Town of Kremmling, Colorado

Financial Report

December 31, 2025

Town of Kremmling, Colorado
Financial Report
December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

M & A

McMahan and Associates, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Mayor and Town Council
Town of Kremmling, Colorado

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("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 the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The Town's management is responsible for the preparation and fair presentation of 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, the Schedule of Town's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Town Contributions in section E 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 section B and the Schedule of Town's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of Town Contributions in section E 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.

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 U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic 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 basic financial statements. The combining non-major fund financial statements, individual fund budgetary comparison information in section F, the Local Highway Finance Report in section G, and the Schedule of Expenditures of Federal Awards as required by *Title 2, U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in the Single Audit Section listed in the accompanying table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining non-major fund financial statements, individual fund budgetary comparison information, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards included in the Single Audit Section listed in the accompanying table of contents are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated July 30, 2026 on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Town's internal control over financial reporting and on compliance.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 30, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS



Town of Kremmling, Colorado

Management's Discussion and Analysis
December 31, 2025

As management of the Town of Kremmling, Colorado (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025.

Financial Highlights:

- The assets of the Town exceeded its liabilities at the close of the 2025 fiscal year by $12,897,427 (net position). Of this amount, the unrestricted net position of $212,640 may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased in the 2025 fiscal year by $1,178,386 as governmental activities net position grew by $190,931 and business-type activities increased $987,455.
- At December 31, 2025, the unassigned fund balance of the General Fund was $2,690,491, or approximately 111% of budgeted fiscal year 2026 General Fund expenditures.

Overview of the Financial Statements

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

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

The Statement of Net Position presents information on all the Town's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, public safety, public works, and culture and recreation. The business-type activities of the Town include water and solid waste operations.

The government-wide financial statements can be found on pages C1 and C2 of this report.

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

Overview of the Financial Statements (continued)

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The Town's major governmental fund is the General Fund. The Conservation Trust Fund, the Recreation Fund, and the Grant Fund are considered non-major funds. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements.

As required by Colorado statutes, the Town is required to adopt an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for the General Fund and all other funds to demonstrate compliance.

The basic governmental fund financial statements can be found on pages C3 through C5.

Proprietary Funds: The Town maintains proprietary funds commonly known as enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses enterprise funds to account for its water system and trash collection.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for each of the business-type services provided by the Town, each of which is considered to be a major fund of the Town.

The basic proprietary fund financial statements can be found on pages C6 through C8 of this report.

Notes to the Financial Statements: The notes provide additional information (e.g., background of entity, accounting policies used by Town, etc.) that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: As previously discussed, the Town adopts annual appropriated budgets for all its funds in accordance with Colorado statutes. The budgetary comparison schedules have been provided for all its funds to demonstrate compliance or noncompliance with the budget law and are found on pages E1 through E4 and F3 through F8.

The combining statements referred to earlier in connection with non-major governmental funds are presented on pages F1 and F2. In addition, the Local Highway Finance Report – other supplementary information required by Colorado Statutes – is presented in Section G.

Government-wide Financial Analysis

Town of Kremmling's Net Position:

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$3,478,455	2,997,567	11,097,929	13,405,776	14,576,384	16,403,343
Capital assets, net	2,621,296	2,850,206	12,789,734	5,359,024	15,411,030	8,209,230
Total Assets	6,099,751	5,847,773	23,887,663	18,764,800	29,987,414	24,612,573
Deferred Outflows of Resources:						
Pension related deferred outflows	89,075	97,030	-	-	89,075	97,030
Total Deferred Outflow of Resources	89,075	97,030	-	-	89,075	97,030
Liabilities:						
Long-term liabilities	35,151	50,579	11,768,582	12,094,423	11,803,733	12,145,002
Other liabilities	270,030	231,453	4,808,121	346,872	5,078,151	578,325
Total Liabilities	305,181	282,032	16,576,703	12,441,295	16,881,884	12,723,327
Deferred Inflows of Resources:						
Unavailable property tax revenue	284,124	254,603	-	-	284,124	254,603
Pension related deferred inflows	13,054	12,632	-	-	13,054	12,632
Total Deferred Inflow of Resources	297,178	267,235	-	-	297,178	267,235
Net Position:						
Net investment in capital assets	2,621,296	2,117,578	9,987,491	4,740,311	12,608,787	6,857,889
Restricted for emergencies	76,000	95,000	-	-	76,000	95,000
Unrestricted	2,889,171	3,170,977	(2,676,531)	1,583,194	212,640	4,754,171
Total Net Position	$5,586,467	5,395,536	7,310,960	6,323,505	12,897,427	11,719,041

Traditionally, the largest portion of any municipality's investments is in its capital assets used to deliver and provide services to its residents and visitors. The Town's net investment in capital assets accounted for 98% of its total net position at the end of 2025; which represents an increase of 39% from the previous year-end portion of net position. Net investment in capital assets is not an available source of payment for future spending. Of the remaining $288,640 in net position, $76,000 is restricted for use in the event of an emergency as required by the Taxpayers' Bill of Rights ("TABOR"), $0 is restricted for employee pension disbursements, and $212,640 may be used to meet the Town's ongoing operating obligations. The Town's unrestricted net position decreased by $4,541,531 during 2025; due to increased investment in capital assets.

Government-wide Financial Analysis (continued)

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

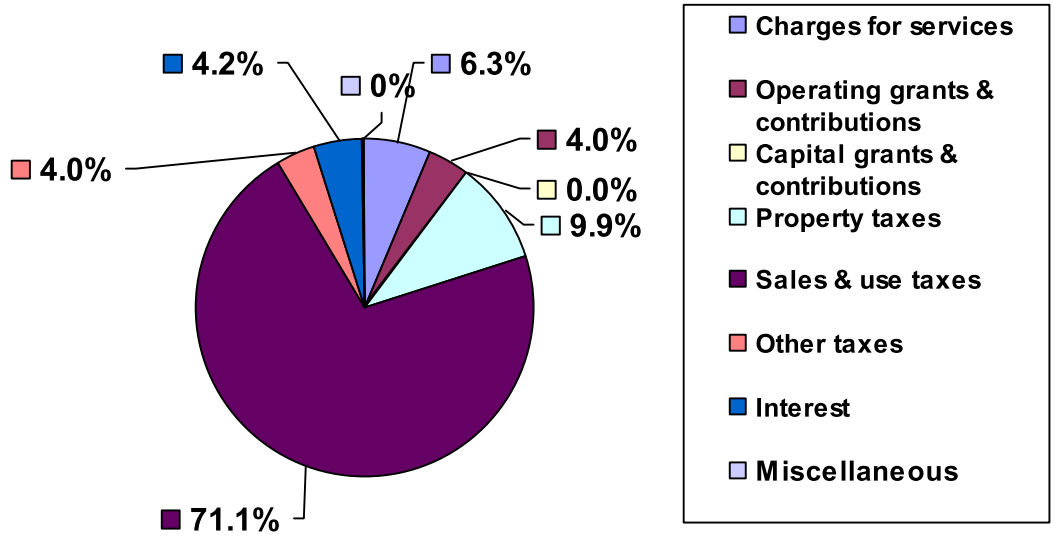
	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 165,938	127,890	1,599,878	1,046,029	1,765,816	1,173,919
Grants and contributions	105,747	186,880	448,820	387,087	554,567	573,967
General revenues:						
Sales and use taxes	1,860,990	1,681,464	-	-	1,860,990	1,681,464
Property taxes	258,336	274,419	-	-	258,336	274,419
Other taxes	105,278	107,165	-	-	105,278	107,165
Miscellaneous	10,634	838	-	-	10,634	838
Interest	110,314	57,620	255,627	21,729	365,941	79,349
Total Revenues	2,617,237	2,436,276	2,304,325	1,454,845	4,921,562	3,891,121
Expenses:						
General government	841,153	916,824	-	-	841,153	916,824
Public safety	923,637	911,686	-	-	923,637	911,686
Public works	466,698	354,519	-	-	466,698	354,519
Culture and recreation	194,818	251,207	-	-	194,818	251,207
Water	-	-	969,466	967,236	969,466	967,236
Solid waste	-	-	347,404	354,272	347,404	354,272
Total Expenses	2,426,306	2,434,236	1,316,870	1,321,508	3,743,176	3,755,744
Change in Net Position	190,931	2,040	987,455	133,337	1,178,386	135,377
Net Position - Beginning of Year	5,395,536	5,393,496	6,323,505	6,190,168	11,719,041	11,583,664
Net Position - End of Year	$5,586,467	5,395,536	7,310,960	6,323,505	12,897,427	11,719,041

Both 2025 and 2024 saw an increase in net position. The governmental activities net position increased due to an increase in sales tax revenue. The business-type activities net position increased due to charges for services which will be used to build a new water treatment plant and pay off future debt payments related to financing the construction of the plant.

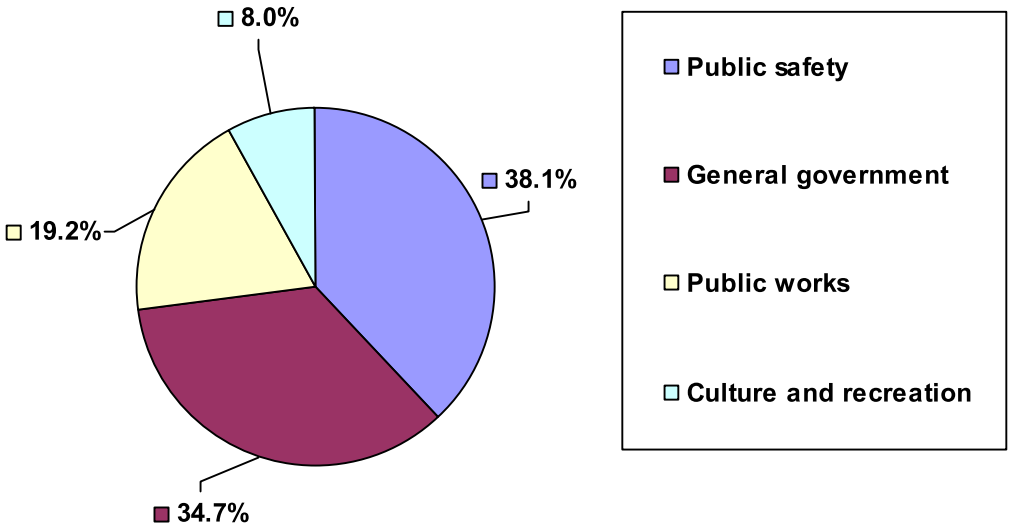
Revenues increased by $1,030,441 or 26% between 2024 and 2025 primarily due to an increase in water service charges to fund the construction of the new water treatment plant. Sales and use tax revenue increased by $179,526 from the previous year.

Total 2025 expenses of the Town decreased by $12,568, or approximately 0% over total expenses in the prior year.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES

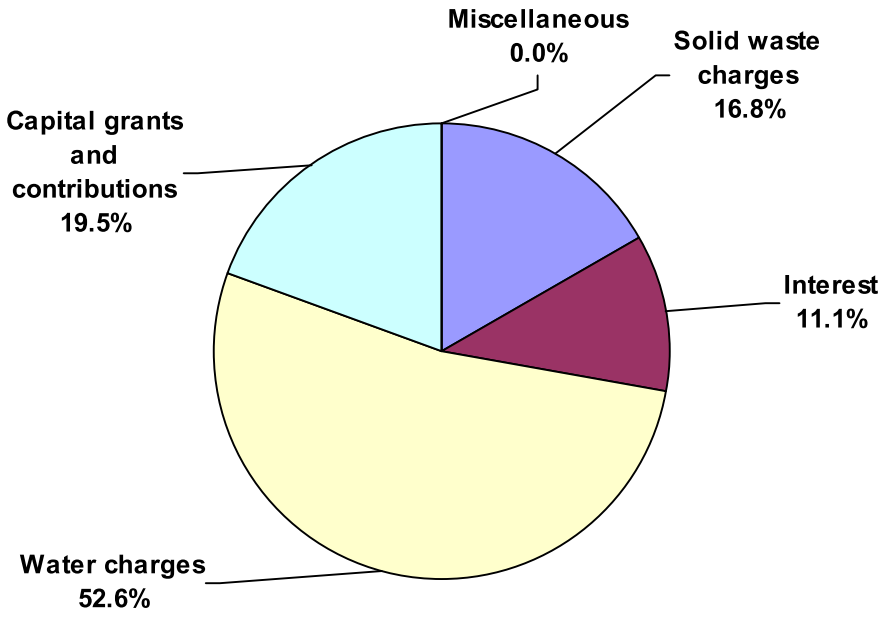


EXPENSES BY FUNCTIONS – GOVERNMENTAL ACTIVITIES

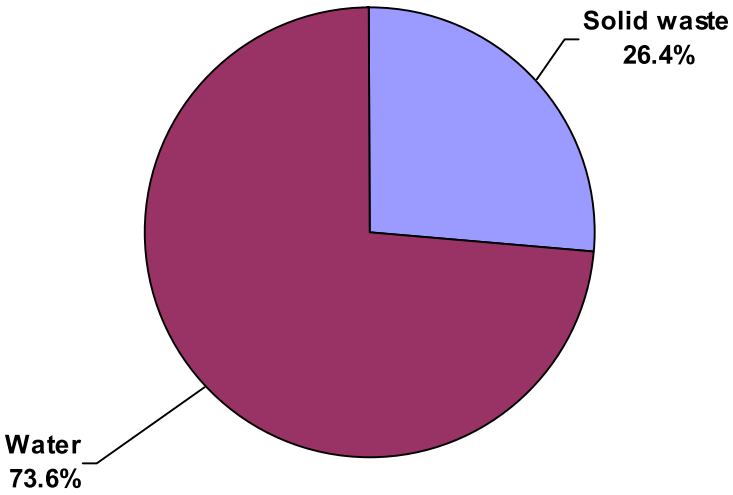


Government-wide Financial Analysis (continued)

REVENUE BY SOURCE - BUSINESS-TYPE ACTIVITIES



EXPENSES BY FUNCTION – BUSINESS-TYPE ACTIVITIES



Budget Amendments: The Town passed budget amendments during 2025 in the General Fund and Water Fund.

Government-wide Financial Analysis (continued)

Budget Variances in the General Fund: In total, the Town's General Fund ended 2025 $274,331 ahead of budget, as revenues were $153,216 higher than anticipated while expenditures were $121,115 lower than budgeted. The General Fund budgetary comparison schedules can be found on pages E1 through E4 in the financial report.

Significant Variances in the General Fund:

Resources	Final Budget	Actual Amounts	Variance Positive (Negative)	Reason
Revenues:				
General sales and use taxes	$1,829,596	1,860,990	31,394	The Town estimated a decline in sales tax more conservatively than actual received.
Expenditures:				
Administration - Professional services	104,000	60,976	43,024	Conservative budgeting for development projects
Police - Salaries and wages	478,562	551,169	(72,607)	Increased overtime

Capital Assets: During 2025, capital assets increased by $7,201,800 on a net basis. This change was largely due to $7,617,278 in water treatment plant construction expenses and other capital asset additions, less depreciation. Additional information, as well as a detailed classification of the Town's net capital assets can be found in Note IV.D., in section D of this report.

Long-term Liabilities: As of the end of the current fiscal year, the Town's long-term liabilities had decreased by $341,269 from 2024 as a result of principal payments on debt. Additional information as well as a detailed classification of the Town's long-term liabilities can be found in Note IV.E in section D of this report.

Next Year's Budget and Rates: The Town's General Fund balance at the end of the fiscal year 2025 totaled $2,766,491. The 2026 budget appropriations anticipate a balanced budget in the General Fund, with budgeted revenues of $2,420,075 and expenditures of $2,420,075.

Request for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Kremmling, P.O. Box 538, Kremmling, Colorado 80459-0538.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

	Governmental Activities	Business-type Activities	Total
Assets:			
Cash and investments - Unrestricted	2,812,425	1,606,704	4,419,129
Cash and investments - Restricted	-	5,504,591	5,504,591
Accounts receivable, net of allowance for doubtful accounts:			
Sales taxes	293,895	-	293,895
Property taxes	284,124	-	284,124
Sewer	62,584	-	62,584
Other	25,427	3,918,729	3,944,156
Prepaid items	-	67,905	67,905
Capital assets, not being depreciated	413,870	8,355,416	8,769,286
Capital assets, net of accumulated depreciation	2,207,426	4,434,318	6,641,744
Total Assets	6,099,751	23,887,663	29,987,414
Deferred Outflows of Resources:			
Pension-related deferred outflows	89,075	-	89,075
Total Deferred Outflows of Resources	89,075	-	89,075
Liabilities:			
Accounts payable	206,019	4,400,768	4,606,787
Accrued salaries and benefits	46,760	6,824	53,584
Accrued interest payable	-	93,907	93,907
Unearned grant revenue	11,018	-	11,018
Due to others	6,233	-	6,233
Accrued compensated absences:			
Due in more than one year	35,151	7,515	42,666
Notes payable:			
Due in one year	-	64,278	64,278
Due in more than one year	-	792,846	792,846
Bonds payable:			
Due in one year	-	242,344	242,344
Due in more than one year	-	10,968,221	10,968,221
Total Liabilities	305,181	16,576,703	16,881,884
Deferred Inflows of Resources:			
Property taxes	284,124	-	284,124
Pension-related deferred inflows	13,054	-	13,054
Total Deferred Inflows of Resources	297,178	-	297,178
Net Position:			
Net investment in capital assets	2,621,296	9,987,491	12,608,787
Restricted for emergencies	76,000	-	76,000
Unrestricted	2,889,171	(2,676,531)	212,640
Total Net Position	5,586,467	7,310,960	12,897,427

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

Town of Kremmling, 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 Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
General government	841,153	28,935	1,572	-	(810,646)		(810,646)
Public safety	923,637	37,645	12,512	-	(873,480)		(873,480)
Public works	466,698	87,288	74,126	-	(305,284)		(305,284)
Culture and recreation	194,818	12,070	17,537	-	(165,211)		(165,211)
Total - Governmental activities	2,426,306	165,938	105,747	-	(2,154,621)		(2,154,621)
Business-type activities:							
Water	969,466	1,212,640	-	448,820		691,994	691,994
Solid waste	347,404	387,238	-	-		39,834	39,834
Total - Business-type activities	1,316,870	1,599,878	-	448,820		731,828	731,828
Total	3,743,176	1,765,816	105,747	448,820	(2,154,621)	731,828	(1,422,793)
General revenues:							
Taxes:							
Sales and use taxes					1,860,990	-	1,860,990
Property taxes, levied for general purposes					258,336	-	258,336
Specific ownership taxes					12,417	-	12,417
Franchise taxes					64,833	-	64,833
Cigarette taxes					2,207	-	2,207
Motor vehicle taxes					7,616	-	7,616
Other taxes					18,205	-	18,205
Investment earnings					110,314	255,627	365,941
Miscellaneous revenues					10,634	-	10,634
Total - General revenues and transfers					2,345,552	255,627	2,601,179
Change in Net Position					190,931	987,455	1,178,386
Net Position - Beginning of Year					5,395,536	6,323,505	11,719,041
Net Position - End of Year					5,586,467	7,310,960	12,897,427

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

FUND FINANCIAL STATEMENTS

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

	General Fund	Non-major Governmental Funds	Total
Assets:			
Cash and investments - Unrestricted	2,641,992	170,433	2,812,425
Accounts receivable, net of allowance for doubtful accounts:			
Sales taxes	293,895	-	293,895
Property taxes	284,124	-	284,124
Sewer	62,584	-	62,584
Other	25,427	-	25,427
Total Assets	3,308,022	170,433	3,478,455
Liabilities:			
Accounts payable	204,414	1,605	206,019
Accrued salaries and benefits	46,760	-	46,760
Due to others	6,233	-	6,233
Unearned grant revenue	-	11,018	11,018
Total Liabilities	257,407	12,623	270,030
Deferred Inflows of Resources:			
Unavailable property tax revenue	284,124	-	284,124
Total Deferred Inflow of Resources	284,124	-	284,124
Fund Balances:			
Restricted for:			
Emergencies	76,000	-	76,000
Conservation Trust Fund	-	127,908	127,908
Committed:			
Recreation Fund	-	29,902	29,902
Unassigned:			
General Fund	2,690,491	-	2,690,491
Total Fund Balances	2,766,491	157,810	2,924,301
Total Liabilities, Deferred Inflows of Resources and Fund Balances	3,308,022	170,433	

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	2,621,296
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.	(35,151)
The net pension asset / (liability) and related deferrals are not due and payable in the current period and, therefore, are not reported in the funds.	76,021
Net Position of Governmental Activities	5,586,467

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

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

	General Fund	Non-major Governmental Funds	Total
Revenues:			
Taxes	2,224,604	-	2,224,604
Licenses and permits	6,188	-	6,188
Intergovernmental	173,926	18,609	192,535
Charges for services	22,748	13,003	35,751
Fines and forfeitures	37,645	-	37,645
Interest	105,061	4,319	109,380
Other	11,134	-	11,134
Total Revenues	2,581,306	35,931	2,617,237
Expenditures:			
General government	807,720	1,072	808,792
Public safety	965,826	-	965,826
Public works	295,787	-	295,787
Culture and recreation	123,546	10,496	134,042
Total Expenditures	2,192,879	11,568	2,204,447
Net Change in Fund Balances	388,427	24,363	412,790
Fund Balances - Beginning of Year	2,378,064	133,447	2,511,511
Fund Balances - End of Year	2,766,491	157,810	2,924,301

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

Town of Kremmling, 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 of Governmental Funds	412,790
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. This is the amount by which depreciation exceeded capital outlay during the year.	(228,910)
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.	7,051
Change in Net Position of Governmental Activities	190,931

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

Town of Kremmling, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Solid Waste Fund	Total
Assets:			
Current Assets:			
Cash and investments - Unrestricted	1,592,608	14,096	1,606,704
Cash and investments - Restricted	5,504,591	-	5,504,591
Receivables, net of allowance for doubtful accounts	115,025	42,849	157,874
Receivable - CWRPDA	3,760,855	-	3,760,855
Prepaid expenses	67,905	-	67,905
Total Current Assets	11,040,984	56,945	11,097,929
Non-current Assets:			
Capital assets, not being depreciated	8,355,416	-	8,355,416
Capital assets, net of accumulated depreciation	4,434,318	-	4,434,318
Total Non-current Assets	12,789,734	-	12,789,734
Total Assets	23,830,718	56,945	23,887,663
Liabilities:			
Current Liabilities:			
Accounts payable	4,398,823	1,945	4,400,768
Accrued salaries and benefits	6,727	97	6,824
Accrued interest payable	93,907	-	93,907
Current portion of long-term debt	306,622	-	306,622
Total Current Liabilities	4,806,079	2,042	4,808,121
Non-current Liabilities:			
Accrued compensated absences	7,485	30	7,515
Bonds payable	10,968,221	-	10,968,221
Note payable	792,846	-	792,846
Total Non-current Liabilities	11,768,552	30	11,768,582
Total Liabilities	16,574,631	2,072	16,576,703
Net Position:			
Net investment in capital assets	9,987,491	-	9,987,491
Unrestricted	(2,731,404)	54,873	(2,676,531)
Total Net Position	7,256,087	54,873	7,310,960

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

Town of Kremmling, Colorado
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Solid Waste Fund	Total
Operating Revenues:			
Water sales	1,202,801	-	1,202,801
Solid waste charges	-	386,971	386,971
Miscellaneous income	9,839	267	10,106
Total Operating Revenues	1,212,640	387,238	1,599,878
Operating Expenses:			
Solid waste	-	347,404	347,404
Administration	249,100	-	249,100
Water plant	109,814	-	109,814
Distribution	8,576	-	8,576
Water meters	982	-	982
Water supply	11,192	-	11,192
Depreciation	241,081	-	241,081
Total Operating Expenses	620,745	347,404	968,149
Operating Income (Loss)	591,895	39,834	631,729
Non-operating Revenues (Expenses):			
Interest income	255,187	440	255,627
Interest expense	(276,947)	-	(276,947)
Debt issuance costs	(71,774)	-	(71,774)
Grant income	332,920	-	332,920
Total Non-operating Revenues (Expenses)	239,386	440	239,826
Net Income (Loss) Before Capital Contributions	831,281	40,274	871,555
Capital contribution - Tap fees	115,900	-	115,900
Change in Net Position	947,181	40,274	987,455
Net Position - Beginning of Year	6,308,906	14,599	6,323,505
Net Position - End of Year	7,256,087	54,873	7,310,960

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

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

	Water Fund	Solid Waste Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers and users	1,146,125	378,421	1,524,546
Cash paid for goods and services	(95,117)	(400,908)	(496,025)
Cash paid for salaries and benefits	(202,405)	(4,590)	(206,995)
Net Cash Provided (Used) by Operating Activities	848,603	(27,077)	821,526
Cash Flows From Capital Financing Activities:			
Tap fees received	115,900	-	115,900
Debt proceeds	1,091,357	-	1,091,357
Grant proceeds	332,920	-	332,920
Purchase of fixed assets	(3,459,651)	-	(3,459,651)
Principal payments	(199,162)	-	(199,162)
Interest payments	(246,469)	-	(246,469)
Issuance costs	(71,774)	-	(71,774)
Net Cash Provided (Used) by Capital Financing Activities	(2,436,879)	-	(2,436,879)
Cash Flows From Investing Activities:			
Interest received	255,187	440	255,627
Net Cash Provided (Used) by Investing Activities	255,187	440	255,627
Net Increase (Decrease) in Cash and Cash Equivalents	(1,333,089)	(26,637)	(1,359,726)
Cash and Cash Equivalents - Beginning of Year	8,430,288	40,733	8,471,021
Cash and Cash Equivalents - End of Year	7,097,199	14,096	7,111,295
Cash and Cash Equivalents - Ending is comprised of:			
Cash and cash equivalents - Unrestricted	1,592,608	14,096	1,606,704
Cash and cash equivalents - Restricted	5,504,591	-	5,504,591
Total - Cash and Cash Equivalents	7,097,199	14,096	7,111,295
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating income (loss)	591,895	39,834	631,729
Adjustments:			
Depreciation	241,081	-	241,081
(Increase) decrease in accounts receivable	(66,515)	(8,816)	(75,331)
(Increase) decrease in prepaids	(67,905)	-	(67,905)
Increase (decrease) in accounts payable	150,754	(58,043)	92,711
Increase (decrease) in accrued salaries and benefits	(707)	(52)	(759)
Total Adjustments	256,708	(66,911)	189,797
Net Cash Provided (Used) by Operating Activities	848,603	(27,077)	821,526

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 Kremmling, Colorado (the "Town"), was incorporated in 1904 and operates under a Mayor/Council form of government. The Town provides the following services: public safety (police), highways and streets, parks and recreation, water and sanitation, public improvements, and general administrative services. The Town is located in Grand County, Colorado.

The Town's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("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 major 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), public safety (police department and mosquito control), public works (street maintenance), and culture and recreation. The Town's water utilities and solid waste service are classified as business-type activities. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

The government-wide Statement of Activities reports both the gross and net cost of each of the Town's functions and business-type activities. The functions are primarily supported by general government revenues (property and sales taxes, intergovernmental revenue, investment earnings, etc.) while business-type activities rely to a significant extent on fees and charges for support. The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

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.

I. Summary of Significant Accounting Policies (continued)

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 major governmental fund(s):

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 in another fund.

The Town reports the following non-major governmental funds:

The *Grant Fund* is used to account for grants received from State and Federal sources and other contributions for capital projects.

The *Conservation Trust Fund* accounts for State lottery proceeds and the related expenditures.

The *Recreation Fund* is used to account for providing recreation to the Town's citizens and visitors.

The Town reports the following major proprietary or business-type funds:

The *Water Fund* accounts for the delivery of water to the citizens of the Town.

The *Solid Waste Fund* accounts for the provision of solid waste removal services to the citizens of the Town.

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

Both governmental and business-type activities in the government-wide financial statements and the proprietary fund 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.

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 of the Town's enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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.

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

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

The Town follows Colorado state statutes as an investment policy, which permits investments in the following type of obligations which corresponds with state statutes:

- 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 18 months)
- Corporate bonds (maximum maturity of 36 months)
- Prime commercial paper (maximum maturity of 9 months)
- Eligible banker's acceptances
- Repurchase agreements
- General obligations and revenue obligations
- Local government investment pools
- Money market mutual funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts.

3. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental unit until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred inflows of resources.

4. Capital Assets

Capital assets, which include land, water rights, water distribution systems, buildings and improvements, equipment, vehicles, and infrastructure assets, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements and in the proprietary fund financial statements. Capital assets are defined by the Town as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value.

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

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

4. Capital Assets (continued)

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Capital Assets	Years
Infrastructure	15
Buildings and improvements	40
Vehicles and equipment	7 - 10
Water distribution system	20 - 40

5. Compensated Absences

Vacation and sick benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is more likely than not that the Town will compensate employees for the benefits through paid time off or some other means. All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the liability in each individual fund at the fund reporting level. Governmental funds report the liability at the fund reporting level only "when due".

6. Long-term Debt

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

7. Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

8. Interfund Transactions

Quasi-external transactions 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 expenditures or expenses in the reimbursing fund and as reductions of expenditures or expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

8. Interfund Transactions (continued)

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

9. Pensions

The Town's police department participates in the Statewide Retirement Plan (the "SRP") administered by the Fire and Police Pension Association of Colorado ("FPPA"). The SRP is a cost-sharing multiple-employer defined benefit Retirement Plan. The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the SRP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

10. Deferred Outflows and Inflows of Resources

Deferred outflows of resources represent a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditures) until then. The Town has one item that qualifies for reporting under this category on the government-wide Statement of Net Position. Pension-related deferred outflows comprise pension contributions made after the measurement date, and the difference between projected and actual earnings, which will be recognized as a reduction of the net pension liability in future periods. For further details, see Note IV.G.1.

Deferred inflows of resources represent an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has two items that qualify for reporting in the category. Property taxes, reported in the governmental Balance Sheet and on the Statement of Net Position, are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the Town's net pension obligation are reported on the Statement of Net Position and are amortized over the average remaining service life of all active and inactive SWDB Plan members. For further details, see Note IV.G.1.

I. Summary of Significant Accounting Policies (continued)

E. Financial Statement Accounts (continued)

11. Fund Equity

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity as to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Town classifies governmental fund balances as follows:

- *Non-spendable* - includes fund balance amounts that inherently cannot be spent because they are not in spendable form; such as inventories, prepaid items, or long-term receivables.
- *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's Board of Trustees (the "Board").
- *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 Board 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 first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the Town first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

12. Restricted Assets

Certain proceeds of the Town's Water Fund debt are classified as restricted assets on the balance sheet because their use is limited by applicable debt covenants. As subsequently explained in the notes, restricted assets also include amounts set aside for an operations and maintenance reserve.

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

The governmental fund Balance Sheet includes a reconciliation between *Fund balance – Total governmental funds* and *Net position of governmental activities* as reported in the government-wide Statement of Net Position. One element of that reconciliation explains "Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds". This difference is related to capital assets of $6,996,646 less accumulated depreciation of $4,375,350.

Additionally, the reconciliation states that "Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds." This item includes accrued compensated absences of $35,151.

B. Explanation of Certain Differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-wide Statement of Activities

The reconciliation between the net change in fund balances of governmental funds per the 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 includes an element that explains "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." The $228,910 is made up of depreciation expense of $283,110 less capital outlays of $54,200.

Another element of that reconciliation explains "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." The $7,051 adjustment of expense includes $8,378 for changes in pension deferrals and a $15,428 decrease in compensated absences.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

Budgets are adopted on a basis consistent with GAAP, except for the Water Fund. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado Statutes, the Town followed the required timetable noted below 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 submitted to the Board, 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.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgetary Information (continued)

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

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

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than May 1) or two equal installments (not later than March 1 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of 1% per month or fraction thereof until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16.

A budget was not adopted for the Grant Fund. This is a possible violation of Colorado state statutes.

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.

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 and 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 $76,000, which is the approximate required reserve at December 31, 2025, for this purpose.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

On November 8, 1994, the Town's voters passed a measure to allow the Town, without any increase in the property tax mill levy and sales tax rates, to collect, retain and expend all revenues and other funds collected, from any source, during 1994 and each subsequent year; and to spend such revenues for (a) law enforcement and crime prevention, education, (b) snow removal and street sweeping, (c) street construction, repair and maintenance, (d) Town lawns, trees, parks and recreation, (e) plan in reserve for future capital projects, and (f) for other basic Town services and lawful municipal purposes; notwithstanding any state restriction on fiscal spending, including the restrictions of 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. Cash and Investments

The Town's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of $250,000, the FDIC-insured limit at each participating institution, must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits. The carrying amount of the Town's demand deposits was $3,666,528 at year end.

At December 31, 2025, the Town held deposits and investments with the following maturities:

	Standard & Poors rating	Carrying amounts	Maturities: Less than one year	Maturities: More than one year
Deposits:				
Petty cash	Not rated	$ 250	250	-
Checking - Interest-bearing	Not rated	608,727	608,727	-
Savings and money market	Not rated	3,057,801	3,057,801	-
Total deposits		3,666,778	3,666,778	-
Investments:				
Investment pools	AAAm	6,256,942	6,256,942	-
Total cash and investments		$ 9,923,720	9,923,720	-

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

The Town's cash and investments are reported in the following financial statement captions:

	Governmental Activities	Business-type Activities	Total
Cash and investments - Unrestricted	$ 2,812,425	1,606,704	4,419,129
Cash and investments - Restricted	-	5,504,591	5,504,591
Total cash and investments	$ 2,812,425	7,111,295	9,923,720

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's investments had the following recurring fair value measurements:

Investments Measured at Net Asset Value	
Local government investment pools:	
COLOTRUST PLUS+	$ 6,157,814

Investments Measured at Amortized Cost	
Local government investment pools:	
C-SAFE	$ 99,128

Investments classified in Level 1 are valued using prices quoted in active markets for those securities.

Pools: The Town's holdings in investment pools are comprised of balances with COLOTRUST and C-SAFE, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to $1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The Town has no regulatory oversight for the pools. The fair value of the pool is determined by the pool's share price. At December 31, 2025, the Town's investments in COLOTRUST and C-SAFE represented 98% and 2%, respectively, of the Town's investment portfolio.

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

IV. Detailed Notes on All Funds (continued)

A. Cash and Investments (continued)

Credit Risk. The Town's investment policy limits investments to those authorized by State statutes as listed in Note I.E.1. 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. At December 31, 2025, the Town's investments in government pools represented 100% of the Town's investment portfolio.

B. Restricted Cash and Cash Equivalents

At December 31, 2025, the Town had restricted cash in the amount of $5,504,591 to satisfy bond and loan covenants. Cash in the Water Fund has been restricted for the following purposes:

Debt service reserve account - CWRPDA loan	$	164,309
Debt service trustee account - CWRPDA loan		5,239,576
Debt service reserve account - CWCB loan		100,706
Total restricted cash	$	5,504,591

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

C. Receivables

Receivables as of December 31, 2025 for the Town's funds, including applicable allowances for uncollectible accounts, were as follows:

	General Fund	Non-major Governmental Fund	Water Fund	Solid Waste Fund	Total
Sales taxes	$ 293,895	-	-	-	293,895
Property taxes	284,124	-	-	-	284,124
Sewer	62,584	-	-	-	62,584
Other	25,427	-	3,881,206	44,879	3,951,512
Gross Receivables	$ 666,030	-	3,881,206	44,879	4,592,115
Less: Allowance for uncollectibles	-	-	(5,326)	(2,030)	(7,356)
Net Receivables	$ 666,030	-	3,875,880	42,849	4,584,759

The Water Fund receivables consist of $3,760,855 in loan funds from CWRPDA yet to be drawn. See Note IV.E.3 for details.

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the Town's governmental activities for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 370,070	43,800	-	413,870
Total capital assets, not being depreciated	370,070	43,800	-	413,870
Capital assets, being depreciated:				
Infrastructure	2,835,743	-	-	2,835,743
Buildings and improvements	2,439,836	-	-	2,439,836
Vehicles and equipment	1,296,797	10,400	-	1,307,197
Total capital assets, being depreciated	6,572,376	10,400	-	6,582,776
Less accumulated depreciation for:				
Infrastructure	(1,792,539)	(150,347)	-	(1,942,886)
Buildings and improvements	(1,365,082)	(75,311)	-	(1,440,393)
Vehicles and equipment	(934,619)	(57,452)	-	(992,071)
Total accumulated depreciation	(4,092,240)	(283,110)	-	(4,375,350)
Total capital assets, being depreciated, net	2,480,136	(272,710)	-	2,207,426
Governmental activities capital assets, net	$ 2,850,206	(228,910)	-	2,621,296

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IV. Detailed Notes on All Funds (continued)

D. Capital Assets (continued)

Capital asset activity for the Town's business-type activities for the year ended December 31, 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Water rights	$ 432,528	-	-	432,528
Construction in progress	305,610	7,617,278	-	7,922,888
Total capital assets, not being depreciated	738,138	7,617,278	-	8,355,416
Capital assets, being depreciated:				
Distribution systems	10,991,215	54,513	-	11,045,728
Vehicles and equipment	183,967	-	-	183,967
Total capital assets, being depreciated	11,175,182	54,513	-	11,229,695
Less accumulated depreciation for:				
Distribution systems	(6,417,424)	(236,712)	-	(6,654,136)
Vehicles and equipment	(136,872)	(4,369)	-	(141,241)
Total accumulated depreciation	(6,554,296)	(241,081)	-	(6,795,377)
Total capital assets, being depreciated, net	4,620,886	(186,568)	-	4,434,318
Business-type activities capital assets, net	$ 5,359,024	7,430,710	-	12,789,734

Depreciation expense for 2025 was charged to functions of the Town as follows:

Governmental activities:	
General government	$ 30,397
Public safety	36,303
Public works, including infrastructure	154,769
Culture and recreation	61,641
Total depreciation expense - Governmental activities	$ 283,110
Business-type activities:	
Water	$ 241,081
Total depreciation expense - Business-type activities	$ 241,081

E. Long-term Debt

1. Colorado Water Conservation Board ("CWCB") Note Payable

The Town entered into a loan agreement with the CWCB on September 15, 2004. The maximum loan amount was $1,689,750 and was used for the construction of an alternative water supply system. Actual amounts drawn on the loan as of March 19, 2007 (the final draw) were $1,636,693. Since the Town did not use the full amount of the loan, a service fee of 1% was added to the amount drawn by the Town, resulting in a total loan balance of $1,653,059.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

1. Colorado Water Conservation Board ("CWCB") Note Payable (continued)

Starting in 2008, combined principal and interest payments of $100,706 are due annually on April 1 with a final payment of $79,632 due in 2036. The interest rate on the loan is 4.25% per annum.

The loan is equitably and ratably secured by a lien on the net income and revenue of the water system, but does not necessarily constitute an exclusive first lien.

The Town is required to maintain water system rates at a level sufficient to cover operation, maintenance, and emergency services, as defined by the loan agreement.

The Town is also required to fund a reserve amount equal to 10% of its annual debt service payment (i.e., $10,071) on the due date of its first annual payment and annually thereafter for the first ten years of this loan. This reserve, which was fully funded at December 31, 2025, must be maintained until the loan is repaid.

2. Colorado Water Resources and Power Development Authority ("CWRPDA") 2024 Leveraged Loan

The Town entered into a loan agreement in the amount of $11,042,212 funded by CWRPDA issued bonds and other sources dated November 6, 2024, with annual interest rates ranging from 4.00% to 5.00% per annum. Principal and interest are payable February 1 and August 1 through 2054. Additionally, the Town pays semi-annual servicing fees of $44,169 to the CWRPDA.

During 2024, the Town received $6,394,594 in total bond proceeds, net of premium and issuance costs, into a restricted debt trustee account. The remaining $4,852,212 financed by other sources from the CWRPDA loan is available to be drawn and is recorded as a receivable in the Water Fund.

The loan is equitably and ratably secured by a lien on the net income and revenue of the water system, but do not necessarily constitute an exclusive first lien.

Loan covenants require the Town to maintain water rates sufficient to pay operating and maintenance expenses, 110% of principal and interest due on the loan, and to make up any deficiency in the reserve fund. The Town is required to fund a reserve, as stipulated by the loan agreement, which is equal to three months of operating and maintenance expenses, excluding depreciation, as set forth in the Town's annual budget.

3. CWRPDA Disadvantaged Communities Loan

On November 22, 2024, the Town also entered into a loan program with CWRPDA totaling $4,676,154. The Loan has up front forgiveness of $3,000,000 with $1,676,154 to be paid over 30 years at an interest rate of 1.75%. The Town makes semi annual payments of $36,081 through November 1, 2054. As of December 31, 2025, no draws have been made on the loan.

IV. Detailed Notes on All Funds (continued)

E. Long-term Debt (continued)

4. Summary of Long-term Liabilities

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
Accrued compensated absences *	$ 50,579	-	(15,428)	35,151	8,788
Total governmental activities long-term liabilities	$ 50,579	-	(15,428)	35,151	8,788
Business-type Activities:					
CWRPDA 2024 Leveraged Loan	$ 11,042,212	-	(137,504)	10,904,708	242,344
Bond issued premium	325,076	-	(19,219)	305,857	-
Note payable - CWCB	918,782	-	(61,658)	857,124	64,278
Accrued compensated absences *	7,515	-	-	7,515	1,879
Total business-type activities long-term liabilities	$ 12,293,585	-	(218,381)	12,075,204	308,501

*The change in accrued compensated absences is presented as a net change.

Compensated absences for governmental activities are liquidated by the General Fund.

5. Debt Service Requirements

Aggregate debt service requirements at December 31, 2025 were as follows:

	Loan Payable		Note Payable		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	242,344	268,550	64,278	36,428	306,622	304,978
2027	249,548	260,550	67,010	33,696	316,558	294,246
2028	259,674	252,300	69,858	30,848	329,532	283,148
2029	270,062	243,800	72,827	27,879	342,889	271,679
2030	278,044	235,050	75,921	24,784	353,965	259,834
2031 - 2035	1,523,359	1,036,750	430,844	72,688	1,954,203	1,109,438
2036 - 2040	1,765,731	792,600	76,386	3,246	1,842,117	795,846
2041 - 2045	1,989,228	568,400	-	-	1,989,228	568,400
2046 - 2050	2,217,549	347,600	-	-	2,217,549	347,600
2051 - 2055	2,109,169	110,000	-	-	2,109,169	110,000
Total business-type activities	$ 10,904,708	4,115,600	857,124	229,569	11,761,832	4,345,169

F. Interfund Transfers

The Town did not have any transfers between funds in 2025.

IV. Detailed Notes on All Funds (continued)

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

1. FPPA Statewide Retirement Plan

Plan Description. The Statewide Retirement Plan (the "Plan") is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan ("DROP") assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7%.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The Plan is administered by the FPPA, which issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Description of Benefits. The FPPA Board of Directors (the "FPPA Board") may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50, also qualify for a normal retirement pension.

A member is eligible for retirement after attaining age 55 with at least five years of credited service. A member is eligible for an early retirement after completion of 30 years of service or attaining age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Description of Benefits (continued). The annual retirement benefit for the Defined Benefit Component is 2.0% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0% of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25% of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of Social Security income the member receives annually, calculated as if the Social Security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9% of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5% of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living ("COLA") adjustments, which may be compounding or non-compounding. The increase in benefits, if any, is at the discretion of the FPPA Board's. Compounding COLAs can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0% as interest, returned as a lump sum distribution in lieu of a retirement benefit.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Contributions. Contribution rates for the Plan are set by state statute. The FPPA Board may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0% of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5% annually through 2030 to a total of 13.0% of base salary. These increases result in a combined contribution rate of 25.0% of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22%.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer, or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5% annually. These increases result in a minimum combined contribution rate of 25.2% in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2%.

Members of the Social Security Component contribute 6.0% of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25% annually through 2030 to a total of 6.5% of base salary. These increases result in a combined contribution rate of 12.5% of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00%.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125% annually until they reach a minimum rate of 9.00% each and at least a combined rate of 18.00% in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.00%.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.46%. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24%. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Contributions (continued). Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service and to be 100% vested after five years of service or attaining age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Net Pension (Asset) Liability. At December 31, 2025, the Town reported a liability of $0 for its proportionate share of the Plan's net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025. The Town's proportion of the net pension liability was based on Town contributions to the Plan for calendar year 2024, relative to the total contributions to the Plan by participating employers.

At the December 31, 2024 measurement, the Town's proportionate share was 0.012517%, as compared to 0.011852% at the December 31, 2023 measurement.

For the year ended December 31, 2025, the Town recognized pension expense of $8,378. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net differences between projected and actual earnings on pension plan investments	$ 4,273	-
Changes in pension assumptions	10,764	-
Changes in pension experience difference	30,076	941
Changes in proportionate share of contributions	24,473	12,113
Contributions subsequent to measurement date	19,489	-
	$ 89,075	13,054

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Net Pension (Asset) Liability (continued). Contributions subsequent to the measurement date of December 31, 2024 – which are reported as deferred outflows of resources related to pensions – will be recognized as a reduction of the net pension liability in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending December 31,	Amortization
2026	$ 16,359
2027	22,081
2028	4,724
2029	3,841
2030	3,309
Thereafter	6,218
	$ 56,532

Actuarial Assumptions. The collective total pension liability and actuarially determined contributions in the December 31, 2024 actuarial valuation were determined using the following actuarial assumptions and other inputs:

Actuarial Assumptions	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date - January 1	2025	2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return *	7.0%	7.0%
Projected Salary Increases *	4.25% - 11.75%	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0.0%	0.0%
* Includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions (continued). For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the FPPA Board reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

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

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions (continued). The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the Plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6%) or 1-percentage-point higher (8%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1 % Increase (8.0%)
Proportionate share of net pension liability (asset)	$ 61,081	$ -	$ -

Pension Plan Fiduciary Net Position. Detailed information about the Plan's fiduciary net position currently is available in FPPA's comprehensive annual financial report, which can be obtained at: http://www.fppaco.org/annual_reports.htm.

2. General Employees Deferred Compensation Plan – Section 457

All permanent, full-time (budgeted for 40 hours per week) Town employees, other than police officers, participate in a deferred compensation plan created in accordance with Internal Revenue Code ("IRC") section 457 (the "457 Plan"). The 457 Plan, which is administered by International City Management Association ("ICMA"), is a defined contribution pension plan and permits participants to defer a portion of the salary until future years. The deferred compensation is not available to employees until termination, retirement, or death.

All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the 457 Plan participants and their beneficiaries.

The accrual basis of accounting is used for the 457 Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

The Town has no liability for losses under the 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Town is not a trustee of the 457 Plan, it does not report the 457 Plan as a fund in the financial statements.

IV. Detailed Notes on All Funds (continued)

G. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. General Employees Deferred Compensation Plan – Section 457 (continued)

In addition to Social Security, the Town matched a 4.14% payroll deduction which totaled $28,093 in 2025. Employees may contribute additional amounts to the 457 Plan, up to maximum allowable limits as established under IRC section 457, but these amounts are not matched by the Town.

3. Police Deferred Compensation Plan – Section 457

All permanent, full-time Town police officers participate in a deferred compensation plan created in accordance with IRC section 457 (the "Police 457 Plan"). The Police 457 Plan, which is administered by Colorado Retirement Association ("CRA"; formerly known as County Officials and Employees Retirement Association or "CCOERA"), permits participants to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, or death.

All amounts of compensation deferred under the Police 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the Police 457 Plan participants and their beneficiaries.

The accrual basis of accounting is used for the Police 457 Plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

The Town has no liability for losses under the Police 457 Plan but does have the duty of due care that would be required of an ordinary prudent investor.

In accordance with GASB Statement No. 32*, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, since the Town is not a trustee of the Police 457 Plan, it does not report the Police 457 Plan as a fund in the financial statements.

In 1997, the Town passed a resolution that required Town contributions for all employees to be equal (police and non-police). As such, the annual contribution to the Police 457 Plan may vary from year to year, and is equal to the difference between the Town's contribution to ICMA (non-police) and FPPA (police). In 2025, the Town was required to match 0.14% of participating police officers' compensation in the Police 457 Plan. Police officer contributions to the Police 457 Plan are subject to maximum allowable limits as established under the IRC.

The Police 457 Plan vests at a rate of 1.67% per month and is fully vested after five years. As of December 31, 2025, the Police 457 Plan had 1 fully-vested employee and 3 non-vested employees. Unvested Town contributions for employees who leave employment before five years are used to reduce the Town's current period contribution requirement. There were no forfeitures and the Town's pension expense was $445 during the year ended December 31, 2025.

V. Other Information

A. Risk Management

The Town is exposed to various risks of loss related to workers' compensation and general liability. The Town has acquired commercial coverage for these risks and any settled claims are not expected to exceed the commercial insurance coverage. The Town is also exposed to the risks of loss related to 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 Colorado Intergovernmental Risk Sharing Agency ("CIRSA").

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of $250,000 per claim or occurrence for property, $1,000,000 per claim or occurrence for 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. 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.

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

Assets:	
Cash and investments	$ 121,759,798
Other assets	7,575,204
Total Assets	$ 129,335,002
Total liabilities	$ 72,659,266
Net position	$ 56,675,736
Total Revenues	$ 64,322,044
Total Expenses	(45,456,929)
Change in Net Position	$ 18,865,115

V. Other Information

B. Intergovernmental Agreement – Kremmling Sanitation District (the "District")

On January 13, 2003, the Town entered into an intergovernmental agreement with the District for mutually beneficial cooperative use of personnel and equipment. The agreement has an initial term of one year with an automatic annual renewal unless otherwise agreed by the parties. The agreement calls for each entity to prepare monthly invoices to the other for hours worked and equipment used.

C. Contingencies

1. Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Town expects such amounts, if any, to be immaterial.

2. Legal Claims

During the normal course of business, the Town incurs claims and other assertions against it from various agencies and individuals. The Town and legal counsel intend to vigorously defend such claims. In the opinion of the Town's management, such claims would not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the Town at December 31, 2025.

D. Construction Commitments

The Town's Water Fund has entered into construction contracts having remaining commitments as of December 31, 2025 of $10,520,148. The commitments for these funds are not reflected in the accompanying financial statements. Only the unpaid amounts incurred to date under these contracts are included as liabilities in the financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Town of Kremmling, Colorado
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:					
General property taxes	255,000	255,000	257,288	2,288	273,346
Specific ownership taxes	11,500	11,500	12,417	917	12,102
General sales and use taxes	1,660,000	1,829,596	1,860,990	31,394	1,681,464
Motor vehicle taxes	8,500	8,500	7,616	(884)	7,078
Severance taxes	2,000	2,000	2,589	589	2,918
Selective use taxes:					
Cigarette taxes	4,500	4,500	2,207	(2,293)	2,312
Franchise taxes	50,000	50,000	64,833	14,833	66,718
Other taxes	18,000	18,000	15,616	(2,384)	16,038
Interest on delinquent taxes	490	490	1,048	558	1,073
Total - Taxes	2,009,990	2,179,586	2,224,604	45,018	2,063,049
Licenses and Permits:					
Business	5,500	5,500	6,013	513	5,503
Non-business	750	750	175	(575)	85
Total - Licenses and Permits	6,250	6,250	6,188	(62)	5,588
Intergovernmental:					
Road and bridge mill levy	1,300	1,300	-	(1,300)	1,041
Highway users taxes	60,754	60,754	74,126	13,372	74,485
Sanitation District reimbursement	58,000	58,000	87,288	29,288	66,941
State grants	-	-	12,512	12,512	30,721
Total - Intergovernmental	120,054	120,054	173,926	53,872	173,188
Charges for Services:					
Cemetery	3,500	3,500	4,400	900	3,850
Planning and zoning	6,500	6,500	4,569	(1,931)	4,439
Hangar rent	23,400	23,400	9,875	(13,525)	10,576
Other - Public Works	5,500	5,500	3,904	(1,596)	8,758
Total - Charges for Services	38,900	38,900	22,748	(16,152)	27,623
Fines and Forfeitures:					
Court	40,000	40,000	37,645	(2,355)	17,927
Total - Fines and Forfeitures	40,000	40,000	37,645	(2,355)	17,927
Interest:					
Interest	27,500	27,500	105,061	77,561	57,523
Miscellaneous Revenues:					
Other	15,800	15,800	11,134	(4,666)	10,347
Total - Miscellaneous Revenues	15,800	15,800	11,134	(4,666)	10,347
Total Revenues	2,258,494	2,428,090	2,581,306	153,216	2,355,245

(Continued)

Town of Kremmling, Colorado
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:					
Judicial:					
Salaries and wages	8,856	8,856	27,997	(19,141)	15,187
Retirement and benefits	4,384	4,384	8,075	(3,691)	5,516
Professional services	11,000	11,000	8,400	2,600	8,400
Other	300	300	85	215	100
Total - Judicial	24,540	24,540	44,557	(20,017)	29,203
Mayor:					
Salaries and wages	37,800	37,800	35,250	2,550	31,103
Retirement and benefits	3,077	3,077	3,039	38	2,907
Professional services	-	-	-	-	40
Other	3,750	3,750	750	3,000	19,248
Donations	88,200	88,200	89,557	(1,357)	-
Total - Mayor	132,827	132,827	128,596	4,231	53,298
Town Manager:					
Salaries and wages	93,600	93,600	110,083	(16,483)	90,106
Retirement and benefits	19,640	19,640	16,608	3,032	19,042
Other	4,500	4,500	3,718	782	4,187
Capital outlay	600	600	573	27	560
Total - Town Manager	118,340	118,340	130,982	(12,642)	113,895
Election:					
Salaries and wages	500	500	-	500	-
Other	2,150	2,150	-	2,150	-
Total - Election	2,650	2,650	-	2,650	-
Administration:					
Salaries and wages	137,603	137,603	146,343	(8,740)	169,105
Retirement and benefits	57,425	57,425	39,757	17,668	62,073
Professional services	104,000	104,000	60,976	43,024	73,555
Other	85,125	85,125	50,318	34,807	71,250
Utilities	9,500	9,500	10,976	(1,476)	8,039
Insurance	65,000	65,000	57,498	7,502	49,208
Capital outlay	-	44,000	43,800	200	254,193
Donations	-	-	-	-	82,309
Repairs and maintenance	400	400	-	400	4,537
Total - Administration	459,053	503,053	409,668	93,385	774,269

(Continued)

Town of Kremmling, Colorado
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 (continued):					
General Government (continued):					
Cemetery:					
Salaries and wages	70,913	70,913	60,375	10,538	36,060
Retirement and benefits	8,829	8,829	17,555	(8,726)	7,751
Other	6,250	6,250	4,594	1,656	2,950
Utilities	425	425	498	(73)	339
Repairs and maintenance	3,500	3,500	790	2,710	371
Total - Cemetery	89,917	89,917	83,812	6,105	47,471
Airport:					
Other	17,000	17,000	7,000	10,000	3,000
Utilities	2,950	2,950	3,105	(155)	2,098
Total - Airport	19,950	19,950	10,105	9,845	5,098
Total - General Government	847,277	891,277	807,720	83,557	1,023,234
Public Safety:					
Police:					
Salaries and wages	478,562	478,562	551,169	(72,607)	497,354
Retirement and benefits	143,063	143,063	158,256	(15,193)	127,229
Professional services	47,500	47,500	49,187	(1,687)	29,063
Other	62,000	62,000	60,162	1,838	53,972
Capital outlay	-	11,500	11,399	101	117,658
Utilities	7,800	7,800	9,411	(1,611)	7,762
Dispatch fees	47,500	47,500	46,546	954	38,788
Repairs and maintenance	1,250	1,250	743	507	776
Vehicle expense	21,500	21,500	14,084	7,416	10,659
Total - Police	809,175	820,675	900,957	(80,282)	883,261
Mosquito Control:					
Other	82,200	82,200	64,869	17,331	66,021
Total - Mosquito Control	82,200	82,200	64,869	17,331	66,021
Total Public Safety	891,375	902,875	965,826	(62,951)	949,282
Public Works:					
Salaries and wages	175,349	175,349	147,297	28,052	147,532
Retirement and benefits	87,797	87,797	44,634	43,163	59,565
Professional services	5,000	5,000	5	4,995	4,958
Other	46,450	46,450	29,598	16,852	31,590
Capital outlay	-	-	-	-	626,288
Utilities	29,050	29,050	24,606	4,444	22,508
Repairs and maintenance	45,500	45,500	41,119	4,381	22,656
Vehicle expense	7,500	7,500	8,528	(1,028)	7,129
Total - Public Works	396,646	396,646	295,787	100,859	922,226

(Continued)

Town of Kremmling, Colorado
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 (continued):					
Culture and Recreation - Parks:					
Salaries and wages	71,181	71,181	85,909	(14,728)	78,217
Retirement and benefits	16,319	16,319	20,273	(3,954)	14,836
Professional services	10	10	-	10	-
Other	26,675	26,675	8,289	18,386	11,766
Utilities	9,000	9,000	8,597	403	6,599
Repairs and maintenance	11	11	478	(467)	5,927
Capital outlay - Water	-	-	-	-	61,716
Total - Culture and Recreation	123,196	123,196	123,546	(350)	179,061
Total Expenditures	2,258,494	2,313,994	2,192,879	121,115	3,073,803
Net Change in Fund Balance	-	114,096	388,427	274,331	(718,558)
Fund Balance - Beginning of Year	2,073,150	2,073,150	2,378,064	304,914	3,096,622
Fund Balance - End of Year	2,073,150	2,187,246	2,766,491	579,245	2,378,064

Town of Kremmling, Colorado
Schedule of the Town's Proportionate Share of Net Pension Asset/Liability
Fire and Police Pension Association of Colorado - Statewide Retirement Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Town's portion of the net pension asset/liability	0.012517%	0.011852%	0.013498%	0.012302%	0.008156%
Town's proportionate share of the net pension (asset)/liability	-	-	11,981	(66,670)	(17,707)
Town's covered payroll	283,520	232,863	234,867	198,071	231,150
Town's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	0%	0%	5%	-34%	-8%
Plan fiduciary net position as a percentage of the total pension asset/liability	100.00%	100.00%	97.60%	116.20%	106.70%

	2020	2019	2018	2017	2016
Town's portion of the net pension asset/liability	0.016464%	0.021915%	0.026300%	0.025054%	0.026365%
Town's proportionate share of the net pension (asset)/liability	(9,312)	27,707	(37,837)	9,053	(465)
Town's covered payroll	242,700	293,600	269,200	256,450	245,150
Town's proportionate share of the net pension (asset)/liability as a percentage of its covered payroll	-4%	9%	-14%	4%	0%
Plan fiduciary net position as a percentage of the total pension asset/liability	101.90%	95.20%	106.30%	98.21%	100.10%

Refer to notes to RSI and auditor's report

Town of Kremmling, Colorado
Schedule of Town Contributions
Fire and Police Pension Association of Colorado - Statewide Retirement Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contribution	19,489	14,176	11,061	10,569	8,418
Contributions in relation to the contractually required contribution	(19,489)	(14,176)	(11,061)	(10,569)	(8,418)
Contribution deficiency (excess)	-	-	-	-	-
Town's covered payroll	371,216	283,520	232,863	234,867	198,071
Contributions as a percentage of covered payroll	5.25%	5.00%	4.75%	4.50%	4.25%

	2020	2019	2018	2017	2016
Contractually required contribution	9,246	9,708	11,744	10,768	10,258
Contributions in relation to the contractually required contribution	(9,246)	(9,708)	(11,744)	(10,768)	(10,258)
Contribution deficiency (excess)	-	-	-	-	-
Town's covered payroll	231,150	242,700	293,600	269,200	256,450
Contributions as a percentage of covered payroll	4.00%	4.00%	4.00%	4.00%	4.00%

Refer to notes to RSI and auditor's report

I. Notes to the Required Supplementary Information - FPPA

A. Changes to Assumptions or Other Inputs

1. Changes Since the January 1, 2023 Actuarial Valuation

Increasing the step-rate increase portion of the salary scale by 0.50% per year for the first 4 years of a member's career and 0.25% for years 5 through 14; reducing the overall payroll growth assumption from 3.50% to 3.0%; updating the base assumptions for mortality to the Pub-2010 tables for Public Safety and updating the table used to build in generational improvements in mortality for the future to the ultimate rates of the MP table 202 for all years; and for the Statewide Death & Disability Plan increase the total disability rates by 50% for members covered by a money purchase plan.

2. Changes Since the January 1, 2021 Actuarial Valuation

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

3. Changes Since the January 1, 2018 Actuarial Valuation

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

4. Changes Since the January 1, 2015 Actuarial Valuation

Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member aged 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

5. Changes Since the January 1, 2014 Actuarial Valuation

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

SUPPLEMENTARY INFORMATION

Town of Kremmling, Colorado
Combining Balance Sheet
Non-major Governmental Funds
December 31, 2025

	Special Revenue Funds			
	Conservation Trust Fund	Recreation Fund	Grant Fund	Total
Assets:				
Cash and investments - Unrestricted	129,513	29,902	11,018	170,433
Total Assets	129,513	29,902	11,018	170,433
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable	1,605	-	-	1,605
Unearned grant revenue	-	-	11,018	11,018
Total Liabilities	1,605	-	11,018	12,623
Fund Balances:				
Restricted	127,908	-	-	127,908
Committed	-	29,902	-	29,902
Total Fund Balances	127,908	29,902	-	157,810
Total Liabilities and Fund Balances	129,513	29,902	11,018	170,433

Town of Kremmling, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non-major Governmental Funds
For the Year Ended December 31, 2025

	Special Revenue Funds			
	Conservation Trust Fund	Recreation Fund	Grant Fund	Total
Revenues:				
Intergovernmental	17,537	-	1,072	18,609
Charges for services	-	13,003	-	13,003
Interest	4,319	-	-	4,319
Total Revenues	21,856	13,003	1,072	35,931
Expenditures:				
General government	-	-	1,072	1,072
Culture and recreation	3,855	6,641	-	10,496
Total Expenditures	3,855	6,641	1,072	11,568
Net Change in Fund Balances	18,001	6,362	-	24,363
Fund Balances - Beginning of Year	109,907	23,540	-	133,447
Fund Balances - End of Year	127,908	29,902	-	157,810

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Conservation Trust 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:					
Intergovernmental - Colorado Lottery proceeds	17,000	17,000	17,537	537	18,159
Interest	50	50	4,319	4,269	97
Other - Contributions	-	-	-	-	24,700
Total Revenues	17,050	17,050	21,856	4,806	42,956
Expenditures:					
Culture and recreation:					
Conservation Trust expenditures	17,050	17,050	3,855	13,195	29,504
Total Expenditures	17,050	17,050	3,855	13,195	29,504
Net Change in Fund Balance	-	-	18,001	18,001	13,452
Fund Balance - Beginning of Year	-	-	109,907	109,907	96,455
Fund Balance - End of Year	-	-	127,908	127,908	109,907

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Recreation 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:					
Charges for services - Activity fees	20,000	20,000	13,003	(6,997)	9,813
Total Revenues	20,000	20,000	13,003	(6,997)	9,813
Expenditures:					
Culture and recreation:					
Activities	10,000	10,000	6,641	3,359	5,277
Total Expenditures	10,000	10,000	6,641	3,359	5,277
Net Change in Fund Balance	10,000	10,000	6,362	(3,638)	4,536
Fund Balance - Beginning of Year	25,530	25,530	23,540	(1,990)	19,004
Fund Balance - End of Year	35,530	35,530	29,902	(5,628)	23,540

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Special Revenue Funds - Grant 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:					
Intergovernmental - State grants	-	-	1,072	1,072	28,265
Total Revenues	-	-	1,072	1,072	28,265
Expenditures:					
General government	-	-	1,072	(1,072)	40,353
Total Expenditures	-	-	1,072	(1,072)	40,353
Net Change in Fund Balance	-	-	-	-	(12,088)
Fund Balance - Beginning of Year	-	-	-	-	12,088
Fund Balance - End of Year	-	-	-	-	-

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water 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:					
Water sales	891,890	891,890	1,202,801	310,911	679,019
Miscellaneous income	9,350	9,350	9,839	489	7,549
Grant income	5,000,000	5,000,000	332,920	(4,667,080)	300,724
Interest	6,100	6,100	255,187	249,087	21,729
Tap fees	194,452	194,452	115,900	(78,552)	86,363
Total Revenues	6,101,792	6,101,792	1,916,647	(4,185,145)	1,095,384
Expenditures:					
Administration:					
Salaries and wages	239,103	239,103	146,577	92,526	188,659
Retirement and benefits	71,387	71,387	55,121	16,266	57,775
Professional services	60,000	60,000	51,089	8,911	111,346
Other	18,800	18,800	(2,569)	21,369	4,496
Insurance	8,250	8,250	8,250	-	7,127
Repairs and maintenance	1,000	1,000	853	147	648
Vehicle expense	7,500	7,500	2,943	4,557	8,134
Total - Administration	406,040	406,040	262,264	143,776	378,185
Water Plant:					
Professional services	62,500	62,500	153,661	(91,161)	62,913
Other	9,100	9,100	5,124	3,976	3,491
Utilities	42,700	42,700	41,372	1,328	32,757
Capital outlay	17,500,000	17,500,000	7,460,718	10,039,282	227,975
Repairs and maintenance	20,000	20,000	29,079	(9,079)	7,794
Chemicals	42,000	42,000	48,889	(6,889)	29,882
Total - Water Plant	17,676,300	17,676,300	7,738,843	9,937,457	364,812
Distribution System:					
Professional services	12,500	12,500	1,082	11,418	161
Other	12,000	12,000	12,004	(4)	353
Utilities	550	550	565	(15)	358
Capital outlay	100,000	100,000	-	100,000	-
Repairs and maintenance		20,000	24,522	(4,522)	7,929
Total - Distribution System	125,050	145,050	38,173	106,877	8,801

(Continued)

Town of Kremmling, Colorado
Schedule of Revenues, Expenditures, and Transfers
Budget (Non-GAAP Basis) and Actual with Reconciliation to GAAP Basis
Proprietary Funds - Water 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 (continued):					
Water Meters:					
Other	4,500	4,500	947	3,553	-
Capital outlay	63,000	63,000	-	63,000	81
Repairs and maintenance	500	500	35	465	-
Total - Water Meters	68,000	68,000	982	67,018	81
Water Supply:					
Other	1,350	1,350	1,200	150	1,200
Utilities	4,500	4,500	3,318	1,182	2,667
Repairs and maintenance	19,000	19,000	6,675	12,325	-
Total - Water Supply	24,850	24,850	11,193	13,657	3,867
Debt Service:					
Water revenue bonds - Principal	30,000	30,000	137,504	(107,504)	70,000
Water revenue bonds - Interest	-	-	207,421	(207,421)	4,273
Notes payable - Principal	-	-	61,658	(61,658)	59,144
Notes payable - Interest	46,000	46,000	39,049	6,951	41,562
Debt issuance costs	-	-	71,774	(71,774)	120,482
Total - Debt Service	76,000	76,000	517,406	(441,406)	295,461
Total Expenditures	18,376,240	18,396,240	8,568,861	9,827,379	1,051,207
Excess (Deficiency) of Revenues Over Expenditures - Budget (Non-GAAP) Basis	(12,274,448)	(12,294,448)	(6,652,214)	5,642,234	44,177
Reconciliation to GAAP Basis:					
Depreciation			(241,081)		(258,069)
Capitalized assets			7,671,791		227,475
Debt principal payments			199,162		129,144
Accrued interest change			(49,696)		(14,580)
Debt premium amortization			19,219		-
Change in Net Position - GAAP Basis			947,181		128,147

Town of Kremmling, Colorado
Schedule of Revenues, Expenses, and Transfers
Budget and Actual
Proprietary Funds - Solid Waste 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:					
Solid waste charges	365,500	365,500	386,971	21,471	358,924
Miscellaneous income	100	100	267	167	537
Investment income	-	-	440	440	-
Total Revenues	365,600	365,600	387,678	22,078	359,461
Expenses:					
Salaries and wages	48,603	48,603	3,256	45,347	5,201
Retirement and benefits	6,290	6,290	1,282	5,008	2,996
Professional services	300,000	300,000	337,311	(37,311)	341,621
Other	10,707	10,707	5,555	5,152	4,453
Total Expenses	365,600	365,600	347,404	18,196	354,271
Change in Net Position	-	-	40,274	40,274	5,190

LOCAL HIGHWAY FINANCE REPORT



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Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes

A. Receipts from local sources		
2. General Fund Appropriations:	$	352,457.00
3. Other local imposts: *from A.3. 'Total' below)*	$	20,044.64
4. Miscellaneous local receipts: *from A.4. 'Total' below)*	$	37,645.07
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:	$	0.00
7. Total:	$	410,146.71
B. Private Contributions	$	0.00
C. Receipts from State government	$	80,211.62
D. Receipts from Federal government	$	0.00
E. Total Receipts (A.7 + B + C + D)	$	490,358.33

Receipts, Disbursements & Costs

II - Receipts for Road & Street Purposes (Detail)

A.3. ¦ Other local imposts		
a. Property Taxes &and Assessments	$	0.00
a. Non-property Taxes and Assessments Imposts	$	20,044.64
Total: *(a + b) carried to 'Other local imposts' above)*	$	20,044.64
A.4. ¦ Miscellaneous local receipts		
a. Interest on Investments:	$	0.00
b. Other Misc. Local Receipts:	$	37,645.07

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II - Receipts for Road & Street Purposes (Detail)

A.3.¦ Other local imposts

a. Property Taxes &and Assessments	$ 0.00
a. Non-property Taxes and Assessments Imposts	$ 20,044.64
Total: *(a + b) carried to 'Other local imposts' above)*	$ 20,044.64

A.4.¦ Miscellaneous local receipts

a. Interest on Investments:	$ 0.00
b. Other Misc. Local Receipts:	$ 37,645.07
Total: *(a through h) carried to 'Misc local receipts' above)*	$ 37,645.07

C. Receipts from State Government

1. Highway User Taxes:	$ 80,211.62
3. Other State funds:	
c. Non-State Bond Proceeds:	$ 0.00
Total: *(1+3c,d,e)*	$ 80,211.62

D. Receipts from Federal Government

1. FHWA	$ 0.00
2. Other Federal Agencies	$ 0.00
Total: *(2a-f)*	$ 0.00

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: *(from A.1.d. 'Total Capital Outlay' below)*	$ 0.00
2. Maintenance:	$ 28,465.72
3. Road and street services	
a.¦Snow and ice removal:	$ 0.00
b. Other & Traffic Control Operations:	$ 0.00
c. Total (a + b):	$ 0.00

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III - Disbursements for Road & Street Purposes

A. Local highway disbursements

1. Capital outlay: *(from A.1.d. 'Total Capital Outlay' below)*	$ 0.00
2. Maintenance:	$ 28,465.72
3. Road and street services	
a. Snow and ice removal:	$ 0.00
b. Other & Traffic Control Operations:	$ 0.00
c. Total (a + b):	$ 0.00
4. General administration and miscellaneous	$ 0.00
5. Highway law enforcement and safety	$ 1,125.47
6. Total (A.1-5):	$ 29,591.19

B. Debt service on local obligations

1. Bonds	
a. Interest	$ 0.00
b. Redemption	$ 0.00
c. Total (a + b):	$ 0.00
2. Notes	
a. Interest	$ 0.00
b. Redemption	$ 0.00
c. Total (a + b):	$ 0.00
Total: *(1+2)*	$ 0.00

C. Payments to State for Highways:	$ 0.00
D. Payments to Toll Facilities:	$ 0.00
E. Total Expenditures: *(A6+B3+C+D)*	$ 29,591.19

Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

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Receipts, Disbursements & Costs

III - Disbursements for Road & Street Purposes - (Detail)

A.1. Capital Outlay

a. Right-of-way Costs:	$ 0.00
b. Engineering Costs:	$ 0.00
c. Construction Costs:	$ 0.00
d. Total: *(a+b+c)*	$ 0.00

Receipts, Disbursements & Costs

IV. Local Highway Debt Status

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

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
$ 0.00	$ 490,358.33	$ 29,591.19	$ 0.00	$ -460,767.14

Notes and Comments:

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A. Bonds (Total)	$ 0.00	$ 0.00	$ 0.00	$ 0.00
1. Bonds (Refunding Portion)		$ 0.00	$ 0.00	$ 0.00
B. Notes (Total):	$ 0.00	$ 0.00	$ 0.00	$ 0.00

Receipts, Disbursements & Costs

V - Local Road & Street Fund Balance

A. Beginning Balance	B. Total Receipts	C.Total Disbursements	D. Ending Balance	E. Reconciliation
$ 0.00	$ 490,358.33	$ 29,591.19	$ 0.00	$ -460,767.14

Notes and Comments:

undefined

Please enter your name: Teagan Serres

Please provide a telephone number where you may be reached: 970-724-3249

Save Print Mode Edit Mode

Please click on the "Save" button before viewing the data in a print format.

Contact: Molly McCabe | Email: Molly.Mccabe@state.co.us | Phone: 303.757.9585

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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

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

Town Council
Town of Kremmling, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Kremmling, Colorado (the "Town") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated July 30, 2026.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, we identified certain deficiencies in internal control that we consider to be a material weakness, as described in finding 2025-001 in the accompanying Schedule of Findings and Questioned Costs.

Compliance and Other Matters

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

Purpose of this Report

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 30, 2026

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Web Site: www.McMahanCPA.com Main Office: (970) 845-8800

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

Town Council
Town of Kremmling, Colorado

Report on Compliance for Each Major Program

We have audited the Town of Kremmling, Colorado's (the "Town") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2025. The Town's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Town's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Town's compliance with those requirements.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of the Town is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Town's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 30, 2026

Town of Kremmling, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Part I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	Yes
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

Federal Awards:

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No
Major programs:	
Drinking Water State Revolving Fund	ALN 66.468
Dollar threshold used to identify Type A from Type B programs:	$1,000,000
Identified as low-risk auditee	No

Part II – Findings Related to Financial Statements

Findings related to financial statements as required by *Government Auditing Standards*	Yes
Auditor-assigned reference number	2025-001

Part III – Findings Related to Federal Awards

Internal control findings	No
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

Town of Kremmling, Colorado
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

Section II – Financial Statement Findings

2025-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Condition:	The Town does not have sufficient internal controls over the preparation and review of its financial statements. Specifically, the Town does not have adequate internal review procedures to detect material misstatements prior to audit issuance.
Criteria:	Internal control over financial reporting requires that management establish and maintain controls designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with applicable accounting principles.
Effect:	There is an increased risk that material misstatements in the financial statements could occur and not be detected or corrected in a timely manner.
Cause:	The Town experienced significant turnover in its Finance Department, resulting in a loss of timely reconciliation of the Town's accounts.
Recommendation:	We recommend that the Town improve the process for identifying errors during reconciliation processes on a periodic basis to ensure the completeness and accuracy of its financial records.
View of Responsible Officials	The Town agrees with the finding and will implement plans to strengthen internal review procedures, and has hired outside accounting consultants for the subsequent fiscal year.
Responsible Official:	Jan MacPherson, Town Manager and Finance Director

Town of Kremmling, Colorado

P.O. Box 538, Kremmling, Colorado, 80459

Corrective Action Plan

For the year ended December 31, 2025

The Town of Kremmling respectfully submits the following corrective action plan for the year ended December 31, 2025.

Reference Number:

2025-001

Finding:

The Town does not have sufficient internal controls over the preparation and review of its financial statements. Specifically, the Town does not have adequate internal review procedures to detect material misstatements prior to audit issuance.

Corrective Action:

The Town has hired outside accounting professionals to assist in monthly and year end reconciliations of accounting records in 2026.

Personnel Responsible for Corrective Action:

Jan MacPherson, Town Manager and Finance Director

Anticipated Completion Date:

December 31, 2026 for fiscal year 2026

Town of Kremmling, Colorado
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2025

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

Town of Kremmling, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Program Title	Federal ALN	Grant Project Number	Expenditures
Environmental Protection Agency			
Passed through Colorado Water Resources and Power Development Authority			
Drinking Water State Revolving Fund	66.468	DBS24CX232	2,529,627
Total Environmental Protection Agency			2,529,627

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2025

Note 1. Basis of Presentation:
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Town and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements on of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

Note 2. Determining the Name of Non-cash Awards Expended:
Fair market value of assistance at the time of disbursement to the recipient, or the assessed value provided by the state or federal agency.

Note 3. Sub-recipients:
The Town provided no federal awards to subrecipients:

Note 4. Indirect Facilities and Administration costs:
The Town does not use the 15% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, indirect (F & A) costs.