Town of Keystone, Colorado

Financial Statements

December 31, 2025

Town of Keystone
Financial Statements
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Keystone
Keystone, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Town of Keystone (the "Town"), as of and for the year ended December 31, 2025, which collectively comprise the Town's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Town of Keystone, as of December 31, 2025 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 Town of Keystone 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

Town of Keystone's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 U.S. GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with U.S. GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in Section B 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 U.S. GAAS, 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.

INDEPENDENT AUDITORS REPORT
To the Board of Trustees
Town of Keystone
Keystone, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in Section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's financial statements as a whole. The budgetary comparison information and the *Local Highway Finance Report* in Section F are presented for purposes of additional analysis and are not a required part of the financial statements.

The budgetary comparison information and the *Local Highway Finance Report* are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
May 28, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

Town of Keystone, Colorado

Management's Discussion and Analysis (MD&A)

Overview

The Town of Keystone's (the "Town") management provides this narrative discussion and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. This discussion should be read in conjunction with the Town's financial statements and accompanying notes.

The Town incorporated and started operations on February 8, 2024. The year ended December 31, 2025 represents the Town's first full year of stabilized operations following the transition from County-supported services.

Financial Highlights

- Total net position increased to $29.81 million, a $3.29 million increase from 2024.
- Governmental fund balances increased by $3.25 million.
- Sales tax revenue totaled $4.58 million.
- Lodging tax generated $1.68 million in its first full year of implementation.
- General Fund balance ended at $3.60 million.
- The Town has no bonded debt.

Community Overview and Organizational Development

The Town of Keystone was established in 2023 and has transitioned into full operations. During 2025, financial operations were brought in-house, strengthening internal controls and reporting accuracy. A business licensing requirement was also implemented.

Key accomplishments include:

- Joint police department with the Town of Dillon
- Phase I sidewalk improvements along U.S. Highway 6
- Wildfire mitigation at Town Hall
- Bear-resistant waste systems (grant-funded)
- Short-term rental compliance program

Planning efforts include:

- Progress toward a Comprehensive Land Use Plan
- Completion of a Connectivity Study

Overview of the Financial Statements

The Town's basic financial statements include:

1. Government-wide financial statements
2. Fund financial statements
3. Notes to the financial statements

Government-wide statements provide a long-term view of the Town's financial position using the accrual basis of accounting. Fund financial statements focus on near-term inflows and outflows of spendable resources using the modified accrual basis and demonstrate budgetary compliance

The following schedule shows the Town's net position for the year:

Town of Keystone's Net Position

	Governmental Activities	
	2025	**2024**
Assets:		
Current and other assets	$ 6,356,998	2,812,813
Capital assets, net	23,978,269	23,895,615
Total Assets	30,335,267	26,708,428
Liabilities:		
Current liabilities	433,989	144,201
Long-term liabilities	92,665	42,249
Total Liabilities	526,654	186,450
Net Position:		
Net investment in capital assets	23,978,269	23,895,615
Restricted	2,496,409	829,722
Unrestricted	3,333,935	1,796,641
Total Net Position	$ 29,808,613	26,521,978

Government-wide Financial Analysis

As of December 31, 2025, the Town's assets exceeded liabilities by $29,808,613, compared to $26,521,978 in 2024, an increase of $3,286,635. The increase in net position is primarily attributable to strong sales tax revenues, the first full year of lodging tax collections, and expenditures remaining below budgeted levels. Lodging tax revenues are restricted for specific purposes, including public safety and capital-related expenditures, and are not available for general operations.

The Town's 2024 financial results included significant one-time contributed capital infrastructure, primarily consisting of road assets transferred from Summit County. In contrast, 2025 reflects ongoing operations with routine capital activity, including Highway 6 sidewalk improvements and the Ranch Road reconstruction, resulting in more comparable year-over-year operating performance.

Total liabilities at December 31, 2025 were $526,654, consisting primarily of accounts payable, accrued payroll, other current obligations, and compensated absences totaling $92,665.

The following table summarizes information relating to the Town's Statement of Activities:

Town of Keystone's Changes in Net Position

	Governmental Activities	
	2025	**2024**
Revenues:		
Program revenues:		
Charges for services	$ 830,650	581,474
Operating grants and contributions	391,480	160,635
Capital grants and contributions	-	24,285,718
General revenues:		
Specific ownership tax	30,137	130
Sales tax	4,582,543	3,547,526
Nicotine tax	204,258	-
Lodging tax	1,681,501	-
Other taxes	1,168	8,815
Contributions and grants	122,550	-
Interest earnings	159,660	20,871
Other revenues	16,651	85
Total Revenues	8,020,598	28,605,254
Expenses:		
General government	2,355,364	1,470,597
Community development	3,145	-
Public safety	1,116,305	137,618
Public works	1,259,149	475,061
Total Expenses	4,733,963	2,083,276
Change in Net Position	3,286,635	26,521,978
Net Position - Beginning	26,521,978	-
Net Position - Ending	$ 29,808,613	26,521,978

Governmental Fund Financial Analysis

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

Fund Balance Summary

Fund Balance Summary

Fund	2025	2024	Change
General Fund	$3,597,600	$1,942,890	$1,654,710
Workforce Housing Fund	$1,878,498	$725,722	$1,152,776
Lodging Tax Fund	$446,911	$0	$446,911
Total	**$5,923,009**	**$2,668,612**	**$3,254,397**

General Fund

The General Fund is the Town's primary operating fund. As of December 31, 2025, it had an ending fund balance of $3,597,600.

- Revenues: $5,081,722, primarily from sales taxes and licenses
- Expenditures and transfers out: $3,430,012
- Net Change: $1,654,710

The increase in fund balance is attributable to strong revenues and expenditures remaining below budget.

Housing Fund

This fund accounts for revenues received from the Summit Combined Housing Authority's housing sales tax. These funds are restricted and may only be used for workforce housing-related programs and initiatives.

- Revenues: $1,243,943
- Expenditures: $91,167
- Ending Fund Balance: $1,878,498

The increase reflects continued revenue collections with limited expenditures during the year.

Lodging Tax Fund

The Lodging Tax Fund represents the first full year of lodging tax collections.

- Revenues: $1,694,933
- Expenditures: $2,010,522
- Ending Fund Balance: $446,911

A transfer of $762,500 from the General Fund was used to support public safety expenditures, aligning with the intended use of lodging tax revenues.

Budgetary Highlights

- Revenues slightly exceeded budget
- General Fund expenditures were under budget by approximately $601,000
- Lodging tax revenues exceeded budget by approximately $81,500

The favorable variances are primarily due to conservative budgeting and timing of expenditures.

Capital Asset and Debt Administration

Capital Assets

Capital assets totaled $23.98 million at year end. Capital activity in 2025 reflects routine infrastructure investment. This differs from 2024, which included significant one-time contributed infrastructure.

Debt

The Town has no bonded debt. Long-term liabilities consist solely of compensated absences totaling $92,665.

A lease purchase agreement entered into in 2026 will be recorded in future periods in accordance with applicable accounting standards.

Economic Factors and Next Year's Budget

Key economic factors affecting the Town include:

Sales Tax Dependence:
Sales tax continues to be the Town's largest revenue source and is influenced by visitor spending and broader economic conditions. Early 2026 activity has been impacted by below-average snowpack conditions, which resulted in reduced skier visitation during the early portion of the season.

The Town experienced the closure of a large restaurant in the beginning of 2026, which may impact near-term sales tax revenues. A new high-end hotel located at the base area is expected to open in May 2026 and has reported strong summer wedding bookings, which may positively impact future sales and lodging tax revenues.

The Town's economy is also closely tied to the operations and performance of Vail Resorts, which is a primary driver of tourism and visitation to the area.

First Year of Lodging Tax:
2025 was the Town's first year collecting lodging tax, creating a new and important revenue stream dedicated to infrastructure, Highway 6 safety improvements, and public safety.

Workforce Housing Needs:
Expanding affordable and workforce housing remains a priority to support local employees and sustain economic activity.

Infrastructure Responsibilities:
With significant road and infrastructure assets now under Town ownership, the Town will need to plan for long-term maintenance and replacement costs.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all interested parties. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Finance Director at 1628 St. John Road, Keystone, CO 80435.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Town of Keystone
Statement of Net Position
December 31, 2025

Assets:	
Cash and investments	4,846,679
Accounts receivable, taxes and fees, net	572,819
Accounts receivable, other, net	170,322
Sales tax receivable	755,942
Prepaid expenses	11,236
Capital assets, net	23,978,269
Total Assets	30,335,267
Liabilities:	
Accounts payable	225,811
Accrued payroll	27,717
Other liabilities	180,461
Accrued compensated absences	92,665
Total Liabilities	526,654
Net Position:	
Net investment in capital assets	23,978,269
Restricted for emergencies	153,000
Restricted for open space infrastructure	18,000
Restricted for housing	1,878,498
Restricted for public safety and capital outlay	446,911
Unrestricted	3,333,935
Total Net Position	29,808,613

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Functions/Programs					
Governmental Activities:					
General government	2,355,364	564,584	292,245	-	(1,498,535)
Community development	3,145	266,066	-	-	262,921
Public safety	1,116,305	-	-	-	(1,116,305)
Public works	1,259,149	-	99,235	-	(1,159,914)
Total Governmental Activities	4,733,963	830,650	391,480	-	(3,511,833)
		General revenues:			
		Specific ownership tax			30,137
		Sales tax			4,582,543
		Nicotine tax			204,258
		Lodging tax			1,681,501
		Other taxes			1,168
		Contributions and grants			122,550
		Investment income			159,660
		Other revenue			16,651
		Total General Revenues			6,798,468
		Change in Net Position			3,286,635
		Net Position - Beginning			26,521,978
		Net Position - Ending			29,808,613

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

FUND FINANCIAL STATEMENTS

Town of Keystone
Balance Sheet
Governmental Funds
December 31, 2025

	General	Conservation Trust	Housing	Lodging Tax	Total Governmental Funds
Assets:					
Cash and investments	3,047,459	-	1,536,150	263,070	4,846,679
Accounts receivable, taxes and fees	44,422	-	252,155	276,242	572,819
Accounts receivable, other	80,129	-	90,193	-	170,322
Sales tax receivable	755,942	-	-	-	755,942
Prepaid expenses	11,236	-	-	-	11,236
Total Assets	3,939,188	-	1,878,498	539,312	6,356,998
Liabilities:					
Accounts payable	133,410	-	-	92,401	225,811
Accrued payroll	27,717	-	-	-	27,717
Other liabilities	180,461	-	-	-	180,461
Total Liabilities	341,588	-	-	92,401	433,989
Fund Balances:					
Non-spendable, prepaid	11,236	-	-	-	11,236
Restricted for emergencies	153,000	-	-	-	153,000
Restricted for open space infrastructure	18,000	-	-	-	18,000
Restricted for workforce housing	-	-	1,878,498	-	1,878,498
Restricted for public safety and capital outlay	-	-	-	446,911	446,911
Unassigned	3,415,364	-	-	-	3,415,364
Total Fund Balances	3,597,600	-	1,878,498	446,911	5,923,009
Total Liabilities and Fund Balances	3,939,188	-	1,878,498	539,312	

Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	23,978,269
Long-term liabilities are not due and payable in the current period, and therefore, are not reported on the funds.	(92,665)
Net Position of Governmental Activities	29,808,613

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

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

	General	Conservation Trust	Housing	Lodging Tax	Total Governmental Funds
Revenues:					
Taxes	3,616,019	-	1,202,088	1,681,501	6,499,608
Intergovernmental	391,480	-	-	-	391,480
Licenses and permits	830,650	-	-	-	830,650
Miscellaneous revenues	243,573	-	41,855	13,432	298,860
Total Revenues	5,081,722	-	1,243,943	1,694,933	8,020,598
Expenditures:					
General government	1,935,139	-	91,167	-	2,026,306
Community development	3,145	-	-	-	3,145
Public safety	26,220	-	-	1,090,084	1,116,304
Public works	424,624	-	-	-	424,624
Capital outlay	275,384	-	-	920,438	1,195,822
Total Expenditures	2,664,512	-	91,167	2,010,522	4,766,201
Excess of Revenues Over Expenditures	2,417,210	-	1,152,776	(315,589)	3,254,397
Other Financing Sources (Uses):					
Transfers in (out)	(762,500)	-	-	762,500	-
Total Other Financing Sources (Uses)	(762,500)	-	-	762,500	-
Net Change in Fund Balance	1,654,710	-	1,152,776	446,911	3,254,397
Fund Balances - Beginning	1,942,890	-	725,722	-	2,668,612
Fund Balances - Ending	3,597,600	-	1,878,498	446,911	5,923,009

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

Town of Keystone
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 of Governmental Funds		3,254,397
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capitalized assets		900,438
Depreciation		(817,784)
		82,654
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported in the funds.		
Change in compensated absences		(50,416)
		(50,416)
Change in Net Position of Governmental Activities		3,286,635

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The Town of Keystone, Colorado (the "Town") was incorporated in 2023 as a home rule town under the laws of the State of Colorado. An elected Mayor and Town Manager are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The Town's major operations include general government, public safety, and public works. The Town is located in Summit County, Colorado.

The Town's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Town are discussed below.

A. Reporting Entity

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 which 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 above, the Town is not financially accountable for any other entity nor is the Town a component unit of any other government.

B. Government-wide Financial Statements

The Town's basic financial statements include both government-wide (reporting the Town as a whole) and fund financial statements (reporting the Town's individual funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Town's governmental functions include general government (administration), planning and zoning (building department), public safety (police department), judicial (municipal court), and public works (street maintenance). The Town does not have any business-type activities. As a general rule, the effect of the interfund activity has been eliminated from the government-wide financial statements.

In the government-wide Statement of Net Position, the governmental activities columns are (a) presented on a consolidated basis by column, and (b) reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts: net investments in capital assets, net of related debt; restricted net position; and unrestricted net position.

The government-wide statement of activities reports both the gross and net cost of each of the Town's functions (public safety, public works, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.).

I. Summary of Significant Accounting Policies (continued)

B. Government-wide Financial Statements (continued)

Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. The net costs (by function) are mostly supported by general revenues (property and sales taxes, interest income, etc.).

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 the current year's activities.

C. Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Town reports the following governmental funds:

The *General Fund* is the Town's primary operating fund. It accounts for all financial resources of the Town, except those required to be accounted for another fund.

The *Conservation Trust Fund* accounts for state lottery proceeds required to be expended solely on park and recreation improvements. There was no activity for this fund in 2025.

The *Housing Fund* accounts for funds received from the summit county housing sales tax or workforce housing.

The *Lodging Tax Fund* accounts for funds received from lodging taxes for paid accommodations and is used for capital infrastructure and public safety.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

The government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

I. Summary of Significant Accounting Policies (continued)

D. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. “Available” means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

3. Financial Statement Presentation

Amounts reported as program revenues include 1) charges to customers and applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

E. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Town.

The Town follows Colorado Revised Statutes which permit investments in the following type of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 60 months)
- Corporate Bonds (maximum maturity of 60 months)
- Prime Commercial Paper (maximum maturity of 60 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The Town uses the allowance method for recognizing the potential uncollectibility of delinquent accounts receivable. No allowance is recorded at December 31, 2025, as all accounts are considered to be collectible.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

3. Capital Assets

Capital assets, which include land, buildings and improvements, infrastructure, machinery and equipment, vehicles, computer hardware, and software are reported in the government-wide financial statements. Capital assets are defined by the Town as assets with an estimated useful life in excess of two years with initial cost based on the following criteria:

Asset Category	Capitalization Threshold
Land	All capitalized
Buildings	$ 50,000
Building improvements	25,000
Infrastructure	100,000
Machinery & equipment	10,000
Vehicles	10,000
Computer hardware	10,000
Software (internally developed or purchased)	25,000
Intangible assets	25,000

Purchased assets are recorded at historical cost. Donated capital assets are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Assets with a useful life are depreciated using the straight-line method over the following estimated useful lives:

Asset Category	Years
Buildings	25–50
Building improvements	10–30
Infrastructure	20–50
Machinery & equipment	5–15
Vehicles	5–10
Computer hardware	3–5
Software	5–10

4. Compensated Absences

The Town allows its employees to accumulate vacation leave, based on the employee's length of service. Vacation leave can be accrued up to a maximum of 200 hours. Vacation leave is paid out upon termination up to the maximum accrual. The Town also allows employees to accumulate sick leave. Sick leave is accrued at a rate of 1 hour per 30 hours worked, up to a maximum of 64 hours in a year. Sick leave can accumulate up to 192 hours.

The Town estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. At December 31, 2025, the estimated value of accumulated vacation leave and sick leave is $92,665.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

5. Deferred Outflows and Inflows of Resources

In addition to assets or liabilities, the statement of financial position will sometimes report a separate section for deferred outflows or inflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption or acquisition of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) or deferred inflow of resources (revenue) until that time. The Town doesn't have any items that qualify for reporting in this category at December 31, 2025.

6. Fund Balances

The Town classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Town Council. Fiscal year spending excludes bonded debt service and enterprise spending.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Town Council or its management designees.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Town uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Town would first use committed, then assigned, and lastly unassigned amounts when expenditures are made.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

7. Net Position

In the government wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Town or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

8. Interfund Transactions

Interfund services provided and used are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as “due from other funds” or “due to other funds” on the balance sheet when they are expected to be liquidated within a reasonable amount of time. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

F. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Town’s management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

These financial statements include a reconciliation between the total fund balances of all governmental funds as presented on the *Governmental Funds Balance Sheet* and the net position of governmental activities as reported in the government-wide *Statement of Net Position*.

B. Explanation of certain differences between the governmental fund Statement of Revenues and Expenditures and the government-wide Statement of Activities

Additionally, these financial statements include a reconciliation between the total net change in fund balances of all governmental funds as presented on the *Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances* and the change in net position of governmental activities as reported in the government-wide *Statement of Activities*.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Town followed the required timetable noted on the following page in preparing, approving, and enacting its budget for 2025.

1. For the 2025 budget year, prior to August 25, 2024, the County Assessor sent to the Town an assessed valuation of all taxable property within the Town's boundaries. The County Assessor may change the assessed valuation on or before December 15, 2024, only once by a single notification to the Town.

2. The Town Manager, or other qualified person appointed by the Council, submitted to the Council, on or before October 15, 2024, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the Town's operating requirements.

3. Prior to December 15, 2024, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

4. After a required publication of "Notice of Proposed Budget", the Town adopted the proposed budget and a resolution that legally appropriated expenditures for the upcoming year

5. After adoption of the budget resolution, the Town may make the following changes: a) it may transfer appropriated money between funds; b) it may approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) it may approve emergency appropriations, and d) it may reduce appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year-end. For the year ended December 31, 2025, all of the Town's expenditures were within appropriations for each fund.

B. TABOR Amendment

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

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

TABOR also requires local governments to establish an emergency reserve to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The Town has reserved $ 153,000 for TABOR, which is the approximate required reserve at December 31, 2025.

On November 2024, a majority of the Town's electors passed a ballot question, which authorized the Town to "retain and spend the full amount of all revenue collected from all sources, including but not limited to state and private grants and summit county sales tax, commencing in 2025 and each subsequent year, without regard to any state revenue or expenditure limitation including the limitation contained in the Taxpayer's Bill of Rights, Article X, Section 20 of the Colorado Constitution."

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Town's deposits are entirely covered by the Federal Deposit Insurance Corporation ("FDIC") or by collateral held under Colorado's 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 carrying amount of the Town's cash was $771,760 at year end. The Town had the following cash and investments with the following maturities at December 31, 2025:

			Maturities	
	Standard & Poors rating	Carrying amounts	Less than one year	More than one year
Deposits:				
Checking	Not rated	$ 771,760	771,760	-
Total deposits		771,760	771,760	-
Investments:				
Investment pools	AAAm	4,074,919	4,074,919	-
Total investments		4,074,919	4,074,919	-
Total cash and investments		$ 4,846,679	4,846,679	-

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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; and,
- *Level 3:* Unobservable inputs.

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

Investments Measured at Net Asset Value	
Colotrust	$ 4,074,919

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

- U.S. Treasuries, U.S. Agencies, and Commercial Paper: quoted prices for identical securities in markets that are not active;
- Repurchase Agreements, Negotiable Certificates of Deposit, and Collateralized Debt Obligations: matrix pricing based on the securities' relationship to benchmark quoted prices;
- Money Market, Bond, and Equity Mutual Funds: published fair value per share (unit) for each fund.

Debt securities, namely mortgage backed securities classified in Level 3 are valued using an appraisal service.

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The Town has no regulatory oversight for the pool.

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

Credit Risk - Colorado statutes specify instruments in which local governments may invest. The Town's general investment policy is to apply the prudent-person rule; Investments are made as a prudent person would be expected 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. Financial institutions holding Town funds must provide the Town a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the Town's funds, including applicable allowances for uncollectible accounts, are as follows:

Receivables:	
Sales tax	$ 755,942
Accounts	743,141
Gross receivables	1,499,083
Less: allowance for uncollectibles	-
Net receivables	$ 1,499,083

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, being depreciated:				
Infrastructure	$ 24,285,718	900,438	-	25,186,156
Furniture, vehicles and equipment	16,288	-	-	16,288
Total capital assets, being depreciated	24,302,006	900,438	-	25,202,444
Less accumulated depreciation:				
Infrastructure	(404,762)	(814,526)	-	(1,219,288)
Furniture, vehicles and equipment	(1,629)	(3,258)	-	(4,887)
Total accumulated depreciation:	(406,391)	(817,784)	-	(1,224,175)
Total capital assets being depreciated, net	23,895,615	82,654	-	23,978,269
Governmental activities capital assets, net	$ 23,895,615	82,654	-	23,978,269

The Town had capital outlay expenditures and depreciation expense for 2025 as follows:

	Depreciation Expense	Capital Outlay
Governmental activities:		
General government	$ 3,258	-
Public works	814,526	900,438
Total	$ 817,784	900,438

IV. Detailed Notes on All Funds (continued)

D. Interfund Transfers

During 2025, the Town had the following interfund transfers:

	Transfers In	Transfers Out	Reason
Lodging Tax Fund	$ 762,500	-	To support public safety costs
General Fund	-	(762,500)	To support public safety costs
	$ 762,500	(762,500)	

E. Long-term Liabilities

1. Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued compensated absences*	$ 42,249	50,416	-	92,665	23,166
Total governmental activities long-term liabilities	$ 42,249	50,416	-	92,665	23,166

*Reported as a net change

These liabilities are generally liquidated by the General Fund.

V. Other Information

A. Retirement Plan – Deferred Compensation Plan – 457(b)

The Town participates in the CRA retirement plan created in accordance with Internal Revenue Code Section 457(b) (the “457(b) Plan”), which is a deferred compensation plan. The plan permits employees to defer a portion of their salary until future years. All contributions to the 457(b) Plan and all income attributable to those amounts are to be held in a trust for the exclusive benefit of the plan participants and their beneficiaries. Plan investment purchases are determined by the plan participate and therefore, the plan’s investment concentration varies between participants. The Town has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Town is neither the trustee nor the administrator for the plan. The seven-member governing board of the CRA makes all necessary rules and is responsible for the administration of the funds in the 457(b) Plan. Benefits payable at retirement, death, termination, or other unforeseen circumstances are based on the accumulated account balance of each employee. The Town matches up to 3% of the employee’s salary.

During the year ended December 31, 2025, there was $17,583 in matched contributions remitted to the trustee on their behalf.

V. Other Information (continued)

B. 401(a) Money Purchase Plan and Trust

The Town provides a Defined Contribution Plan (401 Plan) under Section 401(a) of the Internal Revenue Code. The 401 Plan is administered by CRA. The 401 Plan is available to all employees of the Town and Town Council. Under the 401 Plan, the Town contributes 8% of each full time and salaried employee's gross salary on a monthly basis. Employees contribute a mandatory contribution of 3% of gross salary. The Town's contributions are immediately vested upon plan participation.

In accordance with Internal Revenue Code Section 401(a), all plan assets and income are held in trust for the exclusive benefit of the participants and their beneficiaries. During the year ended December 31, 2025, the Town remitted $68,856 in benefits to the Trustee, which represents its cost and required contribution. No part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their beneficiaries. The Town has no liability for losses under the 401(a) Money Purchase Plan. Accordingly, it is not a part of the Town's financial statements.

C. Risk Management

1. Colorado Intergovernmental Risk Sharing Agency

The Town is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. To address such risks, the Town is a participant in a public entity risk pool administered by the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of $500,000 per claim or occurrence for property, $100,000 per claim/annual aggregate public relations and security breach, $1,000,000 per claim or occurrence for liability, $1,000,000 for public officials' liability, $500,000 each claim/annual aggregate security and privacy liability, and $150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources.

While the Town may be liable for any losses in excess of this coverage, the Town does not anticipate such losses at December 31, 2025. The deductible amount paid by the Town for each incident in 2025 was $1,000. All settlements for the year-ended December 31, 2025 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

V. Other Information (continued)

C. Risk Management (continued)

1. Colorado Intergovernmental Risk Sharing Agency (continued)

CIRSA's combined financial information for the year ended December 31, 2025, is summarized as follows:

Assets:	
Cash and investments	$ 121,759,825
Other assets	7,575,177
Total assets	129,335,002
Total liabilities	72,659,266
Net position	56,675,736
Total contributions and other revenues	64,322,044
Total expenses and distributions	(45,456,929)
Change in net position	$ 18,865,115

A copy of CIRSA's audit report can be obtained by writing to CIRSA, 3665 Cherry Creek North Drive, Denver, CO 80209, or by calling (800)-228-7136.

2. Workers' Compensation

The Town is exposed to various risks of loss related to workers' compensation. The Town has acquired commercial coverage for this risk and any settled claims are not expected to exceed the commercial insurance coverage. There is no change in coverage from past years, and settlements have not exceeded coverage for each of the past three fiscal years.

D. Commitments and Contingencies

During the normal course of business, the Town may incur claims and other assertions against it from various agencies and individuals. Management of the Town and their legal representatives are not aware of any claims or assertions that would affect the fairness of the presentation of the financial statements at December 31, 2025.

E. Subsequent Event

On January 20, 2026 the Town entered into a lease purchase agreement to buy the existing office space that was being leased through January 31, 2026. The terms of the agreement require the Town to pay monthly rent payments of $4,900 for 5 years from the inception date until December 31, 2031. The Town also agreed to pay additional rent totaling $4,100,000 to secure the property itself; the additional rent includes an initial $500,000 payment (made on February 1, 2026), monthly payments varying from $43,333 to $47,273, and a closing payment of $480,000 due at closing on December 31, 2031.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Keystone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Taxes:					
Specific ownership taxes	48,380	30,000	30,137	137	130
General sales taxes	3,440,698	3,440,698	3,380,455	(60,243)	2,682,678
Selective use taxes:					
Nicotine taxes	90,430	250,371	204,258	(46,113)	8,815
Other taxes	-	-	1,169	1,169	-
Total - Taxes	3,579,508	3,721,069	3,616,019	(105,050)	2,691,623
Intergovernmental:					
Road and bridge mill levy	103,774	89,737	90,072	335	80,122
Highway users taxes	66,612	8,653	9,163	510	-
Grants, other	215,000	340,000	292,245	(47,755)	80,513
Total - Intergovernmental	385,386	438,390	391,480	(46,910)	160,635
Licenses and permits:					
Building permits	62,141	165,000	266,066	101,066	62,085
Business and lodging tax licenses	582,900	556,950	564,584	7,634	519,389
Total - Licenses and permits	645,041	721,950	830,650	108,700	581,474
Fines and fees:					
Municipal court fees and fines	64,382	-	-	-	-
Total - Fines and fees	64,382	-	-	-	-
Miscellaneous revenues:					
Interest	68,000	68,000	105,048	37,048	17,527
Donations	-	122,550	122,550	-	-
Other	-	-	15,975	15,975	85
Total - Miscellaneous revenues	68,000	190,550	243,573	53,023	17,612
Total Revenues	4,742,317	5,071,959	5,081,722	9,763	3,451,344

Town of Keystone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024
(continued)

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Expenditures:					
General government:					
Employee benefits and taxes	290,828	263,474	260,033	3,441	129,496
General expenditures	412,080	646,236	402,063	244,173	137,327
Mayor and Town Council	166,283	190,068	174,056	16,012	52,163
Administrative services	1,091,255	1,192,284	1,098,867	93,417	652,528
Economic development	100,000	-	120	(120)	-
Total - General government	2,060,446	2,292,062	1,935,139	356,923	971,514
Community development					
Community development	63,517	14,338	3,145	11,193	156,992
Total - Community development	63,517	14,338	3,145	11,193	156,992
Public safety:					
Public safety	613,113	26,218	26,220	(2)	137,618
Total - Public safety	613,113	26,218	26,220	(2)	137,618
Public works:					
Public works	263,105	187,553	171,549	16,004	35,902
Road maintenance and snow plowing	264,147	212,866	253,075	(40,209)	31,713
Total - Public works	527,252	400,419	424,624	(24,205)	362,225
Capital outlay:					
Capital outlay	452,700	532,700	275,384	257,316	24,460,433
Total - Capital Outlay	452,700	532,700	275,384	257,316	24,665,666
Total Expenditures	3,717,028	3,265,737	2,664,512	601,225	25,794,172
Excess (Deficiency) of Revenues Over Expenditures	1,025,289	1,806,222	2,417,210	610,988	(22,342,828)
Other Financing Sources (Uses):					
Sales tax advance	-	-	-	-	1,400,000
Sales tax repayment	-	-	-	-	(1,400,000)
Contributed capital	-	-	-	-	24,285,718
Transfers out	-	(762,500)	(762,500)	-	-
Total Other Financing Sources (Uses)	-	(762,500)	(762,500)	-	24,285,718
Net Change in Fund Balance	1,025,289	1,043,722	1,654,710	610,988	1,942,890
Fund Balance - Beginning	1,102,678	1,942,890	1,942,890	-	-
Fund Balance - Ending	2,127,967	2,986,612	3,597,600	610,988	1,942,890

Town of Keystone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Conservation Trust Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Intergovernmental: State lottery revenue	12,920	-	(12,920)	-
Total Revenues	12,920	-	(12,920)	-
Expenditures:				
Total Expenditures	-	-	-	-
Excess (Deficiency) of Revenues Over Expenditures	12,920	-	(12,920)	-
Fund Balance - Beginning	12,920	-	(12,920)	-
Fund Balance - Ending	25,840	-	(25,840)	-

Town of Keystone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Housing Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
General sales tax	1,316,050	1,316,050	1,202,088	(113,962)	864,848
Interest	49,850	49,850	41,179	(8,671)	3,344
Other income	-	-	676	676	-
Total Revenues	1,365,900	1,365,900	1,243,943	(121,957)	868,192
Expenditures:					
General government:					
Housing authority fees	208,929	308,929	91,167	217,762	142,470
Total - General government	208,929	308,929	91,167	217,762	142,470
Capital Outlay:					
Capital outlay	600,000	600,000	-	600,000	-
Total - Capital Outlay	600,000	600,000	-	600,000	-
Total Expenditures	808,929	908,929	91,167	817,762	142,470
Excess (Deficiency) of Revenues Over Expenditures	556,971	456,971	1,152,776	695,805	725,722
Fund Balance - Beginning	895,592	895,592	725,722	(169,870)	-
Fund Balance - Ending	1,452,563	1,352,563	1,878,498	525,935	725,722

Town of Keystone
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Lodging Tax Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Lodging tax	1,600,000	1,600,000	1,681,501	81,501
Interest	32,000	12,000	13,432	1,432
Total Revenues	1,632,000	1,612,000	1,694,933	82,933
Expenditures:				
Public safety:				
Public safety	215,000	1,227,500	1,090,084	137,416
Total - Public safety	215,000	1,227,500	1,090,084	137,416
Capital Outlay:				
Capital outlay	980,000	921,000	920,438	562
Total - Capital Outlay	980,000	921,000	920,438	562
Total Expenditures	1,195,000	2,148,500	2,010,522	137,978
Excess (Deficiency) of Revenues Over Expenditures	437,000	(536,500)	(315,589)	(55,045)
Other Financing Sources (Uses):				
Transfers in	-	762,500	762,500	-
Total Other Financing Sources (Uses)	-	762,500	762,500	-
Net Change in Fund Balance	437,000	226,000	446,911	(55,045)
Fund Balance - Beginning	-	-	-	-
Fund Balance - Ending	437,000	226,000	446,911	(55,045)

SUPPLEMENTARY INFORMATION

LOCAL HIGHWAY FINANCE REPORT

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	3,717,028.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,127,982.52
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 105,047.96
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)	$ 4,950,058.48
B. Private Contributions	122,500.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 9,162.67
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 5,081,721.15

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 23,732.00
2. Maintenance:	115,365.00
3. Road and Street Services:	
a. Snow and Ice Removal	16,114.71
b. Other & Traffic Control Operations	11,739.08
c. Total (a + b)	$ 27,853.79
4. General Administration & Miscellaneous	2,471,340.23
5. Highway Law Enforcement and Safety	788,720.30
6. Total (1 through 5)	$ 3,427,011.32
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)	$ 3,427,011.32

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	0	$ -	$ -	$ -

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: Town of Keystone	PREPARED BY: Heikela Fawkes hfawkes@keystoneco.gov	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	105,047.96
b. Non-property Taxes and Assessments Imposts	1,127,982.52	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 1,127,982.52	**c. Total (a + b)**	$ 105,047.96

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	9,162.67	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 9,162.67	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	23,732.00
c. Construction Costs	0.00
d. Total Capital Outlay (a+ b + c)	$ 23,732.00

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