TOWN OF STRATTON, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2025

TOWN OF STRATTON, COLORADO

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HANCOCK FROESE & COMPANY LLC

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# INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Council
Town of Stratton, 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 Stratton, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Town of Stratton, Colorado 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 Stratton, Colorado, as of December 31, 2025, and the respective changes in financial position and, where applicable, cashflows 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 Stratton, 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 Stratton, 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.
- 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 Stratton, 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 Stratton, 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 the 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 Stratton, Colorado's basic financial statements. The combining and individual fund financial statements, budget schedules and local highway finance report are presented for purposes of additional analysis and are 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 combining and individual fund financial statements, budget schedules and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Hancock Froese & Company LLC

HANCOCK FROESE & COMPANY LLC

July 5, 2026

# MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of The Town of Stratton's (the "Town") financial performance provides an overview of the Town's financial activities for the fiscal years ended December 31, 2025 and 2024. Readers are encouraged to consider the information presented here in conjunction with the financial statement information.

**FINANCIAL HIGHLIGHTS**

1. Assets of the Town exceed its liabilities by $6,772,377 of which $4,303,784 is from the Town's Business-type Activities. Unrestricted net position totaled $2,241,380 and may be used to meet the Town's on-going obligations.

2. Net investment in capital assets is the largest portion of the Town's net position. $2,856,338 is in the Town's Business-type Activities and $1,546,850 is in the Town's Governmental Activities.

3. Restricted net assets include $26,400 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution, $54,009 for parks and recreation using conservation trust funding and $47,400 for debt services on the loans in the Water Proprietary Fund.

4. The Town's debt is for improvements to the water infrastructure project for a total of $803,601.

5. The Town's Governmental Funds reported a combined ending fund balance of $921,743 including the General Fund with $811,963, the Conservation Trust Fund with $54,009 and the Lodgers Tax Fund with $55,771.

6. The Governmental Funds reported total unassigned fund balance of $785,563. The unassigned fund balance is all made up of from the General Fund.

7. The Town's Proprietary Funds reported combined Total Net Position of $4,303,784 of which $1,400,046 is unrestricted, $2,856,338 is net investment in capital assets and $47,400 is restricted for debt services.

8. The Town's Proprietary Funds reported $1,457,148 in cash.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – management discussion and analysis (this section), the basic financial statements, required supplementary information and a section that presents budget statements, combining and individual fund financial statements and the local highway finance report (other supplementary information). This discussion and analysis serves as an introduction to Stratton's basic financial statements. The Town's 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 required and other additional information in addition to the basic financial statements.

***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 private-sector business. They consist of two statements:

1. The ***Statement of Net Position*** presents information on all of 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.

2. The ***Statement of Activities*** presents information reporting how the Town'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 the statements for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both 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 Governmental, Public Works, Public Safety (as applicable), Economic Development, Health and Welfare, and Culture and Recreation. The business-type activities of the Town include Water, Sanitation and Community Building Funds.

***Fund Financial Statements***

A Fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The Town uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. All Town funds can be divided into two categories:

- Governmental funds
- Proprietary funds

***Governmental funds:*** Governmental funds account for essentially the same functions reported as governmental activities in the Town-wide financial statements. Unlike the Town-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed short-term view of the Town's general government operations and may be useful in evaluating the Town's near-term financing requirements.

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

The Town maintains two individual governmental funds. Information is presented separately in the governmental fund Balance Sheet and the Statement of Revenue, Expenditures, and Changes in Fund Balance for each fund. Data from other governmental funds are combined into a single aggregated presentation.

***Proprietary funds:*** The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions as business-type activities in the Town-wide financial statements. The Town uses Enterprise Funds to account for the Water, Sanitation and Community Building activities.

***Notes to the Basic Financial Statements***

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

***Required Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town. The Town adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for all major funds to demonstrate compliance with the budget requirement.

***Other Information***

The Individual and Combining Financial Statements are presented immediately following the required supplementary information.

## Financial Analysis of the Town as a Whole

***Net Position***

Net position may serve as useful indicator of a government's financial position. In the case of the Town of Stratton, assets exceeded liabilities by $6,772,377 at the close of the most recent fiscal year.

The largest portion of the Town's net position 65% reflects the investment in capital assets (e.g. land, buildings, machinery, and equipment) less any accumulated depreciation and related debt to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens: consequently, these assets are not available for future spending. Restricted net position is designed to reflect the net position that is subject to restrictions beyond the Town's control; restricted net position is 2% of total net position.

Unrestricted net position may be used to meet the government's ongoing obligations to the citizens and creditors; unrestricted net position makes up the remaining 33% of total net position. The Town is able to report positive balances in all three categories of net position for the government as a whole, as well as for its separate business-type activities.

The following table reflects the condensed Statement of Net Position.

***Town of Stratton Combined Net Position as of December 31, 2025 and 2024***

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Assets | | | | | | |
| Current Assets | $1,053,318 | $ 941,817 | $ 1,540,215 | $ 1,358,940 | $ 2,593,533 | $ 2,300,757 |
| Capital Assets | 1,546,850 | 1,367,178 | 3,659,939 | 3,743,744 | 5,206,789 | 5,110,922 |
| Total Assets | 2,600,168 | 2,308,995 | 5,200,154 | 5,102,684 | 7,800,322 | 7,411,679 |
| Liabilities | | | | | | |
| Current Liabilities | 22,475 | 27,187 | 92,769 | 82,114 | 115,244 | 109,301 |
| Non-Current Liabilities | - | 25,805 | 803,601 | 850,905 | 803,601 | 876,710 |
| Total Liabilities | 22,475 | 52,992 | 896,370 | 933,019 | 918,845 | 986,011 |
| Deferred Inflows of Resources | | | | | | |
| Deferred Rev.–Property Taxes | 109,100 | 103,500 | - | - | 109,100 | 103,500 |
| Total Deferred Inflows | 109,100 | 103,500 | - | - | 109,100 | 103,500 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 1,546,850 | 1,341,373 | 2,856,338 | 2,892,839 | 4,403,188 | 4,234,212 |
| Restricted | 80,409 | 94,611 | 47,400 | 53,800 | 127,809 | 148,411 |
| Unrestricted | 841,334 | 716,519 | 1,400,046 | 1,223,026 | 2,241,380 | 1,939,545 |
| Total Net Position | $2,468,593 | $2,152,503 | $ 4,303,784 | $4,169,665 | $ 6,772,377 | $ 6,322,168 |

Restrictions in the governmental activities include $26,400 for statutory reserves for emergencies required by TABOR and $54,009 for restrictions on conservation trust funding and restrictions in the business-type activities include $47,400 for debt services in the Water Proprietary Fund.

***Changes in Net Position***

The following table reflects a condensed summary of activities and changes in net position.

***Town of Stratton Condensed Changes in Net Position***

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Revenues** | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | $ 23,690 | $ 28,698 | $ 525,939 | $ 521,228 | $ 549,629 | $ 549,926 |
| Operating Grants and Contributions | 75,641 | 48,384 | 17,129 | 10,710 | 92,770 | 59,094 |
| Capital Grants and Contributions | 83,675 | 287,749 | 1,000 | - | 84,675 | 287,749 |
| General Revenue: | | | | | | |
| Property Taxes | 121,172 | 152,898 | - | - | 121,172 | 152,898 |
| Specific Ownership Taxes | 12,068 | 13,540 | - | - | 12,068 | 13,540 |
| Sales Taxes | 579,189 | 204,739 | - | - | 579,189 | 204,739 |
| Franchise Taxes | 46,980 | 46,759 | - | - | 46,980 | 46,759 |
| Other Taxes | 14,226 | 14,832 | - | - | 14,226 | 14,832 |
| Miscellaneous | 34,989 | 32,260 | - | - | 34,989 | 32,260 |
| Interest | 681 | 720 | 10,096 | 5,396 | 10,777 | 6,116 |
| Total Revenues | 992,311 | 830,579 | 554,164 | 537,334 | 1,546,475 | 1,367,913 |

| | GOVERNMENTAL ACTIVITIES | | BUSINESS-TYPE ACTIVITIES | | TOTAL | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| **Expenses** | | | | | | |
| General Government | 266,019 | 157,717 | - | - | 266,019 | 157,717 |
| Public Safety | 5,308 | 10,195 | - | - | 5,308 | 10,195 |
| Public Works | 219,545 | 291,687 | - | - | 219,545 | 291,687 |
| Economic Development | 326 | 12,239 | - | - | 326 | 12,239 |
| Health and Welfare | 3,778 | 4,986 | - | - | 3,778 | 4,986 |
| Culture and Recreation | 173,745 | 147,298 | - | - | 173,745 | 147,298 |
| Sanitation | - | - | 111,858 | 108,877 | 111,858 | 108,877 |
| Water | - | - | 281,275 | 295,804 | 281,275 | 295,804 |
| Community Building | - | - | 34,412 | 40,816 | 34,412 | 40,816 |
| Total Expenses | 668,721 | 624,122 | 427,545 | 445,497 | 1,096,266 | 1,069,619 |
| Revenues Over (Under) Expenditures | 323,590 | 206,457 | 126,619 | 91,837 | 450,209 | 298,294 |
| Transfer In (Out) | (7,500) | (20,080) | 7,500 | 20,080 | - | - |
| Change in Net Position | 316,090 | 186,377 | 134,119 | 111,917 | 450,209 | 298,294 |
| Net Position, Beginning | 2,152,503 | 1,966,126 | 4,169,665 | 4,057,748 | 6,322,168 | 6,023,874 |
| Net Position, Ending | $ 2,468,593 | $2,152,503 | $ 4,303,784 | $ 4,169,665 | $ 6,772,377 | $ 6,322,168 |

Charges for services for the business-type activities for 2025 and 2024 are as follows:

| | 2025 | 2024 |
|---|---|---|
| Sanitation | $ 138,340 | $ 139,285 |
| Water | 377,530 | 373,055 |
| Community Building | 10,069 | 8,888 |
| Total Charges for Services | $ 525,939 | $ 521,228 |

## FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

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

***GOVERNMENTAL FUNDS***

The focus of the Town of Stratton's governmental funds is to provide information on current year revenue, expenditures, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year. As of the end of the year, the town's governmental funds reported a combined fund balance of $921,743. Of that fund balance, $785,563 constitutes unassigned fund balance, which is available for spending at the government's discretion and $55,771 is assigned for a specific purpose. The remainder of fund balance reflects a state constitution mandated emergency reserve of $26,400 and a restriction on conservation trust funds of $54,009.

***PROPRIETARY FUNDS***

The Town's proprietary funds provide the same type of information found in the government-wide financial statements. All of the Town's proprietary funds are major funds. The funds include Water, Sanitation and Community Building Funds.

The net position balances and the change in net position of the Town's proprietary funds are reflected in the following table.

| | Total Net Position | | Change in Net Position for Year Ended | |
|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 |
| Sanitation | $ 969,080 | $ 926,032 | $ 43,048 | $ 34,077 |
| Water | 3,009,348 | 2,901,434 | 107,914 | 82,223 |
| Community Building | 325,356 | 342,199 | (16,843) | (4,383) |
| Total Enterprise Funds | $ 4,303,784 | $ 4,169,665 | $ 134,119 | $ 111,917 |

**BUDGETARY HIGHLIGHTS**

The General Fund's final budget was $2,923,360 in Revenues (including transfers in) and $2,984,846 in Expenditures (including transfers out). The Actual amounts were $994,465 in Revenues and $870,720 in Expenditures and a transfer out of $7,500.

The Sanitation Proprietary Fund's final budget was $238,800 in Revenues and $238,596 in Expenditures. The Actual amounts were $154,906 in Revenues and $111,858 in Expenditures.

The Water Proprietary Fund's final budget was $759,290 in Revenues and $759,290 (includes transfer out) in Expenditures. The Actual amounts were $389,189 (includes capital contributions, as applicable) in Revenues and $372,399 in Expenditures.

The Community Building Proprietary Fund's final budget was $35,750 in Revenues and $35,750 in Expenditures. The Actual amounts were $10,069 in Revenues and $34,412 in Expenditures and a transfer in of $7,500.

No funds expenditures exceeded appropriations in 2025.

**CAPITAL ASSETS**

At the end of 2025, the Town reported $5,206,789 in capital assets, net of accumulated depreciation, compared to $5,110,922 in 2024. Capital assets reported includes land, equipment, buildings, water, and sewer lines. See Note-4 for additional information. The change is due to acquisitions and the increase in depreciation expense.

**LONG-TERM LIABILITIES**

Long Term Liabilities includes two loans with Colorado Water Resources and Power Development Authority for upgrades to the water system.

**ECONOMIC FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS**

The Town's elected officials considered many factors when setting the fiscal year 2026 budget, tax rates, and fees that will be charged for business-type activities.

Factors that have a potential to significantly impact the Town's 2026 budget include: 1.) ongoing rising cost of health insurance, 2.) fluctuation in fuel and energy costs, 3.) pay increases for employees, 4.) the decision to pave and upgrade streets and infrastructure, and 5.) the decision on whether or not to raise rates in proprietary funds.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to demonstrate the Town's accountability for the money it receives. Questions about this report and requests for additional information can be obtained by contacting the Town Clerk at 918 Colorado Avenue, Stratton, Colorado, 80836.

# BASIC FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

STATEMENT OF NET POSITION

DECEMBER 31, 2025

| | PRIMARY GOVERNMENT | | |
|---|---|---|---|
| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
| ASSETS | | | |
| Cash and cash equivalents | $ 818,628 | $ 1,457,148 | $ 2,275,776 |
| Receivables - net | | | |
| Accounts | 12,590 | 48,457 | 61,047 |
| Taxes | 109,100 | - | 109,100 |
| Intergovernmental | 86,820 | - | 86,820 |
| Grants | - | - | - |
| Due from (to) other funds | 26,180 | 34,610 | 60,790 |
| Capital assets - net of accumulated depreciation | 1,546,850 | 3,659,939 | 5,206,789 |
| TOTAL ASSETS | $ 2,600,168 | $ 5,200,154 | $ 7,800,322 |
| LIABILITIES | | | |
| Accounts payable | $ 1,308 | $ 10,286 | $ 11,594 |
| Accrued expenses | 21,167 | 4,083 | 25,250 |
| Customer deposits | - | 2,748 | 2,748 |
| Due to other funds | - | 60,790 | 60,790 |
| Unearned revenue | - | 14,862 | 14,862 |
| Noncurrent liabilities | | | |
| Due within one year | - | 47,617 | 47,617 |
| Due in more than one year | - | 755,984 | 755,984 |
| TOTAL LIABILITIES | 22,475 | 896,370 | 918,845 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property taxes | 109,100 | - | 109,100 |
| TOTAL DEFERRED INFLOWS OF RESOURCES | 109,100 | - | 109,100 |
| NET POSITION | | | |
| Net investment in capital assets | 1,546,850 | 2,856,338 | 4,403,188 |
| Restricted for: | | | |
| TABOR | 26,400 | - | 26,400 |
| Parks and recreation | 54,009 | - | 54,009 |
| Operations and maintenance | - | 47,400 | 47,400 |
| Unrestricted | 841,334 | 1,400,046 | 2,241,380 |
| TOTAL NET POSITION | 2,468,593 | 4,303,784 | 6,772,377 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | $ 2,600,168 | $ 5,200,154 | $ 7,800,322 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO
STATEMENT OF ACTIVITIES
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 (EXPENSES) REVENUE AND CHANGES IN NET POSITION — PRIMARY GOVERNMENT: GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|---|---|---|---|---|---|---|
| GOVERNMENTAL ACTIVITIES: | | | | | | | |
| General government | $ 266,019 | $ 3,284 | $ - | $ 83,675 | $ (179,060) | $ - | $ (179,060) |
| Public safety | 5,308 | - | - | - | (5,308) | - | (5,308) |
| Public works | 219,545 | - | 36,705 | - | (182,840) | - | (182,840) |
| Economic development | 326 | - | - | - | (326) | - | (326) |
| Health and welfare | 3,778 | - | - | - | (3,778) | - | (3,778) |
| Culture and recreation | 173,745 | 20,406 | 38,936 | - | (114,403) | - | (114,403) |
| TOTAL GOVERNMENTAL ACTIVITIES | 668,721 | 23,690 | 75,641 | 83,675 | (485,715) | - | (485,715) |
| BUSINESS-TYPE ACTIVITIES | | | | | | | |
| Sanitation | 111,858 | 138,340 | 12,129 | - | - | 38,611 | 38,611 |
| Water | 281,275 | 377,530 | 5,000 | 1,000 | - | 102,255 | 102,255 |
| Community Building | 34,412 | 10,069 | - | - | - | (24,343) | (24,343) |
| TOTAL BUSINESS-TYPE ACTIVITIES | 427,545 | 525,939 | 17,129 | 1,000 | - | 116,523 | 116,523 |
| TOTAL PRIMARY GOVERNMENT | $ 1,096,266 | $ 549,629 | $ 92,770 | $ 84,675 | (485,715) | 116,523 | (369,192) |

| | GOVERNMENTAL ACTIVITIES | BUSINESS-TYPE ACTIVITIES | TOTAL |
|---|---|---|---|
| GENERAL REVENUES | | | |
| Taxes | | | |
| Property taxes | 121,172 | - | 121,172 |
| Specific ownership taxes | 12,068 | - | 12,068 |
| Sales taxes | 579,189 | - | 579,189 |
| Franchise taxes | 46,980 | - | 46,980 |
| Other | 14,226 | - | 14,226 |
| Miscellaneous | 34,989 | - | 34,989 |
| Interest | 681 | 10,096 | 10,777 |
| TRANSFERS | (7,500) | 7,500 | - |
| TOTAL GENERAL REVENUES AND TRANSFERS | 801,805 | 17,596 | 819,401 |
| CHANGE IN NET POSITION | 316,090 | 134,119 | 450,209 |
| NET POSITION - BEGINNING | 2,152,503 | 4,169,665 | 6,322,168 |
| NET POSITION - ENDING | $ 2,468,593 | $ 4,303,784 | $ 6,772,377 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

GOVERNMENTAL FUNDS

BALANCE SHEET

DECEMBER 31, 2025

| | GENERAL FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|
| ASSETS | | | |
| Cash and cash equivalents | $ 709,267 | $ 109,361 | $ 818,628 |
| Receivables | | | |
| Accounts | 12,171 | 419 | 12,590 |
| Taxes | 109,100 | - | 109,100 |
| Intergovernmental | 86,820 | - | 86,820 |
| Grants | - | - | - |
| Due from other funds | 26,180 | - | 26,180 |
| TOTAL ASSETS | $ 943,538 | $ 109,780 | $ 1,053,318 |
| LIABILITIES | | | |
| Accounts payable | $ 1,308 | $ - | $ 1,308 |
| Accrued expenses | 21,167 | - | 21,167 |
| Due to other funds | - | - | - |
| TOTAL LIABILITIES | 22,475 | - | 22,475 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred revenue - property taxes | 109,100 | - | 109,100 |
| FUND BALANCE | | | |
| Restricted for: | | | |
| TABOR | 26,400 | - | 26,400 |
| Parks and recreation | - | 54,009 | 54,009 |
| Assigned for: | | | |
| Community and economic development | - | 55,771 | 55,771 |
| Unassigned | 785,563 | - | 785,563 |
| TOTAL FUND BALANCE | 811,963 | 109,780 | 921,743 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | $ 943,538 | $ 109,780 | $ 1,053,318 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

RECONCILIATION OF THE GOVERNMENT FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

| | | |
|---|---|---|
| TOTAL FUND BALANCES - GOVERNMENTAL FUNDS | | $ 921,743 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in funds. | | |
| The cost of capital assets is | $ 3,149,382 | |
| Accumulated depreciation is | (1,602,532) | |
| | | 1,546,850 |
| NET POSITION OF GOVERNMENTAL ACTIVITIES | | $ 2,468,593 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

GOVERNMENTAL FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

FOR YEAR ENDED DECEMBER 31, 2025

| | GENERAL FUND | OTHER GOVERNMENTAL FUNDS | TOTAL GOVERNMENTAL FUNDS |
|---|---|---|---|
| REVENUES | | | |
| Taxes | $ 760,493 | $ 13,142 | $ 773,635 |
| Licenses and permits | 3,164 | - | 3,164 |
| Intergovernmental | 36,705 | 7,770 | 44,475 |
| Charges for services | 23,691 | - | 23,691 |
| Grants | 114,350 | - | 114,350 |
| Other | 56,062 | 162 | 56,224 |
| TOTAL REVENUES | 994,465 | 21,074 | 1,015,539 |
| EXPENDITURES | | | |
| General government | 265,967 | - | 265,967 |
| Public safety | 5,120 | - | 5,120 |
| Public works | 186,687 | - | 186,687 |
| Economic development | - | 326 | 326 |
| Health and welfare | 3,778 | - | 3,778 |
| Culture and recreation | 100,595 | 26,685 | 127,280 |
| Capital Outlay | 281,693 | - | 281,693 |
| Debt Service | 26,880 | - | 26,880 |
| TOTAL EXPENDITURES | 870,720 | 27,011 | 897,731 |
| REVENUES OVER (UNDER) EXPENDITURES | 123,745 | (5,937) | 117,808 |
| OTHER FINANCING SOURCES | | | |
| Transfer out | (7,500) | - | (7,500) |
| NET CHANGE IN FUND BALANCE | 116,245 | (5,937) | 110,308 |
| FUND BALANCE JANUARY 1 | 695,718 | 115,717 | 811,435 |
| FUND BALANCE DECEMBER 31 | $ 811,963 | $ 109,780 | $ 921,743 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

# RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

| | | |
|---|---|---|
| AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE: | | |
| NET CHANGE IN FUND BALANCE | | $ 110,308 |
| 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 depreciation expense. This is the amount by which capital outlays differ from depreciation in the current period. | | |
| Capital outlay | $ 281,693 | |
| Depreciation expense | (78,793) | |
| Disposition of capital assets | (23,228) | |
| | | 179,672 |
| Capital lease payments are reported as expenditures in the governmental funds but not reported as expenses in the statement of activities | | |
| Lease payments | | 25,805 |
| 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 the governmental funds | | |
| Accrued interest expense on capital lease | | 305 |
| CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES | | $ 316,090 |

SEE NOTES TO FINANCIAL STATEMENTS

# TOWN OF STRATTON, COLORADO

## PROPRIETARY FUNDS

## STATEMENT OF NET POSITION

## DECEMBER 31, 2025

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|---|---|---|---|
| | SANITATION | WATER | COMMUNITY BUILDING | TOTAL |
| CURRENT ASSETS | | | | |
| Cash | $ 248,235 | $ 1,201,916 | $ 6,997 | $ 1,457,148 |
| Accounts receivable | - | 48,457 | - | 48,457 |
| Due from other funds | 34,610 | - | - | 34,610 |
| TOTAL CURRENT ASSETS | 282,845 | 1,250,373 | 6,997 | 1,540,215 |
| PROPERTY AND EQUIPMENT - NET | 692,508 | 2,634,155 | 333,276 | 3,659,939 |
| TOTAL ASSETS | $ 975,353 | $ 3,884,528 | $ 340,273 | $ 5,200,154 |
| CURRENT LIABILITIES | | | | |
| Accounts payable | $ - | $ 10,286 | $ - | $ 10,286 |
| Accrued expenses | 835 | 3,248 | - | 4,083 |
| Customer deposits | - | 2,693 | 55 | 2,748 |
| Due to other funds | 5,438 | 55,352 | - | 60,790 |
| Unearned revenue | - | - | 14,862 | 14,862 |
| Loans payable - current maturities | - | 47,617 | - | 47,617 |
| TOTAL CURRENT LIABILITIES | 6,273 | 119,196 | 14,917 | 140,386 |
| NONCURRENT LIABILITIES | | | | |
| Loans payable - net of current maturities | - | 755,984 | - | 755,984 |
| TOTAL LIABILITIES | 6,273 | 875,180 | 14,917 | 896,370 |
| NET POSITION | | | | |
| Net investment in capital assets | 692,508 | 1,830,554 | 333,276 | 2,856,338 |
| Restricted for: | | | | |
| Operations and maintenance | - | 47,400 | - | 47,400 |
| Unrestricted | 276,572 | 1,131,394 | (7,920) | 1,400,046 |
| TOTAL NET POSITION | 969,080 | 3,009,348 | 325,356 | 4,303,784 |
| TOTAL LIABILITIES AND NET POSITION | $ 975,353 | $ 3,884,528 | $ 340,273 | $ 5,200,154 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

PROPRIETARY FUNDS

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEAR ENDED DECEMBER 31, 2025

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|---|---|---|---|
| | SANITATION | WATER | COMMUNITY BUILDING | TOTAL |
| OPERATING REVENUES | | | | |
| Charges for services | $ 138,340 | $ 377,530 | $ 10,069 | $ 525,939 |
| OPERATING EXPENSES | | | | |
| Salaries | 19,324 | 55,469 | - | 74,793 |
| Employee benefits | - | 3,809 | - | 3,809 |
| Payroll taxes | 2,312 | 4,243 | - | 6,555 |
| Utilities | 18,448 | 17,122 | 10,800 | 46,370 |
| Repairs and maintenance | 18,383 | 88,382 | 6,793 | 113,558 |
| Professional services | 20,382 | 7,629 | - | 28,011 |
| Supplies | - | 6,293 | - | 6,293 |
| Depreciation | 23,989 | 87,072 | 16,565 | 127,626 |
| Miscellaneous | 9,020 | 6,632 | 254 | 15,906 |
| TOTAL OPERATING EXPENSES | 111,858 | 276,651 | 34,412 | 422,921 |
| OPERATING INCOME (LOSS) | 26,482 | 100,879 | (24,343) | 103,018 |
| NONOPERATING REVENUES (EXPENSE) | | | | |
| Interest income | 4,437 | 5,659 | - | 10,096 |
| Grant income | 12,129 | 5,000 | - | 17,129 |
| Interest expense | - | (4,624) | - | (4,624) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 16,566 | 6,035 | - | 22,601 |
| INCOME BEFORE TRANSFERS AND CAPITAL CONTRIBUTIONS | 43,048 | 106,914 | (24,343) | 125,619 |
| TRANSFER IN | - | - | 7,500 | 7,500 |
| CAPITAL CONTRIBUTIONS | - | 1,000 | - | 1,000 |
| CHANGE IN NET POSITION | 43,048 | 107,914 | (16,843) | 134,119 |
| NET POSITION JANUARY 1 | 926,032 | 2,901,434 | 342,199 | 4,169,665 |
| NET POSITION DECEMBER 31 | $ 969,080 | $ 3,009,348 | $ 325,356 | $ 4,303,784 |

SEE NOTES TO FINANCIAL STATEMENTS

TOWN OF STRATTON, COLORADO

PROPRIETARY FUNDS

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025

| | BUSINESS-TYPE ACTIVITIES - ENTERPRISE FUNDS | | | |
|---|---|---|---|---|
| | SANITATION | WATER | COMMUNITY BUILDING | TOTAL |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Cash received from customers | $ 138,340 | $ 376,155 | $ 10,069 | $ 524,564 |
| Cash payments for supplies, goods, services | (68,708) | (115,772) | (17,847) | (202,327) |
| Cash payments to employees | (21,636) | (64,629) | - | (86,265) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | 47,996 | 195,754 | (7,778) | 235,972 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | | | |
| Grant proceeds | 12,129 | 5,000 | - | 17,129 |
| Due from (to) other funds | (477) | 4,476 | 8,695 | 12,694 |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | 11,652 | 9,476 | 8,695 | 29,823 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisitions of capital assets | - | (43,821) | - | (43,821) |
| Capital contributed | - | 1,000 | - | 1,000 |
| Principal paid on notes payable | - | (47,303) | - | (47,303) |
| Interest paid on debt | - | (4,677) | - | (4,677) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | - | (94,801) | - | (94,801) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Interest income | 4,437 | 5,659 | - | 10,096 |
| NET CHANGE IN CASH FLOWS FROM INVESTING ACTIVITIES | 4,437 | 5,659 | - | 10,096 |
| NET CHANGE IN CASH | 64,085 | 116,088 | 917 | 181,090 |
| CASH BEGINNING OF YEAR | 184,150 | 1,085,828 | 6,080 | 1,276,058 |
| CASH END OF YEAR | $ 248,235 | $ 1,201,916 | $ 6,997 | $ 1,457,148 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | | | |
| Operating income (loss) | $ 26,482 | $ 100,879 | $ (24,343) | $ 103,018 |
| Adjustment to reconcile operating income (loss) to net cash provided (used) by operating activities | | | | |
| Depreciation | 23,989 | 87,072 | 16,565 | 127,626 |
| Change in assets and liabilities | | | | |
| (Increase) decrease in accounts receivable | - | (1,375) | - | (1,375) |
| Increase (decrease) in accounts payable | (2,475) | 10,286 | - | 7,811 |
| Increase (decrease) in accrued expenses | - | (1,108) | - | (1,108) |
| NET CHANGE IN CASH FLOWS OPERATING ACTIVITIES | $ 47,996 | $ 195,754 | $ (7,778) | $ 235,972 |

SEE NOTES TO FINANCIAL STATEMENTS

# NOTES TO FINANCIAL STATEMENTS

## NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Stratton (the "Town") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The Town's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements.

### THE FINANCIAL REPORTING ENTITY

The Town of Stratton is a political subdivision of the State of Colorado which is governed by an elected mayor and elected 6-member board of trustees. As required by accounting principles generally accepted in the United States of America, these financial statements present the Town of Stratton (the primary government). Currently no component units have been included in the Town's reporting entity because of a lack of significant operational or financial relationship with the Town.

### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and 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 customers or applicants 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.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

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

Property taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental fund:

*General Fund* - is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (Continued)

The Town reports the following major proprietary funds:

*Water Proprietary Fund* - accounts for the activities of water treatment and distribution to the residents and businesses of the Town.

*Sanitation Proprietary Fund* - accounts for the activities of the wastewater collection and treatment system of the Town.

*Community Building Proprietary Fund* - accounts for the activities related to the community building.

Proprietary funds distinguish operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

Cash and Cash Equivalents - The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments with a maturity of three months or less when purchased.

The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Accounts Receivable and Allowance for Uncollectible Accounts – Accounts receivable balances are recorded on the statement of net position, net of allowance for uncollectible accounts. At December 31, 2025, the Town reported $48,457 in the Water Proprietary Fund, $12,171 in the General Fund and $419 in the Lodgers Tax Special Revenue Fund for accounts receivable, net of allowance for uncollectible accounts of $0.

The Town uses a bad debt allowances that are not limited to a specific percent of receivables but are reviewed annually to determine their adequacy. Actual bad debts are low due to continued review.

Interfund Receivables and Payables – During the course of operations, numerous transactions occur between funds for goods provided or services rendered. Outstanding balances between funds are reported as "due to/from other funds" on the balance sheet for governmental funds and on the statement of position for the proprietary funds when they are expected to be liquidated within one year.

Through the budgetary process, the Town budgets transfers between funds. The amounts are for funding purposes per the budget.

Property Taxes Receivable - All trade and property tax receivables are shown net of an allowance for uncollectible if required.

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2025, since the amounts are measurable but not available until 2026. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

Grants Receivable – Grants receivable represents expenditures that have been incurred, with all grant requirements met, but with no reimbursement received from the granting agency for the eligible expenditures as of December 31, 2025.

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets - Capital assets, which include property, plant, equipment, and current infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Infrastructure assets have been capitalized on a prospective basis from 2001. The government defines capital assets as assets with an initial individual cost of more than $2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The Town has not included its infrastructure at this time except for those constructed subsequent to January 1, 2001.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Building, improvements, utility systems, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

| Asset | Years |
|---|---|
| Infrastructure | 20-50 |
| Improvements | 20-30 |
| Buildings | 20-50 |
| Equipment | 5-20 |
| Vehicles | 7-10 |
| Systems | 50 |

Compensated Absences - It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay are accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if expected to be paid from current resources.

Deferred Outflows of Resources - In addition to assets, the statement of financial position will sometimes report a separate section for *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 so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has no items that qualify for reporting in this category.

Deferred Inflows of Resources - In addition to liabilities, the statement of financial position will sometimes report a separate section for *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 so will not be recognized as an inflow of resources (revenue) until that time. The Town has one type of item that qualifies for reporting in this category.

The item, property taxes levied for subsequent years, arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

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

Fund Balances / Net Position - In the government-wide and proprietary financial statements, net position is classified in the following categories:

*Net investment in capital assets* – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Balances / Net Position (Continued)

*Restricted net position* – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted net position* – This amount is all net position that do not meet the definition of "net investment in capital assets" or "restricted net position"

The Town implemented GASB Statement No. 54 "*Fund Balance Reporting and Governmental Fund Type Definitions*" which provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

*Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or 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 to 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.

The Council establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the Town applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgets - The Town follows these procedures in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Town Finance Officer submits to the Town Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments.

Prior to December 15, the budget is legally enacted through passage of an ordinance.

The budgetary presentation of the proprietary funds varies from GAAP in that expenditures for capital outlay and debt retirement are recognized for budgetary reporting.

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets (Continued) - Revisions that alter the total expenditures of any fund generally must be approved by Town Trustees. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance.

Appropriations lapse at year end and any open purchase items must be reappropriated in the following year. Expenditures may not legally exceed appropriations at the fund level.

Excess of Expenditures over Appropriations - For the year ended December 31, 2025, no funds expenditures exceeded appropriations.

NOTE -2 DEPOSITS AND INVESTMENTS

Deposits

The Town's investment policies are approved by the Town Trustees and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. 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 102% of the uninsured deposits.

Custodial Credit Risk – Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2025, $1,533,157 of the Town's bank balance of $2,279,019 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

At December 31, 2025, the Town's bank balance and corresponding carrying balance were as follows:

| | Carrying Balance | Bank Balance |
|---|---|---|
| Insured (FDIC) | $ 745,862 | $ 745,862 |
| Uninsured, Collateralized under the Public Deposit Protection Act | 1,529,796 | 1,533,157 |
| Cash on Hand | 118 | - |
| | $ 2,275,776 | $ 2,279,019 |

The carrying amount is reflected in the accompanying financial statements as follows:

| | |
|---|---|
| Governmental Activities - Cash | $ 818,628 |
| Business-Type Activities – Cash | 1,457,148 |
| | $ 2,275,776 |

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, $109,100 of property taxes was deemed unavailable.

NOTE -4 CAPITAL ASSETS

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

Primary Government

| | Beginning Balance | Transfers Increases | Transfers Decreases | Ending Balance |
|---|---|---|---|---|
| Governmental activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 98,428 | $ - | $ (23,228) | $ 75,200 |
| Construction in Process | - | - | - | - |
| | 98,428 | - | (23,228) | 75,200 |
| Capital assets being depreciated | | | | |
| Infrastructure | 915,611 | 204,813 | - | 1,120,424 |
| Buildings | 415,190 | - | - | 415,190 |
| Improvements | 1,146,905 | 38,155 | - | 1,185,060 |
| Equipment & Vehicles | 314,783 | 38,725 | - | 353,508 |
| | 2,792,489 | 281,693 | - | 3,074,182 |
| Less accumulated depreciation for | | | | |
| Infrastructure | (352,171) | (26,239) | - | (378,410) |
| Buildings | (176,366) | (8,710) | - | (185,076) |
| Improvements | (747,356) | (28,392) | - | (775,748) |
| Equipment & Vehicles | (247,846) | (15,452) | - | (263,298) |
| | (1,523,739) | (78,793) | - | (1,602,532) |
| Governmental Activities Net Capital Assets | $ 1,367,178 | $ 202,900 | $ (23,228) | $ 1,546,850 |

| | Beginning Balance | Transfers Increases | Transfers Decreases | Ending Balance |
|---|---|---|---|---|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated | | | | |
| Land | $ 88,377 | $ - | $ - | $ 88,377 |
| Construction in Process | - | - | - | - |
| | 88,377 | - | - | 88,377 |
| Capital assets being depreciated | | | | |
| Site Improvements | 28,358 | - | - | 28,358 |
| Buildings | 614,372 | - | - | 614,372 |
| Equipment & Vehicles | 180,971 | 43,821 | - | 224,792 |
| System | 4,518,844 | - | - | 4,518,844 |
| | 5,342,545 | 43,821 | - | 5,386,366 |
| Less accumulated depreciation for | | | | |
| Site Improvements | (25,471) | (1,418) | - | (26,889) |
| Buildings | (210,987) | (15,365) | - | (226,352) |
| Equipment & Vehicles | (116,221) | (13,179) | - | (129,400) |
| System | (1,334,499) | (97,664) | - | (1,432,163) |
| | (1,687,178) | (127,626) | - | (1,814,804) |
| Business-type Activities Net Capital Assets | $ 3,743,744 | $ (83,805) | $ - | $ 3,659,939 |

NOTE -4 CAPITAL ASSETS (Continued)

Depreciation expense was charged to functions as follows:

| | |
|---|---|
| Governmental Activities: | |
| General government | $ 52 |
| Cultural & recreation | 46,465 |
| Public safety | 188 |
| Public works | 32,088 |
| Total depreciation expense – governmental activities | $ 78,793 |
| Business-Type Activities: | |
| Sanitation Proprietary Fund | $ 23,989 |
| Water Proprietary Fund | 87,072 |
| Community Building Proprietary Fund | 16,565 |
| Total depreciation expense – business-type activities | $ 127,626 |

NOTE -5 LONG-TERM DEBT

The following is a summary of long-term obligation transactions of the Town for the year ended December 31, 2025:

| | BEGINNING BALANCE | INCREASES | DECREASES | ENDING BALANCE | CURRENT PORTION |
|---|---|---|---|---|---|
| Governmental Activities: | | | | | |
| Capital Lease | $ 25,805 | $ - | $ (25,805) | $ - | $ - |
| Business-Type Activities: | | | | | |
| Loan Payable 1 - Water | $ 253,554 | $ - | $ (16,671) | $ 236,883 | $ 16,984 |
| Loan Payable 2 - Water | 597,351 | - | (30,633) | 566,718 | 30,633 |
| Totals | $ 850,905 | $ - | $ (47,304) | $ 803,601 | $ 47,617 |

Annual debt service requirements to maturity are as follow for Business-Type Activities:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 47,617 | $ 4,363 | $ 51,980 |
| 2027 | 47,938 | 4,042 | 51,980 |
| 2028 | 48,263 | 3,717 | 51,980 |
| 2029 | 48,596 | 3,384 | 51,980 |
| 2030 | 48,934 | 3,046 | 51,980 |
| 2031-2035 | 249,972 | 9,927 | 259,899 |
| 2036-2040 | 205,065 | 1,468 | 206,533 |
| 2041-2044 | 107,216 | - | 107,216 |
| | $ 803,601 | $ 29,947 | $ 833,548 |

All outstanding notes from direct borrowings contain an event of default that changes the timing of repayment of outstanding amounts to become immediately due if the Town is unable to make payment. The Town's outstanding notes from direct borrowings, as applicable, contain a subjective acceleration clause that allows the lender to accelerate payment of the entire principal amount to become immediately due if the lender determines that a material adverse change occurs.

Capital Lease: The Town entered into a Governmental Equipment Lease-Purchase Agreement Caterpillar Financial Services Corporation in the amount of $61,300. The lease proceeds were used to finance the purchase of a 2015 Caterpillar 420FST backhoe loader. The lease carries an interest rate of 2.49% and is payable in annual installments of $9,682 beginning July 13, 2021, maturing and having a final payment of $26,880 on July 13, 2025. Lease was paid in full in 2025.

NOTE -5 LONG-TERM DEBT (Continued)

Loan Payable 1 - Water: The Town entered into a loan agreement with Colorado Water Resources and Power Development Authority on December 20, 2007 in the amount of $483,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 1.875%. The loan is payable in semi-annual installments of $10,673 beginning November 1, 2008 and maturing May 1, 2038. The loan is payable from the revenues generated from the system.

Annual requirements of the loan as of December 31, 2025 are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 16,984 | $ 4,362 | $ 21,346 |
| 2027 | 17,304 | 4,042 | 21,346 |
| 2028 | 17,630 | 3,716 | 21,346 |
| 2029 | 17,962 | 3,384 | 21,346 |
| 2030 | 18,300 | 3,046 | 21,346 |
| 2031-2035 | 96,806 | 9,927 | 106,733 |
| 2036-2038 | 51,897 | 1,470 | 53,367 |
| | $ 236,883 | $ 29,947 | $ 266,830 |

Loan Payable 2 - Water: The Town entered into a loan agreement with Colorado Water Resources and Power Development Authority on August 30, 2013 in the amount of $919,000. The loan proceeds were used to finance construction of water system improvements. The loan carries an interest rate of 0.00%. The loan is payable in semi-annual installments of $15,317 beginning November 1, 2014 and maturing May 1, 2044. The loan is payable from the revenues generated from the system.

Annual requirements of the loan as of December 31, 2025 are as follows:

| Year | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 30,633 | $ - | $ 30,633 |
| 2027 | 30,633 | - | 30,633 |
| 2028 | 30,633 | - | 30,633 |
| 2029 | 30,633 | - | 30,633 |
| 2030 | 30,633 | - | 30,633 |
| 2031-2035 | 153,168 | - | 153,168 |
| 2036-2040 | 153,168 | - | 153,168 |
| 2041-2044 | 107,217 | - | 107,217 |
| | $ 566,718 | $ - | $ 566,718 |

In connection with the above notes payable, the Town is subject to various covenants and is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation. As of December 31, 2025, the Town was in compliance with all covenants and maintained the required reserve of $47,400 in the Water Proprietary Fund.

NOTE -6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables and Payables:
During the course of operations, numerous transactions occur between the Town's funds for the reimbursement of expenditures or to move special revenues collected in one fund to the special revenue fund (Conservation Trust Fund). Related interfund receivables and payables are classified as "due from other funds" and "due to other funds" on the balance sheet and statement of net position and will be settled within a reasonable time period.

## NOTE -6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of due to / from other funds as of December 31, 2025 is as follows:

| Receivable Fund | Payable Fund | Due from (to) |
|---|---|---|
| General Fund: | | |
| General | Water | $ 20,742 |
| General | Sanitation | 5,438 |
| | Net Receivable (Payable) | $ 26,180 |
| Sanitation Fund: | | |
| Water | Sanitation | $ 34,610 |
| Sanitation | General | (5,438) |
| | Net Receivable (Payable) | $ 29,172 |
| Water Fund: | | |
| General | Water | $ (20,742) |
| Sanitation | Water | (34,610) |
| | Net Receivable (Payable) | $ (55,352) |

Interfund Transfers:

Transfers are for the use of unrestricted revenues collected in one fund to finance various programs accounted for in another fund in accordance with trustee authorizations.

The composition of interfund transfers as of December 31, 2025 is as follows:

| Transfer To | Transfer From | Amount Transferred |
|---|---|---|
| Community Building Fund | General Fund | $ 7,500 |

## NOTE -7 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2025 is as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Operations and Maintenance | $ - | $ 47,400 | $ 47,400 |
| Parks and Recreation | 54,009 | - | 54,009 |
| Emergencies - TABOR | 26,400 | - | 26,400 |
| | $ 80,409 | $ 47,400 | $ 127,809 |

*Restricted for Operations and Maintenance* – The Town is required to maintain an operation and maintenance reserve in an amount equal to three months of operation and maintenance expenses, excluding depreciation as set forth by the creditor.

*Restricted for Parks and Recreation (Conservation Trust)* – This represents money received from the State of Colorado for parks and open space related projects.

*Restricted for Emergencies - TABOR* – This represents approximately 3% of the Town's 2025 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the Town's net position can be used for declared emergencies only and the Town must maintain 3% or more of its spending in this restricted account. The Town does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

## NOTE -8 FUND BALANCES

At December 31, 2025, fund balances for governmental funds consist of the following:

| | Restricted Fund Balance | | | |
|---|---|---|---|---|
| | Emergencies TABOR | Future Expenditures | Parks & Recreation | Total |
| General Fund | $ 26,400 | $ - | $ - | $ 26,400 |
| Conservation Trust Fund | - | - | 54,009 | 54,009 |
| Total | $ 26,400 | $ - | $ 54,009 | $ 80,409 |

| | Assigned Fund Balance | | |
|---|---|---|---|
| | Community and Economic Development | Future Expenditures | Total |
| Lodgers Tax Fund | $ 55,771 | $ - | $ 55,771 |

## NOTE -9 RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in a public entity risk pool to meet its insurance needs for workers' compensation. The Town utilizes the Colorado Intergovernmental Risk Agency (CIRSA), a public entity risk pool currently operating as a common risk management and insurance program for over 100 Colorado governmental entities. The Town pays an annual premium to CIRSA for its workers compensation coverage.

It is the intent of the members of CIRSA to create a self-sustaining entity through member premiums and reinsurance through commercial companies for workers’ compensation claims in excess of $400,000 up to $1 million for each insured event. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

## NOTE -10 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Town's management believes a significant portion of its operations qualify for this exclusion.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. Per TABOR, $26,400 of the fund balance has been reserved in compliance with this requirement.

NOTE -10 TAX SPENDING AND DEBT LIMITATIONS (Continued)

The Town's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the Town's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

Voters of the Town passed a referendum at an election held November, 1997, permitting the Town to collect, retain, and expend the full proceeds of the Town’s property taxes, non-federal grants, and all other rates, fees, tolls and charges for capital projects and municipal services, for the year 1997 and each subsequent year, notwithstanding any state restriction on fiscal year spending including, without limitation, the restrictions of Article X, Section 20, of the Colorado Constitution.

NOTE -11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

# REQUIRED SUPPLEMENTARY INFORMATION

# TOWN OF STRATTON, COLORADO

## GENERAL FUND

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

## YEAR ENDED DECEMBER 31, 2025

| | BUDGET AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Taxes | $ 390,751 | $ 390,751 | $ 760,493 | $ 369,742 |
| Licenses and permits | 3,600 | 3,600 | 3,164 | (436) |
| Intergovernmental | 30,000 | 30,000 | 36,705 | 6,705 |
| Charges for services | 49,825 | 49,825 | 23,691 | (26,134) |
| Grants | 2,275,000 | 2,275,000 | 114,350 | (2,160,650) |
| Other | 9,600 | 9,600 | 56,062 | 46,462 |
| TOTAL REVENUES | 2,758,776 | 2,758,776 | 994,465 | (1,764,311) |
| EXPENDITURES | | | | |
| General government | 196,567 | 196,567 | 265,967 | (69,400) |
| Public safety | 27,611 | 27,611 | 5,120 | 22,491 |
| Public works | 164,231 | 164,231 | 186,687 | (22,456) |
| Health and welfare | 6,000 | 6,000 | 3,778 | 2,222 |
| Culture and recreation | 96,437 | 96,437 | 100,595 | (4,158) |
| Capital outlay | 2,487,500 | 2,487,500 | 281,693 | 2,205,807 |
| Debt service | - | - | 26,880 | (26,880) |
| TOTAL EXPENDITURES | 2,978,346 | 2,978,346 | 870,720 | 2,107,626 |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | (219,570) | (219,570) | 123,745 | 343,315 |
| OTHER FINANCING SOURCES | | | | |
| Transfers in | 164,584 | 164,584 | - | (164,584) |
| Transfers out | (6,500) | (6,500) | (7,500) | (1,000) |
| REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | (61,486) | (61,486) | 116,245 | 177,731 |
| FUND BALANCE JANUARY 1 | 695,718 | 695,718 | 695,718 | - |
| FUND BALANCE DECEMBER 31 | $ 634,232 | $ 634,232 | $ 811,963 | $ 177,731 |

## SUPPLEMENTARY INFORMATION

# MAJOR GOVERNMENTAL FUNDS

MAJOR GOVERNMENTAL FUNDS

*General Fund* – The general fund is the general operating fund of the Town; used to account for all resources that are not legally or by sound financial management to be accounted for in another fund.

TOWN OF STRATTON, COLORADO

GENERAL FUND

BALANCE SHEET

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 709,267 | $ 587,115 |
| Receivables | | |
| Accounts | 12,171 | 11,804 |
| Taxes | 109,100 | 103,500 |
| Intergovernmental | 86,820 | 41,472 |
| Grants | - | 60,028 |
| Due from other funds | 26,180 | 22,181 |
| TOTAL ASSETS | $ 943,538 | $ 826,100 |
| LIABILITIES | | |
| Accounts payable | $ 1,308 | $ 5,550 |
| Accrued expenses | 21,167 | 18,200 |
| Due to other funds | - | 3,132 |
| TOTAL LIABILITIES | 22,475 | 26,882 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred revenue - property taxes | 109,100 | 103,500 |
| FUND BALANCE | | |
| Restricted for emergencies - TABOR | 26,400 | 21,800 |
| Unassigned | 785,563 | 673,918 |
| TOTAL FUND BALANCE | 811,963 | 695,718 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE | $ 943,538 | $ 826,100 |

TOWN OF STRATTON, COLORADO

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| REVENUES | | |
| Taxes | $ 760,493 | $ 418,575 |
| Licenses and permits | 3,164 | 2,775 |
| Intergovernmental | 36,705 | 36,632 |
| Charges for services | 23,691 | 28,698 |
| Grants | 114,350 | 291,400 |
| Other | 56,062 | 30,208 |
| TOTAL REVENUES | 994,465 | 808,288 |
| EXPENDITURES | | |
| General government | 265,967 | 157,560 |
| Public safety | 5,120 | 10,007 |
| Public works | 186,687 | 136,100 |
| Health and welfare | 3,778 | 4,986 |
| Culture and recreation | 100,595 | 86,135 |
| Capital outlay | 281,693 | 301,955 |
| Debt service | 26,880 | 9,682 |
| TOTAL EXPENDITURES | 870,720 | 706,425 |
| REVENUES OVER (UNDER) EXPENDITURES | 123,745 | 101,863 |
| OTHER FINANCING SOURCES | | |
| Transfer out | (7,500) | (20,080) |
| NET CHANGE IN FUND BALANCE | 116,245 | 81,783 |
| FUND BALANCE JANUARY 1 | 695,718 | 613,935 |
| FUND BALANCE DECEMBER 31 | $ 811,963 | $ 695,718 |

# NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

*Lodgers Tax Special Revenue Fund* – This fund is used for the collection and disbursement of lodging tax revenues to be used for the promotion and advertising of the Town.

*Conservation Trust Special Revenue Fund* – This fund is used to account for the collection and disbursement of revenues received from the Colorado state lottery and are restricted for parks and open space related projects.

TOWN OF STRATTON, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

DECEMBER 31, 2025

| | SPECIAL REVENUE FUNDS | | TOTAL |
|---|---|---|---|
| | CONSERVATION TRUST | LODGERS TAX | NONMAJOR GOVERNMENTAL FUNDS |
| ASSETS | | | |
| Cash and cash equivalents | $ 54,009 | $ 55,352 | $ 109,361 |
| Accounts receivable | - | 419 | 419 |
| Due from other funds | - | - | - |
| TOTAL ASSETS | $ 54,009 | $ 55,771 | $ 109,780 |
| LIABILITIES | | | |
| Accounts payable | $ - | $ - | $ - |
| TOTAL LIABILITIES | - | - | - |
| FUND BALANCE | | | |
| Restricted for: | | | |
| Parks and recreation | 54,009 | - | 54,009 |
| Assigned for: | | | |
| Community and economic development | - | 55,771 | 55,771 |
| TOTAL FUND BALANCE | 54,009 | 55,771 | 109,780 |
| TOTAL LIABILITIES AND FUND BALANCE | $ 54,009 | $ 55,771 | $ 109,780 |

TOWN OF STRATTON, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUNDS BALANCE

YEAR ENDED DECEMBER 31, 2025

| | SPECIAL REVENUE FUNDS | | TOTAL NONMAJOR GOVERNMENTAL FUNDS |
|---|---|---|---|
| | CONSERVATION TRUST | LODGERS TAX | |
| REVENUES | | | |
| Taxes | $ - | $ 13,142 | $ 13,142 |
| Intergovernmental | 7,770 | - | 7,770 |
| Interest Income | 113 | 49 | 162 |
| TOTAL REVENUES | 7,883 | 13,191 | 21,074 |
| EXPENDITURES | | | |
| General governmental | - | - | - |
| Culture and recreation | 26,685 | - | 26,685 |
| Economic development | - | 326 | 326 |
| TOTAL EXPENDITURES | 26,685 | 326 | 27,011 |
| REVENUES OVER (UNDER) EXPENDITURES | (18,802) | 12,865 | (5,937) |
| FUND BALANCE JANUARY 1 | 72,811 | 42,906 | 115,717 |
| FUND BALANCE DECEMBER 31 | $ 54,009 | $ 55,771 | $ 109,780 |

TOWN OF STRATTON, COLORADO

BALANCE SHEET

CONSERVATION TRUST SPECIAL REVENUE FUND

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Cash | $ 54,009 | $ 70,874 |
| Due from other funds | - | 1,937 |
| TOTAL ASSETS | $ 54,009 | $ 72,811 |
| LIABILITIES | | |
| Accounts payable | $ - | $ - |
| FUND BALANCE | | |
| Restricted for: | | |
| Parks and recreation | 54,009 | 72,811 |
| TOTAL FUND BALANCE | 54,009 | 72,811 |
| TOTAL LIABILITIES AND FUND BALANCE | $ 54,009 | $ 72,811 |

TOWN OF STRATTON, COLORADO

CONSERVATION TRUST SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | | VARIANCE FAVORABLE | 2024 |
|---|---|---|---|---|
| | ACTUAL | BUDGET | (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Intergovernmental | $ 7,770 | $ 8,500 | $ (730) | $ 7,900 |
| Interest income | 113 | 125 | (12) | 154 |
| TOTAL REVENUES | 7,883 | 8,625 | (742) | 8,054 |
| EXPENDITURES | | | | |
| Recreation | 26,685 | 25,000 | (1,685) | 8,001 |
| Miscellaneous | - | 15,500 | 15,500 | - |
| TOTAL REVENUES | 26,685 | 40,500 | 13,815 | 8,001 |
| REVENUES OVER EXPENDITURES | (18,802) | (31,875) | 13,073 | 53 |
| FUND BALANCE JANUARY 1 | 72,811 | 72,811 | - | 72,758 |
| FUND BALANCE DECEMBER 31 | $ 54,009 | $ 40,936 | $ 13,073 | $ 72,811 |

TOWN OF STRATTON, COLORADO

BALANCE SHEET

LODGERS TAX SPECIAL REVENUE FUND

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| ASSETS | | |
| Cash | $ 55,352 | $ 42,487 |
| Accounts receivable | 419 | 419 |
| TOTAL ASSETS | $ 55,771 | $ 42,906 |
| LIABILITIES | | |
| Accounts payable | $ - | $ - |
| FUND BALANCE | | |
| Assigned for: | | |
| Community and economic development | 55,771 | 42,906 |
| TOTAL FUND BALANCE | 55,771 | 42,906 |
| TOTAL LIABILITIES AND FUND BALANCE | $ 55,771 | $ 42,906 |

TOWN OF STRATTON, COLORADO

LODGERS TAX SPECIAL REVENUE FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | | VARIANCE | 2024 |
|---|---|---|---|---|
| | ACTUAL | BUDGET | FAVORABLE (UNFAVORABLE) | ACTUAL |
| REVENUES | | | | |
| Taxes | $ 13,142 | $ 12,000 | $ 1,142 | $ 14,193 |
| Interest income | 49 | 40 | 9 | 44 |
| TOTAL REVENUES | 13,191 | 12,040 | 1,151 | 14,237 |
| EXPENDITURES | | | | |
| Advertising | - | 9,000 | 9,000 | 11,876 |
| Other | 326 | 1,450 | 1,124 | 363 |
| Contingency reserve | - | 12,000 | 12,000 | - |
| TOTAL EXPENDITURES | 326 | 22,450 | 22,124 | 12,239 |
| REVENUES OVER EXPENDITURES | 12,865 | (10,410) | 23,275 | 1,998 |
| FUND BALANCE JANUARY 1 | 42,906 | 42,906 | - | 40,908 |
| FUND BALANCE DECEMBER 31 | $ 55,771 | $ 32,496 | $ 23,275 | $ 42,906 |

PROPRIETARY FUNDS

ENTERPRISE FUNDS

*Sanitation Proprietary Fund* - Accounts for the operations of the Town's sewer utility. Activities of the fund include administration, operation and maintenance, treatment, and collection of the waste water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

Water Proprietary Fund - Accounts for the operations of the Town's water utility. Activities of the fund include administration, operation and maintenance, treatment, and distribution of the water system, along with accumulation of resources for the payment of principal and interest on long-term debt.

*Community Building Proprietary Fund* - This fund is used to account for the collection and disbursement of specified rent revenues related to the use of the community building for economic and community development.

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

BALANCE SHEET

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash | $ 248,235 | $ 184,150 |
| Due from other fund | 34,610 | 34,605 |
| TOTAL CURRENT ASSETS | 282,845 | 218,755 |
| NET PROPERTY AND EQUIPMENT | 692,508 | 716,497 |
| TOTAL ASSETS | $ 975,353 | $ 935,252 |
| CURRENT LIABILITIES | | |
| Accounts payable | $ - | $ 2,475 |
| Accrued expenses | 835 | 835 |
| Due to other fund | 5,438 | 5,910 |
| TOTAL CURRENT LIABILITIES | 6,273 | 9,220 |
| NET POSITION | | |
| Net investment in capital assets | 692,508 | 716,497 |
| Unrestricted | 276,572 | 209,535 |
| TOTAL NET POSITION | 969,080 | 926,032 |
| TOTAL LIABILITIES AND NET POSITION | $ 975,353 | $ 935,252 |

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| OPERATING REVENUES | | |
| Charges for services | $ 138,340 | $ 139,285 |
| OPERATING EXPENSES | | |
| Salaries | 19,324 | 33,267 |
| Employee benefits | - | 75 |
| Payroll Taxes | 2,312 | 1,682 |
| Utilities | 18,448 | 16,992 |
| Repairs and maintenance | 18,383 | 14,682 |
| Professional services | 20,382 | 8,735 |
| Supplies | - | 3,535 |
| Depreciation | 23,989 | 22,911 |
| Miscellaneous | 9,020 | 6,839 |
| TOTAL OPERATING EXPENSES | 111,858 | 108,718 |
| OPERATING INCOME (LOSS) | 26,482 | 30,567 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 4,437 | 424 |
| Grant income | 12,129 | 3,245 |
| Interest expense | - | (159) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 16,566 | 3,510 |
| CHANGE IN NET POSITION | 43,048 | 34,077 |
| NET POSITION JANUARY 1 | 926,032 | 891,955 |
| NET POSITION DECEMBER 31 | $ 969,080 | $ 926,032 |

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ 138,340 | $ 139,285 |
| Cash payments for supplies, goods, services | (68,708) | (48,698) |
| Cash payments to employees | (21,636) | (35,304) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | 47,996 | 55,283 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Grant proceeds | 12,129 | 3,635 |
| Due from (to) other funds | (477) | (50,290) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | 11,652 | (46,655) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | - | (11,422) |
| Principal paid on loan | - | (90,036) |
| Interest on debt | - | (159) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | - | (101,617) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on savings and other | 4,437 | 424 |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES | 4,437 | 424 |
| NET CHANGE IN CASH | 64,085 | (92,565) |
| CASH - BEGINNING OF YEAR | 184,150 | 276,715 |
| CASH - END OF YEAR | $ 248,235 | $ 184,150 |

| | 2025 | 2024 |
|---|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income | $ 26,482 | $ 30,567 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Depreciation and amortization | 23,989 | 22,911 |
| Change in assets and liabilities | | |
| Increase (decrease) in accounts payable | (2,475) | 2,085 |
| Increase (decrease) in accrued expenses | - | (280) |
| NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES | $ 47,996 | $ 55,283 |

# TOWN OF STRATTON, COLORADO

## WATER PROPRIETARY FUND

## BALANCE SHEET

## DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash | $ 1,201,916 | $ 1,085,828 |
| Accounts receivable | 48,457 | 47,082 |
| TOTAL CURRENT ASSETS | 1,250,373 | 1,132,910 |
| NET PROPERTY AND EQUIPMENT | 2,634,155 | 2,677,406 |
| TOTAL ASSETS | $ 3,884,528 | $ 3,810,316 |
| CURRENT LIABILITIES | | |
| Accounts payable | $ 10,286 | $ - |
| Accrued expenses | 3,248 | 4,408 |
| Customer deposits | 2,693 | 2,693 |
| Due to other funds | 55,352 | 50,876 |
| Loans payable - current maturities | 47,617 | 47,303 |
| TOTAL CURRENT LIABILITIES | 119,196 | 105,280 |
| NONCURRENT LIABILITIES | | |
| Loans payable - net of current maturities | 755,984 | 803,602 |
| TOTAL LIABILITIES | 875,180 | 908,882 |
| NET POSITION | | |
| Net investment in capital assets | 1,830,554 | 1,826,501 |
| Restricted for: | | |
| Operations and maintenance | 47,400 | 53,800 |
| Unrestricted | 1,131,394 | 1,021,133 |
| TOTAL NET POSITION | 3,009,348 | 2,901,434 |
| TOTAL LIABILITIES AND NET POSITION | $ 3,884,528 | $ 3,810,316 |

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| OPERATING REVENUES | | |
| Charges for services | $ 377,530 | $ 373,055 |
| OPERATING EXPENSES | | |
| Salaries | 55,469 | 57,623 |
| Employee benefits | 3,809 | 1,245 |
| Payroll taxes | 4,243 | 4,405 |
| Utilities | 17,122 | 15,144 |
| Repairs and maintenance | 88,382 | 101,332 |
| Professional services | 7,629 | 12,354 |
| Supplies | 6,293 | 9,806 |
| Depreciation | 87,072 | 75,830 |
| Miscellaneous | 6,632 | 13,132 |
| TOTAL OPERATING EXPENSES | 276,651 | 290,871 |
| OPERATING INCOME | 100,879 | 82,184 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Interest income | 5,659 | 4,972 |
| Grant income | 5,000 | - |
| Interest expense | (4,624) | (4,933) |
| TOTAL NONOPERATING REVENUES (EXPENSES) | 6,035 | 39 |
| INCOME BEFORE CAPITAL CONTRIBUTIONS | 106,914 | 82,223 |
| CAPITAL CONTRIBUTIONS | 1,000 | - |
| CHANGE IN NET POSITION | 107,914 | 82,223 |
| NET POSITION JANUARY 1 | 2,901,434 | 2,819,211 |
| NET POSITION DECEMBER 31 | $ 3,009,348 | $ 2,901,434 |

TOWN OF STRATTON, COLORADO

WATER PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ 376,155 | $ 369,800 |
| Cash payments for supplies, goods, services | (115,772) | (122,785) |
| Cash payments to employees | (64,629) | (63,976) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | 195,754 | 183,039 |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Grant proceeds | 5,000 | - |
| Due from (to) other funds | 4,476 | (56,896) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES | 9,476 | (56,896) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition of capital assets | (43,821) | (242,860) |
| Capital contributed | 1,000 | - |
| Principal paid on loan | (47,303) | (46,995) |
| Interest on debt | (4,677) | (4,984) |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES | (94,801) | (294,839) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Interest on savings | 5,659 | 4,972 |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY INVESTING ACTIVITIES | 5,659 | 4,972 |
| NET CHANGE IN CASH | 116,088 | (163,724) |
| CASH - BEGINNING OF YEAR | 1,085,828 | 1,249,552 |
| CASH - END OF YEAR | $ 1,201,916 | $ 1,085,828 |

| | 2025 | 2024 |
|---|---|---|
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income | $ 100,879 | $ 82,184 |
| Adjustments to reconcile operating income to net cash provided by operating activities | | |
| Depreciation | 87,072 | 75,830 |
| Loss (gain) on sale of fixed asset | - | 28,983 |
| Change in assets and liabilities | | |
| (Increase) decrease in accounts receivable | (1,375) | (3,255) |
| Increase (decrease) in accounts payable | 10,286 | - |
| Increase (decrease) in accrued expenses | (1,108) | (703) |
| NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES | $ 195,754 | $ 183,039 |

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

BALANCE SHEET

DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CURRENT ASSETS | | |
| Cash | $ 6,997 | $ 6,080 |
| Due from other funds | - | 1,195 |
| TOTAL CURRENT ASSETS | 6,997 | 7,275 |
| NET PROPERTY AND EQUIPMENT | 333,276 | 349,841 |
| TOTAL ASSETS | $ 340,273 | $ 357,116 |
| CURRENT LIABILITIES | | |
| Accounts payable | $ - | $ - |
| Customer deposits | 55 | 55 |
| Unearned revenue | 14,862 | 14,862 |
| TOTAL CURRENT LIABILITIES | 14,917 | 14,917 |
| NET POSITION | | |
| Net investment in capital assets | 333,276 | 349,841 |
| Unrestricted | (7,920) | (7,642) |
| TOTAL NET POSITION | 325,356 | 342,199 |
| TOTAL LIABILITIES AND NET POSITION | $ 340,273 | $ 357,116 |

# TOWN OF STRATTON, COLORADO

## COMMUNITY BUILDING PROPRIETARY FUND

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

## YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| OPERATING REVENUES | | |
| Charges for services | $ 10,069 | $ 8,888 |
| OPERATING EXPENSES | | |
| Utilities | 10,800 | 10,924 |
| Repairs and maintenance | 6,793 | 11,300 |
| Supplies | - | 878 |
| Insurance | 254 | 568 |
| Depreciation | 16,565 | 16,565 |
| Miscellaneous | - | 581 |
| TOTAL OPERATING EXPENSES | 34,412 | 40,816 |
| OPERATING INCOME (LOSS) | (24,343) | (31,928) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Grant income | - | 7,465 |
| INCOME BEFORE TRANSFER | (24,343) | (24,463) |
| TRANSFER IN | 7,500 | 20,080 |
| CHANGE IN NET POSITION | (16,843) | (4,383) |
| NET POSITION JANUARY 1 | 342,199 | 346,582 |
| NET POSITION DECEMBER 31 | $ 325,356 | $ 342,199 |

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2025 AND 2024

| | 2025 | 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers | $ 10,069 | $ 8,888 |
| Cash payments for supplies, goods, services | (17,847) | (31,112) |
| Cash payments to employees | - | - |
| NET CHANGE IN CASH FLOWS PROVIDED (USED) BY OPERATING ACTIVITIES | (7,778) | (22,224) |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | | |
| Due from (to) other funds | 8,695 | (7,593) |
| NET CHANGE IN CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | 8,695 | (7,593) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Grant proceeds | - | - |
| Acquisition of capital assets | - | - |
| NET CHANGE IN CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | - | - |
| NET CHANGE IN CASH | 917 | (29,817) |
| CASH - BEGINNING OF YEAR | 6,080 | 35,897 |
| CASH - END OF YEAR | $ 6,997 | $ 6,080 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES | | |
| Operating income (loss) | $ (24,343) | $ (31,928) |
| Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities | | |
| Depreciation | 16,565 | 16,565 |
| Change in assets and liabilities | | |
| Increase (decrease) in accounts payable | - | (6,861) |
| NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES | $ (7,778) | $ (22,224) |

TOWN OF STRATTON, COLORADO

SANITATION PROPRIETARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2025

| | BUDGET AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE) |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | |
| REVENUES | | | | |
| Charges for services | $ 160,000 | $ 160,000 | $ 138,340 | $ (21,660) |
| Interest | 450 | 450 | 4,437 | 3,987 |
| Grant income | 78,350 | 78,350 | 12,129 | (66,221) |
| TOTAL REVENUES | 238,800 | 238,800 | 154,906 | (83,894) |
| EXPENDITURES | | | | |
| Salaries | 19,968 | 19,968 | 19,324 | 644 |
| Employee benefits | - | - | - | - |
| Payroll taxes | 1,528 | 1,528 | 2,312 | (784) |
| Utilities | 18,000 | 18,000 | 18,448 | (448) |
| Repairs and maintenance | 27,000 | 27,000 | 18,383 | 8,617 |
| Professional services | 20,500 | 20,500 | 20,382 | 118 |
| Supplies | 4,000 | 4,000 | - | 4,000 |
| Depreciation | - | - | 23,989 | (23,989) |
| Miscellaneous | 3,250 | 3,250 | 9,020 | (5,770) |
| Capital outlay | 119,350 | 119,350 | - | 119,350 |
| Contingency reserve | 25,000 | 25,000 | - | 25,000 |
| TOTAL EXPENDITURES | 238,596 | 238,596 | 111,858 | 126,738 |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | 204 | 204 | 43,048 | 42,844 |
| OTHER FINANCING SOURCES (USES) | | | | |
| TRANSFERS | - | - | - | - |
| | $ 204 | $ 204 | 43,048 | $ 42,844 |
| ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR: | | | | |
| Acquisition of capital assets | | | - | |
| CHANGE IN NET POSITION | | | 43,048 | |
| NET POSITION JANUARY 1 | | | 926,032 | |
| NET POSITION DECEMBER 31 | | | $ 969,080 | |

# TOWN OF STRATTON, COLORADO

## WATER PROPRIETARY FUND

## SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

## YEAR ENDED DECEMBER 31, 2025

| | BUDGET AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | (NEGATIVE) |
| REVENUES | | | | |
| Charges for services | $ 551,550 | $ 551,550 | $ 377,530 | $ (174,020) |
| Interest income | 2,740 | 2,740 | 5,659 | 2,919 |
| Grant income | 205,000 | 205,000 | 5,000 | (200,000) |
| TOTAL REVENUES | 759,290 | 759,290 | 388,189 | (371,101) |
| EXPENDITURES | | | | |
| Salaries | 52,260 | 52,260 | 55,469 | (3,209) |
| Employee benefits | 1,000 | 1,000 | 3,809 | (2,809) |
| Payroll Taxes | 8,701 | 8,701 | 4,243 | 4,458 |
| Utilities | 18,500 | 18,500 | 17,122 | 1,378 |
| Repairs and maintenance | 174,500 | 174,500 | 88,382 | 86,118 |
| Professional services | 8,250 | 8,250 | 7,629 | 621 |
| Supplies | 12,300 | 12,300 | 6,293 | 6,007 |
| Depreciation | - | - | 87,072 | (87,072) |
| Miscellaneous | 1,800 | 1,800 | 6,632 | (4,832) |
| Capital outlay | 270,000 | 270,000 | 43,821 | 226,179 |
| Interest expense | 5,000 | 5,000 | 4,624 | 376 |
| Debt service | 46,979 | 46,979 | 47,303 | (324) |
| TOTAL EXPENDITURES | 599,290 | 599,290 | 372,399 | 226,891 |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | 160,000 | 160,000 | 15,790 | (144,210) |
| OTHER FINANCING SOURCES (USES) | | | | |
| TRANSFERS | (160,000) | (160,000) | - | 160,000 |
| CAPITAL CONTRIBUTIONS | - | - | 1,000 | 1,000 |
| REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | $ - | $ - | 16,790 | $ 16,790 |
| ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR: | | | | |
| Principal paid on notes | | | 47,303 | |
| Acquisition of capital assets | | | 43,821 | |
| CHANGE IN NET POSITION | | | 107,914 | |
| NET POSITION JANUARY 1 | | | 2,901,434 | |
| NET POSITION DECEMBER 31 | | | $ 3,009,348 | |

TOWN OF STRATTON, COLORADO

COMMUNITY BUILDING PROPRIETARY FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2025

| | BUDGET AMOUNTS | | | VARIANCE WITH FINAL BUDGET POSITIVE |
|---|---|---|---|---|
| | ORIGINAL | FINAL | ACTUAL | (NEGATIVE) |
| REVENUES | | | | |
| Charges for services | $ 20,150 | $ 20,150 | $ 10,069 | $ (10,081) |
| Other income | 600 | 600 | - | (600) |
| Grant income | 15,000 | 15,000 | - | (15,000) |
| TOTAL REVENUES | 35,750 | 35,750 | 10,069 | (25,681) |
| EXPENDITURES | | | | |
| Utilities | 11,500 | 11,500 | 10,800 | 700 |
| Repairs and maintenance | 7,600 | 7,600 | 6,793 | 807 |
| Supplies | 950 | 950 | - | 950 |
| Insurance | 600 | 600 | 254 | 346 |
| Depreciation | - | - | 16,565 | (16,565) |
| Miscellaneous | 100 | 100 | - | 100 |
| Capital outlay | 15,000 | 15,000 | - | 15,000 |
| TOTAL EXPENDITURES | 35,750 | 35,750 | 34,412 | 1,338 |
| REVENUES OVER (UNDER) EXPENDITURES BEFORE OTHER FINANCING SOURCES | - | - | (24,343) | (24,343) |
| OTHER FINANCING SOURCES (USES) | | | | |
| TRANSFERS | - | - | 7,500 | 7,500 |
| REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES | $ - | $ - | (16,843) | $ (16,843) |
| ADJUSTMENT TO RECONCILE BUDGETARY BASIS TO GAAP BASIS - ADJUSTMENTS FOR: | | | | |
| Acquisition of capital assets | | | - | |
| CHANGE IN NET POSITION | | | (16,843) | |
| NET POSITION JANUARY 1 | | | 342,199 | |
| NET POSITION DECEMBER 31 | | | $ 325,356 | |

# LOCAL HIGHWAY FINANCE REPORT

| LOCAL HIGHWAY FINANCE REPORT | | STATE: COLORADO |
|---|---|---|
| THIS INFORMATION FROM THE RECORDS OF: Town of Stratton, Colorado | PREPARED BY: Melanee Johnson townclerk@strattoncolorado.com | 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 | | a. Interest on investments | |
| b. Non-property Taxes and Assessments Imposts | 11,785.00 | b. Other Misc. Local Receipts | 283.00 |
| **c. Total (a + b)** | $ 11,785.00 | **c. Total (a + b)** | $ 283.00 |

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user Taxes (from Item I.C.5.) | 36,705.00 | 1. FHWA (from Item I.D.5.) | |
| 2. State General Funds | | 2. Other Federal Agencies: | |
| 3. Other State funds: | | | |
| a. State Bond Proceeds | | | |
| b. Non-State Bond Proceeds | 0.00 | | |
| **c. Total (a + b)** | $ - | | |
| **4. Total (1 + 2 + 3c)** | $ 36,705.00 | **3. Total (1 + 2)** | $ - |

## *III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL*

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

| | |
|---|---|
| **LOCAL HIGHWAY FINANCE REPORT** | **STATE:** COLORADO<br>**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 | 399,170.00 |
| 3. Other Local Imposts (from page 1, Item II.A3.c) | $ 11,785.00 |
| 4. Miscellaneous Local Receipts (from page 1, Item II.A4.c) | $ 283.00 |
| 5. Transfers from Toll Facilities | |
| 6. Proceeds of Sale of Bonds and Notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| **d. Total (a + b + c)** | $ - |
| **7. Total (1 through 6)** | $ 411,238.00 |
| B. Private Contributions | |
| C. Receipts from State government (from page 1, Item II.C.4) | $ 36,705.00 |
| D. Receipts from Federal government (from page 1, Item II.D.3) | $ - |
| **E. Total receipts (A.7 + B + C + D)** | $ 447,943.00 |

### *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: | 406,938.00 |
| 3. Road and Street Services: | |
| a. Snow and Ice Removal | |
| b. Other & Traffic Control Operations | 11,439.00 |
| **c. Total (a + b)** | $ 11,439.00 |
| 4. General Administration & Miscellaneous | 25,371.00 |
| 5. Highway Law Enforcement and Safety | 4,195.00 |
| **6. Total (1 through 5)** | $ 447,943.00 |
| **B. Debt Service on Local Obligations:** | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| **3. Total (1c + 2c)** | $ - |
| C. Payments to State for Highways | |
| D. Payments to Toll Facilities | |
| **E. Total Expenditures (A6 + B3 + C + D)** | $ 447,943.00 |

### *IV. LOCAL HIGHWAY DEBT STATUS*

*(Show all entries at par)*

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