
Total Expenses	18,139	25,247	9,372	6,363	27,511	31,610
Increase (Decrease) in Net Position	$ 4,962	$ (4,335)	$ 10,367	$ 5,021	$ 15,329	$ 686

THE TOWN AS A WHOLE -- *CONTINUED*

Governmental Activities

Revenues
The Town's governmental activities general revenues increased approximately $1,080,750, or 7% from the prior year. Notable increases occurred in general property tax, sales tax collections and unrestricted interest earnings.

Expenses
Program expenses for governmental activities decreased approximately $7,288,128, or 29% from the prior fiscal year. Increases occurred in salaries and benefits, major streets repairs and renovations, golf course maintenance and overall general government administrative costs such as professional services and utilities.

As indicated above, the statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The following table summarizes the information from the statement of activities, reflecting the total cost of program services and the remaining net cost of program services supported by taxes and other general revenues:

	Total Cost of Service		Net Cost of Service	
	2025	2024	2025	2024
General Government	$ 4,187	$ 3,742	$ 3,962	$ 2,610
Community Development	1,898	1,710	1,008	1,536
Public Safety	2,082	1,915	1,949	1,806
Streets and Public Works	5,319	13,521	2,753	11,873
Culture and Recreation	4,445	4,192	2,421	2,435
Economic Development	185	142	(175)	(127)
Interest on Long-term Debt	23	25	23	25
Total Expenses	$ 18,139	$ 25,247	$ 11,941	$ 20,158

The dependence on general revenues for governmental activities is essential. Approximately 73% of fiscal year 2025 program services were supported through taxes and other general revenues, and 80% in 2024

Business-Type Activities – The results of operations of the business-type activity indicate that the utility funds are generating enough revenues to be self-sustaining. The table below shows an increase in net position of $10,367,013. Included in this calculation is $924,357 in general fund transfers and interest revenue of $4,547,902.

(In Thousands)	2025	2024
Operating Revenues	$ 7,024	$ 5,780
Operating Grants & Contributions	7,017	2,920
General Revenues	4,548	1,938
Total Revenues	18,589	10,638
Less Operating and Interest Expenses	9,372	6,363
Net Income (Loss), Before Transfers and Capital Grants & Contributions	9,216	4,275
Transfers In (Out)	924	746
Net Income (Loss)	$ 10,141	$ 5,021

THE TOWN'S FUNDS

Governmental Funds

The governmental fund level financial statements focus on how services were financed in the short-term as well as what remains for future spending. The governmental fund level financial statements are reported on the modified accrual basis of accounting. At the fund level, under the modified accrual basis of accounting, depreciable assets and their related depreciation expense are not reflected as they are not a current period financial resource or use. In addition, at the fund level, inflows from operating loans are presented as a revenue item while outflows for capital outlay and debt service principal payments are presented as an expenditure item, as these items represent current period financial resources and uses.

The General Fund ending fund balance decreased from $18,146,819 to $17,631,915 during the current fiscal year. The net decrease of $514,904 represents the excess of current period expenses (financial uses) over current period revenues (financial sources). The ending fund balance in the amount of $17,631,915, which includes $1,099,583 in restricted and $376,078 in committed items, is the amount of net resources available for future spending. The majority of financial resources are from taxes and intergovernmental revenues from state, county and local taxes.

The Conservation Trust Fund ending fund balance increased from $65,500 to $124,935 during the current fiscal year. The net increase of $59,435 represents the excess of current period revenues (financial resources) over current period expenditures (financial uses). The ending fund balance of $124,935 is the amount of net resources available for future spending. The majority of financial resources are intergovernmental revenues from state lottery proceeds.

The Parks and Recreation Fund ending fund balance increased from $67,150 to $122,284 during the current fiscal year. The net increase of $55,134 represents the excess of current period revenues (financial sources) over current period expenses (financial uses). The ending fund balance of $122,284 includes non-spendable items (pro shop inventory) that total $55,884 leaving $66,400 in unrestricted net resources available for future spending. The General Fund transferred $872,000 to fund operations.

The Highway 6 Devolution Fund ending fund balance increased from $11,838,931 to $12,322,178. The ending fund balance of $12,322,178 represents the amount of restricted funding to be used for future maintenance of Highway 6 infrastructure located within the Town limits.

Proprietary Funds

The proprietary fund level financial statements, as discussed above, use the same basis of accounting as business-type activities.

The Water Enterprise Fund ending net position increased $4,475,393 from $43,470,864 to $47,946,257.

The Sewer Enterprise Fund ending net position increased $5,806,074 from $22,893,905 to $28,699,979.

The Sanitation Enterprise Fund ending net position increased $85,546 from $690,962 to $776,508.

Proprietary Funds - *Continued*

Positive changes in net position reflect that the enterprise funds are currently generating enough operating and non-operating revenues to offset current year operating and non-operating expenses, while negative changes in net assets indicate that they are not. The net assets of the enterprise activities represent the amount of net resources, including capital assets, available to provide future utility services to the general public of the Town of Gypsum. Net assets of $70,919,894 have been restricted in the Sewer Fund. Unrestricted net assets, those not restricted or invested in capital assets, that are available for future spending are $11,927,527 in the Water Fund; and $776,508 in the Sanitation Fund. The deficit unrestricted net assets balance in the Sewer Fund merely represents long term liabilities exceed currently available resources due to unspent bond proceeds shown as restricted cash. Both the Water and Sewer Funds have increased fees to build fund balance and build cash reserves to finance large capital improvements in the near future.

GENERAL FUND BUDGETING HIGHLIGHTS

The Town's procedures in establishing the budgetary data reflected in the financial statements is summarized in *Note 1(E)* of the financial statements. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) with the exception of the Proprietary (Enterprise) Funds. The reconciliation of the budgetary differences of the Proprietary Fund to GAAP can be found on the supplemental information schedule on pages F7 - F9.

The budgeting system of the Town uses a line-item based budget, which is designed to control line-item expenditures, but provide flexibility for overall budgetary management.

General Fund Resources (Inflows)

The Town's General Fund budgetary revenues and other financing sources in the amount of $21,622,714 were below budgetary expectations of $21,878,310 by $255,596. Notable unfavorable variances occurred for sales and use tax collections, real estate transfer taxes, and interest income earned on cash reserves. Further detail of individual line-item revenues for the general fund can be found in the 'Supplemental Information' section following the notes to the financial statements.

General Fund Charges to Appropriations (Outflows)

The Town's General Fund budgetary expenditures and other financing uses of $22,137,618 were $2,947,187 less than the final appropriated fund balance of $25,084,805. Savings occurred for streets and public works repairs and maintenance of the Town's infrastructure, culture and recreation activities and capital item expenditures being less than anticipated. Further detail of individual line-item expenditures for the general fund can be found in the 'Supplemental Information' section following the notes to the financial statements.
The Town Council and the Town's management continue to strive to budget appropriate amounts for each individual line item. This year's overall savings is indicative of the efforts to provide services in the most economical manner. This year's savings is primarily caused by capital projects being delayed. This year's savings will have a positive impact on future year's fund balance.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2025, the Town had a total of $137,196,337 in capital assets, consisting of $50,805,075 in governmental activities and $86,391,262 in business-type activities. The following reflects the balances of fiscal year 2025 compared to fiscal year 2024:

	Governmental Activities		Business-Type		Total	
(In Thousands)	**2025**	**2024**	**2025**	**2024**	**2025**	**2024**
Net of Depreciation						
Land	$ 8,081	$ 7,541	$ 710	$ 710	$ 8,791	$ 8,251
Water Rights	-	-	13,737	13,737	13,737	13,737
Construction in Progress	3,000	2,130	35,338	3,053	38,337	5,183
Buildings	10,465	10,931	34	37	10,500	10,968
Improvements	3,129	3,150	-	-	3,129	3,150
Lines, Meters, Plant	-	-	36,067	32,493	36,067	32,493
Heavy Equipment	1,580	650	506	101	2,086	751
Infrastructure	24,550	21,268	-	-	24,550	21,268
Total Capital Assets	$ 50,805	$ 45,670	$ 86,391	$ 50,131	$ 137,196	$ 95,801

Debt

At December 31, 2025 the Town had a total of $92,312,002 of outstanding long-term obligations, of which $765,452 is carried in governmental activities and $91,546,550 is carried in business-type activities. Additional information regarding debt service requirements is found in *Note* 5 of the financial statements.

MAJOR INITIATIVES

Totaling just over $7,000,000 in expenditures, 2025 was second only to 2024 in terms of the highest overall investment in roads and new roadway infrastructure in the Town's history. Improvements include: completion of the North I-70 roundabout; a new roundabout at Valley Road and Highway 6; preliminary design of a roundabout at Highway 6 and Jules Drive; Vicksburg Lane paving, curb, gutter, and sidewalk; Segment 1 of Highway 6 conceptual design; I-70 Eagle Airport Interchange feasibility study; completion of the Safe Streets for All Safety Action Plan; and numerous chip-seals, mill and overlays throughout Town. Parks Department projects included replacing playground equipment at three neighborhood parks, remodeling and upgrading security at the sport's complex bathrooms and conversion of the Gypsum Estates Park to raw water irrigation. The golf expenditures include some cart path overlays; remodel of the clubhouse restrooms; and equipment purchases in the shop for mower blade sharpening equipment, greens mowers and robotic fairway mowers.

The Water Enterprise fund saw significant investment in our treatment system focusing mainly on the Mosher plant with the completion of a filter train rehabilitation for all three trains and the installation of a new roof. Other projects included new controls for the Cooley Mesa and Hardscrabble Pump Stations and the commencement of a two-year rehabilitation of the Saddle Ridge Tank. We also completed the design for the Eagle River Pump Station for the delivery of Eagle River Water to the Norgaard Treatment Plant.

The Sewer Enterprise fund invested over $33,000,000 in bond proceeds in the second full year of our wastewater treatment plant upgrade and expansion project, including a new 24" sewer main pipeline through the Eagle River Estates neighborhood. This project is expected to conclude in 2028.
In 2025, water user fees were increased by 2.0 % to keep pace with inflation while sewer rates increased by 40%, in the 3rd out of 4 scheduled rate increases, approved by ordinance in 2022.

CURRENT ISSUES, ECONOMIC CONDITION AND OUTLOOK

Since 1990, the Town's population has increased from 1,750 to approximately 10,000. The Town's revenues have grown with population while also benefiting from out-of-town revenues through sources such as the airport and the regional draw generated by Costco. Through prudent spending, the Town accumulated a large General Fund balance. In 2024, the Town began an initiative to invest this fund balance on several major capital projects.

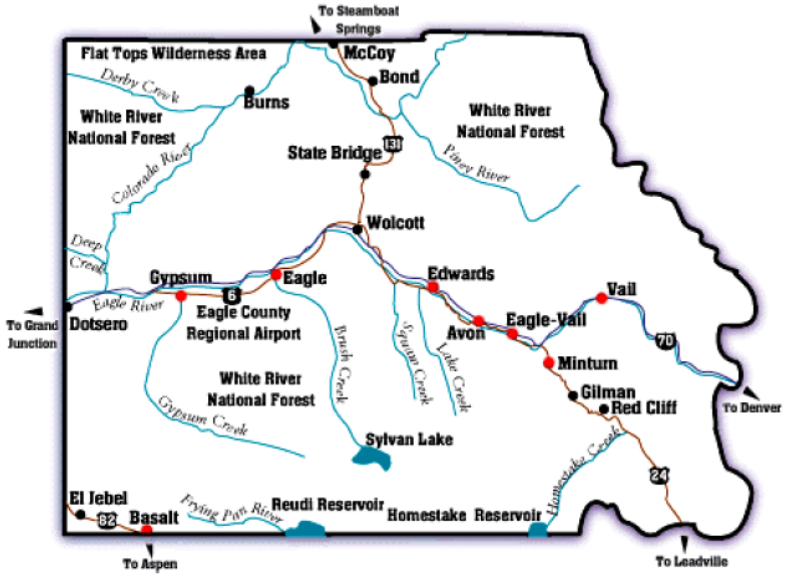
Economic conditions in the coming year are uncertain. Potential economic headwinds include tariffs, federal spending cuts, wars in Ukraine and the Middle East. Economic drivers could include deregulation, a tightening labor market, and disposable income growth. At the close of 2025, nationwide inflation was 2.7%, down from 3.1% in 2024, but still higher than the Federal Reserve's target maximum of 2%. Given these uncertainties the Town budgeted flat revenue growth in 2026.

The Town of Gypsum will continue to closely monitor its financial position throughout 2026. Continued fiscal discipline and scrutiny of initiatives will ensure that future expenditures remain in balance with future revenues considering overall local and national economic conditions. To that end, the Town is in the process of securing a professional municipal financial advisor to advance and fund the Town's desired long-term capital improvement construction projects. The Town desires to explore multiple funding mechanisms including, but not limited to, the issuance of new debt, grants, the generation of new revenue, and cost sharing with partner agencies or organizations. The selected Financial Advisor will be expected to provide on-going, independent financial advice, solely serving the interests of the Town.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide our residents, customers, taxpayers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the money it receives. If you have any questions regarding this report or need additional information, please contact the:

Town Gypsum, Colorado
P.O. Box 130
Gypsum, CO 81637
Phone: (970) 524-7514
Fax: (970) 524-7522
www.townofgypsum.com


To Steamboat Springs
Flat Tops Wilderness Area
McCoy
Bond
Derby Creek
Burns
White River National Forest
White River National Forest
State Bridge
131
Colorado River
Piney River
Wolcott
Deep Creek
Gypsum
Eagle
Edwards
Vail
Eagle River
6
To Grand Junction
Dotsero
Eagle County Regional Airport
Avon
Eagle-Vail
70
Brush Creek
Squaw Creek
Lake Creek
Minturn
White River National Forest
Gilman
Red Cliff
To Denver
Gypsum Creek
Sylvan Lake
Homestake Creek
24
El Jebel
Frying Pan River
Reudi Reservoir
Homestake Reservoir
82
Basalt
To Aspen
To Leadville

GOVERNMENT – WIDE FINANCIAL STATEMENTS

TOWN OF GYPSUM, COLORADO
STATEMENT OF NET POSTION
For the Year Ended December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Current Assets			
Cash and Investments	$ 21,681,178	$ 24,375,161	$ 46,056,339
Restricted Cash and Investments	12,735,717	70,919,894	83,655,611
Receivables – Net:			
Property Taxes	2,679,138	-	2,679,138
Accounts Recevable	489,100	832,837	1,321,937
Leases Receivable (NPV)	42,674	160,119	202,793
Inventory	20,954	44,438	65,392
Total Current Assets	37,648,761	96,332,449	133,981,210
Non-Current Assets			
Lease Receivable NPV	45,154	-	45,154
Other Prepaids	-	244,336	244,336
Capital Assets -			
Non-Depreciable	11,081,268	49,784,236	60,865,504
Depreciable, Net	39,723,807	36,607,026	76,330,833
Right-to-Use Assets, Net	40,134	-	40,134
Total Non-Current	50,890,363	86,635,598	137,525,961
Liabilities:			
Current Liabilities:			
Accounts Payable	1,084,250	1,928,102	3,012,352
Retainage	-	8,237,190	8,237,190
Accrued Wages and Related Liabilities	137,828	39,422	177,250
Intergovernmental	1,030,379	-	1,030,379
Deposits	3,514,908	-	3,514,908
Accrued Interest	1,595	335,561	337,156
Unearned Revenue	-	3,313,952	3,313,952
Other Liabilities	9,422	-	9,422
Noncurrent Liabilities			
Due within one year			
Accrued Vacation & Sick Pay	125,263	36,018	161,281
Bonds	182,970	291,045	474,015
Lease & Subscribtion Liab.	80,228	-	80,228
Due in more than one year			
Accrued Vacation & Sick Pay	375,790	108,508	484,298
Lease & Subscribtion Liab.	370,374	-	370,374
Bonds	582,482	91,255,505	91,837,987
Total Liabilities	7,495,489	105,545,303	113,040,792
Deferred Inflows of Resources:			
From Property Taxes	1,627,330	-	1,627,330
Related to Leases	88,484	-	88,484
Total Deferred Inflows	1,715,814	-	1,715,814
Net Position			
Invested in Capital Assets, Net of Related Debt	50,039,623	76,125,938	126,165,561
Restricted - Other	12,747,645	70,919,894	83,667,539
Emergency Reserves	730,000	-	730,000
Unrestricted	15,810,553	(69,623,088)	(53,812,535)
Total Net Position	$ 79,327,821	$ 77,422,744	$ 156,750,565

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

TOWN OF GYPSUM, COLORADO
STATEMENT OFACTIVITIES
For the Year Ended December 31, 2025

Function/Program Activities	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government: Governmental Activities	Primary Government: Business- Type Activities	Primary Government: Total
Primary Government							
Governmental Activities:							
General Government	$ 4,187,415	$ 91,965	$ 133,712	$ -	$ (3,961,738)		$ (3,961,738)
Community Development	1,897,679	889,719	-	-	(1,007,960)		(1,007,960)
Public Safety	2,081,564	132,439	-	-	(1,949,125)		(1,949,125)
Streets and Public Works	5,319,321	1,875,468	635,090	55,743	(2,753,020)		(2,753,020)
Culture and Recreation	4,445,365	2,024,207	-	-	(2,421,158)		(2,421,158)
Economic Development	184,549	359,349	-	-	174,800		174,800
Interest on Long-term Debt	23,269	-	-	-	(23,269)		(23,269)
Total Governmental Activities	18,139,162	5,373,147	768,802	55,743	(11,941,470)		(11,941,470)
Business-type Activities:							
Water	3,077,315	2,890,693	-	3,703,112	-	3,516,490	3,516,490
Wastewater	5,871,146	3,644,592	-	3,313,870	-	1,087,316	1,087,316
Sanitation	424,130	488,906	-	-	-	64,776	64,776
Total Business-type Activities	9,372,591	7,024,191	-	7,016,982	-	4,668,582	4,668,582
Total Primary Government	$ 27,511,753	$ 12,397,338	$ 768,802	$ 7,072,725	$ (11,941,470)	$ 4,668,582	$ (7,272,888)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes					1,408,006	-	1,408,006
Specific Ownership Taxes, for General Purposes					69,528	-	69,528
Sales and Use Tax					11,481,509	-	11,481,509
Franchise Tax					308,888	-	308,888
Real-Estate Transfer Tax					1,976,053	-	1,976,053
Grants and Entitlements Not Restricted to Specific Programs:							
Intergovernmental - County Sales Tax					502,367	-	502,367
Intergovernmental - Cigarette Tax					745,039	-	745,039
Miscellaneous Fees and Taxes					543	-	543
Unrestricted Interest and Investment Earnings					1,384,973	4,547,902	5,932,875
Premium Accretion					-	226,172	226,172
Transfers In (Out)					(924,357)	924,357	-
Gain/(Loss) on Asset Disposition					(48,792)	-	(48,792)
Total General Revenues					16,903,757	5,698,431	22,602,188
Change in Net Position					4,962,287	10,367,013	15,329,300
Net Position - Beginning Of Year					74,365,534	67,055,731	141,421,265
Net Position - End Of Year					$ 79,327,821	$ 77,422,744	$ 156,750,565

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

FUND FINANCIAL STATEMENTS

TOWN OF GYPSUM, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2025

	General Fund	Conservation Trust Fund (Non-Major)	Parks and Recreation Fund	Highway 6 Devolution Fund	Total Governmental Funds
Assets:					
Cash and Investments	$ 21,681,179	$ -	$ -	$ -	$ 21,681,179
Restricted Cash & Investments	288,603	124,935	-	12,322,178	12,735,716
Receivables – Net:					
Property Taxes	2,679,138	-	-	-	2,679,138
Accounts Receivable	203,518	-	285,582	-	489,100
Leases Receivable (NPV)	87,828	-	-	-	87,828
Inventory	-	-	20,954	-	20,954
Total Assets	24,940,266	124,935	306,536	12,322,178	37,693,915
Liabilities, Deferred Inflows Of Resources And Fund Balances:					
Liabilities:					
Accounts Payable	1,050,934	-	33,318	-	1,084,252
Accrued Wages & Related Expenditures	119,740	-	18,088	-	137,828
Intergovernmental	1,030,379	-	-	-	1,030,379
Deposits	3,509,908	-	5,000	-	3,514,908
Other Liabilities	-	-	9,422	-	9,422
Due to(from) Other Funds	(118,424)	-	118,424	-	-
Total Liabilities	5,592,537	-	184,252	-	5,776,789
Deferred Inflows of Resources:					
Unavailable Revenues:					
From Property Taxes	1,627,330	-	-	-	1,627,330
Related to Leases	88,484	-	-	-	88,484
Total Deferred Inflows	1,715,814	-	-	-	1,715,814
Fund Balances:					
Nonspendable	-	-	55,884	-	55,884
Restricted for –					
Enhancement Fund	174,296	-	-	-	174,296
Capital Projects	195,287	-	-	12,322,178	12,517,465
Conservation Trust	-	124,935	-	-	124,935
Emergency Reserves	730,000	-	-	-	730,000
Committed for -					
Wildlife	376,078	-	-	-	376,078
Unassigned	16,156,254	-	66,400	-	16,222,654
Total Fund Balance	17,631,915	124,935	122,284	12,322,178	30,201,312
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 24,940,266	$ 124,935	$ 306,536	$ 12,322,178	$ 37,693,915

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

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2025

Total Governmental Fund Balances			$ 30,201,312
Amounts reported for governmental activities on the statement of net position is different because of the following:			
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.			
Governmental Capital Assets	$	106,482,024	
Less Accumulated Depreciation		(55,676,949)	
Right-of-Use Assets		187,134	
Less Accumulated Amortization		(147,000)	50,845,209
Some liabilities are not due and payable in the current year and therefore, are not reported in the governmental funds:			
Accrued Interest Payable	$	(1,593)	
Accrued Compensated Absences		(501,053)	
Current Portion of Lease Commitments		(80,228)	
Current Portion of Long-term Liabilities		(182,970)	(765,844)
Long-term liabilities are not due and payable in the current year-end and therefore, are not reported in the governmental funds.			
Lease Commitments	$	(370,374)	
Long-term Debt		(582,482)	(952,856)
Net Position Of Governmental Activities			$ 79,327,821

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

TOWN OF GYPSYUM, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANAGES IN FUND BALANCE
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund	Conservation Trust Fund (Non-Major)	Parks and Recreation Fund	Highway 6 Devolution Fund	Total Governmental Funds
Revenues:					
Taxes	$ 16,491,934	$ -	$ -	$ -	$ 16,491,934
Licenses and Permits	29,704	-	-	-	29,704
Intergovernmental	635,090	55,743	-	-	690,833
Charges for Service	62,261	-	2,024,207	-	2,086,468
Community Development	2,765,187	-	-	-	2,765,187
Gypsum Daze	128,349	-	-	-	128,349
Miscellaneous	361,588	-	1,851	-	363,439
Sale of Fixed Assets	116,856	-	-	-	116,856
Grant Revenue	133,712	-	-	-	133,712
Interest & Investment Income	898,033	3,692	-	483,247	1,384,972
Total Revenues	21,622,714	59,435	2,026,058	483,247	24,191,454
Expenditures:					
General Government	3,484,897	-	-	-	3,484,897
Community Development	1,864,068	-	-	-	1,864,068
Public Safety	1,615,366	-	-	-	1,615,366
Streets	2,213,398	-	-	-	2,213,398
Culture and Recreation	1,831,224	-	2,212,591	-	4,043,815
Economic Devlopment	184,549	-	-	-	184,549
Capital Outlay	9,147,759	-	426,681	-	9,574,440
Debt Service:					
Principal	-	-	180,015	-	180,015
Interest	-	-	23,637	-	23,637
Total Expenditures	20,341,261	-	2,842,924	-	23,184,185
Excess Revenues Over (Under) Expenditures	1,281,453	59,435	(816,866)	483,247	1,007,269
Other Financing Sources and (Uses):					
Transfers (to) Other Funds	(1,796,357)	-	-	-	(1,796,357)
Transfers from Other Funds	-	-	872,000	-	872,000
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(514,904)	59,435	55,134	483,247	82,912
Fund Balances – Beginning	18,146,819	65,500	67,150	11,838,931	30,118,400
Fund Balances – Ending	$ 17,631,915	$ 124,935	$ 122,284	$ 12,322,178	$ 30,201,312

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

TOWN OF GYPSUM, COLORADO
RECONCILIATION OF 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				
Amounts reported for governmental activities on the Statement of Activities are different because of the following:			$	82,912
Governmental Funds report capital outlays as expenditures and contributed infrastructure is not recorded; however, on the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation. This is the amount by which fixed asset additions exceeded depreciation.				
Capital Outlay	$	8,858,458		
Depreciation		(3,558,032)		5,300,426
Governmental funds report lease activity as expenditures; however, on the Statement of Activities the right-of-use assets are recognized at net present value and the related lease commitments are recognized over the term of the leases, with applicable adjustments to lease expense. This is the change in the net present value (NPV).				
ROUT SBITA Additions	$	-		
ROU SBITA NPV Adj.		(32,402)		
ROU SBITA Commitment Repayments		32,369		(33)
The net book value of asset dispositions are not reported in the governmental funds as they are not current financial uses. This is the amount by which the net book value of assets deposed exceeded proceeds, if applicable, in the current year.				(165,649)
Premiums on the issuance of long-term debt increase current financial resources to governmental funds; however, on the Statement of Activities, the premium is allocated over the term of the long-term debt as accretion of bond premium. This is the amount of accretion of bond premium recognized on the current year statement of activities.				247,075
Proceeds from the issuance of long-term debt or provide current financial resources to governmental funds, but issuing long-term debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the funds, but the repayment reduces long-term liabilities in the Statement of Net Position.				(480,909)
Compensated absences not payable from current resources are not reported as expenditures of the current year. In the Statement of Activities, these costs represent expenses of the current year. This is the amount total accrued leave increased this year.				(21,903)
Interest expense is recognized as an expenditure in the governmental funds when due, and this requires the use of current financial resources; however, in the Statement of Activities interest expense is recognized as the interest accrues regardless of when due. This is the amount by which accrued interest decreased.				368
CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES			$	4,962,287

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2025

	Business-Type Activity			
	Water	**WasteWater**	**Sanitation**	**Total**
Assets:				
Current Assets:				
Cash & Investments	$ 13,832,246	$ 10,164,769	$ 378,147	$ 24,375,162
Restricted Cash & Investments	-	70,919,894	-	70,919,894
Receivables - Net				
Accounts Receivable	386,591	387,928	58,318	832,837
Other Receivables	24,060	136,059	-	160,119
Prepaid Expenses	44,438	-	-	44,438
Total Current Assets	14,287,335	81,608,650	436,465	96,332,450
Non-Current Assets:				
Prepaid Expenses	117,286	-	-	117,286
Prepaid Water Lease Costs	127,050	-	-	127,050
Capital Assets:				
Non-Depreciable	14,619,508	35,164,729	-	49,784,237
Depreciable, Net	23,125,275	13,107,041	374,709	36,607,025
Total Non-Current Assets	37,989,119	48,271,770	374,709	86,635,598
Total Assets	52,276,454	129,880,420	811,174	182,968,048
Liabilities:				
Current Liabilities:				
Accounts Payable	417,356	1,487,909	22,839	1,928,104
Retainage Payable	27,773	8,209,417	-	8,237,190
Accrued Wages and Related Expenses	24,054	13,764	1,604	39,422
Accrued Interest	5,707	329,854	-	335,561
Accrued Vacation and Sick Pay	19,628	13,836	2,554	36,018
Deferred Revenue	2,084,064	1,229,888	-	3,313,952
Current - Long-term & Premium Liability	64,873	226,172	-	291,045
Total Current Liabilities	2,643,455	11,510,840	26,997	14,181,292
Non-Current Liabilities:				
Accrued Vacation and Sick Pay	59,042	41,796	7,669	108,507
Long-term Note and Premium Liability	1,627,700	89,627,805	-	91,255,505
Total Non-Current Liabilities	1,686,742	89,669,601	7,669	91,364,012
Total Liabilities	4,330,197	101,180,441	34,666	105,545,304
Net Position:				
Invested in Capital Assets, Net of Related Debt	36,018,730	39,732,499	374,709	76,125,938
Restrcited For Debt Service	-	70,919,894	-	70,919,894
Unrestricted (Deficit)	11,927,527	(81,952,414)	401,799	(69,623,088)
Total Net Position	47,946,257	28,699,979	776,508	77,422,744
Total Liabilities, Deferred Inflows of Resources and Net Position	$ 52,276,454	$ 129,880,420	$ 811,174	$ 182,968,048

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Business-Type Activity			
	Water	**Wastewater**	**Sanitation**	**Total**
Operating Revenues:				
Service Fees	$ 2,733,921	$ 3,641,092	$ 488,906	$ 6,863,919
Late fees, NSF, Reconnect	25,350	-	-	25,350
Miscellaneous	131,422	3,500	-	134,922
Total Operating Revenues	2,890,693	3,644,592	488,906	7,024,191
Operating Expenses:				
System Operations:				
Salaries	723,945	315,814	74,193	1,113,952
Payroll Taxes	58,199	23,470	4,646	86,315
Employee Benefits	283,633	87,458	28,627	399,718
Utilities	55,686	30,914	-	86,600
Operating Supplies	390,094	4,662	26,002	420,758
Non-Capitalzed Repairs	212,546	72,897	-	285,443
Operations & Maintenance	293,668	557,311	51,589	902,568
Water Purchase	39,710	-	-	39,710
Landfill Fees	-	-	84,228	84,228
Eagle River Monitoring	9,000	-	-	9,000
Depreciation	566,327	430,067	70,685	1,067,079
Miscellaneous	10,903	6,540	-	17,443
Computer Support	104,467	4,280	-	108,747
Total Operating Expense	2,748,178	1,533,413	339,970	4,621,561
Administration Expense:				
Salaries	76,412	92,970	33,504	202,886
Payroll Taxes	5,628	6,823	2,504	14,955
Employee Benefits	23,044	27,901	10,879	61,824
Office and Billing	50,715	35,179	37,273	123,167
Dues and Permits	3,393	138	-	3,531
Professional Services	114,475	7,008	-	121,483
Total Administrative Expense	273,667	170,019	84,160	527,846
Operating Income	(131,152)	1,941,160	64,776	1,874,784
Non-Operating Revenues (Expenses):				
Tap Fees	758,321	1,082,495	-	1,840,816
Dedication Fees	2,944,792	1,193,902	-	4,138,694
Interest Income	508,403	4,018,730	20,770	4,547,903
Capital Grants	-	1,037,473	-	1,037,473
Accretion of Debt Premium	-	226,172	-	226,172
Interest Expense	(55,471)	(4,167,715)	-	(4,223,186)
Total Non-Operating Revenues (Expenses)	4,156,045	3,391,057	20,770	7,567,872
Income (Loss) Before Contributions & Transfers	4,024,893	5,332,217	85,546	9,442,656
Transfers In (Out)	450,500	473,857	-	924,357
Change in Net Position	4,475,393	5,806,074	85,546	10,367,013
Net Position – Beginning	43,470,864	22,893,905	690,962	67,055,731
Net Position – Ending	$ 47,946,257	$ 28,699,979	$ 776,508	$ 77,422,744

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

TOWN OF GYPSUM, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2025

	Water	Wastewater	Sanitation	Total
Cash Flows From Operating Activities:				
Cash Received from Customers	$ 2,751,059	$ 3,397,366	$ 480,333	$ 6,628,758
Cash Payments for Goods and Services	(1,267,522)	601,267	(231,498)	(897,753)
Cash Payments to Employees	(831,413)	(419,905)	(114,773)	(1,366,091)
Net Cash Provided (Used) by Operating Activities	652,124	3,578,728	134,062	4,364,914
Cash Flows From Capital And Related Financing Activities:				
Tap Fees	1,311,880	1,917,635	-	3,229,515
Additions to Property, Plant, and Equipment	(3,309,197)	(25,723,975)	(416,343)	(29,449,515)
Capital Grants	-	1,037,473	-	1,037,473
Water Dedication Fees	2,939,792	-	-	2,939,792
Transfers	450,500	473,857	-	924,357
Principal (Paid) on Long-term Obligations	(209,772)	-	-	(209,772)
Interest (Paid) on Long-term Obligations	(55,686)	(4,459,086)	-	(4,514,772)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,127,517	(26,754,096)	(416,343)	(26,042,922)
Cash Flows From Investing Activities:				
Interest on Investments	508,403	4,018,730	20,770	4,547,903
Net Cash Provided (Used) by Interest on Investments	508,403	4,018,730	20,770	4,547,903
Net Increase (Decrease) in Cash and Cash Equivalents	2,288,044	(19,156,638)	(261,511)	(17,130,105)
Cash at Beginning of Year	11,544,202	100,241,301	639,658	112,425,161
Cash at End of Year	13,832,246	81,084,663	378,147	95,295,056
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:				
Net Operating Income (Loss)	(131,152)	1,941,160	64,776	1,874,784
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities:				
Depreciation Expense	566,327	430,067	70,685	1,067,079
Other Deferred Cost Recognition	7,400	-	-	7,400
Changes in Assets and Liabilities –				-
Decrease (Increase) in Accounts Receivable	(136,994)	(247,225)	(8,573)	(392,792)
Decrease (Increase) in Prepaid Expenses	30,865	-	14,250	45,115
Increase (Decrease) in Accounts Payable	349,372	1,465,847	(7,076)	1,808,143
Increase (Decrease) in Accrued Liabilities	(31,056)	(11,121)	-	(42,177)
Increase(Decrease) in Operating Deferred Revenue	(2,638)	-	-	(2,638)
Net Cash Provided (Used) by Operating Activities	$ 652,124	$ 3,578,728	$ 134,062	$ 4,364,914
Noncash Investing, Capital And Financing Activities				
Contributions of Capital Assets	1,824,869	1,193,902	-	3,018,771
Total	1,824,869	1,193,902	-	3,018,771

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

TOWN OF GYPSUM, COLORADO
Statement of Fiduciary Net Position
Custodial Funds
For the Year Ended December 31, 2025

	Gypsum Recreation Center Capital Committee
Assets:	
Cash	$ 321,606
Total Assets	321,606
Liabilities:	
Accounts Payable	-
Total Liabilities	-
Net Position:	
Held In Trust for Capital Repairs & Maintenance	321,606
Total Net Position	$ 321,606

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

TOWN OF GYPSUM, COLORADO
Statement of Fiduciary Changes in Net Position
Custodial Funds
For the Year Ended December 31, 2025

	Gypsum Recreation Center Capital Committee
Additions:	
Contributions from Town of Gypsum	$ 175,000
Contributions from Mountain Recreation District	175,000
Interest Income	13,560
Total Additions	363,560
Deductions:	
Capital Repairs & Maintenance	220,936
Total Expenses	220,936
Change in Net Position	142,624
Net Position - Beginning	178,982
Net Position - Ending	$ 321,606

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Gypsum are prepared in accordance with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Significant accounting policies of the Town of Gypsum are described below.

A. Financial Reporting Entity

The Town of Gypsum was organized in 1911, under provisions of the Colorado State Statutes. The provisions of its home rule charter that was adopted in 1982 currently govern the Town. The Town operates under a Council-Mayoral form of government whereby the elected Mayor and Town Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes to govern the Town.

The Governmental Accounting Standards Board (GASB) has specified the criteria to be used in defining a governmental entity for financial reporting purposes. The reporting entity consists of (a) the primary government; i.e., the Town, and (b) organizations for which the Town is financially accountable. The Town is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Town. Organizations for which the nature and significance of their relationship with the Town are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria discussed above, the Town is not financially accountable for any other entity and, therefore, the Town's financial statements do not include any component units, nor do they exclude any potential component units requiring inclusion in the Town's reporting entity, nor is the Town a component unit of any other government. The Town's financial statements include the accounts of all Town operations.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

B. Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and statement of activities, and fund financial statements which provide a more detailed level of financial information.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the overall primary government, excluding fiduciary funds.

The statement of net position presents the financial condition of the governmental activities of the Town at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the Town's governmental activities.

In the statement of activities, direct expenses are those that are specifically associated with a service, program or department and, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from general revenues of the Town. The government-wide focus is on the sustainability of the Town as an entity and the change in the Town's net position resulting from current year operations.

FUND FINANCIAL STATEMENTS

During the fiscal year, the Town segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance by segregating transactions related to certain governmental functions or activities. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds, if applicable, are aggregated and presented in a single column. Enterprise and fiduciary funds are reported by type.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

C. Fund Accounting

Governmental accounting systems are organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues and expenditures. The Town's funds are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations based upon the purposes for which they are to be spent and by means by which spending activities are controlled. The various funds of the Town are outlined in the following paragraphs.

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. The General Fund balance is available to the Town for any purpose provided it is expended or transferred according to general statutory laws.

Special Revenue Funds
Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted or committed for purposes other than debt service or capital projects.

Conservation Trust Fund is a non-major special revenue fund used to account for revenue from the Colorado Lottery restricted for use in parks and recreation acquisition, development and maintenance pursuant to Colorado Revised Statutes.

Parks and Recreation Fund is a special revenue fund used to account for funds to be expended the operations of the Town's golf course.

Highway 6 Devolution Fund is a special revenue fund used to account for funds to be expended on maintenance of 5.7 miles of Highway 6 located within the Town's limits.

PROPRIETARY FUNDS

Enterprise Funds – The Water Fund, Sewer Fund and Sanitation Fund are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

FIDUCIARY FUNDS

Custodial Funds – Custodial funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, and other governmental units and funds. The Town's custodial fund consists of the Gypsum Recreation Center Capital Committee.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

D. Measurement Focus and Basis of Accounting

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are prepared using the *economic resources measurement* focus and the *accrual basis of accounting.* Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town receives value without directly giving equal value in return, consist of property taxes, other taxes and fines and penalties. All assets and all liabilities associated with the operation of the Town are included on the statement of net position.

FUND FINANCIAL STATEMENTS

All governmental funds are accounted for using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Under this method, only current assets and current liabilities are generally included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reflect the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between government-wide and governmental fund statements. Under this method, revenues are recognized when measurable and available. The Town considers all revenues available if they are collected within 60 days after year-end. Those revenues susceptible to accrual are property taxes, sales taxes, highway user taxes, and reimbursements from developers for professional fees.

Taxpayer-assessed local property and specific ownership taxes are considered "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Expenditures are recorded when the related fund liability is incurred, except for outstanding general long-term liabilities which are reported as expenditures when paid.

Like the government-wide financial statements, the enterprise fund is accounted for using an economic resources measurement focus and accrual basis of accounting. This basis of accounting and measurement focus emphasizes the measurement of net income similar to the approach used by commercial enterprises, and revenues are recorded when earned and expenses are recorded when incurred. All assets and all liabilities associated with the operation of this fund are included on the statement of net position. The statement of changes in revenues, expenses, and changes in net position, presents increases (e.g., revenues) and decreases (e.g., expenses) in total net position. The statement of cash flows reflects how the Town finances and meets the cash flow needs of its enterprise fund.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

E. Budgets and Budgetary Accounting

The Town annually adopts budgets for all funds as required by its Home Rule Municipal Charter. This formal budgetary integration is employed as a management control device during the year for all funds. As required by the Home Rule Charter and Colorado Statutes, the Town follows this timetable in approving and enacting a budget for the ensuing year:

1) Prior to August 25, the County Assessor sends the Town the preliminary certified assessed valuation of all taxable property within the Town's boundaries.

2) The Mayor, or other qualified persons appointed by the Council, submits to the Council, on or before October 15, a recommended budget which details the necessary property taxes needed along with other available revenues to meet the Town's operating requirements. The Town Manager is to submit to the Council a long-range capital program two weeks before the submission of the recommended budget.

3) The Council holds a public hearing on the proposed budget and capital program no later than 45 days prior to the close of the fiscal year.

4) Prior to December 10, the County Assessor sends the Town the final certified assessed valuation of all taxable property within the Town's boundaries.

5) Prior to December 15, the Town Council computes and certifies to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.

6) After the required public hearing, the Town Council adopts the proposed budget, by ordinance, prior to December 15. The ordinance adopting the budget also legally appropriates expenditures for the upcoming year.

7) After adoption of the budget ordinance, the Town may make, by ordinance, the following changes: (a) supplemental appropriations of revenues to the extent of revenues in excess of the estimated budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient. At any time during the year, the Town Council may, by resolution, transfer part or all of any unexpended funds from one department or office to another.

9) Budget appropriations lapse at the end of each year.

The Town legally adopted annual budgets for all of the Town's funds for 2025.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

E. Budgets and Budgetary Accounting *(continued)*

During the year the Town's budgeted appropriations were as follows:

Fund	Original Budget	Final Budget	Increase (Decrease)
General Fund	$ 29,737,804	$ 25,084,804	$ (4,653,000)
Conservation Trust Fund	-	-	-
Parks and Recreation Fund	2,511,087	2,611,738	100,651
Highway 6 Fund	-	-	-
Water Fund	6,132,831	5,673,098	(459,733)
Sewer Fund	35,689,919	35,689,919	-
Sanitation Fund	854,908	854,908	-

(The Town does not adopt a budget for the Gypsum Recreation Center Capital Committee Custodial Fund)

F. Cash and Investments

The Town's policy in determining which items are treated as cash equivalents on the statement of cash flows in the Proprietary Funds include all cash, demand deposits, treasury bills and other short-term, highly liquid investments (including restricted assets) that are readily convertible to cash and have original maturities of three months or less.

Investments are reported at fair value which is determined using selected bases. Short-term investments are reported at cost which approximates fair value. Securities traded on a national or international exchange are valued at the last quoted market price. Cash deposits are reported at carrying amounts which reasonably estimates fair value. *(See other required disclosures for cash and investments in Note 2.)*

G. Inventories

The inventory in the Parks and Recreation Fund consists of retail items and is valued at cost, using the First in First out (FIFO) method. The cost of inventories are recorded as expenditures when sold.

H. Capital and Right-of-Use Assets - Depreciation and Amortization

Capital assets purchased or acquired with an original cost in excess of the capitalization threshold of $10,000 set by the Town are reported at historical or estimated historical cost. Contributed assets are reported at net acquisition value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Building	40 years
Water plant and lines	60 years
Sewer plant and lines	50 years
Water and sewer equipment	5 years
Trash trucks and equipment	5-10 years
Office Equipment	5-10 Years

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

H. Capital and Right-of-Use Assets - Depreciation and Amortization *(continued)*

The Town also reports leased assets at the Net Present Value of future payments and amortizes leased assets over the lesser of the lease term or the useful life.

On the government-wide statement of activities, governmental funds depreciation expense is included in the various expenses of functions or programs on capital assets that can be specifically identified with a function and for "shared" capital assets generally used by only a few functions that can be specifically identified to those functions. Depreciation expense for capital assets that essentially serve all functions are reported as a separate line in the statement of activities as unallocated depreciation, if applicable.

I. Customer Accounts Receivable

The Town considers customer accounts receivable for water, sewer and trash removal service fees to be fully collectible. The Town is empowered to place a lien on real property in the case of nonpayment. Accordingly, no allowance for doubtful accounts is considered necessary.

J. Property Taxes Receivable and Deferred Inflows

Property taxes in the State of Colorado are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded in the accompanying financial statements as a receivable and as deferred inflow of resources. Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes to be collected are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

The Town also reports long-term lease revenue as a deferred inflow, revenue is recognized as an inflow of resources in the period that the amount becomes available and earned.

K. Prepaid Expenses

Payments that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

L. Proprietary Funds – Unearned Revenue

Unearned revenue in the Water Fund arises from prepaid tap and water dedication fees for which the requirements for revenue recognition have not been met.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

M. Proprietary Funds – Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise funds. For the Town, these revenues are charges for utility services. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise funds.

N. Proprietary Funds – Contributed Capital

Grants and contributions in the enterprise funds which may be used for either operations or capital expenditures at the discretion of the Town are recognized as non-operating revenues. If expenditure of funds is the prime factor for determining eligibility for contributed funds, revenue or contributed capital is recognized at the time of making the expenditure.

O. Compensated Absences

The Town's policy is to permit employees to accumulate 320 hours of earned but unused vacation and sick leave which will be paid upon separation from Town service, with vacation paid at 100% for all employees and sick leave paid at 50% for employees who have attained five years of service with a maximum payout of 160 hours. The Town has accrued a liability for sick and vacation pay that has been earned but not taken by Town employees. For governmental funds the liability for compensated absences is in the Statement of Net Position but not in the Fund Statements since it is anticipated that none of the liability will be liquidated with expendable available financial resources. The liability for compensated absences has been accrued in the proprietary funds.

P. Leases

Lessee - The Town is lessee for noncancellable leases of golf carts. The Town recognizes a lease liability and an intangible right-to-use lease asset in the government-wide financial statements. The current lease agreement expires in December 2029.

At the commencement of a lease, the Town initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Town determines the following:

Discount Rate: The Town uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the Town uses the daily United States Treasury Yield Rate.
Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain to exercise.
Lease Payments: Lease payments included in the measurement of the lease liability are composed of fixed increasing payments, and purchase option price that the Town is reasonably certain to exercise.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

P. Leases *(continued)*

The Town monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position

Lessor - The Town is lessor for noncancellable leases of land and buildings. The Town recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the Town initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Town determines the following:

Discount Rate: The Town uses the daily United States Treasury Yield Rate as the discount rate to discount the expected lease receipts to present value.
Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the Town is reasonably certain the lessee will exercise.
Lease Receipts: Lease receipts included in the measurement of the lease receivable are composed of fixed and increasing payments from the lessee.

The Town monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Q. Inter-fund Transactions

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general revenues. Exchange transactions between funds are reported as revenues in the fund providing services and as expenditures/expenses in the fund receiving services. Flows of cash or goods from one fund to another without a requirement for repayment are reported as inter-fund transfers. Inter-fund transfers are reported as other financing sources/uses in the governmental funds and are non-operating revenues/expenses in the enterprise fund. Transfers among funds are provided for as part of the budget process. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

R. Internal Balances

During the year, the Town may have transactions between funds to finance operations and provide services and to allocate combined cash balances. To the extent that certain transactions or budget transfers between funds have not been paid or received as of year-end, balances of inter-fund amount receivable or payable are recorded. All inter-fund balances that exist within governmental activities are eliminated on the government-wide statement of net position.

S. Net Position and Fund Balances

In the government-wide financial statements, net position is classified as follows:

Invested in Capital Assets, Net of Related Debt – this category groups all capital assets into one component. Accumulated depreciation and the outstanding debt balances that are attributable to (already invested in) the acquisition, construction or improvement of these assets reduce this category.

Restricted – assets are reported as *restricted* when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of HIGHER governments, or imposed by various enabling legislation.

Unrestricted – represents the amount which is not restricted for any purpose. It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements, fund balances are classified as follows:

Nonspendable – amounts that cannot be spent because they are either in non-spendable form such as inventory and prepaid expenses, or legally or contractually required to be maintained intact such as the corpus of permanently restricted funds to be retained in perpetuity. It also includes the long-term amount of loans and notes receivable, as well as property acquired for resale, when applicable.

Restricted – when constraints are placed on the use of resources either (a) externally imposed by creditors or (b) imposed by law through constitutional provisions or enabling legislation.

Enhancement Fund – Amounts on deposit received from Holy Cross Energy, *restricted* for use in beautification projects, energy conservation projects, equipment and technology upgrades for schools, scholarship funds, acquisition of open space and/or park land and development thereof, sponsorship of special community events and grounding of overhead electric and other utility lines. At December 31, 2025 a total of $174,296 was restricted in the General Fund for this purpose.

NOTE 1 - *SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)*

S. Net Position and Fund Balances – (continued)

Conservation Trust – Amounts on deposit received from lottery monies from the State of Colorado *restricted* for use in the acquisition, development and maintenance of new conservation and recreation sites pursuant to Colorado Revised Statutes. At December 31, 2025 $0 was restricted in the Conservation Trust Fund.

Emergency Reserves – As discussed in *Note 10*, Colorado voters passed an amendment to the State Constitution, one of the provisions of which requires local governments to establish an emergency reserve which is calculated at 3% of certain expenditures. These funds may only be expended in cases of emergencies as defined by the amendment, and are used to fund appropriations only after unrestricted resources are depleted. Total Emergency Reserves at December 31, 2025 were $730,000.

Highway 6 Devolution – Amounts on deposit received from the Colorado Department of Transportation for the use in maintaining 5.7 miles of Highway 6 within the Town Limits. At December 31, 2025 $12,322,178 was restricted in the Highway 6 Devolution Fund.

Capital Projects – Amounts on deposit received from local developers for future construction of infrastructure assets located within the Town's limits. At December 31, 2025 $195,287 was restricted for this purpose.

Committed – amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority (Town Council). These amounts cannot be changed except by taking the same type of action employed to previously commit these amounts.

Wildlife Mitigation – A 0.1% fee is charged on sales of real estate within specified subdivisions within the Town of Gypsum and is committed for wildlife mitigation impacts. At December 31, 2025 $376,078 was committed for this purpose.

Assigned – amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. Intent should be expressed by the governing body itself, or a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. At December 31, 2025 the town does not have any funds classified as assigned.

Unassigned – the residual for the general fund and the parks and recreation fund.

It is the Town's policy to first apply restricted resources when an expense is incurred for which both restricted and unrestricted assets are available. Committed and assigned amounts are considered to have been spent first when an expenditure is incurred for purposes for which such categories and unassigned amounts are available.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Use of Estimates

Management uses estimates and assumptions in preparing these financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

NOTE 2 - CASH AND INVESTMENTS

- Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Town would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Town's deposits are entirely covered by Federal Depository insurance ("FDIC") or by the Colorado Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the Town's deposits at each financial institution. Deposit balances over $250,000 are collateralized as required by PDPA. The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the Town being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA. The carrying amount of the Town's demand deposits was $22,808,895 at year end.

- Investments

Custodial credit risk for investments is the risk that, in the event of the failure of the counterparty (e.g. broker-dealer) to a transaction, the Town would not be able to recover the value of its investment or collateral securities that are in the possession of another party. The Town's investment policy provides that all investment securities, except certificates of deposit, local government investment pools, and money market funds purchased by the Town shall be settled on a delivery versus payment basis and will be delivered by either book entry or physical delivery and will be held in third-party safekeeping by the Town's approved custodian bank, its correspondent bank or the Depository Trust Company. An approved Safekeeping Agreement must be executed with each custodian bank prior to utilizing that bank's safekeeping services.

NOTE 2 - *CASH AND INVESTMENTS (continued)*

B. Investments (continued)

The Town's investment policy permits investments in the following type of obligations which corresponds with state statutes:

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in one Issuer
US Government Treasury Obligations	5 Years	None	None
Federal Instrumentally Securities	5 Years	None	None
Repurchase Agreements	180 days	None	None
Commercial Paper	270 Days	20%	10%
General Obligation Debt	3 Years	20%	10%
Certificates of Deposit	5 Years	None	None
Local Government Investment Pools	n/a	None	None
Municipal Bonds	5 Years	20%	10%

Fair Value of Investments

The Town measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;
Level 2: Observable inputs other than quoted market prices;

- U.S. Government treasury obligations, Federal Instrumentally Securities, and commercial paper: quoted prices for identical securities in markets that are not active;
- Corporate and municipal bonds: quoted prices for similar securities in active markets;
- Repurchase agreements, negotiable certificates of deposit, and collateralized debt obligations: matrix pricing based on the securities' relationship to benchmark quoted prices

Level 3: Unobservable inputs

At December 31, 2025, the Town had the following recurring fair value measurements:

		Fair Value Meansurement Using		
	Total	Level 1	Level 2	Level 3
Investments Measured at Fair Value				
Certificates of Deposit	$ 10,059,393	$ -	$ 10,059,393	$ -
Investments Measured at Net Asset Value				
ColoTrust	$ 107,200,241	-	-	-

NOTE 2 - *CASH AND INVESTMENTS (continued)*

C. Local Government Pools

The Town's holdings in government investment pools are comprised of balances with Colotrust, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to $1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools.

Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trusts. A designated custodial bank serves as custodian pursuant to a custodian agreement. The custodian acts as safekeeping agent for the trusts' 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 trusts.

The Plus+ fund may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities as well as in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. The Plus+ fund is a stable $1.00 net asset value (NAV) fund that offers daily liquidity. At December 31, 2025, the Town's investment in Colotrust Plus+ was 82% of the town's investment portfolio and is reported at net asset value. At December 31, 2025, the Town had $107,200,241 reported at net asset value.

Interest Rate Risk: As a means of limiting its exposure to interest rate risk, the Town coordinates its investments maturities to closely match cash flow needs and restricts the maximum investments term to less than five years from the purchase date. As a result of the limited length on maturities, the Town has limited its interest rate risk.

Credit Risk: State law and Town policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Town's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk: The Town diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Town funds must provide the Town with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

NOTE 2 - *CASH AND INVESTMENTS (continued)*

D. Deposits and Investments *(continued)*

At December 31, 2025, The Town had the following cash and investments with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities: Less than one Year	Maturities: Less Than five Year
Deposits:				
Petty Cash	Not Rated	$ 1,650	$ 1,650	$ -
Checking Accounts	Not Rated	12,749,502	12,749,502	-
Investments:				
Colotrust	AAAm	107,200,241	107,200,241	-
Certificates of Deposit	Not Rated	10,059,393	-	10,059,393

A summary of the Town's cash and cash equivalents at December 31, 2025 (inclusive of Custodial Funds) are classified below:

Checking & Savings Deposits	$ 22,808,895
Investments	107,200,241
Total Balances	130,009,136
Cash on Hand	1,650
Net Outstanding Items	(298,836)
Total Cash & Cash Equivalents	$ 129,711,950

The above Cash and Cash Equivalents are reported in the accompanying financial statements in the following activities:

Governmental Activities	$ 34,416,895
Business Type Activities	95,295,055
Fiduciary Activities	321,606
Total Cash and Cash Equivalents	$ 130,033,556

NOTE 2 - *CASH AND INVESTMENTS (continued)*

E. Restricted Cash

At December 31, 2025 the Town's had restricted cash balances as follows:

Governmental Activities:		
General Fund:		
Enhancement Fund	$	174,296
Capital Projects Funds		195,287
Total General Fund		369,583
Special Revenue Fund		
Conservation Trust Fund	$	-
Highway 6 Devolution Fund		12,322,178
Total Special Revenue Funds		12,322,178
Total Governmental	$	12,691,761
Business-Type Activities		
Wastewater Fund		
Sewer Revenue Bonds, Series 2024	$	70,919,894
Total Wastewater Fund		70,919,894
Total Business Type	$	70,919,894

NOTE 3 - *LEASES RECEIVABLE*

The Town leases assets to multiple entities. The leases bear annual interest ranging from 0.89% to 2.95% and may be subject to annual Consumer Price Index ("CPI") adjustments which was measured and included in the Town's original recognition of each agreement's receivable. Variable revenues are recognized when the estimated CPI adjustment differs from actual. In accordance with generally accepted accounting principles, the outstanding lease receivable balances have been recorded as a receivable and deferred inflow of resources. There is a difference between reductions in receivables and deferred inflow when lease terms specify lease payment adjustments (i.e., subject to CPI adjustments) throughout the term of the lease, and these differences are recognized as an adjustment to leases principal revenue.

	Governmental Activities				
	Balance 2024	Additions	Deletions	Balance 2025	Amount Receivable within one year
Leases	$ 422,818	$ -	$ (334,990)	$ 87,828	$ 42,674
Total Governmental Activities	$ 422,818	$ -	$ (334,990)	$ 87,828	$ 42,674

NOTE 3 - *LEASES RECEIVABLE (continued)*

The following lease receivables outstanding as of December 31, 2025:

Visionary Communications: The Town has three Leases with Visionary Communications. Beginning in 2017, 2018, and 2019 the Town began leasing three spaces to be used by Visionary Communications. Each lease is for 5 years and calls for monthly payments to begin at $250 and end at $276; increasing by 2.5% per annum.

Comcast: In 2019 the Town began leasing space to be used by Comcast. The lease is for 10 years and calls for monthly payments to begin at $1,200 and end at $1,499; increasing by 2.5% per annum.

My Future Pathways: In 2019 the Town began leasing space to be used by My Future Pathways. The lease is for 10 years and calls for a fixed monthly payment of $1,800.

Creekside Restaurant: In 2024 the Town entered a lease with Creekside restaurant. The rental payments have a variable structure based on the percentage of revenue. In 2025 a fire damaged the clubhouse and voided the lease. A new lease was signed in 2026.

NOTE 4 - *CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS*

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

Governmental Capital Assets

	Balance 2024	Additions	Reductions	Balance 2025
Non-depreciable Assets:				
Land and Sites	$ 7,541,370	$ 540,123	$ -	$ 8,081,493
Construction-in-Progress	2,129,981	6,665,742	(5,795,948)	2,999,775
Depreciable Capital Assets:				
Buildings	20,200,512	200,570	(234,644)	20,166,438
Improvemenrts	6,138,847	283,951	(230,372)	6,192,426
Heavy Equipment	4,547,430	1,309,200	(200,617)	5,656,013
Office Equipment	150,299	-	-	150,299
Infrastructure	57,580,759	5,654,820	-	63,235,579
Total at Historical Cost	98,289,198	14,654,406	(6,461,581)	106,482,023
Less Accumulated Depreciation:				
Buildings	(9,270,051)	(522,161)	90,924	(9,701,288)
Improvements	(2,988,813)	(288,920)	214,433	(3,063,300)
Heavy Equipment	(3,897,207)	(373,636)	194,626	(4,076,217)
Office Equipment	(150,299)	-	-	(150,299)
Infrastructure	(36,312,531)	(2,373,313)	-	(38,685,844)
Total Accum. Depreciation	(52,618,901)	(3,558,030)	499,983	(55,676,948)
Capital Assets Net	$ 45,670,297	$ 11,096,376	$ (5,961,598)	$ 50,805,075

Increases in fixed assets were the result of the Town purchasing of several vehicles and golf maintenance units. Infrastructure asset additions were related to the construction of a new roundabout near the high school.

NOTE 4 - *CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS (continued)*

Governmental Activities: (continued)

For the fiscal year ending December 31, 2025, depreciation expense for governmental activities of $3,558,032 has been included in the various functions on the statement of activities as follows:

Function	Amount
General Government	$ 69,557
Community Development	32,716
Public Safety	445,282
Streets and Public Works	2,592,599
Culture & Recreation	417,878
Total	$ 3,558,032

During 2025 the golf course club house and restaurant were significantly damaged by a fire. These assets were recorded on the Town's balance sheet at historical cost of $586,609. As of December 31, 2024 these assets were offset by $212,646 of accumulated depreciation. The nature of repairs includes plywood sheathing, drywall, electrical, heat, duct, and air-conditioning due to this damage the building is deemed impaired. Based on industry standard for partial structural damage the building was deemed 40% impaired. Thus, the net book value was reduced by $143,719 and recoded as a loss on disposal of asset on the government wide financial statements.

Right-of-use lease assets for the fiscal year ending December 31, 2025, which are amortized over the shorter of the lease term or the useful life of the underlying asset, were as follows:

	Governmental Activities				
	Balance (NPV) 2024	Additions	Deletions	Balance (NPV) 2025	Amount Receivable within one year
Leases	$ 69,119	$ -	$ (32,369)	$ 36,750	$ 18,193
Total Governmental Activities	$ 69,119	$ -	$ (32,369)	$ 36,750	$ 18,193

NOTE 4 - *CAPITAL ASSETS AND RIGHT-OF-USE LEASE ASSETS (continued)*

Business-type Activities:

Capital asset activity for Business-Type Activities for the year ended December 31, 2025, was as follows:

Business-Type Capital Assets	Balance 2024	Additions	Reductions	Balance 2025
Non-depreciable Assets:				
Land and Sites	$ 709,575	$ -	$ -	$ 709,575
Water Rights	13,737,121	-	-	13,737,121
Construction-in-Progress	3,053,163	32,709,222	(424,845)	35,337,540
Depreciable Capital Assets:				
Building	110,000	-	-	110,000
Equipment & Furniture	1,711,275	507,718	(73,099)	2,145,894
Lines, Meters, Plant	50,615,011	4,535,765	-	55,150,776
Total at Historical Cost	69,936,145	37,752,705	(497,944)	107,190,906
Less Accumulated Depreciation:				
Building	(72,875)	(2,750)	-	(75,625)
Equipment & Furniture	(1,610,438)	(102,483)	73,099	(1,639,822)
Water & Sanitation System	(18,122,351)	(961,846)	-	(19,084,197)
Total Accum. Depreciation	(19,805,664)	(1,067,079)	73,099	(20,799,644)
Capital Assets Net	$ 50,130,481	$ 36,685,626	$ (424,845)	$ 86,391,262

The Town's works in progress include engineering costs related to the future construction of a waste water treatment plant.

For the fiscal year ending December 31, 2025, depreciation expense of $1,067,079 for business-type activities has been included in the various functions on the statement of activities as follows:

Function	Amount
Water Utility	$ 566,327
Sewer Utility	430,067
Sanitation Utility	70,685
Total	$ 1,067,079

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS

Lease Commitments

The Town has implemented the provisions of Governmental Accounting Standards Board Statement No. 87, *Leases* for government-wide Statement of Net Assets recognition of leases and note disclosure of certain information about lease arrangements.

As discussed in Note 1, the Town is the lessee of golf cart equipment. The Town determines whether a contract is a lease at inception. Identified leases are subsequently measured, classified and recognized as lease commitments and leases with contractual terms longer than twelve months as either operating or finance. The Town's equipment leases generally have terms from one to five years. The Town's current lease began in 2025 and ends in 2029.

Right-to-use assets and lease obligations for operating leases are included in "ROU Lease Assets" and "Present Value of Lease Liability", respectively, in the Statement of Net Position. Leased assets represent the Town's right to use an underlying asset for the lease term and lease liabilities represent the Town's obligation to make lease payments arising from the lease, which are subject to annual appropriation.

Operating right-of-use assets and associated lease liabilities are recognized based on the present value of future minimum lease payments to be made over the expected lease term, generally using the risk-free discount rate at the commencement date in determining the present value of future payments.

Subscription-Based Information Technology Arrangements and Commitments

The Town has implemented the provisions of Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)* for government-wide Statement of Net Assets recognition of SBITA and note disclosure of certain information about SBITA arrangements.

The Town has several SBITA. The terms of the agreements include:

Length: 3-6 years
Variable payments: no variable payments
Termination penalties: no termination penalties were paid in 2025.
Prior commitments: prepayments and implementation costs were included in the subscription asset classification.
Impairment: no impairment of SBITA in 2025.

Changes in the Town's lease commitments and subscription-based information technology arrangements during the fiscal year ended December 31, 2025 are as follows:

	Governmental Activities				
	Balance (NPV) 2024	Additions	Deletions	Balance (NPV) 2025	Amount Receivable within one year
Leases	$ 69,119	$ -	$ (32,369)	$ 36,750	$ 18,193
Total Governmental Activities	$ 69,119	$ -	$ (32,369)	$ 36,750	$ 18,193

NOTE 5 - *LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)*

Following are the required future minimum base rental payments under the Town's leases and SBITA.

Year Ending December 31	Amount
2026	$ 18,193
2027	18,557
Total	$ 36,750

The debt service payments are included in the Parks & Recreation Fund.

Changes in the Town's long-term obligations during the fiscal year ended December 31, 2025 are as follows:

Governmental Activities - Long Term Obligations

	Balance 2024	Additions	Reductions	Balance 2025	Amounts Due Within One
Golf Cart Leased Asset	$ -	$ 413,851	$ -	$ 413,851	$ 61,671
Lease Purchase	945,467	-	(180,015)	765,452	182,970
Accrued PTO	479,150	(379,533)	401,436	501,053	125,263
Total Long Term Obligations	$ 1,424,617	$ 34,318	$ 221,421	$ 1,680,356	$ 369,904

Total compensated absences for governmental activities, consisting of accrued vacation and sick pay, in the amount of $501,053 has been accrued on the financial statements, $125,263 is expected to be paid in one year.

Business Type Activities - Long Term Obligations

	Balance 2024	Additions	Reductions	Balance 2025	Amounts Due Within One
Lease Purchase					
Lease Purchase	$ 124,913	$ -	$ (23,783)	$ 101,130	$ 24,174
CWCB Loan	378,896	-	(106,589)	272,307	-
CWRPDA Loan	1,398,535	-	(79,399)	1,319,136	40,699
Sewer Bond Series 2024	83,295,000	-	-	83,295,000	-
Premium Sewer Bond	6,785,148	-	(226,171)	6,558,977	226,172
Accrued PTO	137,858	122,460	(115,792)	144,526	36,018
Total Long Term Obligations	$ 92,120,350	$ 122,460	$ (551,734)	$ 91,691,076	$ 327,063

Total compensated absences for business-type activities, consisting of accrued vacation and sick pay, in the amount of $144,526 has been accrued on the financial statements, $36,018 is expected to be paid in one year.

Bond premium on the Sewer Revenue Bond, Series 2024 in the amount of $6,332,805 are reported as noncurrent liabilities. Premiums are accreted over the remaining lives of the related debt issues using the effective interest rate.

NOTE 5 - *LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)*

Governmental Activities:

A. Financing Lease - Series 2017 Lease Purchase Refunding Loan

The Town entered into a financing agreement dated May 23, 2017 in the amount of $2,537,587 with Branch Bank & Trust Company, Charlotte, North Carolina. The lease purchase was conducted to refinance and refund the existing Series 2010 Certificates of Participation. The Town completed the refunding to shorten its future debt service obligation by 5 years. This refunding resulted in an economic gain (difference between the present value of the old and new debt less debt service payments) to the Town in the amount of $315,255.

The Lease Purchase, Series 2017 interest rate is 2.50% with interest payable June 1 and December 1, and principal payments due December 1 until the year 2029. The Leased property consists of approximately 18,389 square feet, gross area, of the Gypsum, Colorado Town Hall Building. The lease is subject to annual appropriation by the Town.

The obligation is being carried in the Town's governmental and business-type activities. The original $2,537,587 of debt was allocated to following funds based on the original use of the Series 2010 Certificates of Participation proceeds with $2,241,451 to Governmental Activities and $296,136 to Business-Type Activities.

The annual requirements to amortize the Governmental Activities portion of the Series 2017 Lease Purchase debt are as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ 182,970	$ 19,136	$ 202,106
2027	190,194	14,562	204,756
2028	192,741	9,807	202,548
2029	199,547	4,989	204,536
Total Lease Purchase	$ 765,452	$ 48,494	$ 813,946

The debt service payments are included in the Parks and Recreation Fund.

B. Financing Lease – Yamaha Financial Services

On March 5, 2025 the Town entered into a financing lease for golf carts. The term of the lease is 48 months and the annual payments are $83,135 with a balloon payment of $225,000 due in 2029. The capital lease includes an implicit interest rate of 5.24%. The debt service payments are paid from the Parks and Recreation Fund and the annual requirements to amortize the lease are below:

Year Ending December 31	Principal	Interest	Total
2026	$ 61,671	$ 21,465	$ 83,136
2027	65,125	18,010	83,135
2028	68,774	14,362	83,136
2029	218,281	6,718	224,999
Total	$ 413,851	$ 60,555	$ 474,406

NOTE 5 - *LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)*

Business-Type Activities:

A. Intergovernmental Loans - CWCB

The Town entered into a loan agreement dated July 14, 2009 between the Department of Natural Resources Colorado Water Conservation Board (CWCB) and the Town of Gypsum Water Activity Enterprises for the reconstruction of the LEDE Ditch & Reservoir. The Colorado Water Conservation Board approved a loan with a maximum amount of $2,689,731 for up to 90% of the project costs with a 1% loan service charge and interest at 4.50% per annum. The repayment term is 30 years. The total loan amounted to $2,689,731 secured by water user charges and fees. The loan is a 30-year loan maturing January 1, 2047 and is payable in annual installments (beginning January 1, 2018) of $165,127. As part of the debt covenants a reserve account in the amount of one – tenth the annual payment ($16,519) has been created. In July 2021 the Town elected to retire $1,528,650 of this obligation early using debt proceeds from the financing of the Hydro Electric Plant (see CWRPDA loan). The early payoff resulted in interest savings of $1,608,758. The obligation is carried in the Water Utility Enterprise business type activity at $820,743 as of December 31, 2021. The Town's annual debt service is as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ -	$ -	$ -
2027	152,873	12,254	165,127
2028	119,434	5,374	124,808
Total CWCB	$ 272,307	$ 17,628	$ 289,935

B. Financing Lease Payable- Series 2017 Lease Purchase Refunding Loan -

As described above, the Town entered into a financing agreement with Branch Bank & Trust Company on May 23, 2017 to refund the Series 2010 Certificates of Participation. The debt has been allocated based on the original use of the funding proceeds. The $296,136 allocation represents the Water Fund portion of the $2,537,587 total debt obligation.

The annual requirements to amortize the Business-type portion of the Series 2017 Lease Purchase debt are as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ 24,174	$ 2,528	$ 26,702
2027	25,128	1,924	27,052
2028	25,465	1,296	26,761
2029	26,363	659	27,022
Total Lease Purchase Payabe	$ 101,130	$ 6,407	$ 107,537

NOTE 5 - LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)

Business-type Activities (continued):

C. Colorado Water Resources and Power Development Authority (CWRPDA)

The Town entered into a loan agreement dated May 1, 2020 between the Colorado Water Resources and Power Development Authority (CWRPDA) and the Town of Gypsum Water Activity Enterprises for construction of the Hydro Electric Power generating system along Gypsum Creek. The approved loan in the amount of $1,528,650 carries an interest rate of 2.50% per annum and a repayment term of 30 years. The loan matures in 30-years on November 1, 2049 and is payable in semi-annual installments beginning May 1, 2020, with annual payments totaling $73,425.

Year Ending December 31	Principal	Interest	Total
2026	$ 40,699	32,726	$ 73,425
2027	41,723	31,702	73,425
2028	42,773	30,652	73,425
2029	43,849	29,576	73,425
2030	44,952	28,473	73,425
2031 - 2035	242,302	124,823	367,125
2036 - 2040	274,352	92,774	367,126
2041 - 2045	310,640	56,485	367,125
2046 - 2049	277,846	15,855	293,701
Total	$ 1,319,136	$ 443,066	$ 1,762,202

D. Sewer Revenue Bonds Series 2024

The Wastewater Enterprise fund issued revenue bonds, series 2024, dated October 1, 2024 for the construction of a wastewater treatment plant. The repayment term of this loan is 30 years with an average interest rate of 4.18% and the maximum payment $5,922,000. These revenue bonds are secured by the Wastewater charges and fees, as part of this issuance the monthly users fees must be set to amount equal to the annual operations and maintenance expenses. An amount equal to 110% of both principal and interest must be set aside as a debt service reserve.

The covenants also require the Town pledged monthly user and tap fees to repay the Revenue Bonds Series 2024. The pledged revenues less operating expenses excluding depreciation, principal, and interest, must exceed the lessor of the maximum remaining annual debt service or 10% of remaining debt service must be set aside as a debt service reserve.

As of December 31, 2025, the town is in compliance with this debt covenants.

NOTE 5 - *LEASE COMMITMENTS AND LONG-TERM OBLIGATIONS - (continued)*

Business-type Activities (continued):

D. Sewer Revenue Bonds Series 2024

The annual debt service is as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ -	$ 4,464,026	$ 4,464,026
2027	-	3,598,250	3,598,250
2028	-	3,958,250	3,958,250
2029	225,000	3,958,250	4,183,250
2030	560,000	3,947,000	4,507,000
2030-2034	6,790,000	19,063,500	25,853,500
2035-2039	12,930,000	16,667,750	29,597,750
2040-2044	16,505,000	13,095,250	29,600,250
2045-2049	20,650,000	8,951,750	29,601,750
2050-2054	25,635,000	3,970,250	29,605,250
Total Loan Payable	$ 83,295,000	$ 81,674,276	$ 164,969,276

NOTE 6 - *DEFINED CONTRIBUTION PLAN*

The Town participates in the Colorado Retirement Association ("CRA"), a multiple-employer retirement system, which is a qualified plan as defined by Internal Revenue Code section 401(a) and C.R.S. section 24-54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. CRA administers this plan on behalf of the Town.

State statute assigns authority to establish and amend the benefit provisions of the plans that participate in CRA to the respective employer governments.

The Town's HR Manager acts as the administrator of the retirement account. All full-time employees are required to participate in the plan upon the first day of the pay period that includes the first day of the month, following a one-month period. After 6 months of employment, the employee contributes 6% and employer contributes 8% of employee compensation, excluding overtime, bonuses, and fringe benefits. The Town's contribution for each employee, including earnings thereon allocated to the employee's account, vest at a rate of 33.33% each year of participation in the plan after the first year. An employee is fully vested after five years of employment. Town contributions and earnings forfeited by employees who leave employment before fully vesting are returned to the Town. Employee contributions are immediately vested.

NOTE 6 - *DEFINED CONTRIBUTION PLAN (continued)*

Total covered payroll for the year subject to participation was $5,417,100 compared to total payroll of $6,176,117. The Year Ended December 31, 2025 required and actual contributions for Employer and Employee were $325,026 and $404,168 respectively. There are no unfunded past service liabilities and no forfeitures in 2025.

Additionally, the Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through CRA. The plan is also administered by the Town. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries. During 2025, employee contributions totaled $142,043. The annual financial report that includes financial statements and required supplementary information for the plan may be obtained through the plan's website at www.cra-online.org .

NOTE 7 - *COMMITMENTS*

A. Cost Recovery Agreements Water and Sewer Taps – The Town has entered into subdivision improvement agreements with various land developers. Some of the agreements contain provisions that provide for payments to the developers for portions of water and sewer tap fees that will be collected by the Town. No obligations exist and a liability is not recorded until the Town actually collects the tap fees.

B. During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives consider the majority of claims or assertions to be without merit and believe the outcome will not materially affect the fairness of the presentation of the financial statements at December 31, 2025.

NOTE 8 - *RISK MANAGEMENT*

The Town is exposed to the risk of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employees; or acts of God.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a joint self-insurance pool created by an intergovernmental agreement of 163 municipalities to provide property, general and automobile liability, public official, and workers compensation coverage to its members. A seven-member Board elected by and from its members governs CIRSA. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and amounts that 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 it is not legally required to do so.

NOTE 8 - *RISK MANAGEMENT (continued)*

There is no current or long-term debt outstanding and the above liabilities include reserves for incurred claims and an estimated liability for incurred but not reported claims at December 31, 2025. No claim or judgment liability has been recorded in the Town's financial statements as the risk of liability is pooled with other members under CIRSA. The Town's settled claims have not exceeded their insurance coverage in any of the last three years. Additional information may be obtained from separately issued CIRSA financial statements by contacting CIRSA at 3665 Cherry Creek North Drive, Denver, CO 80209 or (303) 757-5475.

NOTE 9 - *INTERGOVERNMENTAL AGREEMENTS*

Gypsum Community Recreation Center Agreement

The Town and Mountain Recreation District entered into an agreement for the construction, ownership and operation of a community recreation facility located in Gypsum, Colorado. The District is responsible for the operation and maintenance of the community recreation center and the Town retains full fee simple title to the community center and community center site. In 2025, the Recreation Center encountered a deficit in operations; therefore, as stated in the agreement, a contribution equal to one-half of the operating deficit, $232,974 has been accrued and will be paid to the District for the fiscal year ended December 31, 2025, the expenditure is reflected in the General Fund.

NOTE 10 - *COMPLIANCE*

A. TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which imposes several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. In 1994, the Town's electorate voted to allow the Town to collect, retain, and expend revenues notwithstanding any of TABOR's restrictions.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding voter approved debt service). The required reserve at December 31, 2025 is $730,000.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations of the Amendment's language in order to determine its compliance.

NOTE 10 - *COMPLIANCE – continued*

B. Aviation Fuel Sales Tax

The Town has a 3% sales tax. Per the 2015 Aviation Fuel Sales Tax Plan ("Plan") 2% is grandfathered and 1% is not. Revenues that are not grandfathered are required to be spent for airport related expenses. In 2025 airport related expenses exceed non grandfathered revenue.

C. Contraband

The Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511) addresses the accounting for proceeds from the seizure of contraband. These funds must be used for the specific purpose of law enforcement activities. While these proceeds are exempt from the appropriation process, they are subject to Local Government Audit Law (C.R.S. 29-1-601 to 608). For the year ended December 31, 2025 no such proceeds were received by the Town and as such are not included in the Town's audited financial statements.

D. Wastewater Enterprise Fund Deficit Fund Balance

At December 31, 2025, the Wastewater Fund reported a deficit fund balance of $81,952,414. The deficit resulted from the recognition of current-period capital project expenditures and related financing activity associated with the Series 2024 Bond Issue, for which a portion of the debt proceeds remained unspent at year-end.

The related wastewater capital improvements are expected to be completed in 2028, subject to project schedules, contract performance, and other applicable requirements. Management believes the deficit fund balance will be eliminated as the restricted debt proceeds are spent on eligible wastewater improvements and the related project financing activity is fully recognized in the Wastewater Fund.

E. Parks and Recreation Fund Budget

The Town's Parks and Recreation fund total expenditures of $2,842,924 exceed budgetary appropriations of $2,611,738 by $231,186 caused by an unexpected fire at the golf clubhouse, this may be a violation of Colorado State Statute.

F. Wastewater Enterprise Fund Budget

The Town's Wastewater Enterprise Fund total budgetary expenditures of $39,334,771 exceed budgetary appropriations of $35,689,919 by $3,644,852, this may be a violation of state statute.

G. Single Audit

The Town's Single Audit identified two noncompliance items disclosed in the accompanying Single Audit Report.

NOTE 11 - *SUBSEQUENT EVENTS*

Management has evaluated events subsequent to December 31, 2025 through the issuance date of this report noting the following events:

A. During 2025 a fire destroyed much of the Golf Courses Club House. The Town will restore the Club House back to its functioning condition. Through year end 2025 approximately $285,000 has been spent on repairs. The town expects to insurance recoveries, less applicable deductibles, to cover the cost of repairs.
B. Subsequent to year end the Town signed a new multi-year agreement with Creekside Grill.

REQUIRED SUPPLEMENTAL INFORMATION

BUDGETARY COMPARISON SCHEDULES FOR THE GENERAL FUND AND MAJOR SPECIAL REVENUE FUNDS

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Taxes	$ 14,318,054	$ 14,318,054	$ 16,491,934	$ 2,173,880
Licenses and Permits	29,500	29,500	29,704	204
Intergovernmental	546,872	546,872	635,090	88,218
Charges for Service	132,350	132,350	62,261	(70,089)
Community Development	2,437,548	2,056,048	2,765,187	709,139
Gypsum Daze	119,057	119,057	128,349	9,292
Sale of Fixed Assets	-	-	116,856	116,856
Grant Revenue	-	-	133,712	133,712
Interest	4,363,200	4,363,200	361,588	(4,001,612)
Miscellaneous	313,229	313,229	898,033	584,804
Total Revenues	22,259,810	21,878,310	21,622,714	(255,596)
Expenditures:				
General Government	3,634,978	3,648,978	3,484,896	164,082
Community Development	1,679,438	1,679,438	1,864,067	(184,629)
Public Safety	1,610,370	1,610,370	1,615,366	(4,996)
Streets and Public Works	2,277,344	2,277,344	2,213,399	63,945
Culture and Recreation	1,980,257	1,980,257	1,831,226	149,031
Economic Development	249,200	249,200	184,549	64,651
Capital Outlay	16,509,861	11,842,861	9,147,758	2,695,103
Total Expenditures	27,941,448	23,288,448	20,341,261	2,947,187
Excess Revenues Over (Under) Expenditures	(5,681,638)	(1,410,138)	1,281,453	2,691,591
Other Financing Sources and (Uses):				
Transfers (to) Other Funds	(1,796,357)	(1,796,357)	(1,796,357)	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(7,477,995)	(3,206,495)	(514,904)	2,691,591
Fund Balances – Beginning	19,425,817	19,425,817	18,146,819	(1,278,998)
Fund Balances – Ending	$ 11,947,822	$ 16,219,322	$ 17,631,915	$ 1,412,593

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

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE FUND - PARKS AND RECREATION FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable
Revenues:				
Charges for Service	$ 1,595,976	$ 1,595,976	$ 1,741,925	$ 145,949
Insurance Riembursement	-	-	282,282	282,282
Interest & Investment Income	1,500	1,500	1,851	351
Total Revenues	1,597,476	1,597,476	2,026,058	428,582
Expenditures:				
Golf Course Operations	1,878,625	1,984,088	2,212,591	(228,503)
Capital Outlay	428,810	427,310	426,681	629
Debt Service:				
Principal	180,015	172,393	180,015	(7,622)
Interest	23,637	27,947	23,637	4,310
Total Expenditures	2,511,087	2,611,738	2,842,924	(231,186)
Excess Revenues Over (Under) Expenditures	(913,611)	(1,014,262)	(816,866)	197,396
Other Financing Sources and (Uses):				
Transfers from Other Funds	872,000	872,000	872,000	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	(41,611)	(142,262)	55,134	197,396
Fund Balances – Beginning	45,958	45,958	67,150	21,192
Fund Balances – Ending	$ 4,347	$ (96,304)	$ 122,284	$ 218,588

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

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

SPECIAL REVENUE FUND - HIGHWAY 6 DEVOLUTION

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable
Revenues:				
Interest & Investment Income	$ 230,914	$ 230,914	$ 483,247	$ 252,333
Total Revenues	230,914	230,914	483,247	252,333
Expenditures:				
Repairs and Maintenance	-	-	-	-
Total Expenditures	-	-	-	-
Excess Revenues Over (Under) Expenditures	230,914	230,914	483,247	252,333
Fund Balances – Beginning	11,039,951	11,039,951	11,838,931	798,980
Fund Balances – Ending	$ 11,270,865	$ 11,270,865	$ 12,322,178	$ 1,051,313

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

SUPPLEMENTAL INFORMATION

SPECIAL REVENUE BUDGETARY COMPARISON SCHEDULES

AND

INDIVIDUAL FUND BUDGETARY COMPARISON SCHEDULES

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues & Other Financing Sources:				
General Government - Taxes				
General Property	$ 1,402,603	$ 1,402,603	$ 1,408,006	$ 5,403
Specific Ownership	45,000	45,000	69,528	24,528
Franchise	400,000	400,000	308,888	(91,112)
Sales and Use	10,895,201	10,895,201	11,983,876	1,088,675
Real Estate Transfer	1,075,000	1,075,000	1,976,053	901,053
Bag Fees	250	250	543	293
Cigarette	500,000	500,000	745,039	245,039
Total Taxes	14,318,054	14,318,054	16,491,933	2,173,879
Licenses and Permits				
Liquor and Business	29,500	29,500	29,704	204
Total Licenses and Permits	29,500	29,500	29,704	204
Intergovernmental Revenues				
Highway Users Tax	325,320	325,320	402,667	77,347
County Road and Bridge Tax	181,552	181,552	186,823	5,271
Motor Vehicle Tax	40,000	40,000	45,600	5,600
Total Intergovernmental	546,872	546,872	635,090	88,218
Administrative Charges				
Reimbursements and Rentals	62,000	62,000	4,200	(57,800)
Passports	70,000	70,000	58,062	(11,938)
Miscellaneous Admin Charges	350	350	-	(350)
Total Administrative Charges	132,350	132,350	62,262	(70,088)
Community Development				
Inspections for other Governments	9,300	9,300	10,470	1,170
Building Permits	455,601	455,601	750,201	294,600
Impact Fees	1,787,647	1,406,147	1,791,223	385,076
Reimbursed Professional Fees	125,000	125,000	129,048	4,048
Community Enhancement	60,000	60,000	84,245	24,245
Total Community Dev. Charges	2,437,548	2,056,048	2,765,187	709,139
Miscellaneous Revenues				
Municipal Court	134,200	134,200	132,439	(1,761)
Gypsum Daze	119,057	119,057	128,349	9,292
Miscellaneous	4,229,000	4,229,000	229,149	(3,999,851)
Grant Revenue	-	-	133,712	133,712
Sale of Fixed Assets	-	-	116,856	116,856
Interest Income	313,229	313,229	898,033	584,804
Total Community Dev. Charges	4,795,486	4,795,486	1,638,538	(3,156,948)
Total Revenues and Other Financing Sources	$ 22,259,810	$ 21,878,310	$ 21,622,714	$ (255,596)

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

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures and Other Financing Uses:				
General Government				
Salaries	$ 1,167,404	$ 1,167,404	$ 1,165,070	$ 2,334
Payroll Taxes	89,285	89,285	83,199	6,086
Employee Benefits	321,422	321,422	336,341	(14,919)
Office Supplies	47,000	47,000	47,531	(531)
Utilities and Telephone	147,559	147,559	166,037	(18,478)
Professional Services	885,276	899,276	866,106	33,170
Auto and Travel	115,000	115,000	79,494	35,506
Equipment and Ground Maintenance	63,750	63,750	73,981	(10,231)
Professional Development	55,500	55,500	31,318	24,182
Dues and Subscriptions	42,502	42,502	26,900	15,602
Economic and Public Relations	6,000	6,000	7,043	(1,043)
Publications	1,000	1,000	-	1,000
Insurance	428,015	428,015	381,849	46,166
Community Support/Contributions	126,064	126,064	119,431	6,633
County Treasurer's Fees	29,450	29,450	33,968	(4,518)
Miscellaneous	109,750	109,750	66,628	43,122
Total General Government	3,634,977	3,648,977	3,484,896	164,081
Community Development				
Salaries	1,129,274	1,129,274	1,246,410	(117,136)
Payroll Taxes	85,583	85,583	92,729	(7,146)
Employee Benefits	313,682	313,682	391,280	(77,598)
Office Supplies	-	-	573	(573)
Professional Services	148,500	148,500	133,075	15,425
Equipment Maintenance	2,400	2,400	-	2,400
Total Community Development	1,679,439	1,679,439	1,864,067	(184,628)
Public Safety:				
Law Enforcement Contract	1,484,330	1,484,330	1,484,328	2
Animal Control Contract	98,040	98,040	98,040	-
Municipal Court Expenses	24,000	24,000	29,998	(5,998)
Miscellaneous	4,000	4,000	3,000	1,000
Total Public Safety	1,610,370	1,610,370	1,615,366	(4,996)

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

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

GENERAL FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Expenditures and Other Financing Uses:				
Streets and Public Works				
Salaries	$ 1,053,321	$ 1,053,321	$ 1,038,065	$ 15,256
Payroll Taxes	79,355	79,355	73,178	6,177
Employee Benefits	393,943	393,943	386,358	7,585
Office Supplies	41,500	41,500	39,026	2,474
Utilities and Telephone	15,625	15,625	26,123	(10,498)
Road and Bridge Maintenance	435,600	435,600	399,496	36,104
Street Lighting Maintenance	75,000	75,000	70,130	4,870
Building and Grounds Maintenance	55,000	55,000	56,345	(1,345)
Equipment Maintenance	86,500	86,500	81,632	4,868
Miscellaneous	41,500	41,500	43,046	(1,546)
Total Streets and Public Works	2,277,344	2,277,344	2,213,399	63,945
Community Development				
Salaries	546,095	546,095	526,024	20,071
Payroll Taxes	41,684	41,684	40,309	1,375
Employee Benefits	129,815	129,815	135,668	(5,853)
Office Supplies	5,000	5,000	4,730	270
Amphitheater	28,000	28,000	-	28,000
Park Maintenance	137,847	137,847	112,482	25,365
Gypsum Daze	600,350	600,350	542,245	58,105
Other Events	74,000	74,000	48,124	25,876
Susbisdy to Mtn Recreation	405,588	405,588	407,974	(2,386)
Miscellaneous	11,878	11,878	13,670	(1,792)
Total Community Development	1,980,257	1,980,257	1,831,226	149,031
Economic Development				
Recycling Center	4,200	4,200	4,565	(365)
Economic Development	245,000	245,000	179,984	65,016
Total Economic Development	249,200	249,200	184,549	64,651
Capital Outlay				
General Government	942,158	1,002,158	777,505	224,653
Community Development	35,600	35,600	32,434	3,166
Streets and Public Works	14,943,503	10,216,503	7,759,428	2,457,075
Culture and Recreation	560,949	560,949	557,474	3,475
Public Safety	27,650	27,650	20,917	6,733
Total Capital Outlay	16,509,860	11,842,860	9,147,758	2,695,102
Other Financing Uses				
Transfers to Other Funds	1,796,357	1,796,357	1,796,357	-
Total Other Financing Uses	1,796,357	1,796,357	1,796,357	-
Total Expenditures and Other Financing Uses	$ 29,737,804	$ 25,084,804	$ 22,137,618	$ 2,947,186

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

Parks and Recreation Fund

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
General Revenues:				
Interest	$ 1,500	$ 1,500	$ -	$ (1,500)
Insurance Reimbursements	-	-	282,282	282,282
Restaurant Rental Agreement	65,125	65,125	72,972	7,847
Total General Revenues	66,625	66,625	355,254	288,629
Golf Course Activities - Charges for Service:				
Annual Pass	225,551	225,551	235,960	10,409
Driving Range	45,000	45,000	54,311	9,311
Green Fees	802,500	802,500	830,817	28,317
Lesson Fees	6,000	6,000	6,335	335
Merchandise Sales	100,000	100,000	140,122	40,122
Proshop - Handicaps Payout	2,000	2,000	7,350	5,350
Punch Passes	225,000	225,000	227,500	2,500
Tournament Entries	80,000	80,000	107,913	27,913
Other Revenue	44,800	44,800	60,496	15,696
Total Revenues	1,530,851	1,530,851	1,670,804	139,953
Other Financing Sources - Transfers In(Out):	872,000	872,000	872,000	-
Total Revenues and Other Financing Sources	2,469,476	2,469,476	2,898,058	428,582
Golf Course Activities - Proshop:				
Salaries	340,050	304,009	341,408	(37,399)
Taxes	25,334	22,649	25,727	(3,078)
Benefits	31,962	45,328	32,243	13,085
Dues and Permits	7,500	7,500	7,312	188
Education	3,000	5,000	117	4,883
Supplies	20,732	16,300	17,181	(881)
Resale Items	85,000	90,000	141,968	(51,968)
Repairs and Maintenance	130,000	131,900	402,702	(270,802)
Total Proshop	643,578	622,686	968,658	(345,972)
Golf Course Activities - Driving Range:				
Driving Range - Supplies	22,000	23,500	15,625	7,875
Total Driving Range	22,000	23,500	15,625	7,875
Golf Course Activities - Cart Department:				
Salaries	165,972	154,919	140,481	14,438
Taxes	12,365	11,541	10,746	795
Benefits	500	500	274	226
Repairs and Maintenance	19,500	24,000	17,111	6,889
Operating Lease	83,200	186,620	98,991	87,629
Total Cart Department	281,537	377,580	267,603	109,977

(Continued on next page)

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

PARKS AND RECREATION FUND

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Golf Course Activities - Course & Maintenance				
Salaries	$ 390,855	$ 393,566	$ 436,100	$ (42,534)
Taxes	29,119	29,321	32,039	(2,718)
Benefits	96,351	84,812	97,889	(13,077)
Dues and Permits	4,000	4,000	3,473	527
Supplies	91,400	90,300	90,230	70
Repairs and Maintenance	128,000	158,100	81,630	76,470
Equipment Rental	9,500	9,500	8,237	1,263
Utilities	39,000	37,500	49,988	(12,488)
Total Course & Maintenance	788,225	807,099	799,586	7,513
Golf Course Activities - Administration				
Advertising and Promotion	38,500	38,500	34,859	3,641
Benefits	10,000	10,000	16,959	(6,959)
Bank Charges	24,667	24,667	38,227	(13,560)
Office Supplues & Dues	43,813	53,661	46,194	7,467
Equipment Repairs & Maintenance	25,805	25,895	24,636	1,259
Miscellaneous	500	500	244	256
Total Administration	143,285	153,223	161,119	(7,896)
Total Golf Course Operating Expenditures:	1,878,625	1,984,088	2,212,591	(228,503)
Capital Outlay - Golf Course:	428,810	427,310	426,681	629
Debt Service:				
Principal	180,015	172,393	180,015	7,622
Interest	23,637	27,947	23,637	(4,310)
Total Debt Service	203,652	200,340	203,652	3,312
Total Expenditures and Other Financing Uses:	$ 2,511,087	$ 2,611,738	$ 2,842,924	$ (231,186)

TOWN OF GYPSUM, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
SPECIAL REVENUE FUND - CONSERVATION TRUST FUND
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Intergovernmental	$ 50,000	$ 50,000	$ 55,743	$ 5,743
Interest & Investment Income	500	500	3,692	3,192
Total Revenues	50,500	50,500	59,435	8,935
Expenditures:				
General Government	-	-	-	-
Total Expenditures	-	-	-	-
Excess Revenues Over (Under) Expenditures	50,500	50,500	59,435	(8,935)
Other Financing Sources and (Uses):				
Transfers from Other Funds	-	-	-	-
Excess Revenues and Other Sources Over (Under) Expenditures and Other Uses	50,500	50,500	59,435	(8,935)
Fund Balances – Beginning	72,886	72,886	65,500	(7,386)
Fund Balances – Ending	$ 123,386	$ 123,386	$ 124,935	$ 1,549

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

SUPPLEMENTAL INFORMATION

PROPRIETARY (ENTERPRISE) FUND

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS

Water Enterprise Funds

For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary Revenues				
Service Fees	$ 2,485,878	$ 2,485,878	$ 2,733,921	$ 248,043
Late Charges	-	-	25,350	25,350
Other Revenues	110,062	110,062	131,423	21,361
Tap Fees	797,560	797,560	758,320	(39,240)
Dedication Fees	1,206,500	346,500	2,944,792	2,598,292
Interest Income	50,000	50,000	508,403	458,403
Other Financing Source - Transfers	450,500	450,500	450,500	-
Total Budgetary Based Revenues	5,100,500	4,240,500	7,552,709	3,312,209
Budgetary Expenditures				
System Operations:				
Salaries	726,357	726,357	723,945	2,412
Payroll Taxes	708,847	55,114	58,199	(3,085)
Employee Benefits	268,365	268,365	283,633	(15,268)
Utilities	51,000	51,000	55,686	(4,686)
Operating Supplies	253,000	528,000	390,094	137,906
Repairs and Maintenance	331,000	341,000	293,668	47,332
Computer Support	54,221	54,221	104,467	(50,246)
Water Purchase	50,000	50,000	32,310	17,690
Miscellaneous	12,530	12,530	10,903	1,627
Administration:				
Salaries	108,614	108,615	76,412	32,203
Payroll Taxes	6,756	6,756	5,628	1,128
Employee Bemefots	35,914	35,914	23,044	12,870
Office and Billing	28,535	28,534	50,715	(22,181)
Dues and Permits	4,084	4,084	3,393	691
Eagle River Monitoring	9,000	9,000	9,000	-
Professional Services	100,000	100,000	114,475	(14,475)
Debt Service:				
Principal	209,774	209,774	209,771	3
Interest	55,634	55,634	55,686	(52)
Capital Outlay	3,119,200	3,028,200	212,546	2,815,654
Total Budgdetary Expenditures	6,132,831	5,673,098	2,713,575	2,959,523
Reconciliation to GAAP Basis				
Depreciation			(566,327)	
Accrued Interest Adjustment			215	
Water Supply Contract Amortization			(7,400)	
Debt Principal Payments			209,771	
Total Adjustments			(363,741)	
Net Income GAAP Basis			4,475,393	
Net Position - Beginning of Year			43,470,864	
Net Position - End of Year			$ 47,946,257	

(Continued on next page)

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS
Wastewater Enterprise Funds
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary Revenues				
Service Fees	$ 3,447,067	$ 3,447,067	$ 3,641,092	$ 194,025
Other Revenues	-	-	3,500	3,500
Tap Fees	1,291,500	76,300	1,082,495	1,006,195
Dedication Fees	-	-	1,193,902	1,193,902
Interest Income	400,000	400,000	4,018,730	3,618,730
Grants	-	-	1,037,473	1,037,473
Other Financing Source - Transfers	473,857	473,857	473,857	-
Total Budgetary Based Revenues	5,138,567	3,923,367	11,451,049	7,053,825
Budgetary Expenditures				
System Operations:				
Salaries	315,160	315,160	315,814	(654)
Payroll Taxes	27,049	27,049	23,470	3,579
Employee Benefits	96,877	96,876	87,458	9,418
Utilities	28,000	28,000	30,914	(2,914)
Operating Supplies	10,000	10,000	4,662	5,338
Repairs and Maintenance	745,500	745,500	557,311	188,189
Computer Support	12,410	12,410	4,280	8,130
Miscellaneous	14,500	14,500	6,540	7,960
Administration:				
Salaries	124,477	124,477	92,970	31,507
Payroll Taxes	9,484	9,484	6,823	2,661
Employee Bemefots	40,699	40,699	27,901	12,798
Office and Billing	28,534	28,534	35,179	(6,645)
Dues and Permits	3,000	3,000	138	2,862
Professional Services	-	-	7,008	(7,008)
Debt Service:				
Interest	2,484,901	2,484,901	4,459,086	(1,974,185)
Capital Outlay	31,749,328	31,749,329	33,675,217	(1,925,888)
Total Budgdetary Expenditures	$ 35,689,919	$ 35,689,919	39,334,771	$ (3,644,852)
Reconciliation to GAAP Basis				
Depreciation			(430,067)	
Accrued Interest Adjustment			291,371	
Capital Asset Purchases			33,602,320	
Premium Amortization			226,172	
Total Adjustments			33,689,796	
Net Income GAAP Basis			5,806,074	
Net Position - Beginning of Year			22,893,905	
Net Position - End of Year			$ 28,699,979	

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

TOWN OF GYPSUM, COLORADO

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS
Sanitation Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Budgetary Revenues				
Service Fees	$ 496,546	$ 496,546	$ 488,906	$ (7,640)
Interest Income	9,996	9,996	20,770	10,774
Total Budgetary Based Revenues	506,542	506,542	509,676	3,134
Budgetary Expenditures				
System Operations:				
Salaries	91,720	91,720	74,193	17,527
Payroll Taxes	6,833	6,833	4,646	2,187
Employee Benefits	26,777	26,777	28,627	(1,850)
Operating Supplies	32,200	32,200	26,002	6,198
Repairs and Maintenance	85,000	85,000	51,589	33,411
Landfill Fees	100,000	100,000	84,228	15,772
Administration:				
Salaries	42,811	42,811	33,504	9,307
Payroll Taxes	3,325	3,325	2,504	821
Employee Bemefots	17,708	17,708	10,879	6,829
Office and Billing	28,534	28,534	37,273	(8,739)
Capital Outlay	420,000	420,000	416,343	3,657
Total Budgdetary Expenditures	854,908	854,908	769,788	85,120
Reconciliation to GAAP Basis				
Adjustments				
Depreciation			(70,685)	
Capital Asset Purchases			416,343	
Total Adjustments			345,658	
Net Income GAAP Basis			85,546	
Net Position - Beginning of Year			690,962	
Net Position - End of Year			$ 776,508	

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

SUPPLEMENTAL INFORMATION

ANNUAL STATEMENT OF RECEIPTS AND

EXPENDITURES FOR ROADS, BRIDGES AND STREETS

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:		REPORT YEAR ENDING DATE(mm/yyyy):
TOWN OF GYPSUM	JENNIFER GOOLSBY	JENNIFER@TOWNOFGYPSUM.COM	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	483,248.00
b. Non-property Taxes and Assessments Imposts	1,557,927.00	b. Other Misc. Local Receipts	7,838.00
c. Total (a + b)	$ 1,557,927.00	**c. Total (a + b)**	$ 491,086.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	402,667.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	232,423.00		
c. Total (a + b)	$ 232,423.00		
4. Total (1 + 2 + 3c)	$ 635,090.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	525,350.00
b. Engineering Costs	939,925.00
c. Construction Costs	6,101,210.00
d. Total Capital Outlay (a+ b + c)	$ 7,566,485.00

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

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	6,967,026.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,557,927.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 491,086.00
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 9,016,039.00
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 635,090.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 9,651,129.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 7,566,485.00
2. Maintenance:	359,295.00
3. Road and Street Services:	
a. Snow and Ice Removal	60,995.00
b. Other & Traffic Control Operations	28,403.00
c. Total (a + b)	$ 89,398.00
4. General Administration & Miscellaneous	151,623.00
5. Highway Law Enforcement and Safety	1,484,328.00
6. Total (1 through 5)	$ 9,651,129.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 9,651,129.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

FEDERAL SINGLE AUDIT

The Honorable Mayor and Members
Of the Town Council
Gypsum, Colorado

INDEPENDENT AUDITOR'S 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*

We have audited, in accordance with 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, the financial statements of the governmental activities the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Gypsum, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Gypsum's basic financial statements as listed in the table of contents, and have issued our report thereon dated September 21, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit on the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the 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 the Town's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Gypsum'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit the 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 weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We identified certain deficiencies in internal control, described in the accompany schedule of findings and questioned costs as items 25-001 that we consider to be significant deficiencies.

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 25-002.

Town of Gypsum, Colorado's, Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Gypsum, Colorado's, response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Town's response was not subjected to the other procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 the Town's internal control on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HOOD, P.C.
Glenwood Springs, Colorado
September 21, 2026

HOOD P.C.
CPAS & ADVISORS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Program

Opinion on Each Major Federal Program

We have audited the Town of Gypsum, Colorado's 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 of Gypsum, Colorado'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 of Gypsum, Colorado, has complied, in all material respects, with the types of 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; 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 of Gypsum, Colorado, 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 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 of the Town of Gypsum, Colorado, is responsible for compliance with the requirements referred to above 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 of Gypsum, Colorado'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 of Gypsum, Colorado'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 generally accepted auditing standards, *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 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 Town of Gypsum Colorado'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 of Gypsum Colorado'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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompany schedule of findings and questioned costs as item 25-001 and 25-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Gypsum, Colorado's response to the noncompliance finding identified in our compliance audit described in the accompany schedule of findings and questioned costs. The Town's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section 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 and, therefore, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as described in the accompany schedule of findings and questioned costs, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 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 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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 25-001 and 25-002 to be a significant deficiency.

Honorable Mayor and Members of the Town Council
Town of Gypsum, Colorado

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.

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Gypsum, Colorado's, response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Town of Gypsum, Colorado's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Town of Gypsum, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town of Gypsum, Colorado's basic financial statements, and have issued our report thereon dated September 21, 2026 which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

HOOD, P.C.
Glenwood Springs, Colorado
September 21, 2026

TOWN OF GYPSUM
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

PART I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	Yes
Noncompliance material to financial statements	None noted
Federal Awards	
Internal controls over major programs:	None noted
Significant deficiency identified	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	Yes
Major Programs	
Department of the Interior - Energy & Mineral Impact Assistance Program	15.437
Dollar threshold used to identify Type A from Type B Programs	$1,000,000
Identified as low-risk auditee	No

TOWN OF GYPSUM, COLORADO
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

PART II: FINDINGS RELATED TO THE 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*

Finding #25-001 – Significant Deficiency in Internal Control over Financial Reporting: Suspension & Debarment

Program Names: Gypsum Sewer Collection Main Planning & Replacement

CFDA Titles and Numbers: 15.437 Energy & Mineral Impact Assistance Programs 9693 & 9809

Federal Agency: United States Treasury

Pass-through Agency: Colorado Department of Local Affairs

Award Year: December 31, 2025

***Condition*:** The Town of Gypsum, Colorado, does not have policies and procedures in place to ensure that they do not contract with or make awards to parties that are suspended or debarred, resulting in a lack of internal controls over Federal procurement.

Criteria or Specific Requirement: The Town of Gypsum, Colorado, must comply with procurement, suspension & debarment standards set out at 2 CFR section 200.303 et al. within Uniform Guidance. Per 2CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts within certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. 2CFR 180.300 states that an entity may determine suspension and debarment status by:

(a) Checking SAM (System for Award Management) Exclusions; or
(b) Collecting a certification from that person; or
(c) Adding a clause or condition to the covered transaction with that person

Questioned Costs*: N/A*

Context: Although the Town of Gypsum, Colorado, does not have policies or procedures in place to ensure that they do not contract with or make subawards to parties that are suspended or debarred, we did not identify any instances where Federal grant awards were paid to suspended or debarred vendors for 5 of 5 suspension and debarment transactions selected for testing. However, 2 of 5 did not hold an active registration with Sam.gov.

Cause: Management was not aware of the requirements for determining suspension and debarment status under 2CFR section 180 within Uniform Guidance.

Effect: The Town of Gypsum, Colorado, is at risk for noncompliance with Federal grants as it relates to suspension and debarment.

***Finding #25-001 – Significant Deficiency in Internal Control over Financial Reporting: Suspension & Debarment* - continued**

Recommendation: We recommend that the Town of Gypsum, Colorado, implement policies and procedures to ensure that potential vendors are not suspended or debarred prior to contracting with them for goods and services.

Views of Responsible Officials and Planned Corrective Action: Management agrees with this finding and will implement policies and procedures to ensure that potential vendors are not suspended or debarred prior to contracting with them for goods and services.

PART III: FINDINGS RELATED TO THE REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Finding #25-002 – Suspension and Debarment

Program Names: Gypsum Sewer Collection Main Planning & Replacement

CFDA Titles and Numbers: 15.437 Energy & Mineral Impact Assistance Programs 9693 & 9809

Federal Agency: United States Treasury

Pass-through Agency: Colorado Department of Local Affairs

Award Year: December 31, 2025

***Condition*:** The Town of Gypsum, Colorado, does not have policies and procedures in place to ensure that they do not contract with or make awards to parties that are suspended or debarred, resulting in a lack of internal controls over Federal procurement.

Criteria or Specific Requirement: The Town of Gypsum, Colorado, must comply with procurement, suspension & debarment standards set out at 2 CFR section 200.303 et al. within Uniform Guidance. Per 2CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework" issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

2CFR 200.213 Suspension and Debarment restricts awards, subawards, and contracts within certain parties that are debarred, suspended, or otherwise excluded from or ineligible for participation in Federal assistance programs or activities. 2CFR 180.300 states that an entity may determine suspension and debarment status by:

(a) Checking SAM (System for Award Management) Exclusions; or
(b) Collecting a certification from that person; or
(c) Adding a clause or condition to the covered transaction with that person

Questioned Costs*: N/A*

Context: Although the Town of Gypsum, Colorado, does not have policies or procedures in place to ensure that they do not contract with or make subawards to parties that are suspended or debarred, we did not identify any instances where Federal grant awards were paid to suspended or debarred vendors for 5 of 5 suspension and debarment transactions selected for testing. However, 2 of 5 did not hold an active registration with Sam.gov.

Cause: Management was not aware of the requirements for determining suspension and debarment status under 2CFR section 180 within Uniform Guidance.

***Finding #25-002 – Suspension and Debarment* - continued**

Effect: The Town of Gypsum, Colorado, is at risk for noncompliance with Federal grants as it relates to suspension and debarment.

Recommendation: We recommend that the Town of Gypsum, Colorado, implement policies and procedures to ensure that potential vendors are not suspended or debarred prior to contracting with them for goods and services.

Views of Responsible Officials and Planned Corrective Action: Management agrees with this finding and will implement policies and procedures to ensure that potential vendors are not suspended or debarred prior to contracting with them for goods and services.

PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

There were no findings for the fiscal year ended December 31, 2024.

Town of Gypsum, Colorado
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2025

Program Title	Federal Assistance Listing Number	Grant/Project Code	2025 Expenditures	
Department of the Interior				
Passed through Colorado Department of Local Affairs:				
Energy & Mineral Impact Assistance Program 9809	15.437	EIAF 9809 - Gyspum Sewer Collection Main Replacement Planning	$ 37,503	*
Energy & Mineral Impact Assistance Program 9693	15.437	EIAF 9693 - Gypsum Sewer Mainline Replacement	1,000,000	*
Total Department of Interior			1,037,503	
U.S. Department of Transportation Federal Highway Administration				
Safe Streets and Roads for All	20.939	693JJ32540249	161,402	
Total U.S. Department of Transportation Federal Highway Administration			161,402	
Total Expenditures of Federal Awards			$ 1,198,905	

*** Denotes Major Program**

Notes to the Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2025

Note 1 - Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town of Gypsum, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2, US Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

Note 2 - Sub-recipients:

The Town of Gypsum, Colorado, did not provide any federal funds listed in the Schedule of Expenditures of Federal Awards received to sub-recipients.

Note 3 -- Indirect Facilities and Administrative Costs

The Town does not opt to use the 10% de minimis cost rate allowed in Title 2 US Code of Federal Regulations (CFR), Part 200.414 Indirect (F&A) costs.