Town of Orchard City
Financial Statements and Report of
Independent Certified Public Accountants
as of
December 31, 2025

Town of Orchard City

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Blair and Associates, P.C.
Cedaredge, Colorado

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Orchard City, Colorado

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Orchard City, Colorado, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Certified Public Accountants
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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Orchard City, Colorado'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 of Orchard City, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Orchard City, Colorado's basic financial statements. The local highway finance report is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the local highway finance report is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Blair and Associates, P.C.

Cedaredge, Colorado
May 22, 2026

Management's Discussion and Analysis

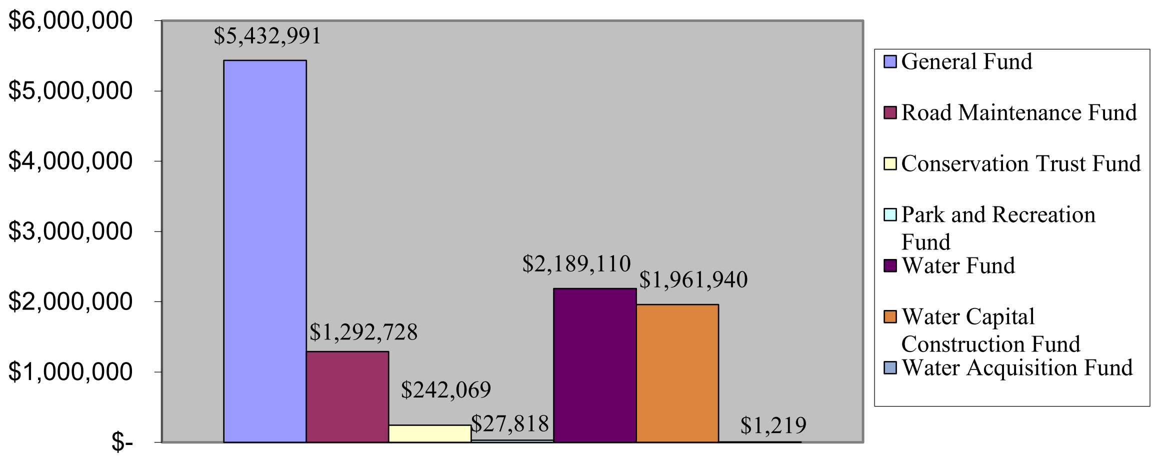
As management of the Town of Orchard City, we offer readers of the Town of Orchard City Financial statements, this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the Town of Orchard City.

FINANCIAL HIGHLIGHTS

- Town of Orchard City is in healthy financial condition.

  See Governmental Fund Balances and Available Resources chart.

Governmental Fund Balances and Available Resources



- Orchard City's net position amounted to $25,123,865 *(refer to statement of activities)* at the end of the year, a reported increase of $1,216,206 for the fiscal year.

- Governmental funds reported combined ending fund balances of $6,995,606 (*refer to statement of revenues, expenditures, and changes in fund balances)*, a reported increase of $718,596 for the fiscal year.

- Orchard City's unassigned fund balance for the general fund was $5,406,584 *(refer to balance sheet)*, an increase of $512,598 in comparison to the prior year.

- At December 31, 2025, the Town's General fund did have $22,207 reserved for emergencies which was the balance equal to at least 3% of the general fund appropriations as the required state mandated emergency reserve.

- The Town has long-term liabilities for compensated absences of $46,505 and a loan payable of $1,338,804.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

Government-wide financial statements

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

The statement of net position presents information on all 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 financial position 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 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.

Both of the government-wide financial statements distinguish functions 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 include general government, public works, and culture and recreation. The business type activities include water activities.

Fund financial statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The Town funds can be divided into two categories: governmental funds and proprietary funds.

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 spendable resources, as well as on balances of spendable 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 activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The governmental funds are separated into following major funds: General, Road Maintenance and Park and Recreation Funds.

An annual appropriated budget is adopted for all governmental funds. A budgetary comparison statement has been provided for these funds to demonstrate compliance with these budgets.

Proprietary funds

Proprietary funds are maintained as follows:

Enterprise funds are mirrored to report the same functions presented as business-type activities in the government wide financial statements, only in more detail. The enterprise fund is used to account for water operations. The proprietary fund financial statements provide separate information for water operations which are considered to be a major fund.

Notes to financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which is required to be disclosed by the Governmental Accounting Standards Board.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

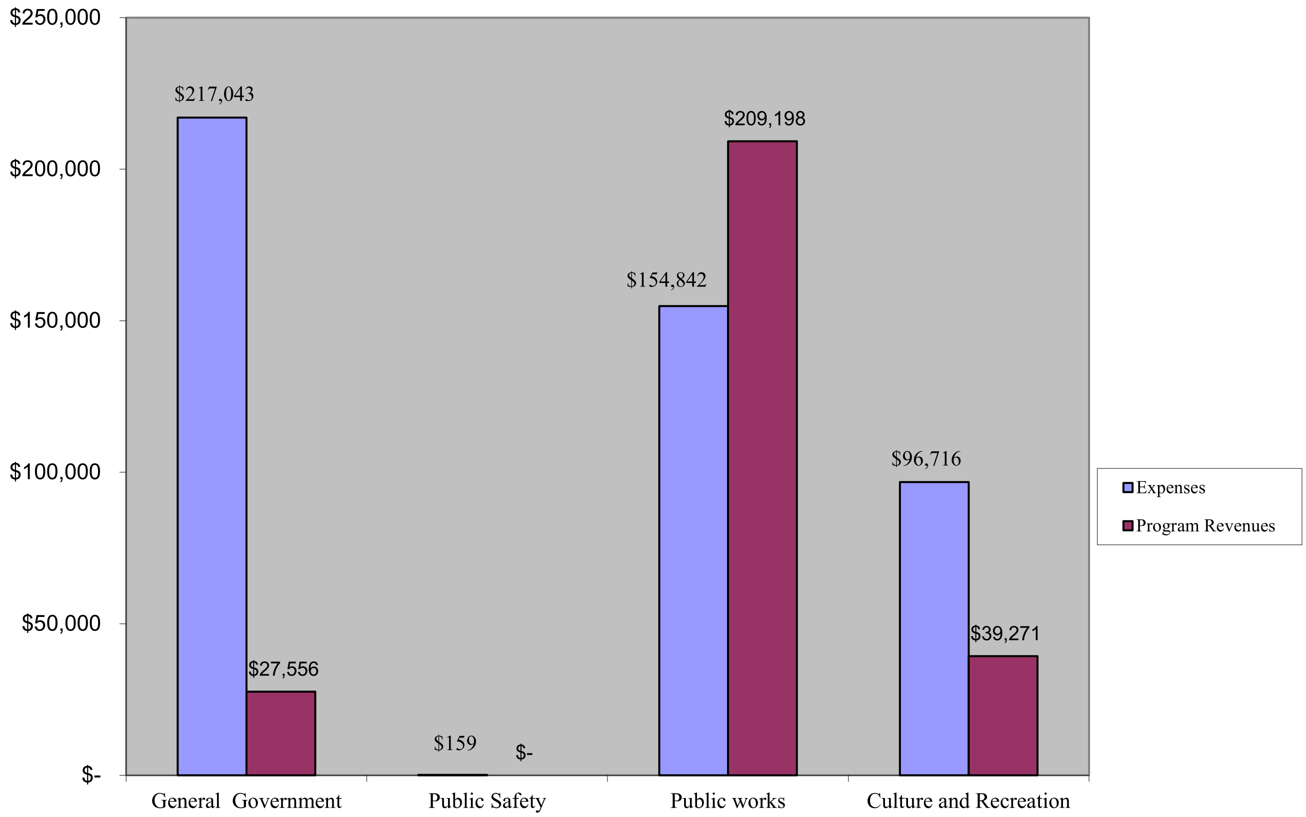
The following table summarizes the Town's governmental and business type net position for 2024 and 2025.

Assets	Governmental Activities 2024	Governmental Activities 2025	Business Type Activities 2024	Business Type Activities 2025	Totals 2024	Totals 2025
Current and other assets	$ 6,289,597	$ 7,002,857	$ 5,799,648	$ 5,532,189	$ 12,089,245	$ 12,535,046
Capital assets	2,574,511	2,459,146	10,720,077	11,563,348	13,294,588	14,022,494
Total assets	$ 8,864,108	$ 9,462,003	$ 16,519,725	$ 17,095,537	$ 25,383,833	$ 26,557,540
Current Liabilities	$ 12,587	$ 7,251	$ 85,487	$ 121,336	$ 98,074	$ 128,587
Non-current liabilities						
Loan payable	-	-	1,338,804	1,258,583	1,338,804	1,258,583
Compensated absences	39,296	46,505	-	-	39,296	46,505
Total liabilities	51,883	53,756	1,424,291	1,379,919	1,476,174	1,433,675
Net Position						
Investment in capital assets, net of related debt	2,574,511	2,459,146	9,302,241	10,224,544	11,876,752	12,683,690
Restricted	23,324	35,280	-	-	23,324	35,280
Unrestricted	6,214,390	6,913,821	5,793,193	5,491,074	12,007,583	12,404,895
Total net position	$ 8,812,225	$ 9,408,247	$ 15,095,434	$ 15,715,618	$ 23,907,659	$ 25,123,865

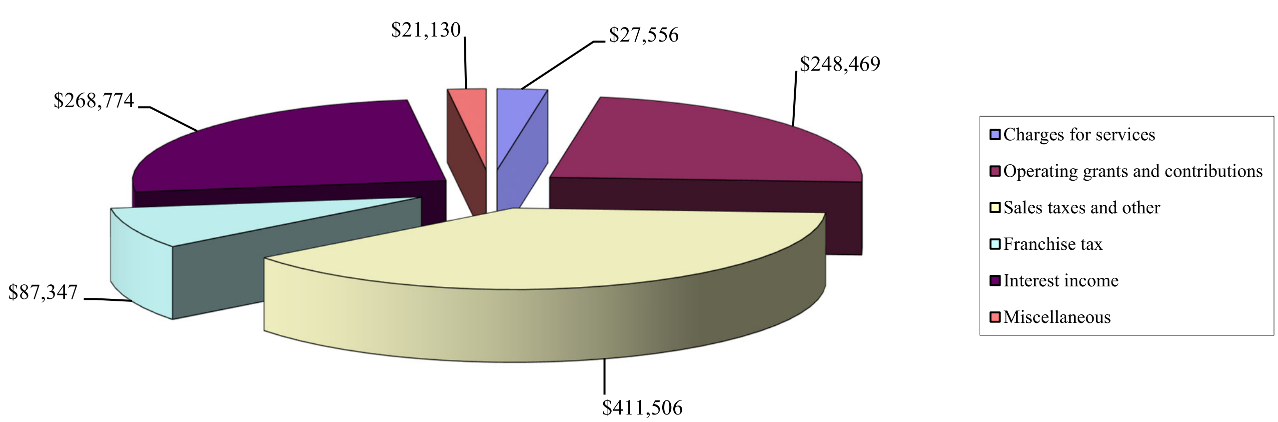
At the close of 2025 total net position was $25,123,865, an increase of $1,216,206 from prior year. In governmental activities the largest portion of assets are in cash and cash equivalents and capital assets of $6,948,375 and $2,459,146 respectfully, (99% of total net position). An additional portion of net position, $35,280 represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $12,404,895 (49% of net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Revenues	Governmental Activities 2024	Governmental Activities 2025	Business Type Activities 2024	Business Type Activities 2025	Total 2024	Total 2025
Program revenues						
Charges for services	$ 28,295	$ 27,556	$ 1,395,557	$ 1,675,964	$ 1,423,852	$ 1,703,520
Operating grants	262,269	248,469	-	-	262,269	248,469
Capital grants/contributions	-	-	252,100	33,050	252,100	33,050
General Revenues						
Sales taxes and other	413,576	411,506	-	-	413,576	411,506
Franchise taxes	93,786	87,347	-	-	93,786	87,347
Interest income	303,182	268,774	228,055	188,757	531,237	457,531
Miscellaneous	16,558	21,130	24,297	8,085	40,855	29,215
Gain (loss) on sale of assets	-	-	-	(4,424)	-	(4,424)
Totals	1,117,666	1,064,782	1,900,009	1,901,432	3,017,675	2,966,214
Expenses						
General government	214,169	217,043	-	-	214,169	217,043
Public safety	204	159	-	-	204	159
Public works	172,308	154,842	1,304,358	1,281,248	1,476,666	1,436,090
Culture and recreation	127,806	96,716	-	-	127,806	96,716
Total expenses	514,487	468,760	1,304,358	1,281,248	1,818,845	1,750,008
Increase in net position	603,179	596,022	595,651	620,184	1,198,830	1,216,206
Beginning	8,209,046	8,812,225	14,499,783	15,095,434	22,708,829	23,907,659
Ending	$ 8,812,225	$ 9,408,247	$ 15,095,434	$ 15,715,618	$ 23,907,659	$ 25,123,865

2025 Expense and Program Revenues-
Governmental Activities



Revenues by Source-Governmental Activities



FINANCIAL ANALYSIS OF GOVERNEMENT'S FUNDS

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

Governmental funds

The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of 2025, the Town's governmental funds reported combined ending fund balances, *(refer to Statement of Revenues, Expenditures and Changes in Fund Balances),* of $6,995,606, an increase of $718,596. Of the combined ending fund balances for all governmental funds 77% of this total amount, $5,406,584, constitutes unassigned fund balance, which is available for appropriation at the Town's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it is already committed to 1) meet a state constitution mandated emergency reserve $35,280, 2) Conservation Trust and Park Maintenance Funds $242,069, 3) Road Projects $1,274,233, 4) Parks and Recreation $10,657, and 5) Capital Acquisition $26,783.

The following discussion is to help define what the Town's major funds are and how they function.

The General Fund is the primary operating fund for the Town of Orchard City. It accounts for all financial resources of general government. These activities include planning commission, building inspections, code enforcement, legal matters and elections. At the end of 2025, unassigned fund balance of the General Fund was $5,406,584, while $5,404,508 was in cash and cash equivalents. The General Fund balance increased by $512,598 during 2025.

The Road Maintenance Fund accounts for public works and road maintenance for the Town. Primarily Highway Users Tax Fund finances this fund. At the end of 2025 the fund balance for the Road Maintenance Fund was $1,292,728.

The Park and Recreation Fund is to account for revenues and expenditure for the maintenance of the park. At the end of 2025 the fund balance for the Park and Recreation Fund was $27,818.

Proprietary funds

The Town of Orchard City's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail.

The Town has three enterprise funds referred to as the Water, Capital Construction and Water Acquisition Funds. The total net position in the enterprise funds as of December 31, 2025 amounted to $15,715,618. The total net position increased by $620,184.

GENERAL FUND BUDETARY HIGHLIGHTS

The Town budget $356,371 for 2025 expenditures. Actual expenditures for 2025 were $253,005.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The Town of Orchard City's investment in capital assets for its governmental and business type activities as of December 31, 2025 amounts to $14,022,494, an increase of $727,906 from the prior year. As required by GABS 34, the investment capital assets include land, buildings, building improvements, and equipment.

Long Term Debt

The Town of Orchard City's long-term debt is unpaid paid time off to its employees and loan payable, which as of December 31, 2025 amounted to $46,505 and $1,338,804 respectively.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The town continues to benefit with higher interest rates on investments through Colotrust. The town did receive a grant from the Department of Local Affairs grant funded through federal mineral lease proceeds for $500,000 to help cover a portion of the 2100 Road Waterline Replacement Project from Highway 65 to the PRV just south of the town park. The changes in these economic factors will help the town to continue budgeting for water and road capital improvement projects in 2026.

Revenue that is billed and received directly by the Town mainly consists of fees and charges in the water funds. The Water Fund is a self-supporting fund which collects, treats and distributes drinking water to our customers. The Town will raise water rates 4.5% percent in to become effective in January 2026 to ensure the Water Fund continues to pay for itself because of its fees and the fact that water use is not as directly tied to economic conditions as some of the other revenues are. The Water Capital Construction Fund fee will be raised by additional fifty cents per billing unit.

Annual review of fees will be performed to ensure future water capital improvement projects can continue. The Town continues to closely monitor its revenues and expenditures. This conservative fiscal approach will be used as the Town prepares its 2026 budget and ten-year financial projections.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the finances of the Town of Orchard City. For additional information or questions related to this report please contact the following:

Town of Orchard City
9661 2100 Road
Austin, CO 81410
970-835-3337

Town of Orchard City
Statement of Net Position
December 31, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and cash equivalents (Note 5)	$ 6,948,375	$ 5,072,463	$ 12,020,838
Due from other governmental units	43,597	-	43,597
Accounts receivable	5,285	156,077	161,362
Inventory of supplies	5,600	303,649	309,249
Capital assets (Note 8)			
Nondepreciable	322,258	2,072,916	2,395,174
Depreciable, net of accumulated depreciation	2,136,888	9,490,432	11,627,320
Total assets	$ 9,462,003	$ 17,095,537	$ 26,557,540
LIABILITIES			
Accounts payable	$ 4,866	$ 28,720	$ 33,586
Accrued payroll	2,385	12,272	14,657
Uneared revenue	-	123	123
Current portion of loan payable	-	80,221	80,221
Long-term liabilities:			
Loan payable	-	1,258,583	1,258,583
Compensated absences (Note 1)	46,505	-	46,505
Total liabilities	53,756	1,379,919	1,433,675
NET POSITION			
Investment in capital assets, net of related debt	2,459,146	10,224,544	12,683,690
Restricted for:			
Emergencies	35,280	-	35,280
Unrestricted	6,913,821	5,491,074	12,404,895
Total net position	$ 9,408,247	$ 15,715,618	$ 25,123,865

See accompanying notes to the basic financial statements.

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position — Primary Government		
Functions/Programs	**Expenses**	**Charges for Service and Fees**	**Operating Grants and Contributio**	**Capital Grants and Contributio**	**Governmental Activities**	**Business-Type Activities**	**Total**
Primary government:							
Governmental activities:							
General government	$ 217,043	$ 27,556	$ -	$ -	$ (189,487)	$ -	$ (189,487)
Public safety	159	-	-	-	(159)	-	(159)
Public Works	154,842	-	209,198	-	54,356	-	54,356
Culture and recreation	96,716	-	39,271	-	(57,445)	-	(57,445)
Total governmental activities	468,760	27,556	248,469	-	(192,735)	-	(192,735)
Business-type activities:							
Water	1,281,248	1,675,964	-	33,050	-	427,766	427,766
Total business- type activities	1,281,248	1,675,964	-	33,050	-	427,766	427,766
Total primary government	$1,750,008	$1,703,520	$ 248,469	$ 33,050	(192,735)	427,766	235,031
		General Revenues					
		Sales taxes			391,109	-	391,109
		Franchise taxes			87,347	-	87,347
		Mineral Leasing			14,526	-	14,526
		Severance tax			5,871	-	5,871
		Miscellaneous			21,130	8,085	29,215
		Investment earnings			268,774	188,757	457,531
		Gain (loss) on sale of assets			-	(4,424)	(4,424)
		Total General Revenues			788,757	192,418	981,175
		Changes in Net Position			596,022	620,184	1,216,206
		Net Position-January 1			8,812,225	15,095,434	23,907,659
		Net Position-December 31			$ 9,408,247	$ 15,715,618	$ 25,123,865

See accompanying notes to the basic financial statements.

Town of Orchard City
Governmental Funds
Balance Sheet
December 31, 2025

	General Fund	Road Maintenance Fund	Park and Recreation Fund	Conservation Trust Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	$ 5,404,508	$ 1,273,391	$ 28,406	$ 242,068	$ 6,948,373
Due from other governments	28,813	14,784	-	-	43,597
Accounts receivable	5,285	-	-	-	5,285
Inventory of supplies	-	5,600	-	-	5,600
Total assets	$ 5,438,606	$ 1,293,775	$ 28,406	$ 242,068	$ 7,002,855
Liabilities and Fund Balance					
Liabilities:					
Accounts payable	$ 4,144	$ 135	$ 587	$ -	$ 4,866
Accrued payroll	1,474	911	-	-	2,385
Total liabilities	5,618	1,046	587	-	7,251
Fund balances:					
Restricted					
Reserve for emergencies	22,207	10,995	2,078	-	35,280
Parks and recreation	-	-	-	242,069	242,069
Committed					
Road maintenance projects	-	1,274,233	-	-	1,274,233
Parks and recreation	-	-	10,657	-	10,657
Assigned					
Capital acquisitions	4,200	7,500	15,083	-	26,783
Unassigned	5,406,584	-	-	-	5,406,584
Total fund balance	5,432,991	1,292,728	27,818	242,069	6,995,606
Total liabilities and fund balance	$ 5,438,609	$ 1,293,774	$ 28,405	$ 242,069	$ 7,002,857

See accompanying notes to the basic financial statements.

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

Total fund balance, governmental funds	$ 6,995,606
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	2,459,146
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(46,505)
Net Position of Governmental Activities in the Statement of Net Position	$ 9,408,247

See accompanying notes to the basic financial statements.

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

	General Fund	Road Maintenance Fund	Park and Recreation Fund	Conservation Trust Fund	Total Governmental Funds
REVENUES					
Franchise Taxes	$ 85,050	$ -	$ 2,297	$ -	$ 87,347
Sales Taxes	391,109	-	-	-	391,109
Charges for services	4,056	-	-	-	4,056
Licenses and permits	23,500	-	-	-	23,500
Intergovernmental	20,397	209,198	-	39,271	268,866
Investment earnings	227,119	41,199	-	456	268,774
Miscellaneous	14,372	1,547	5,211	-	21,130
Total revenues	765,603	251,944	7,508	39,727	1,064,782
EXPENDITURES					
Current:					
General government	188,240	-	-	-	188,240
Public safety	159	-	-	-	159
Public works	2,647	71,138	-	-	73,785
Culture and recreation	19,060	-	48,744	-	67,804
Capital outlay	-	2,373	-	13,825	16,198
Total expenditures	210,106	73,511	48,744	13,825	346,186
Excess (deficiency) of revenues over expenditures	555,497	178,433	(41,236)	25,902	718,596
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	42,899	-	42,899
Transfers out	(42,899)	-	-	-	(42,899)
Total other financing sources (uses)	(42,899)	-	42,899	-	-
Net change to fund balance	512,598	178,433	1,663	25,902	718,596
Fund balance, January 1	4,920,393	1,114,295	26,155	216,167	6,277,010
Fund balance, December 31	$ 5,432,991	$ 1,292,728	$ 27,818	$ 242,069	$ 6,995,606

See accompanying notes to the basic financial statements.

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

Net change in fund balances - total governmental funds		$ 718,596
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 and reported as deprecation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital assets current additions	$ 10,800	
Depreciation expense	(126,165)	
Excess of depreciation over capital outlay		(115,365)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated absences		(7,209)
Change in net position of governmental funds		$ 596,022

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Net Position
Enterprise Funds
December 31, 2025

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
ASSETS				
Current Assets:				
Cash and cash equivalents	$ 3,087,865	$ 1,983,379	$ 1,219	$ 5,072,463
Accounts Receivable, net	156,077	-	-	156,077
Inventory of supplies	303,649	-	-	303,649
Total current assets	3,547,591	1,983,379	1,219	5,532,189
Noncurrent assets:				
Capital assets:				
Land and improvements	1,957,600	-	-	1,957,600
Utility system	14,421,200	-	-	14,421,200
Buildings and improvements	181,461	-	-	181,461
Equipment	373,067	-	-	373,067
Construction in progress	115,316	-	-	115,316
Less Accumulated Depreciation	(5,485,296)	-	-	(5,485,296)
Total noncurrent assets	11,563,348	-	-	11,563,348
Total assets	15,110,939	1,983,379	1,219	17,095,537
LIABILITIES				
Current liabilities:				
Accounts payable	7,405	21,315	-	28,720
Accrued payroll	12,272	-	-	12,272
Unearned revenue	-	123	-	123
Current portion on long-term debt	80,221	-	-	80,221
Total current liabilities	99,898	21,438	-	121,336
Long-term debt:				
Loans payable	1,258,583	-	-	1,258,583
Total long-term debt	1,258,583	-	-	1,258,583
NET POSITION				
Invested in capital assets	11,563,348	-	-	11,563,348
Unrestricted	2,189,110	1,961,941	1,219	4,152,270
Total net position	$ 13,752,458	$ 1,961,941	$ 1,219	$ 15,715,618

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Revenues, Expenses and Changes in Fund Net Position
Enterprise Funds
Year Ended December 31, 2025

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
Operating revenues:				
Charges for services	$ 1,429,809	$ 234,405	$ 11,750	$ 1,675,964
Miscellaneous	8,085	-	-	8,085
Total operating revenues	1,437,894	234,405	11,750	1,684,049
Operating expenses:				
Personal services	600,590	-	-	600,590
Purchased services, supplies and materials	249,714	-	28,336	278,050
Repairs and maintenance	33,084	-	-	33,084
Depreciation	348,502	-	-	348,502
Total operating expenses	1,231,890	-	28,336	1,260,226
Operating income (loss)	206,004	234,405	(16,586)	423,823
Nonoperating revenues (expenses):				
Interest and investment revenue	102,385	81,197	5,175	188,757
Disposal of assets	(4,424)	-	-	(4,424)
Transfers in (out)	(101,279)	101,279	-	-
Interest expense	(21,022)	-	-	(21,022)
Total nonoperating revenues (expenses)	(24,340)	182,476	5,175	163,311
Income (loss) before Capital Contributions	181,664	416,881	(11,411)	587,134
Capital contributions-Tap Fees	-	33,050	-	33,050
Change in net position	181,664	449,931	(11,411)	620,184
Total net position, January 1	12,416,288	2,243,916	435,230	15,095,434
Residual transfer	1,154,506	(731,906)	(422,600)	-
Total net position, December 31	$ 13,752,458	$ 1,961,941	$ 1,219	$ 15,715,618

See accompanying notes to the basic financial statements.

Town of Orchard City
Statement of Cash Flows
Enterprise Funds
Year Ended December 31, 2025

	Water Fund	Water Capital Construction Fund	Water Acquisition Fund	Total
Cash Flows From Operating Activities				
Charges for sales and services	$ 1,414,190	$ 234,405	$ 11,750	$ 1,660,345
Other receipts	8,085	-	-	8,085
Payments for personal services	(594,650)	-	-	(594,650)
Payments to suppliers	(327,983)	21,316	(28,336)	(335,003)
Net cash provided (used) by operating activities	499,642	255,721	(16,586)	738,777
Cash Flows from Noncapital Activities				
Transfers in	(101,279)	101,279	-	-
Net cash provided (used) by noncapital financing activities	(101,279)	101,279	-	-
Cash Flows from Capital and Related Financing Activities				
Tap fees and water rights	-	33,050	-	33,050
Acquisition of fixed assets	(41,690)	(731,907)	(422,600)	(1,196,197)
Principal payments on loan	(79,032)	-	-	(79,032)
Interest expense	(21,022)	-	-	(21,022)
Net cash provided (used) by capital and related financing activities	(141,744)	(698,857)	(422,600)	(1,263,201)
Cash Flows from Investing Activities				
Interest on investments	102,385	81,197	5,175	188,757
Net increase (decrease) in cash and equivalents	359,004	(260,660)	(434,011)	(335,667)
Cash balances, January 1	2,728,861	2,244,039	435,230	5,408,130
Cash balances, December 31	$ 3,087,865	$ 1,983,379	$ 1,219	$ 5,072,463
Reconciling of operating income (loss) to net cash provided (used) by operating activities:				
Operating income (loss)	$ 206,004	$ 234,405	$ (16,586)	$ 423,823
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation expense	348,502	-	-	348,502
(Increase) Decrease in receivables	(15,619)	-	-	(15,619)
(Increase) Decrease in inventory	(52,590)	-	-	(52,590)
Increase (Decrease) in accounts payables	7,405	21,316	-	28,721
Increase (Decrease) in accrued payroll	5,940	-	-	5,940
Net cash provided by (used) operating activities	$ 499,642	$ 255,721	$ (16,586)	$ 738,777

See accompanying notes to the basic financial statements.

Note 1 - Summary of Significant Accounting Policies

The financial statements of the Town of Orchard City, Colorado (the Town) have been prepared in conformity with the accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles,

The more significant of the Town's accounting policies are described below:

Financial Reporting Entity

The Town is incorporated under the laws of the State of Colorado, with a mayor and a town board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Orchard City (the primary government). The Town has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Town. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and appointment of the respect governing board.

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Town. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support.

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

Fund Financial Statements

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

Note 1 - Summary of Significant Accounting Policies - (continued)

All governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources and expenditures for the period.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental funds:

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

Special Revenue Funds are used to account for the proceeds of special revenue sources that are restricted for specific purposes.

- Road and Maintenance Fund is to account for highway user's tax to be used for construction and maintenance of the Town's roads.

- Park and Recreation Fund is to account for lease income and taxes to maintain the Town Park.

- The Conservation Trust Fund, which accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

Enterprise Funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

The Town reports the following major enterprise fund business-type activities:

- Water Fund, which accounts for all operations of the Town's water, services. This is primarily financed by user charges.

- Capital Construction, which accounts for construction of utility systems.

- Acquisition Fund, which is used for the purchase of water rights.

Note 1 - Summary of Significant Accounting Policies - (continued)

Measurement Focus and Basis of Accounting

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

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with expendable available resources.

Those revenues susceptible to accrual are interest revenue and charges for services. Entitlement revenues are not susceptible to accrual because generally, they are not measurable until received. Grant revenues are recognized as they are earned.

The accrual basis of accounting is utilized by the enterprise fund. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

Deferred Outflows / Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and will not be recognize as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Property taxes revenue that are related to a future period have been recorded as deferred inflows. Grants and entitlements received before eligibility requirements are met (e.g., cash advances) are recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available.

Note 1 - Summary of Significant Accounting Policies - (continued)

Cash and Cash Equivalents

For the purposes of the statement of cash flows of the enterprise fund, cash and cash equivalents consist of operating and restricted cash and highly liquid securities with an initial maturity of three months or less.

Use of Estimates

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

Capital Assets

Capital assets, which include property, equipment and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years, and for which the initial, individual value equals or exceeds $5,000.

All purchased assets are valued at cost where historical records are available and at estimated historical costs where no historical records exist. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Building and Other Improvements	20-50 years
Water System	50 years
Furniture and Equipment	3-10 years
Infrastructure	15-40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets as their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Note 1 - Summary of Significant Accounting Policies - (continued)

Long-Term Liabilities

In the government-wide financial statements, and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities, or enterprise fund type statement of net position.

The long-term compensated absences are serviced from revenues of the General Fund from future appropriations. No interest costs were capitalized in 2024.

Compensated Absences

It is the Town's policy for employees to accumulate earned but unused vacation and sick pay benefits, but employees are not entitled to be paid for sick leave upon termination. In the government-wide statements, vacation and unused compensation time is accrued when incurred and reported as a liability of the governmental and business-type activities. In the governmental funds, vacation and unused compensation time that is expected to be liquidated with expendable available financial resources is reported as expenditure and a fund liability of the governmental fund that will pay it. Amounts not expected to be liquidated with expendable available financial resources are not reported as expenditure.

Net Position

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

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year end, outstanding balances between funds are reported as "due to/from other funds." Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Inventory

Inventory is valued at lower of cost (first in, first out) or market.

Note 1 - Summary of Significant Accounting Policies - (continued)

Accounts Receivable

The Town considers all receivables fully collectible.

Fund Balance

In the fund financial statements, Governmental Funds report the following classifications:

- Non-spendable fund balance - amounts that are not in spendable form (such as inventory) or are required to be maintained intact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions or by enabling legislation;
- Committed fund balance - amounts constrained for specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Town considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the Town considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless Town Council has provided otherwise in its commitment or assignment actions.

Note 2 - Reconciliation of Government-wide and Fund Financial Statements

The governmental funds balance sheet includes reconciliation between fund balances total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis of accounting were eliminated from the governmental fund statements during the consolidation of governmental activities.

Note 3 - Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.” The Town’s voters on November 8, 1994, approved a ballot measure to permit the Town to collect, retain and expend the full proceeds of the Town’s sales tax, and federal and state grants.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the amendment.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending. A portion of the General, Road Maintenance and Park and Recreation Fund’s fund balances are classified as restricted for emergencies as required by the Amendment. The amount restricted at December 31, 2025 was $37,080.

Note 4 - Budgets

The Town adheres to the following procedures in establishing budgetary data reflected in the financial statements:

A. By August 1st of each year, the manager shall give public notice of budget preparation for the next fiscal year. The manager asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared.

   The manager, then prepares a proposed budget for the ensuing fiscal year and submits it to the Council no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.

B. The budget provides a complete financial plan of all Town funds and activities for the ensuing fiscal year indicating anticipated revenues, proposed operating and capital expenditures, a provision for contingencies, and anticipated net surplus or deficit for the ensuing fiscal year.

C. A public hearing on the proposed budget is held by the Council in early December.

D. The Council adopts the budget by resolution on or before the final day established by law for the certification of the ensuing year’s tax levy to the County. Adoption of the budget by the Council shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated and shall constitute a levy of the property tax therein proposed.

Note 4 - Budgets- (continued)

E. If during the fiscal year the manager determines that there are expenses in excess of those estimated in the budget, the Council by ordinance may make supplemental appropriations for the year up to the amount of such excess. To meet an emergency affecting public property, health, peace or safety, the Council may make emergency appropriations. If at any time during the fiscal year it appears probable to the manager that the revenues available will be insufficient to meet the amount appropriated, the manager reports to the Council, indicating the estimated amount of deficit, any remedial action already taken, and a recommendation as to any other steps to be taken. Any time during the fiscal year the manager may transfer part or all of any unencumbered appropriation balance within a department.

F. Budget appropriations lapse at the end of each year.

G. Expenditures may not exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. There were no revisions made to the original budget.

H. Budgets for governmental funds are adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP), except for long-term receivables and advances and capital lease financing which are budgeted when liquidated rather than when the receivable/liability is incurred. Budgets for enterprise funds are adopted on a basis consistent with the spending measurement focus of the governmental funds.

Revenues	Final Budget	Actual	Variance Favorable (Unfavorable)
GAAP based revenues	$ -	$ 1,974,085	$ -
Add:			
Tap fees and water rights		33,050	
Total budgetary revenues	$ 1,414,029	$ 2,007,135	$ 593,106
Expenditures			
GAAP based expenses	$ -	$ 2,581,419	$ -
Add (deduct):			
Depreciation		(351,197)	
Principal payments on debt		79,032	
Acquisition of capital assets		1,157,022	
Total budgetary expenses	$ 3,945,746	$ 3,466,276	$ 479,470

Note 5 - Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2025, the carrying amount of the Town's deposits was $2,258,804 and the bank balance of the Town's deposits was $2,251,113 of which $494,235 was covered by federal depository insurance.

The Town maintains a cash pool that is available to the General Fund, Special Revenue Funds and Enterprise Fund.

Cash and Cash Equivalents

Cash in bank accounts	$ 2,258,804
Cash with county treasurer and cash on hand	1,482
ColoTrust	9,760,551
Total	$ 12,020,837

Interest rate risk-The town does not have a formal policy limiting investment maturities, other than that established by the state statue of five years, which would help manage its exposure to fair value losses from increasing interest rates.

Credit risk-Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the Town's policy to limit its investments to U.S. Treasury obligations, certain U.S. government agencies securities, commercial paper, local government investment pools, repurchase agreements and money market funds.

Custodial Credit Risk- For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Town will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Note 5 - Deposits and Investments- (continued)

Investments

At December 31, 2025 the Town had the following investments:

	Maturities Less Than One Year	Net Asset Value
ColoTrust Plus +	$ 9,760,551	$ 9,760,551

The Town invested $9,760,551 in the Colorado Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission administers and enforces all state statutes governing public investment pools. The investment is an external investment pool that reports at the fair value per share of the pool's underlying portfolio. The unit of account is each share held, and the value of the position is the fair value of the pool's share price multiplied by the number of shares held. For pricing and redeeming share COLOTRUST maintains a stable net asset value (NAV) of $1 per share, which approximates fair value. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables and payables. All COLOTRUST investments are reported at NAV and do not have any unfunded commitments, redemption restrictions or redemption notice periods. COLOTRUST offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+, which are both rated AAAm by Standard & Poor's. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. Financial statements and information about the pool for COLOTRUST may be obtained through its website at www.colotrust.com. COLOTRUST may, without the necessity of a formal meeting of their Board, temporarily suspend the right of redemption or postpone the date of payment for redeemed shares under certain specific conditions described in their trust indenture and during any financial emergency when it is not reasonably practicable because of substantial losses which might be incurred.

Note 6 - Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Town purchases general liability and property insurance through commercial insurers to provide coverage of all losses, claims and judgments. Claims have not exceeded coverage in any of the last three fiscal years.

Note 7 - Retirement Plans

Defined Contribution Plan

The Town participates in the Colorado Retirement Association Defined Contribution Plan (CRA), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Service Code Section 401 (A) and CRS 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Plan provisions and contribution requirements are established and may be amended by CRA and would have to be approved by the Town.

There are no unfunded past service liabilities. All of its full-time employees, who work 40 hours per week, are eligible to contribute to the plan. Employees are eligible to participate upon the first day of the payroll period following the employee’s date of hire. Both the Town and the employees contribute between 4% and 4% of the employee's monthly base salary to the plan. Employees may also make additional contributions up to a maximum of 10% of compensation.

Employees are immediately vested in their participant contributions and become vested in employer contributions to the plan over a five-year period. For the year ended December 31, 2025, the Town's total payroll was $553,547, the total covered payroll by the retirement plan was $503,705. During 2025, the Town and employees each made their respectively required contribution of $19,385, for a total of $38,770. Complete financial statements for the retirement plans may be obtained from CRA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

Note 8 - Capital Assets

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

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Governmental Activities				
Capital assets not being depreciated				
Land	$ 322,258	$ -	$ -	$ 322,258
Capital assets being depreciated				
Buildings	1,162,018	10,800	-	1,172,818
Equipment and furniture	507,046	-	-	507,046
Infrastructure	1,966,308	-	-	1,966,308
Ball fields and parks	825,938	-	-	825,938
Less: Accumulated depreciation	(2,209,057)	(126,165)	-	(2,335,222)
	2,252,253	(115,365)	-	2,136,888
Governmental Activities				
Capital assets, net	$ 2,574,511	$ (115,365)	$ -	$ 2,459,146

Note 8 - Capital Assets- (continued)

	Balance 1/1/2025	Additions	Deletions	Balance 12/31/2025
Business-Type Activities				
Capital assets not being depreciated				
Construction in progress	$ 76,141	$ 39,175	$ -	$ 115,316
Land and water rights	1,535,000	422,600	-	1,957,600
	1,611,141	461,775	-	2,072,916
Capital assets being depreciated				
Buildings and improvements	181,461	-	-	181,461
Equipment and furniture	357,921	41,690	(26,544)	373,067
Distribution system	13,728,468	692,732	-	14,421,200
Less: Accumulated depreciation	(5,158,914)	(348,502)	22,120	(5,485,296)
	6,419,469	385,920	(4,424)	9,490,432
Business-Type Activities				
Capital assets, net	$ 7,954,469	$ 847,695	$ (4,424)	$ 11,563,348

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

General government	$ 21,594
Public works	78,684
Culture and recreation	25,887
	$ 126,165
Water Fund	$ 348,502

Note 9 - Long-Term Liabilities

Governmental Activities	Balance January 1, 2025	Additions	Reductions	Balance December 31, 2025	Due Within One Year
Accrued compensated absences	$ 39,296	$ 46,505	$ (39,296)	$ 46,505	$ 46,505
Total	$ 39,296	$ 46,505	$ (39,296)	$ 46,505	$ 46,505
Enterprise Activities					
Loan payable - SRF	$ 1,417,836	$ -	$ (79,032)	$ 1,338,804	$ 80,221
Total	$ 1,417,836	$ -	$ (79,032)	$ 1,338,804	$ 80,221

Note 9 - Long-Term Liabilities- (continued)

Loan Payable-Colorado Water Resources and Power Development Authority

The Town borrowed $1,691,091 from the Colorado Water Resources and Power Development Authority in 2021 to facilitate the construction of a new water treatment facility. The Colorado Water Resources and Power Development Authority loaned the Town, through Drinking Water Revolving Fund Program, a loan bearing a 1.50% interest rate and is payable in principal installments of $ 50,001.89 on May 1 and November 1 of each year. The loan matures on November 1, 2040.

Year	Principal	Interest	Total
2026	$ 80,221	$ 19,783	$ 100,004
2027	81,429	18,575	100,004
2028	82,655	17,349	100,004
2029	83,900	16,104	100,004
2030	85,163	14,841	100,004
2031-2035	445,439	54,580	500,019
2036-2040	479,997	20,022	500,019
	$ 1,338,804	$ 161,254	$ 1,500,058

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

Revenues	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Taxes:				
Franchise	$ 86,500	$ 86,500	$ 85,050	$ (1,450)
Intergovernmental				
Other taxes	1,000	1,000	2,007	1,007
Sales tax	300,000	300,000	391,109	91,109
Severance tax	2,000	2,000	5,871	3,871
Mineral leasing	3,000	3,000	14,526	11,526
Planning commission	500	500	4,056	3,556
Total intergovernmental	306,500	306,500	417,569	111,069
License and permits	15,900	15,900	23,500	7,600
Miscellaneous				
Interest on deposits	80,000	80,000	227,119	147,119
Rent	900	900	1,475	575
Other	100	100	10,890	10,790
Total revenues	489,900	489,900	765,603	275,703
Expenditures				
Salaries and benefits	119,769	119,769	86,479	33,290
Utilities	3,500	3,500	3,027	473
Telephone	1,300	1,300	719	581
Office supplies	4,000	4,000	5,122	(1,122)
Postage	1,000	1,000	317	683
Computer support	10,000	10,000	5,798	4,202
Building repairs and supplies	6,000	6,000	6,625	(625)
Trash removal	1,475	1,475	1,407	68
Janitorial services	11,970	11,970	11,970	-
Insurance	14,751	14,751	14,740	11
Town clothing	1,000	1,000	321	679
Dues and subscriptions	1,150	1,150	1,417	(267)
Newsletter	7,000	7,000	-	7,000
Website	2,772	2,772	2,772	-
Trustee fees and other	22,500	22,500	19,053	3,447
Conference and schools	5,000	5,000	2,733	2,267
Town picnic and other	10,000	10,000	10,070	(70)
Miscellaneous	1,611	1,611	1,461	150
Board meeting and supplies	5,000	5,000	2,712	2,288
Community room help	500	500	330	170
Planning commission	2,200	2,200	2,198	2
Public notices and ads	1,700	1,700	1,847	(147)
Professional fees	15,000	15,000	4,500	10,500
Records management	3,000	3,000	504	2,496
GIS update mapping	1,900	1,900	1,870	30
Treasurer's fees	250	250	248	2
Total general government	$ 254,348	$ 254,348	$ 188,240	$ 66,108

See accompanying notes to the basic financial statements.

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - General Fund
For the Year Ended December 31, 2025

Building department				
Supplies	$ 1,300	$ 1,300	$ 2,106	$ (806)
Training and meetings	700	700	541	159
Vehicle expense	3,000	3,000	-	3,000
Total Building department	5,000	5,000	2,647	2,353
Public safety				
Mosquito control	500	500	159	341
Total public safety	500	500	159	341
Donations				
Dolphin House	1,500	1,500	1,500	-
All points transportation	2,869	2,869	2,869	-
Animal control	2,500	2,500	2,500	-
Food bank	2,000	2,000	2,000	-
Student of the month	900	900	600	300
Hospice	2,000	2,000	2,000	-
Other	11,477	11,477	7,591	3,886
Total donations	23,246	23,246	19,060	4,186
Contingency	20,000	20,000	-	20,000
Reserve	10,378	10,378	-	10,378
Total expenditures	313,472	313,472	210,106	103,366
Excess of revenues over (under) expenditures	176,428	176,428	555,497	379,069
Other Financing sources (uses)				
Transfer out	(42,899)	(42,899)	(42,899)	-
Excess of revenues and sources over and (under) expenditures and uses	133,529	133,529	512,598	379,069
Fund balance - January 1	4,731,197	4,731,197	4,920,393	189,196
Fund balance - December 31	$ 4,864,726	$ 4,864,726	$ 5,432,991	$ 568,265

Town of Orchard City
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual - Road Maintenance Fund
For the Year Ended December 31, 2025

Revenues	**Original Budget**	**Final Budget**	**Actual**	**Favorable (Unfavorable)**
Intergovernmental				
State shared				
HUTF	$ 137,421	$ 137,421	$ 175,330	$ 37,909
Motor vehicle fees	16,000	16,000	16,056	56
Motor vehicle - sales tax	3,000	3,000	5,398	2,398
County road and bridge	11,500	11,500	12,414	914
Total intergovernmental	167,921	167,921	209,198	41,277
Miscellaneous				
Interest on deposits	15,000	15,000	41,199	26,199
Other	-	-	1,547	1,547
Total revenues	182,921	182,921	251,944	69,023
Expenditures				
Public Works:				
Salaries and benefits	47,412	47,412	44,587	2,825
Snow removal	5,000	5,000	651	4,349
Travel and training	2,000	2,000	358	1,642
Vehicle expense	15,000	15,000	3,228	11,772
Improvement projects	220,000	220,000	-	220,000
Street sign	2,000	2,000	1,929	71
Miscellaneous	2,000	2,000	167	1,833
Utilities and telephone	3,800	3,800	2,779	1,021
Insurance	7,376	7,376	7,370	6
Professional fees	2,000	2,000	2,000	-
Weed Control	1,000	1,000	272	728
Repairs and maintenance	16,000	16,000	6,650	9,350
Supplies and materials-streets	6,000	6,000	1,147	4,853
Capital Outlay	35,000	35,000	2,373	32,627
Reserves	10,938	10,938	-	10,938
Total Expenditures	375,526	375,526	73,511	302,015
Excess (deficiency) of revenues over expenditures	(192,605)	(192,605)	178,433	371,038
Fund balance - January 1	1,078,837	1,078,837	1,114,295	35,458
Fund balance - December 31	$ 886,232	$ 886,232	$ 1,292,728	$ 406,496

See accompanying notes to the basic financial statements.

Town of Orchard City
Park and Recreation Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Franchise taxes	$ 2,600	$ 2,600	$ 2,297	$ (303)
Lease income	500	500	1,800	1,300
Miscellaneous	1,500	1,500	3,411	1,911
Total Revenues	4,600	4,600	7,508	2,908
Expenditures				
Salaries and benefits	24,470	24,470	24,030	440
Utilities and telephone	8,500	8,500	6,621	1,879
Vehicle Expenses	6,000	6,000	2,100	3,900
Building maintenance	1,000	1,000	329	671
Landscaping	500	500	547	(47)
Insurance	7,376	7,376	7,370	6
Equipment maintenance	2,000	2,000	695	1,305
Park maintenance	12,500	12,500	2,641	9,859
Miscellaneous	2,600	2,600	2,411	189
Audit and budget	2,000	2,000	2,000	-
Tabor reserve	2,008	2,008	-	2,008
Total expenditures	68,954	68,954	48,744	20,210
Excess (deficiency) of revenues over expenditures	(64,354)	(64,354)	(41,236)	23,118
Other Financing Sources (Uses)				
Transfer in	42,899	42,899	42,899	-
Total other financing sources (uses)	42,899	42,899	42,899	-
Net change to fund balance	(21,455)	(21,455)	1,663	23,118
Fund balance, January 1	21,455	21,455	26,155	4,700
Fund balance, December 31	$ -	$ -	$ 27,818	$ 27,818

See accompanying notes to the basic financial statements.

Town of Orchard City
Conservation Trust Fund
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
State Lottery Funds	$ 28,000	$ 28,000	$ 39,271	$ 11,271
Interest earnings	150	150	456	306
Total revenues	28,150	28,150	39,727	11,577
Expenditures				
Culture and recreation				
Capital Outlay	65,000	65,000	13,825	51,175
Total expenditures	65,000	65,000	13,825	51,175
Excess of revenues over (under) expenditures	(36,850)	(36,850)	25,902	62,752
Fund balance, January 1	166,464	166,464	216,167	49,703
Fund balance, December 31	$ 129,614	$ 129,614	$ 242,069	$ 112,455

Town of Orchard City
Water Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Charges for services	$ 950,000	$ 950,000	$ 1,398,553	$ 448,553
Water station vending	8,000	8,000	13,889	5,889
Supplies and repairs	1,000	1,000	17,367	16,367
Interest on earnings	80,000	80,000	102,385	22,385
Miscellaneous	-	-	8,085	8,085
Total revenues	1,039,000	1,039,000	1,540,279	501,279
Expenditures				
Salaries and benefits	666,953	666,953	600,590	66,363
Purchased services, supplies and materials	66,000	66,000	62,067	3,933
Repairs and maintenance	186,000	186,000	33,084	152,916
Capital outlay	49,000	49,000	42,761	6,239
Miscellaneous	7,000	7,000	5,314	1,686
Utilities	23,700	23,700	20,311	3,389
Telephone	9,010	9,010	5,864	3,146
Insurance	29,503	29,503	29,659	(156)
Professional services	77,500	77,500	62,457	15,043
Office expenses	34,490	34,490	26,408	8,082
Training and travel	5,000	5,000	1,558	3,442
Vehicle expense	22,600	22,600	16,190	6,410
Water assessments	10,000	10,000	17,742	(7,742)
Safety equipment	3,000	3,000	1,073	1,927
Reserves	95,000	95,000	-	95,000
Debt service payment	100,054	100,054	100,054	-
Total expenditures	1,384,810	1,384,810	1,025,132	359,678
Excess of revenues over (under) expenditures	(345,810)	(345,810)	515,147	860,957
Other Financing Sources (Uses)				
Transfer out	(101,279)	(101,279)	(101,279)	-
Total other financing sources (uses)	(101,279)	(101,279)	(101,279)	-
Net change to fund balance	(447,089)	(447,089)	413,868	860,957
Available resources-January 1	2,447,089	2,447,089	1,696,212	(750,877)
Accruals: Long Term Debt	-	-	79,032	79,032
Available resources-December 31	$ 2,000,000	$ 2,000,000	$ 2,189,112	$ 189,112

Town of Orchard City
Water Capital Construction Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Charges for services	$ 200,000	$ 200,000	$ 234,405	$ 34,405
Tap fees	6,500	6,500	33,050	26,550
Interest	50,000	50,000	81,197	31,197
Total revenues	256,500	256,500	348,652	92,152
Expenditures				
Capital outlay- Waterline replacement	2,100,000	2,100,000	731,907	1,368,093
Repairs and maintenance	10,000	10,000	-	10,000
Total expenditures	2,110,000	2,110,000	731,907	1,378,093
Excess of revenues over (under) expenditures	(1,853,500)	(1,853,500)	(383,255)	1,470,245
Other Financing Sources (Uses)				
Transfer in	101,279	101,279	101,279	-
Total other financing sources (uses)	101,279	101,279	101,279	-
Net change to fund balance	(1,752,221)	(1,752,221)	(281,976)	1,470,245
Available resources-January 1	1,972,132	1,972,132	2,243,916	271,784
Available resources-December 31	$ 219,911	$ 219,911	$ 1,961,940	$ 1,742,029

Town of Orchard City
Water Acquisition Fund
Schedule of Revenues, Expenditures and Changes in Available Resources-Budget and Actual
(Non-GAAP Budgetary Basis)
Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Favorable (Unfavorable)
Revenues				
Water Conveyance Fee	$ -	$ 12,250	$ 11,750	$ (500)
Interest income	5,000	5,000	5,175	175
Total revenues	5,000	17,250	16,925	(325)
Expenditures				
Water shares	50,000	450,936	450,936	-
Total expenditures	50,000	450,936	450,936	-
Net change to fund balance	(45,000)	(433,686)	(434,011)	(325)
Available resources-January 1	422,598	422,598	435,230	12,632
Available resources-December 31	$ 377,598	$ (11,088)	$ 1,219	$ 12,307

LOCAL HIGHWAY FINANCE REPORT

THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**		**STATE:**	
Town of Orchard City, Colorado	Brian Blair - Auditor	brianblair@bandacpas.com	COLORADO	
			REPORT YEAR ENDING DATE(mm/yyyy):	
			12/2025	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	41,199.00
b. Non-property Taxes and Assessments Imposts	17,812.00	b. Other Misc. Local Receipts	1,547.00
c. Total (a + b)	$ 17,812.00	**c. Total (a + b)**	$ 42,746.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	175,330.00	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	16,056.00		
c. Total (a + b)	$ 16,056.00		
4. Total (1 + 2 + 3c)	$ 191,386.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 17,812.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 42,746.00
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 60,558.00
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 191,386.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 251,944.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	9,543.00
3. Road and Street Services:	
a. Snow and Ice Removal	651.00
b. Other & Traffic Control Operations	
c. Total (a + b)	$ 651.00
4. General Administration & Miscellaneous	63,317.00
5. Highway Law Enforcement and Safety	0.00
6. Total (1 through 5)	$ 73,511.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 73,511.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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