TOWN OF HOLLY, COLORADO

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2025

TOWN OF HOLLY, COLORADO
TABLE OF CONTENTS

	Page
Independent Auditors' Report	1-2
Management's Discussion and Analysis	3-8
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Funds	11-12
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	13-14
Statement of Net Position – Proprietary Fund	15
Statement of Revenues, Expenditures and Changes in Net Position – Proprietary Funds	16
Statement of Cash Flows – Proprietary Funds	17
Notes to Financial Statements	18-27
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – General Fund	28
Other Supplementary Information:	
Budgetary Comparison Schedules:	
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Conservation Trust Fund	29
Schedule of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual – Utility Fund	30
Miscellaneous Section:	
Local Highway Finance Report	31

LIITTJOHANN, KAUFFMAN, and PEDERSON
Certified Public Accountants

David A. Kauffman, C.P.A., P.C.

Daniel M. Pederson, C.P.A.'s, P.C.

INDEPENDENT AUDITORS' REPORT

To the Town Council
Town of Holly, Colorado

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 Holly, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the 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 Holly, Colorado, as of December 31, 2025, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Holly, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Holly, Colorado's ability to continue as a going concern for twelve months beyond the financial statement date, including and currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing and audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.

420 East Platte Avenue, Suite A
Ft. Morgan, CO 80701
(970) 867-4922

106 East First Street
Julesburg, CO 80737
(970) 474-3326

- 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 of Holly'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 the Town of Holly, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Other Information

The Supplementary Information and Local Highway Finance Report were derived from and related 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 auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information and Local Highway Finance Report are fairly sated, in all material respects, in relation to the basic financial statements as a whole.

Fort Morgan, Colorado
July 28, 2026

As management of the Town of Holly (the "Town"), we offer readers of the Town's basic financial statements this narrative overview and analysis of the Town for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information provided in the financial statement.

FINANCIAL HIGHLIGHTS

- The Town's total net position increased by $437,910 during the year
- The Town's business-type activities net position increased by $141,934.
- The Town's governmental activities net position increased by $295,976.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and a section that presents combining statements for non-major governmental funds.

Basic financial statements – include two kinds of statements that present different views of the Town.

- **Government-wide financial statements** provide both long-term and short-term information about the Town's overall financial status. The required financial statements include statement of net position, and statement of activities. The measurement focus in on economic resources and accrual accounting is used. Assets and liabilities include both financial and capital and are reported as short and long term. Revenues and expenses are included regardless of when cash is received or paid.
- **Fund Financial Statements** focus on the individual parts of the Town reporting in more detail the Town's operations.

    1. **Government Funds** show how general government services like public safety, public works, recreation, and general government administration were financed in the short term and what remains for future spending. The required financial statements are a balance sheet and statement of revenues, expenditures and changes in fund balance. Only assets expected to be used and liabilities that come due during the year or soon thereafter are included. Capital assets are not included as assets. The measurement focus is on current financial resources and modified accrual accounting is used to report revenues and expenses that are received during the year or soon thereafter.

    2. **Proprietary Funds** include activities, such as water, electric, sewer, and landfill and trash, which are operated similar to private business with an economic resource focus and accrual accounting. The required financial statements include Statement of Net Position, Statement of Revenue, expenses, and changes in Net Position, and Statement of Cash flows. All assets and liabilities, both financial and capital, long and short-term are provided and all revenues and expenses are included regardless of when cash is received or paid.

Notes to the basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information includes budgetary comparison schedules for the General Fund and major special revenue funds.

Other Supplementary Information includes combining statements for non-major governmental funds and budget comparison schedules for all non-major special revenue funds, capital project funds, and proprietary funds.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

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

The two government-wide statements report the Town's net position and how it has changed. Net position, the difference between the Town's assets and liabilities, is one way to measure the Town's financial health, or position.

- Over time, increases or decreases in the Town's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the Town, additional non-financial factors need to be considered, such as changes in the Town's property tax base and the condition of the Town's roads.

The government-wide financial statements of the Town are divided into two categories:

Government Activities. Most of the Town's basic services are included here, such as police, streets, parks and recreation departments, and general administration. Sales taxes, property taxes, franchise fees, and charges for services finance most of these activities.

Business-type Activities. The Town charges fees to customers to recover most of the costs of certain activities. The Town's utility systems are included here.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

The Town uses fund accounting to comply with finance-related legal requirements.

Governmental Funds – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. This information is useful in assessing the Town's financing requirements. For example, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

A summary of the Town's net position for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current Assets	$1,567,809	$1,218,716	$2,227,420	$2,205,957	$3,795,229	$3,424,673
Other Non-current Assets	323,157	309,495	33,345	34,919	356,502	344,414
Capital assets-net	1,360,413	1,403,946	1,551,092	1,444,458	2,697,628	2,848,404
Total assets	3,251,379	2,932,157	3,811,857	3,685,334	6,849,359	6,617,491
Current Liabilities	51,830	37,613	336,901	374,061	388,731	411,674
Non-current Liabilities	16,060	11,720	490,210	468,461	506,270	480,181
Total Liabilities	67,890	49,333	827,111	842,522	895,001	891,855
Deferred Inflows	69,263	64,574	-	-	69,263	64,574
Net Position	$3,114,226	$2,818,250	$2,984,746	$2,842,812	$6,098,972	$5,661,062
Net position consist of:						
Net Investment in Capital Assets	1,360,413	1,403,946	1,548,215	1,444,458	2,908,628	2,848,404
Restricted net position	450,411	329,782	33,345	32,042	483,756	361,824
Unrestricted net position	1,303,402	1,084,522	1,403,186	1,366,312	2,706,588	2,450,834
Net position	$3,114,226	$2,818,250	$2,984,746	$2,842,812	$6,098,972	$5,661,062

The net position of the Town's governmental activities as of December 31, 2025, was $3,114,226 of which $1,303,402 was unrestricted and is available for spending at the government's discretion. The remaining net position included $450,411 which is a cash emergency reserve as required under TABOR along with the 1% sales tax designated for Public Safety, $31,171 which is restricted for culture & recreation, and $1,360,413 is invested in capital assets.

The General Fund is the main operating fund of the Town. As of December 31, 2025, the General Fund balance was $1,859,795, of which $1,030,890 was unassigned. Unassigned fund balance represents $223% of 2025 General Fund expenditures.

A summary of the Town's change in net position for the year is as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Capital Grants and Contributions	$ -	$ -	$ -	$ -	$ -	$ -
Operating Grants and Contributions	16,503	107,757	-	-	16,503	107,757
Charges for services	82,124	90,438	1,852,090	1,815,162	1,934,214	1,905,600
Total Program Revenue	98,627	198,195	1,852,090	1,815,162	1,950,717	2,013,357
General Revenues:						
Taxes	558,745	444,669	-	-	558,745	444,669
Investment earnings	59,205	60,534	79,859	88,131	139,064	148,665
Other	90,587	2,271	28,582	-	119,169	2,271
Total General Revenue	708,537	507,474	108,441	88,131	816,978	595,605
Total Revenue	807,164	705,669	1,960,531	1,903,293	2,767,695	2,608,962
Expenses						
General government	197,035	213,908		-	197,035	213,908
Public Safely	59,903	56,792		-	59,903	56,792
Public Works	85,592	91,930		-	85,592	91,930
Health & Welfare	5,037	2,758		-	5,037	2,758
Culture and recreation	162,433	163,785		-	162,433	163,785
Miscellaneous	1,188	2,107		-	1,188	2,107
Utility – Electric	-	-	1,260,515	1,231,141	1,260,515	1,231,141
Utility – Water	-	-	280,126	278,808	280,126	278,808
Utility – Sewer	-	-	78,468	50,444	78,468	50,444
Utility – Landfill/Trash	-	-	236,126	228,715	236,126	228,715
Total Expenses	511,188	531,280	1,855,235	1,789,108	2,366,423	2,320,388
Change in net position before transfers and special items	295,976	174,389	105,296	114,185	401,272	288,574
Transfers	-	-	-	-	-	-
Insurance Proceeds	-	-	36,638	-	36,638	-
Gain (Loss) on sale of assets	-	-	-	-	-	-
Change in net position	295,976	174,389	141,934	114,185	437,910	288,574
Beginning net position	2,818,250	2,643,861	2,842,812	2,728,627	5,661,062	5,372,488
Ending Net Position	$ 3,114,226	$ 2,818,250	$ 2,984,746	$ 2,842,812	$ 6,098,972	$ 5,661,062

The change in governmental activities net position was $295,976 for 2025 as compared to $174,389 in 2024. The change in business-type activities net position was $141,934 for 2025 as compared to $114,185 for 2024. The variance in the governmental activities' change in net position was due to an increase in revenue and decrease in expenses during the year 2025. The business-type activities' remained steady with a variance in the change in net position of only $27,749 for the year 2025.

BUDGETARY HIGHLIGHTS

General fund actual expenditures of $463,315 were $317,173 less than budgeted expenditures due mainly to operating expenditures in several departments coming in under budget.

Utility fund actual expenditures of $1,742,736 were $770,455 less than budgeted expenditures due mainly to unspent operating & capital expenditure funds.

Conservation Trust fund actual expenditures of $0 were $5,000 less than budgeted expenditures due to budgeted capital expenditures not being spent.

CAPITAL ASSETS AND DEBT ADMINISTRATION

As of December 31, 2025, Holly's investment in capital assets for its governmental and business-type activities net of accumulated depreciation was $2,694,751. Infrastructure assets prior to January 1, 2004 have not been included. Capital assets including buildings, utility systems and equipment are as follows:

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 97,515	$ 97,515	$ 10,134	$ 10,134	$ 107,649	$ 107,649
Buildings & Improvements	867,203	848,203	287,618	287,618	1,154,821	1,135,821
Infrastructure	1,537,645	1,537,645	3,149,512	3,149,512	4,687,157	4,687,157
Equipment	642,757	616,943	777,143	777,143	1,419,900	1,394,086
Website	10,000	-	-	-	10,000	-
Construction in progress	-	-	203,877	-	203,877	-
Total	3,155,120	3,100,306	4,428,284	4,224,407	7,583,404	7,324,713
Accumulated Depreciation	(1,794,707)	(1,696,360)	(2,880,069)	(2,779,949)	(4,674,776)	(4,476,309)
Capital Assets, Net	$ 1,360,413	$ 1,403,946	$ 1,548,215	$ 1,444,458	$ 2,908,628	$ 2,848,404

Listed below are the major fixed asset additions for the year.

Utility Fund

Drinking Water Project in Process - $203,877

General Fund

Swimming Pool Water Heater and Shower - $25,814
Gateway Park Restroom Siding and Roof - $19,000
Website Design - $10,000

Long-term Debt – As of December 31, 2025, the Town's long-term debt consisted of $51,788 in compensated absences and $454,482 in landfill closure costs.

ECONOMIC FACTORS AND 2026 BUDGETS AND RATES

Governmental activities revenues for the year 2026 are budgeted at $762,733 which is a 10% decrease from the current year actual. Expenditures for governmental activities are projected to be $768,453 for the year 2026, which is a 43% increase from the current year actual.

The main business-type activities for the Town are water, wastewater, electric, and landfill/garbage utilities. Revenues for the year 2026 are budgeted at $2,201,000 which represents a $240,469 increase from the current year's actual. Year 2025 budgeted expenditures of $2,688,259 represent and increase of $321,836 from the current year actual expenditures.

REQUESTS FOR INFORMATION

This financial report is designed to provide the citizens, taxpayers, customers and investors and creditors of the Town of Holly, Colorado with a general overview of the Town's finances and to demonstrate the Town's accountability. If you have questions about this report or need additional financial information, contact the Town Clerk/Treasurer, Town of Holly, P.O. Box 458, Holly, Colorado 81047.

TOWN OF HOLLY, COLORADO
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 87,453	$ 242,333	$ 329,786
Cash with County Treasurer	942	-	942
Investments	1,300,934	1,669,634	2,970,568
Accounts Receivable	51,161	182,615	233,776
Allowance for Doubtful Accounts	-	(3,000)	(3,000)
Taxes Receivable	69,263	-	69,263
Prepaid Expenses	27,140	38,924	66,064
Internal Balances	30,916	(30,916)	-
Inventory	-	127,830	127,830
Total Current Assets	1,567,809	2,227,420	3,795,229
Restricted Assets:			
Restricted Cash Emergency Reserve	323,157	-	323,157
Restricted Cash Landfill Closure	-	33,345	33,345
Total Restricted Assets	323,157	33,345	356,502
Non-Current Assets:			
Organizational Costs	-	2,877	2,877
Capital Assets			
Land	97,515	10,134	107,649
Buildings	867,203	287,618	1,154,821
Improvements	-	3,149,512	3,149,512
Infrastructure	1,537,645	-	1,537,645
Equipment	642,757	777,143	1,419,900
Website	10,000		
Construction in Progress		203,877	
Accumulated Depreciation	(1,794,707)	(2,880,069)	(4,674,776)
Total Non-Current Assets	1,360,413	1,551,092	2,697,628
TOTAL ASSETS	3,251,379	3,811,857	6,849,359
LIABILITIES			
Current Liabilities:			
Accounts Payable	51,830	129,416	181,246
Unearned Revenues - Grant	-	189,644	189,644
Deposits Payable	-	17,841	17,841
Total Current Liabilities	51,830	336,901	388,731
Long-Term Liabilities:			
Compensated Absences Payable	16,060	35,728	51,788
Landfill Closure Payable	-	454,482	454,482
Total Long-Term Liabilities	16,060	490,210	506,270
TOTAL LIABILITIES	67,890	827,111	895,001
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	69,263	-	69,263
NET POSITION			
Net Investment in Capital Assets	1,360,413	1,548,215	2,908,628
Restricted for Emergency Reserve	323,157		323,157
Restricted for Culture & Recreation	31,171		31,171
Resticted for Public Safety	96,083		
Restricted for Landill Closure		33,345	33,345
Unrestricted	1,303,402	1,403,186	2,706,588
TOTAL NET POSITION	3,114,226	2,984,746	6,002,889

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF CHEYENNE WELLS, COLORADO
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: BUSINESS-TYPE ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS: PRIMARY GOVERNMENT: TOTAL
PRIMARY GOVERNMENT:							
Governmental Activities:							
General Government	$ 197,035	$ 38,985	$ 10,000	$ -	$ (148,050)	$ -	$ (148,050)
Public Safety	59,903	-	2,024	-	(57,879)	-	(57,879)
Public Works	85,592	12,744	-	-	(72,848)	-	(72,848)
Health & Welfare	5,037	5,992	-	-	955	-	955
Culture and recreation	162,433	20,503	4,479	-	(137,451)	-	(137,451)
Miscellaneous	1,188	3,900	-	-	2,712	-	2,712
Total Governmental Activities	511,188	82,124	16,503	-	(412,561)	-	(412,561)
Business-Type Activities:							
Utility - Electric	1,260,515	1,069,664	-	-	-	(190,851)	(190,851)
Utility - Water	280,126	449,316	-	-	-	169,190	169,190
Utility - Sewer	78,468	92,827	-	-	-	14,359	14,359
Utility - Landfill/Trash	236,126	240,283	-	-	-	4,157	4,157
Total Business-Type Activities	1,855,235	1,852,090	-	-	-	(3,145)	(3,145)
Total Primary Government	2,366,423	1,934,214	16,503	-	(412,561)	(3,145)	(415,706)
Property Tax					$ 72,506	$ -	$ 72,506
Sales Tax					486,239	-	486,239
Interest					59,205	79,859	139,064
Miscellaneous					90,587	28,582	119,169
Insurance Proceeds					-	36,638	36,638
Total General Revenues					708,537	145,079	853,616
Change in Net Position					295,976	141,934	437,910
Net Position beginning					2,818,250	2,842,812	5,661,062
Net Position ending					3,114,226	2,984,746	6,098,972

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

ASSETS	GENERAL	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
Cash and Cash Equivalents	$ 87,453	$ -	$ 87,453
Cash with County Treasurer	942	-	942
Investments	1,269,763	31,171	1,300,934
Accounts Receivable	51,161	-	51,161
Taxes Receivable	69,263	-	69,263
Due From Other Funds	30,916	-	30,916
Prepaid Expenses	27,140	-	27,140
Restricted Cash - Emergency Reserve	323,157	-	323,157
TOTAL ASSETS	1,859,795	31,171	1,890,966
LIABILITIES, DEFERRED INFLOWS & FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 51,830	$ -	$ 51,830
TOTAL LIABILITIES	51,830	-	51,830
DEFERRED INFLOWS			
Deferred Revenue - Property Taxes	69,263	-	69,263
FUND BALANCES			
Nonspendable:			
Prepaid Expenses	27,140	-	27,140
Restricted for:			
Emergenies (TABOR)	323,157	-	323,157
Public Safety	96,083	-	96,083
Culture & Recreation	-	31,171	31,171
Assigned to:			
Street Improvements	182,648		182,648
Shop Building	40,832		40,832
Police	37,952	-	37,952
Unassigned:			
General Fund	1,030,890	-	1,030,890
TOTAL FUND BALANCES	1,738,702	31,171	1,769,873
TOTAL LIABILITY, DEFERRED INFLOWS, AND FUND BALANCES	$ 1,859,795	$ 31,171	$ 1,890,966

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances - Total Governmental Funds	$	1,769,873
The following amounts reported for governmental activities are not current financial resources. Therefore, they are not reported in the Governmental Funds Balance Sheet.		
Governmental Capital assets		3,155,120
Accumulated Depreciation		(1,794,707)
The following amounts reported for governmental activities are not due an payable in the current period. Therefore, they are not reported in the Governmental Funds Balance Sheet.		
Compensated Absenses		(16,060)
Net Position of Governmental Activities	$	3,114,226

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	GENERAL	NONMAJOR GOVERNMENTAL FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Taxes	$ 584,590	$ -	$ 584,590
Licenses and Permits	7,426	-	7,426
Intergovernmental Revenue	54,959	9,814	64,773
Charges for Services	58,151	-	58,151
Fines and Forfeits	12,714	-	12,714
Donations	16,168	-	16,168
Interest Income	58,135	1,070	59,205
Miscellaneous Income	4,137	-	4,137
TOTAL REVENUES	796,280	10,884	807,164
EXPENDITURES:			
Current			
General Government	184,656	-	184,656
Public Safety	48,689	-	48,689
Public Works	39,463	-	39,463
Health and Welfare	5,037	-	5,037
Culture and Recreation	129,468	-	129,468
Miscellaneous	1,188	-	1,188
Capital Outlay	54,814	-	54,814
TOTAL EXPENDITURES	463,315	-	463,315
NET CHANGE IN FUND BALANCE	332,965	10,884	343,849
FUND BALANCES, BEGINNING OF YEAR	1,405,737	20,287	1,426,024
FUND BALANCES, END OF YEAR	$ 1,738,702	$ 31,171	$ 1,769,873

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Net change in fund balances - total governmental funds	$	343,849
Amounts reported for governmental activities in the statement of net activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		54,814
Depreciation expense		(98,347)
Governmental funds report payment of compensated absences as expenditures. However, in the statements of activities, these payments reduce long-term liabilities		
Current-period change in the liability for compensated absenses		(4,340)
Change in net position of governmental activities	$	295,976

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	UTILITY FUND
ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 242,333
Investments	1,669,634
Accounts Receivable	182,615
Allowance For Doubtful Accounts	(3,000)
Inventory	127,830
Prepaid Expenses	38,924
Total Current Assets:	2,258,336
Restricted Assets	
Restricted Cash Landfill Closure	33,345
Non-Current Assets:	
Organizational Costs	2,877
Capital Assets	
Land	10,134
Buildings	287,618
Improvements	3,149,512
Equipment	777,143
Construction in Progress	203,877
Less Accumulated Depreciation	(2,880,069)
Total Non-Current Assets	1,551,092
TOTAL ASSETS	3,842,773
LIABILITIES	
Current Liabilites:	
Accounts Payable	$ 129,416
Due To Other Funds	30,916
Unearned Revenue - Grants	189,644
Deposits Payable	17,841
Total Current Liabilities	367,817
Long-Term Liabilities:	
Compensated Absences Payable	35,728
Landfill Closure Payable	454,482
Total Long-Term Liabilities	490,210
TOTAL LIABILITIES	858,027
NET POSITON	
Net Investment in Capital Assets	1,548,215
Restricted - Landfill Closure	33,345
Unrestricted	1,403,186
TOTAL NET POSITON	$ 2,984,746

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
DECEMBER 31, 2025

	ELECTRIC	WATER	SEWER	LANDFILL TRASH	TOTAL
Operating Revenues					
Charges for Services	$ 1,069,664	$ 449,316	$ 92,827	$ 240,283	$ 1,852,090
Miscellaneous	17,102	5,650	929	-	23,681
Total Operating Revenues	1,086,766	454,966	93,756	240,283	1,875,771
Operating Expenses					
Production, Transmission and Distribution	977,847	118,688	20,687	210,529	1,327,751
General Administration	231,192	117,646	53,769	24,757	427,364
Depreciation	51,476	43,792	4,012	840	100,120
Total Operating Expenses	1,260,515	280,126	78,468	236,126	1,855,235
Net Operating Income (Loss)	(173,749)	174,840	15,288	4,157	20,536
Non-Operating Revenues (Expenses)					
Gain (Loss) on Disposal of Fixed Assets	$ -	$ -	$ -	$ -	$ -
Insurance Proceeds	36,638	-	-	-	36,638
Grant	-	-	4,901	-	4,901
Interest Income	30,389	24,121	5,764	19,585	79,859
Change in Net Position	(106,722)	198,961	25,953	23,742	141,934
Net Position, Beginning of Year	1,436,743	1,056,114	341,341	8,614	2,842,812
Net Position, End of Year	$ 1,330,021	$ 1,255,075	$ 367,294	$ 32,356	$ 2,984,746

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2025

CASH FLOWS FROM OPERATING ACTIVITIES:		
Receipts From Customers	$	1,864,857
Payments to Suppliers for Goods and Services		(1,425,924)
Payments to Employees		(261,828)
Net Cash Provided (Used) by Operating Activities:		177,105
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Grants		4,901
Insurance Proceeds		36,638
Net Cash From Non Capital and Financing Activities		41,539
CASH FLOWS FROM CAPITAL AND FINANCING ACTIVITIES:		
Acquisiiton of Capital Assets		(203,877)
Net Cash Provided (Used) By Capital and Financing Activities		(203,877)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Redemption (Purchase) of Investments		(266,075)
Interest on Investments		79,859
Net Cash Provided (Used) By Investing Activities		(186,216)
Net Increase (Decrease) in Cash and Cash Equivalents		(171,449)
CASH AND CASH EQUIVALENTS		
Beginning of Year		447,127
End of Year	$	275,678
		-
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used) Operating Activities		
Net Operating Income (Loss)	$	141,934
Depreciation		100,120
Insurance Proceeds		(36,638)
Grants		(4,901)
Changes in Assets and Liabilities		
(Increase) Decrease in Accounts Receivable		(15,888)
(Increase) Decrease in Inventory		(6,960)
(Increase) Decrease in Prepaid Expense		12,815
Increase (Decrease) In Accounts Payable		(37,233)
Increase (Decrease) in Due To Other Funds		(2,867)
Increase (Decrease) in Landfill Closure Payable		12,379
Increase (Decrease) in Customer Meter Deposits		4,974
Increase (Decrease) in Compensated Absenses		9,370
Net Cash Provided By Operating Activities	$	177,105

The accompanying notes and independent auditors' report should be read with these financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Town of Holly, Colorado (the "Town") have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the Town's financial statements.

A. Reporting Entity

As required by GAAP, these financial statements present the Town (the primary government) and its component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable, or other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the Town's financial statements to be misleading or incomplete. Based on the foregoing criteria, there are no component units included in the accompanying financial statements.

B. Basic Financial Statements

Basic financial statements are presented at both the government-wide and fund financial levels. Both levels of statements categorize primary activities as either governmental or business-type. Governmental activities, which are normally supported by taxes and inter-governmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The government-wide statements do not include the fiduciary fund or components that are fiduciary funds. These have separate statements showing the financial information.

Government-wide financial statements report information about the reporting government as a whole. For the most part, the effect of inter-fund activity has been removed from these statements. These statements focus on the sustainability of the Town as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statement of Net Position and the Statement of Activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or business-type activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or business-type activity. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or business-type activity and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business-type activity. Taxes and other items not included among program revenues are reported instead as general revenues.

Fund financial statements report information at the individual fund level. Each fund is considered to be a separate accounting entity. Funds are classified as governmental, proprietary, and fiduciary. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-major funds are consolidated into a single column in the financial section of the basic financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. The Town has collected nearly 100% of all property taxes at December 31, 2025. Grants and similar items are recognized as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible with the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days after year end. Expenditures are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

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

If both restricted and unrestricted resources are available to use for the same purpose, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

D. Fund Accounting

The accounts of the Town are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The Town reports the following major fund:

General Fund

This is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be reported in another fund.

The Town also has the following non-major special revenue fund:

Conservation Trust Fund

This fund is used to account for lottery proceeds required to be expended solely on park and recreation improvements.

Enterprise funds 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 (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations

Utility Fund

The utility fund accounts for all financial activities associated with the Town's electric, water, sewer and landfill and trash services

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Short-term interfund receivables/payables

The Town from time to time authorizes advances between Town funds. Interfund receivables and payable are classified as internal balances on the government-wide statement of net position, and are classified as due to/from other funds on the balance sheet.

F. Receivables

For all revenue the Town uses sixty days as receivable under the modified accrual basis of accounting.

G. Inventory

Inventory of materials and supplies within the enterprise fund are valued at the lower of cost (first in, first out) or market.

H. Capital Assets

Capital assets, which include property, plant, vehicles, equipment, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are capitalized at actual or estimated costs. Donation of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs, and minor renovations are recorded as expenditure when incurred. Major additions and improvements are capitalized. When assets used in the operation of a governmental fund type are sold, the proceeds of the sale are recoded as revenues in the appropriate government fund. The Town reports gains and losses on the disposal of capital assets (carrying value less sale of proceeds, if any) in the government-wide statement of activities and enterprise fund operating statement. Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. The Town's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Estimated useful lives are

Motor Vehicles & Equipment	5 to 10 years
Site Improvements	25 to 50 years
Buildings, Improvements, water systems	40 to 50 years

As a Phase 3 government, as defined in GASB 34, the Town has elected to not report major general infrastructure assets retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004.

I. Property Taxes

Property taxes are levied, assessed, become due and attach as enforceable lien on property as of January 1. Taxpayers have the option of paying their taxes in full on or before April 30, or in paying in two installments of one half due by February 28 with the remaining one half due by June 15. Unpaid taxes become delinquent as of August 1 and are subject to collection procedures on or after October 1. The County bills and collects property taxes for the Town. The dollar amount of property taxes receivable are included as a receivable and a deferred outflow on the balance sheet of the General Fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Compensated Absences

Vacation and sick pay is accrued in the appropriate fund accounts according to the Town's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year. The liability for compensated absences does not exceed a normal year's accumulation.

K. Fund Equity

In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.

- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitation imposed by the Town's highest level of decision making authority, the Town Council, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Town Council.

- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the Town Council or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used to the purpose of that particular fund.

- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The Town will only report a positive unassigned fund balance in the General Fund

When both restricted and unrestricted fund balance are available for use, it is the Town's policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

NOTE 2 – BUDGETARY INFORMATION

The town follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to October 15, the town council begins preparing an operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures.

2. A public hearing is conducted at the town hall to obtain taxpayers comments.

3. Prior to January 1, the budget is legally enacted through passage of a resolution. Budgets may be amended by supplemental appropriation after notice and public hearing. Amended budgets are reflected in the financial statements. All appropriations lapse at year end.

4. Budgets for the general and special revenue funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The enterprise funds are budgeted on a non-GAA basis of accounting.

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

NOTE 3 – DEPOSITS AND INVESTMENTS

For the purposes of the statement of cash flows, the Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

Cash on hand, deposits, and investments as of December 31, 2025 consist of the following:

Cash on hand	$ 250
Cash with County Treasurer	942
Cash in savings and checking accounts	686,038
Investments with COLOTRUST	2,970,568
Total	$ 3,657,798

Deposits and investments as of December 31, 2025 are classified in the accompanying financial statements as follows:

Cash and Cash Equivalents	$ 582,943
Cash with County Treasurer	942
Investments	2,970,568
Restricted Cash	103,345
Total	$ 3,657,798

Deposits

Custodial Credit Risk. Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party), if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fir value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act (PDPA)). Accordingly, none of the Town's deposits as of December 31, 2025 are deemed to be exposed to custodial credit risk. The Town has no policy regarding custodial credit risk for deposits.

Investments

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States
2. Obligations of the United States or obligations unconditionally guaranteed by the United States
3. General obligation or revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions, with certain limitations
4. Bankers' acceptance issued by a state or national bank, with certain limitations
5. Commercial paper, with certain limitations
6. Any obligation, certificate of participation or lease/purchase of the investing public entity
7. Money market fund, with certain limitations, which invest in the types of securities listed above
8. Guaranteed investment contracts, with certain limitations
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments.

NOTE 3 – DEPOSITS AND INVESTMENTS (Continued)

Interest Rate Risk. The Town does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. The Town does not have a formal investment policy that would further limit its investment choices beyond those listed above which are approved by Colorado statutes.

Local Government Investment Pools. The Town invested in the Colorado Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. Colotrust operates similarly to a money market fund and each share is equal in value to $1.00. Colotrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments at fair value, and the Town records its investment in Colotrust using the net asset value method.

NOTE 4 – CAPITAL ASSETS

Governmental Activities

A summary of changes in governmental activity capital assets is as follows:

	Dec 31, 2024	Additions	Transfers Deletions	Dec 31, 2025
Non Depreciable assets:				
Land	$ 97,515	$ -	$ -	$ 97,515
Depreciable assets:				
Infrastructure	1,537,645	-	-	1,537,645
Buildings & Improvements	848,203	19,000	-	867,203
Equipment	616,943	25,814	-	642,757
Website	-	10,000	-	10,000
Total depreciable assets	3,002,791	54,814	-	3,057,605
Total capital assets	3,100,306	54,814	-	3,155,120
Less accumulated depreciation for:				
Infrastructure	(483,745)	(30,753)	-	(514,498)
Buildings	(755,898)	(26,713)	-	(782,611)
Equipment	(456,717)	(39,882)	-	(496,599)
Website	-	(1,000)	-	(1,000)
Total accumulated depreciation	(1,696,360)	(98,348)	-	(1,794,708)
Total capital assets, net	$ 1,403,946	$ (43,534)	$ -	1,360,412

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

General Government	$ 12,380
Public Safety	11,214
Public Works	41,789
Culture and Recreation	32 965
Total depreciation expense – governmental activities	$ 98,348

NOTE 4 – CAPITAL ASSETS (Continued)

Business-Type Activities

A summary of changes in Business-type capital assets is as follows:

	Dec 31, 2024	Additions	Transfers Deletions	Dec 31, 2025
Non Depreciable assets:				
Land	$ 10,134	$ -	$ -	$ 10,134
Construction In Progress	-	203,877	-	203,877
Total non-depreciable assets	10,134	203,877	-	214,011
Depreciable assets:				
Buildings	287,618	-	-	287,618
Improvements	3,149,512	-	-	3,149,512
Equipment	777,143	-	-	777,143
Total depreciable assets	4,214,273	-	-	4,214,273
Total capital assets	4,224,407	203,877	-	4,428,284
Less accumulated depreciation:	(2,779,949)	(100,120)	-	(2,880,069
Total capital assets, net	$ 1,444,458	$ 103,757	-	$ 1,548,215

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

Electric	$ 51,476
Water	43,792
Sewer	4,012
Landfill/Trash	840
Total depreciation expense – Business-Type	$ 100,120

NOTE 5 – INTERFUND TRANSACTIONS

The following is a summary of interfund borrowings for the year as presented in the fund financial statements.

	Interfund Receivable	Interfund Payables
General Fund	$ 30,916	$ -
Utility Fund	-	30,916
	$ 30,916	$ 30,916

All balances resulted from the time lag between the dates that interfund reimbursable expenditures occur, and payments between funds are made. All interfund receivables and payable at year end are planned to be eliminated in the subsequent year.

NOTE 6 – RESTRICTED CASH

Cash is restricted in the General Fund for an emergency reserve under the Tabor Amendment in the Amount of $323,157 and $96,083 which is the 1% of sales tax collected for Public Safety per the election in 2024. Cash is restricted in the Utility Fund for landfill closure costs in the amount of $33,345.

NOTE 7 – PENSION FUNDS

The town provides pension benefits for all of its full-time employees through a defined contribution plan administered by Colorado Retirement Association. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after their first year of services. The Town rate of contribution is 3%. The employee may contribute between 3% and 13% at their election. The Town's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous service. Plan provisions and contribution requirements are established and may be amended by the Town Council.

The Town's total payroll during 2025 $467,368. The Town's contributions were calculated using the covered payroll of $340,858. Both the Town and the covered employees made the required contributions, amounting to $10,226and $10,226 respectively, for a total of $20,452.

A deferred compensation plan under Section 457 of the Internal Revenue Code is also available to all eligible employees for voluntary contributions of up to a maximum specified by the Internal Revenue Service. Employees are eligible to participate immediately upon hiring. The plan is administered by Colorado Retirement Association and plan provisions are established and may be amended by the Town Council. There were no employee voluntary contributions for the year.

NOTE 8 – SEGMENT INFORMATION

The Town maintains an Enterprise Fund to provide utilities to town residents. Segment information that is available is included within the financial statements for the year ended December 31, 2025. Separate balance sheets are not maintained for each department. No other segment information is available.

NOTE 9 – RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town is managing these risks as explained below.

CIRSA Property and Casualty Insurance

The Town joined together with other cities and towns in the state of Colorado to form the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for members. The Town pays an annual contribution to CIRSA for its property and casualty insurance coverage. The member agreement provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for member's claims in excess of a specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

CIRSA Workers Compensation Pool

The Town joined together with other municipalities in the State of Colorado to participate in the Colorado Intergovernmental Risk Sharing Agency Worker's Compensation Pool (CIRSAWCP), a public entity risk pool currently operating as a common risk management and insurance program for member municipalities. The intergovernmental agreement of formation of CIRSAWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claim in excess of specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE 10 – JOINT VENTURE

Arkansas River Power Authority

The Town participates in the Arkansas River Power Authority (ARPA). The Town has two members on the Board. The ARPA Board has final authority for all budgeting and financing in the joint venture. For the years ended December 31, 2025 and 2024, the Town purchased power from ARPA in the amount of $760,107 and $814,782, respectively. Financial Statements for ARPA may be obtained by writing to Arkansas River Power Authority, P.O. Box 70, Lamar, Colorado 81052 or by calling 719-336-3496

NOTE 11 – LONG TERM DEBT

The changes in long term debt during 2025 are summarized as follows:

	Balance Dec 31, 2024	Additions	Payments	Balance Dec 31, 2025	Due Within One Year
Governmental Activities					
Compensated Absences	$ 11,720	$ 4,340	$ -	$ 16,060	$ -
Business-Type Activities:					
Landfill Closure	442,103	12,379	-	454,482	-
Compensated Absences	26,358	9,370	-	35,728	-
	468,461	21,749	-	490,210	-
Total	$ 480,181	26,089	$ -	$ 506,272	-

Compensated absences related to governmental activities are normally paid by the General Fund.

NOTE 12 – CONTINGENCY

Tabor Amendment

In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits and creation of multi-year debt. In addition, the amendment requires that a reserve be established for emergencies of 2% in 1994 and 3% thereafter.

The Town has reserved $323,157 within the General Fund for the emergency reserve under the Tabor amendment.

During 1996 the electorate passed a ballot measure allowing the Town to receive and expend any excess funds received from grants and intergovernmental revenues without limitation to the provisions under the Tabor Amendment.

The Town believes that it is in compliance with the provisions of the Tabor amendment. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

NOTE 12 – CONTINGENCY (Continued)

Landfill

In prior years, the Town operated a solid waste landfill. During the year 2020, the Town Council voted to close the landfill. The Town is working with the State of Colorado to meet all of the closure requirements. The Town is required by Federal and State laws and regulations to provide closure and post-closure future costs. The Town is required to perform certain maintenance and monitoring functions for thirty years after closure. These costs are reported as an expense and liability each year based on landfill capacity used as of each statement of position date. The Town has estimated total closure costs of $239,293 and post-closure costs of $215,189, for a total of $454,482 based on use of 100% of the estimated capacity of the landfill. The landfill has no remaining capacity, assuming no additional excavation. Future additional costs may be incurred depending on results of soil samples, test wells, changes due to inflation, deflation, technology, or applicable federal and state regulations

Closure and post-closure care financial assurances are being met by the local government financial test.

TOWN OF HOLLY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 374,880	$ 374,880	$ 584,590	$ 209,710
Licenses and Permits	4,690	4,690	7,426	2,736
Intergovernmental Revenues	37,863	37,863	54,959	17,096
Charges for Services	22,050	22,050	58,151	36,101
Fines and Forfeits	26,476	26,476	12,714	(13,762)
Donations	25	25	16,168	16,143
Interest	53,200	53,200	58,135	4,935
Miscellaneous	275,023	275,023	4,137	(270,886)
TOTAL REVENUES	794,207	794,207	796,280	2,073
EXPENDITURES				
Current				
General Government	333,426	333,426	184,656	148,770
Public Safety	61,376	61,376	48,689	12,687
Public Works	1,500	1,500	39,463	(37,963)
Health and Welfare	5,000	5,000	5,037	(37)
Culture & Recreation	170,626	170,626	129,468	41,158
Miscellaneous	108,560	108,560	1,188	107,372
Capital Outlay	100,000	100,000	54,814	45,186
TOTAL EXPENDITURES	780,488	780,488	463,315	317,173
EXCESSS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	13,719	13,719	332,965	319,246
OTHER FINANCIAL SOURCES (USES)				
Operating Transfers In (Out)	1,188	1,188	-	(1,188)
NET CHANGE IN FUND BALANCE	14,907	14,907	332,965	318,058
FUND BALANCES, BEGINNING OF YEAR	970,757	970,757	1,405,737	434,980
FUND BALANCES, END OF YEAR	$ 985,664	$ 985,664	$ 1,738,702	$ 753,038

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Intergovernmental Revenues	11,750	11,750	9,814	(1,936)
Interest	600	600	1,070	470
TOTAL REVENUES	12,350	12,350	10,884	(1,466)
EXPENDITURES				
Current				
Culture and Recreation	-	-	-	-
Capital Outlay	5,000	5,000	-	5,000
TOTAL EXPENDITURES	5,000	5,000	-	5,000
NET CHANGE IN FUND BALANCE	7,350	7,350	10,884	3,534
FUND BALANCES, BEGINNING OF YEAR	16,471	16,471	20,287	3,816
FUND BALANCES, END OF YEAR	$ 23,821	$ 23,821	$ 31,171	$ 7,350

The accompanying notes and independent auditors' report should be read with these financial statements.

TOWN OF HOLLY, COLORADO
UTILITY FUND
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Electric Plant	$ 1,415,000	$ 1,415,000	$ 1,123,404	$ (291,596)
Water Plant	435,927	435,927	454,966	19,039
Sewer Plant	280,950	280,950	98,657	(182,293)
Landfill/Trash Plant	236,200	236,200	240,283	4,083
Interest Income	61,050	61,050	79,859	18,809
TOTAL REVENUES	2,429,127	2,429,127	1,997,169	(431,958)
EXPENDITURES				
Electric Plant				
Operations	1,398,382	1,398,382	1,209,039	189,343
Capital Expenditures	50,000	50,000	-	50,000
Water Plant				
Operations	557,269	557,269	236,334	320,935
Capital Expenditures	29,000	29,000	-	29,000
Sewer Plant				
Operations	65,000	65,000	74,456	(9,456)
Capital Expenditures	195,000	195,000	-	195,000
Landfill/Trash Plant				
Operations	218,540	218,540	222,907	(4,367)
Capital Expenditures	-	-	-	-
TOTAL EXPENDITURES	2,513,191	2,513,191	1,742,736	770,455
EXCESSS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	$ (84,064)	$ (84,064)	$ 254,433	$ 338,497
RECONCILIATION TO GAAP BASIS				
Add: Capital Expenditures			-	
Deduct: Cost of Assets Sold			-	
Deduct: Landfill closure/post-closure estimates			(12,379)	
Deduct: Depreciation			(100,120)	
CHANGE IN NET POSITION			$ 141,934	

The accompanying notes and independent auditors' report should be read with these financial statements.

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
TOWN OF HOLLY	Amanda L. Brown amanda@amandalbrown.com	12/2025

STATE: COLORADO

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		a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	16,359.00	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 16,359.00	**c. Total (a + b)**	$ -

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	38,456.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 38,456.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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	4,895.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 16,359.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ -
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 21,254.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 38,456.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 59,710.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	27,011.00
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	
c. Total (a + b)	$ -
4. General Administration & Miscellaneous	32,699.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 59,710.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 59,710.00

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)		$ -	$ -	$ -