TOWN OF YAMPA, COLORADO

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2025

WITH REPORT OF

CERTIFIED PUBLIC ACCOUNTANTS

TOWN OF YAMPA, COLORADO

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Independent Auditors' Report

The Honorable Mayor and Board
Yampa, Colorado

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Yampa, 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

The Town of Yampa, Colorado's 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 Yampa, Colorado's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Yampa, 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 Yampa, Colorado's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as found in the table of contents 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 Yampa, Colorado's basic financial statements. The budgetary comparison schedules, combining schedules, and loan requirement disclosures are presented for purposes of additional analysis as required by the State of Colorado 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 budgetary comparison schedules, combining schedules, and loan requirement disclosures is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the Local Highway Finance Report but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 2026, on our consideration of the Town of Yampa, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Yampa, Colorado's internal control over financial reporting and compliance.

Squire & Company, PC

St. George, Utah
July 15, 2026

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TOWN OF YAMPA, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2025

As management of the Town of Yampa (Town), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the year ended December 31, 2025. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

- Total combined governmental and business-type net position increased from $7.90 million to $8.26 million during 2025.
- The general fund unassigned fund balance at the end of 2025 was $366,522, which is 67% of total General fund expenditures.
- General fund revenues decreased by $8,001 in 2025 mostly related to a decrease in tax revenues.
- General fund expenditures decreased by $50,114 in 2025 mostly related to decreased public work activities.
- Total business-type net position increased by $317,540 to an ending net position of $6.25 million.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The three components of the financial statements are: (1) Government-wide financial statements which include the Statement of Net Position and the Statement of Activities. These statements provide information about the activities of the Town as a whole. (2) Fund financial statements tell how these services were financed in the short term as well as what remains for future spending. Fund financial statements also report the Town's operations in more detail than the government-wide statements by providing information about the Town's most significant funds. (3) Notes to the financial statements.

Reporting the Town as a Whole

The Statement of Net Position and the Statement of Activities (Government-wide)

A frequently asked question regarding the Town's financial health is whether the year's activities contributed positively to the overall financial well-being. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer this question. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Town's net position and changes in net position. Net position, the difference between assets and liabilities, is one way to measure the Town's financial health, or financial position. Over time, increases or decreases in net assets are an indicator of whether the financial health is improving or deteriorating. However, it is important to consider other non-financial factors such as changes in the condition of the Town's roads to accurately assess the overall health of the Town.

The Statement of Net Position and the Statement of Activities, present information about the following:

- Government activities – All of the Town's basic services are considered to be governmental activities, including general government, public safety, public works/streets, parks and recreation, and interest on long-term debt. Sales taxes, property taxes, franchise taxes, intergovernmental revenues and charges for services finance most of these activities.

- Proprietary activities/Business type activities – The Town charges a fee to customers to cover most of the cost of the services provided.

Reporting the Town's Most Significant Funds

Fund Financial Statements

The fund financial statements provide detailed information about the most significant funds—not the Town as a whole. Some funds are required to be established by State law and by bond covenants. However, management establishes many other funds which aid in the management of money for particular purposes or meet legal responsibilities associated with the usage of certain taxes, grants, and other money. The Town's two major kinds of funds, governmental and proprietary, use different accounting approaches as explained below.

- Governmental funds – Most of the Town's basic services are reported in governmental funds. Governmental funds focus on how resources flow in and out with the balances remaining at year-end that are available for spending. These funds are reported using an accounting method called the modified accrual accounting method, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the Town's general government operations and the basic services it provides. Government fund information shows whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation included with the Basic Financial Statements and in footnote 2.

- Proprietary funds – When the Town charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net position may serve over time as a useful indicator of the Town's financial position. The Town's combined assets exceed liabilities by $8.26 million as of December 31, 2025 as shown in the following condensed statement of net position. Of this amount, $327,979 is unrestricted and available to meet the Town's ongoing financial obligations.

By far the largest portion of net position is the investment in capital assets (net of related debt) of $7,593,258 (91.84% of total net position). This amount reflects the investment in all capital assets (e.g. infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

The Town has chosen to account for its water and sewer operations in enterprise funds which are shown as Business Activities.

The following table summarizes the Town's governmental and business-type net assets as of December 31, 2025:

TOWN OF YAMPA, COLORADO
Statement of Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Current and other assets	$ 1,007,404	$ 916,286	$ (11,637)	$ 195,691	$ 995,767	$ 1,111,977
Capital assets	1,160,739	1,198,754	7,291,514	7,022,565	8,452,253	8,221,319
Total assets	2,168,143	2,115,040	7,279,877	7,218,256	9,448,020	9,333,296
Long-term liabilities outstanding	34,419	45,102	845,169	810,187	879,588	855,289
Other liabilities	21,372	11,941	182,308	473,209	203,680	485,150
Total liabilities	55,791	57,043	1,027,477	1,283,396	1,083,268	1,340,439
Deferred inflows of resources	96,850	91,785	-	-	96,850	91,785
Net position:						
Net investment in capital assets	1,146,913	1,183,379	6,446,345	6,212,378	7,593,258	7,395,757
Restricted	168,705	159,953	177,960	168,440	346,665	328,393
Unrestricted	699,884	622,880	(371,905)	(445,958)	327,979	176,922
Total net position	$ 2,015,502	$ 1,966,212	$ 6,252,400	$ 5,934,860	$ 8,267,902	$ 7,901,072

An additional portion of net position, $346,665, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $327,979 (3.97% of total net position), may be used to meet the government's ongoing obligations to citizens and creditors.

Governmental Activities

The cost of all Governmental activities this year was $583,168. As shown in the Changes in Net Position statement below. $16,686 of this cost was paid for by those who directly benefited from the programs. $195,679 was subsidized by grants received from other governmental organizations for both capital and operating activities. Overall governmental program revenues, including intergovernmental aid and fees for services were $212,365. General taxes, investment earnings, and other revenues totaled $420,094.

The Town's programs include: General Government, Public Works/Streets, and Parks & Recreation. Each program's revenues and expenses are presented below.

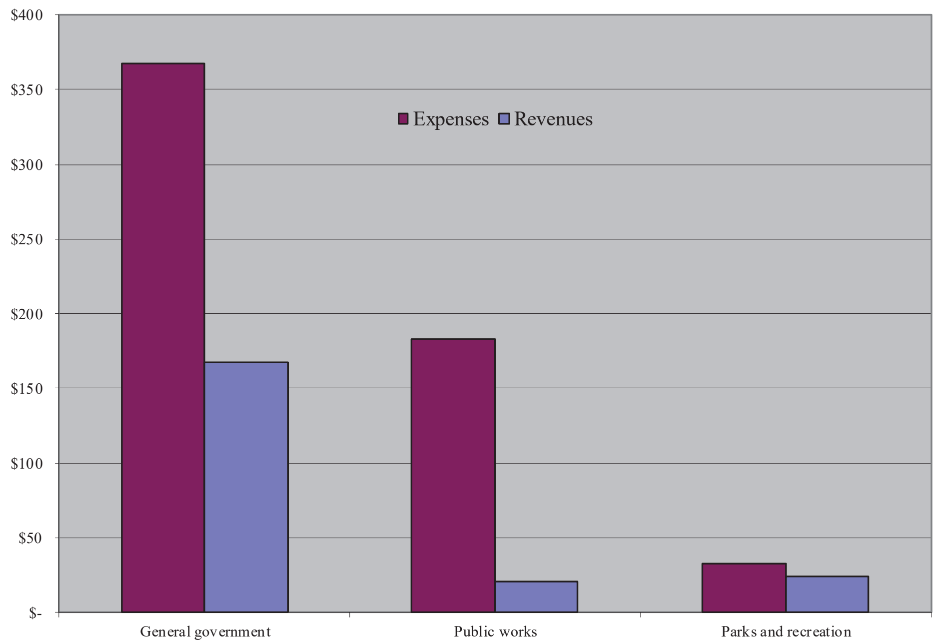
TOWN OF YAMPA, COLORADO
Changes in Net Position

	Governmental activities		Business-type activities		Combined Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Revenues:						
Program revenues:						
Charges for services	$ 16,686	$ 16,217	$ 441,095	$ 422,194	$ 457,781	$ 438,411
Operating grants and contributions	195,679	187,650	-	-	195,679	187,650
Capital grants and contributions	-	17,550	365,785	1,807,189	365,785	1,824,739
General revenues:						
Taxes	406,642	428,651	-	-	406,642	428,651
Investment earnings	13,452	15,687	-	-	13,452	15,687
Total revenues	632,458	665,755	806,880	2,229,383	1,439,338	2,895,138
Expenses:						
General government	367,198	367,481	-	-	367,198	367,481
Public works/Streets	182,930	241,183	-	-	182,930	241,183
Parks and recreation	32,645	46,134	-	-	32,645	46,134
Interest on long-term debt	395	4,841	-	-	395	4,841
Water	-	-	342,234	330,054	342,234	330,054
Sewer	-	-	147,106	138,313	147,106	138,313
Total expenses	583,168	659,639	489,340	468,367	1,072,508	1,128,006
Increase (Decrease) in net position before transfers	49,290	6,116	317,540	1,761,016	366,830	1,767,132
Transfers	-	-	-	-	-	-
Net position, beginning	1,966,212	1,960,096	5,934,860	4,173,844	7,901,072	6,133,940
Net position, ending	$ 2,015,502	$ 1,966,212	$ 6,252,400	$ 5,934,860	$ 8,267,902	$ 7,901,072

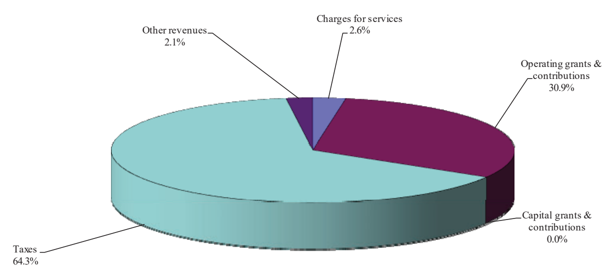
Total resources available during the year to finance governmental operations were $2,577,069 consisting of Net position as adjusted at January 01, 2025 of $1,966,212, program revenues of $212,365 and General Revenues of $420,094. Total Governmental Activities expenses during the year were $583,168 and transfers out were $0; thus Governmental Net Position increased by $49,290 resulting in an ending net position of $2,015,502.

The following graphs compare program expenses to program revenues and provide a breakdown of revenues by source for all governmental activities:

Expenses and Program Revenues - Governmental Activities
(in Thousands)



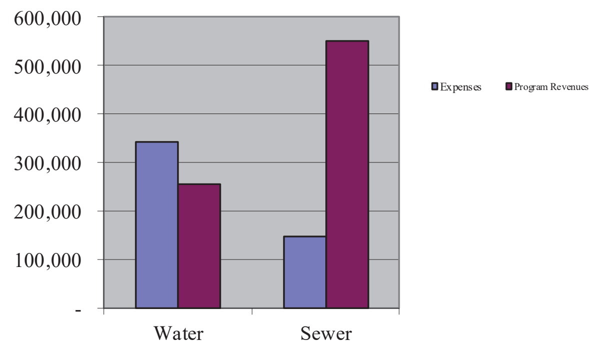
Revenue By Source - Governmental Activities



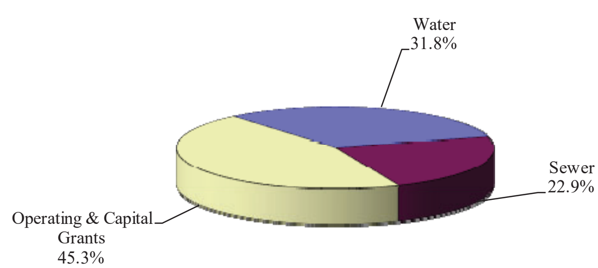
Business Type Activities

Net position of the Business Type activities at December 31, 2025, as reflected in the Statement of Net Position was $6.25 million. The cost of providing all Proprietary (Business Type) activities this year was $489,340. As shown in the statement of Changes in Net Position, the amounts paid by users of the system were $441,095 and there was $365,785 subsidized by capital grants and contributions. Investment earnings and other revenues were $0. The Net Position increased by $317,540.

Expenses and Program Revenues - Business- type Activities



Revenue By Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $896,828 an increase of $80,715 in comparison with the prior year. Approximately 40.87%, or $366,522 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been committed for emergency reserves of $18,326, for parks and recreation of $150,379, operating reserves of $57,631, or debt service of $303,970.

The Town has one major governmental fund, the General Fund, which is the primary operating fund for the Town.

At December 31, 2025, unassigned fund balance in the General Fund was $366,522. As a measure of the General fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Total unassigned fund balance represents 67% and total fund balance represents 108% of total General fund expenditures. The fund balance of the Town's General fund decreased by $69,620 for the year ended December 31, 2025. General fund revenues decreased by $8,001 compared to the prior year mainly due to decreases from tax revenues.

Proprietary funds: The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position and changes in net position for the year-ended December 31, 2025 for the Town's two enterprise funds (Water and Sewer) are as follows:

	Water	Sewer	Total
Unrestricted net position	$ (171,139)	$ (200,766)	$ (371,905)
Total net position	3,501,221	2,751,179	6,252,400
Change in net position	(85,703)	403,243	317,540

Budgetary Highlights

General fund revenues of $471,322 were less than budgeted revenues by $43,632. The most significant factor contributing to this decrease is related to intergovernmental revenues which were less than budget by $21,621. Actual expenditure were $21,374 less than appropriations.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The capital assets of the Town are those assets that are used in performance of Town functions including infrastructure assets. Capital Assets include equipment, buildings, land, system improvements, park facilities and roads. At the end of 2025, net capital assets of the government activities totaled $1.20 million and the net capital assets of the business-type activities totaled $7.29 million. The most significant capital additions were for the waste water system improvements project totaling $387,538. Depreciation on capital assets for both government activities and business-type activities is recognized in the Government-Wide financial statements. (See note 5 to the financial statements.)

Debt

At year-end, the Town had governmental type debt of $13,826, and $845,169 in proprietary debt. During the current fiscal year, the Town's total debt increased by $33,433. See note 6 for more information.

NEXT YEAR'S BUDGET AND ECONOMIC FACTORS

In considering the Town Budget for fiscal year 2026, the Town Board of Trustees and management were cautious as to the growth of revenues and expenditures due to a slowing economy. Overall General Fund operating expenditures were budgeted to maintain the current level of service at an increased cost mostly due to additional public work projects.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

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 show the Town's accountability for the money it receives. If you have questions about this report or need additional financial information, contact: Town Treasurer, 101 Main Street, Yampa, Colorado 80483.

BASIC FINANCIAL STATEMENTS

TOWN OF YAMPA, COLORADO
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 375,195	$ 237,966	$ 613,161
Receivables (net of allowance)	197,209	7,437	204,646
Internal balances	435,000	(435,000)	-
Temporarily restricted assets:			
Cash and cash equivalents	-	177,960	177,960
Capital assets (net of accumulated depreciation):			
Land	253,967	159,504	413,471
Construction in progress	23,838	3,296,313	3,320,151
Buildings	777,128	-	777,128
System improvements	-	3,823,618	3,823,618
Furniture, equipment & vehicles	72,914	12,079	84,993
Infrastructure/Roads	32,892	-	32,892
Total assets	2,168,143	7,279,877	9,448,020
Liabilities			
Accounts payable and other current liabilities	19,149	5,255	24,404
Unearned revenue	2,223	177,053	179,276
Noncurrent liabilities:			
Due within one year	11,923	29,438	41,361
Due in more than one year	22,496	815,731	838,227
Total liabilities	55,791	1,027,477	1,083,268
Deferred Inflows of Resources			
Deferred revenue-property taxes	96,850	-	96,850
Net Position			
Net investment in capital assets	1,146,913	6,446,345	7,593,258
Restricted for:			
Parks and recreation	150,379	-	150,379
Emergencies	18,326	-	18,326
Debt service	-	177,960	177,960
Unrestricted	699,884	(371,905)	327,979
Total Net Position	$ 2,015,502	$ 6,252,400	$ 8,267,902

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

TOWN OF YAMPA, COLORADO
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
Functions/Programs	Expenses	Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-type Activities	Total
Governmental activities:							
General government	$ 367,198	$ 16,686	$ 150,748	$ -	$ (199,764)	$ -	$ (199,764)
Public works	182,930	-	20,631	-	(162,299)	-	(162,299)
Parks and recreation	32,645	-	24,300	-	(8,345)	-	(8,345)
Interest on long-term debt	395	-	-	-	(395)	-	(395)
Total governmental activities	583,168	16,686	195,679	-	(370,803)	-	(370,803)
Business-type activities:							
Water	342,234	256,531	-	-	-	(85,703)	(85,703)
Sewer	147,106	184,564	-	365,785	-	403,243	403,243
Total business-type activities	489,340	441,095	-	365,785	-	317,540	317,540
Total Primary Government	1,072,508	457,781	195,679	365,785	(370,803)	317,540	(53,263)
		General Revenues:					
		Taxes:					
		Property tax			81,293	-	81,293
		Sales and use tax			304,722	-	304,722
		Specific ownership			4,665	-	4,665
		Franchise fees			15,962	-	15,962
		Unrestricted investment earnings			13,452	-	13,452
		Total general revenues & transfers			420,093	-	420,093
		Change in net position			49,290	317,540	366,830
		Net position - beginning			1,966,212	5,934,860	7,901,072
		Net position - ending			$ 2,015,502	$ 6,252,400	$ 8,267,902

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

TOWN OF YAMPA, COLORADO
Balance Sheet
Governmental Funds
December 31, 2025

Assets	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Cash and cash equivalents	$ 92,990	$ 282,205	$ 375,195
Receivables, net:			
Taxes receivable	96,850	-	96,850
Intergovernmental	74,995	21,765	96,760
Other	3,599	-	3,599
Due from other funds	435,000	-	435,000
Total assets	$ 703,434	$ 303,970	$ 1,007,404
Liabilities			
Accounts payable	$ 11,503	$ -	$ 11,503
Unearned revenue	2,223	-	2,223
Total liabilities	13,726	-	13,726
Deferred Inflows of Resources			
Deferred revenue-property taxes	96,850	-	96,850
Total deferred inflows	96,850	-	96,850
Fund Balance			
Restricted for:			
Parks and recreation	150,379	-	150,379
Emergencies	18,326	-	18,326
Committed	57,631	303,970	361,601
Unassigned	366,522	-	366,522
Total fund balances	592,858	303,970	896,828
Total Liabilities, deferred inflows of resources, and fund balances	$ 703,434	$ 303,970	$ 1,007,404

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

TOWN OF YAMPA, COLORADO
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position
December 31, 2025

Total fund balances - governmental funds		$ 896,828
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Governmental capital assets	1,930,864	
Accumulated depreciation	(770,125)	1,160,739
Other liabilities are not due and payable in the current period and therefore are not reported in the funds.		(7,646)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		(34,419)
Total net position - governmental activities		$ 2,015,502

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

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in
Fund Balances - Governmental Funds
For the Year Ended December 31, 2025

REVENUES	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Taxes	$ 240,345	$ 150,335	$ 390,680
Intergovernmental	171,379	-	171,379
Franchise fees	15,962	-	15,962
Interest revenue	20,253	-	20,253
Other revenues	34,184	-	34,184
Total Revenues	482,123	150,335	632,458
EXPENDITURES			
Current:			
General government	336,780	-	336,780
Public works	176,608	-	176,608
Parks and recreation	32,582	-	32,582
Capital outlay	-	3,829	3,829
Debt Service:			
Principal retirement	1,549	-	1,549
Interest on long-term debt	395	-	395
Total Expenditures	547,914	3,829	551,743
Excess of Revenues Over Expenditures	(65,791)	146,506	80,715
Other Financing Sources (Uses):			
Transfers in	-	3,829	3,829
Transfers out	(3,829)	-	(3,829)
Total Other Financing Sources (Uses)	(3,829)	3,829	-
Net change in fund balances	(69,620)	150,335	80,715
Fund balances, beginning of year	662,478	153,635	816,113
Fund balances, end of year	$ 592,858	$ 303,970	$ 896,828

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

TOWN OF YAMPA, COLORADO
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds To the Statement of Activities
For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of activities are different because:		
Net change in fund balances - total governmental funds		$ 80,715
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital outlays in the current period.		
Capital outlay	3,829	
Depreciation expense	(41,844)	(38,015)
Repayment of long term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		1,549
Health reimbursement expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		(4,093)
Compensated absences expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		9,134
Change in net position of governmental activities		$ 49,290

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

TOWN OF YAMPA, COLORADO
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water Fund	Sewer Fund	Combined Total
Assets			
Current Assets:			
Cash and cash equivalents	$ 48,065	$ 189,901	$ 237,966
Receivables (net of allowance)	3,551	3,886	7,437
Due from other governments	-	-	-
Total current assets	51,616	193,787	245,403
Noncurrent assets:			
Restricted cash and investments	88,980	88,980	177,960
Land	119,505	39,999	159,504
Construction in progress	-	3,296,313	3,296,313
Utility systems and improvements	5,578,607	431,842	6,010,449
Machinery, equipment and vehicles	40,447	27,074	67,521
Accumulated depreciation	(1,793,860)	(448,413)	(2,242,273)
Total noncurrent assets	4,033,679	3,435,795	7,469,474
Total Assets	$ 4,085,295	$ 3,629,582	$ 7,714,877
Liabilities			
Current Liabilities:			
Accounts payable	$ 5,255	$ -	$ 5,255
Due to other funds	217,500	217,500	435,000
Unearned revenue	-	177,053	177,053
Note payable - current	16,869	12,569	29,438
Total current liabilities	239,624	407,122	646,746
Noncurrent liabilities:			
Note payable, net of current portion	344,450	471,281	815,731
Total long-term debt	344,450	471,281	815,731
Total Liabilities	584,074	878,403	1,462,477
Net Position			
Net investment in capital assets	3,583,380	2,862,965	6,446,345
Restricted	88,980	88,980	177,960
Unrestricted	(171,139)	(200,766)	(371,905)
Total net position	$ 3,501,221	$ 2,751,179	$ 6,252,400

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

TOWN OF YAMPA, COLORADO
Statement Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sewer Fund	Combined Total
Operating Revenues			
Charges for services	$ 251,852	$ 182,072	$ 433,924
Other revenues	4,679	2,492	7,171
Total Operating Revenues	256,531	184,564	441,095
Operating Expenses			
Salaries	66,326	51,546	117,872
Employee benefits	17,243	13,830	31,073
Outside services	548	548	1,096
Repairs and maintenance	46,210	1,745	47,955
Water storage	32,038	-	32,038
Utilities	8,031	14,016	22,047
Other operating	51,961	51,877	103,838
Depreciation	116,138	2,450	118,588
Total Operating Expenses	338,495	136,012	474,507
Operating Income (Loss)	(81,964)	48,552	(33,412)
Non-operating Revenues (Expenses)			
Interest expense and fiscal charges	(3,739)	(11,094)	(14,833)
Total Non-Operating Revenue (Expense)	(3,739)	(11,094)	(14,833)
Income (loss) before contributions and transfers	(85,703)	37,458	(48,245)
Contributions and Transfers:			
Capital contributions and grants	-	365,785	365,785
Total contributions and transfers	-	365,785	365,785
Change in net position	(85,703)	403,243	317,540
Net position, beginning of year	3,586,924	2,347,936	5,934,860
Net position, end of year	$ 3,501,221	$ 2,751,179	$ 6,252,400

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

TOWN OF YAMPA, COLORADO
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water Fund	Sewer Fund	Combined Total
Cash Flows From Operating Activities:			
Cash received from customers, service fees	$ 254,331	$ 183,482	$ 437,813
Cash received from customers, other	4,679	2,492	7,171
Cash paid to suppliers	(158,424)	(122,584)	(281,008)
Cash paid to employees	(83,569)	(65,376)	(148,945)
Net cash flows from operating activities	17,017	(1,986)	15,031
Cash Flows From Noncapital Financing Activities:			
Proceeds/(payments) to other funds	-	-	-
Net cash flows from noncapital financing activities	-	-	-
Cash Flows From Capital and Related Financing Activities:			
Purchase of capital assets	-	(601,457)	(601,457)
Principal paid on long-term debt	(16,702)	(12,291)	(28,993)
Interest paid	(3,739)	(11,094)	(14,833)
Debt proceeds	-	63,975	63,975
Capital grants	-	509,939	509,939
Net cash flows from capital and related financing activities	(20,441)	(50,928)	(71,369)
Cash Flows From Investing Activities:			
Interest on investments	-	-	-
Net change in cash and cash equivalents	(3,424)	(52,914)	(56,338)
Cash and cash equivalents, beginning of year	140,469	331,795	472,264
Cash and Cash Equivalents, End of Year	$ 137,045	$ 278,881	$ 415,926
Reconciliation of operating income to net cash provided by operating activities:			
Net operating income/(loss)	$ (81,964)	$ 48,552	$ (33,412)
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:			
Depreciation/amortization	116,138	2,450	118,588
Changes in operating assets and liabilities:			
(Increase)/decrease in receivables	2,479	1,410	3,889
Increase/(decrease) in payables	(19,636)	(54,398)	(74,034)
Net cash flows from operating activities	$ 17,017	$ (1,986)	$ 15,031

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

Note 1. Summary of Significant Accounting Policies

The Town of Yampa, Colorado (the Town) was incorporated on April 17, 1906 in Routt County and is governed by a publicly elected Board of Trustees. The Town provides general government, public works, water and sewer services for the Town's residents.

The Town's financial statements are prepared in accordance with U.S. generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the standard-setting body for the establishment of GAAP in governmental entities. The following summary of the more significant accounting policies of the Town is presented to assist the reader in interpreting these financial statements and should be viewed as an integral part of this report.

Description of Government-Wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, when applicable, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

Reporting Entity

The government is a statutory municipality with a mayor – board form of government with five elected board members. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government. However, there are no blended or discretely presented component units that are applicable in defining the Town's reporting entity.

Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the government's funds. Separate statements for each fund category—governmental and proprietary—are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The Town reports the following major governmental fund:

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

The Town reports the following major proprietary funds:

> The **Water Fund** accounts for the activities related to the Town's water wells, treatment facilities and distribution operations.
>
> The **Sewer Fund** accounts for the activities related to the Town's sewer collection and treatment operations.

During the course of operations the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

Note 1. Summary of Significant Accounting Policies, Continued

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

The 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, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of yearend). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash and Investments

The Town's cash includes cash on hand and demand deposits. The Town's investment in the Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+ fund is measured at net asset value, equal to $1.00 per share.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to" or "due from other funds. All trade accounts receivable in the enterprise funds are shown net of an allowance for uncollectible accounts. Due to the nature of the accounts receivable in governmental type activities, management does not consider an allowance for uncollectible accounts receivable necessary or material. Therefore, no allowance for uncollectible accounts receivable is presented.

Note 1. Summary of Significant Accounting Policies, Continued

Capital Assets

Capital assets include property, water and sewer systems, vehicles, equipment and infrastructure assets. Capital assets are defined by the Town as assets with an initial cost of $1,000 or more and an estimated useful life more than one year. Such assets are recorded at historical cost if purchased or estimated fair value if donated. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Property, plant and equipment are depreciated using the straight-line method over the following estimated useful lives:

Building and improvements	40 years
Utility systems and improvements	40 to 50 years
Furniture, equipment and vehicles	3 to 25 years
Infrastructure - Streets and sidewalks	50 years

Deferred outflows/inflows 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.

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 government has one item, which arises under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred revenue – property taxes*, is reported in both the governmental funds balance sheet and the statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Note 1. Summary of Significant Accounting Policies, Continued

Net position flow assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Fund balance flow assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund balance policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The Town Manager is authorized to assign amounts to a specific purpose in accordance with the Town's budget policy. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Note 1. Summary of Significant Accounting Policies, Continued

Revenues and expenditures/expenses

Program revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes

Property tax revenues are recognized as revenues in the year collected or if collected within 60 days thereafter unless they are prepaid. Property taxes levied in the current year and not collected within 60 days of year-end are not deemed available to pay current liabilities and therefore the receivable is recorded as deferred revenue in the governmental funds. Property taxes for the current year are levied by the County and attach as a lien on property the following January 1. They are payable in full by April 30 or in two equal installments due February 28 and June 15. The County also levies various personal property taxes during the year.

Compensated Absences

For governmental funds, amounts of vested or accumulated vacation and sick leave that are not expected to be liquidated with expendable available financial resources are reported as liabilities in the government-wide statement of net position and as expenses in the government-wide statement of activities. No expenditures are reported for these amounts in the fund financial statements. Vested or accumulated vacation and sick leave in the proprietary fund are recorded as an expense and a liability of that fund as the benefits accrue to the employees and are thus recorded in both the government-wide financial statements and the individual fund financial statements.

Proprietary funds operating and nonoperating revenues and expenses

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 proprietary are charges to customers for sales and services. Operating expenses for enterprise funds and internal service 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.

Note 1. Summary of Significant Accounting Policies, Continued

Use of Estimates

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

Note 2. Reconciliation of Government-Wide and Fund Financial Statements

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and the net position of governmental activities as reported in the government-wide statement of nets position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation as listed in the table of contents.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation as listed in the table of contents.

Note 3. Stewardship, Compliance, and Accountability

Stewardship, compliance, and accountability are key concepts in defining the responsibilities of the Town. The use of budgets and monitoring of equity status facilitate the Town's compliance with legal requirements.

Budgets and Budgetary Accounting

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

- By September of each year, the Town Clerk gives public notice of the budget calendar for the next fiscal year. The Town Clerk asks that all Town departments, boards, commissions or citizens submit within thirty days from the notice, any request for funds under the budget being prepared. The Town Clerk prepares a proposed budget for the ensuing fiscal year and submits it to the Board no later than forty-five days prior to any date required by state law for the certification to the County of the tax levy.

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

- A public hearing on the proposed budget is held by the Board in early December.

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

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

- Budgetary appropriations lapse at the end of each year.

Budget amounts included in the financial statements report both the original and final amended budget. There was one revision made to the original budget during the year.

Note 3. Stewardship, Compliance, and Accountability, Continued

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

Expenditures over Appropriations

Per C.R.S. 29-1-108(2), appropriations are made by fund or spending agency (e.g. department) within a fund at the discretion of the Town Board. The Board by Resolution has made appropriations at the fund level and thus, expenditures may not legally exceed budgeted appropriations at the fund level. The individual Schedules of Revenues, Expenditures and Changes in Fund Balances - Budget to Actual reports as listed in the table of contents.

Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments, excluding “enterprises.”

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Town’s voters passed a ballot question in April 1998, permitting the Town to collect, retain and expend all revenues and other funds collected during 1997 and each subsequent year. The ballot question also stipulated that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed without the prior approval of the Town’s voters.

The Amendment is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of the Amendment. However, the entity has made certain interpretations in the Amendment’s language in order to determine its compliance.

Debt Covenants

See supplementary information as listed in the table of contents for compliance with debt covenants.

Note 4. Cash and Investments

A summary of cash and investments as shown on the statement of net position as follows:

Cash on hand	$	200
Cash in bank		313,115
Colorado Trust		477,805
Total cash and investments	$	791,120

Deposits

Custodial Credit Risk

The carrying amount of the Town's deposits as of December 31, 2025 was $313,115 and the bank balance was $319,286. Of the bank balance, $288,706 was covered by federal deposit insurance and $30,580 was uninsured but collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal or exceed 102% of the aggregate uninsured deposits.

Investments

As of December 31, 2025, the Town had $477,805 invested in the COLOTRUST PLUS+ fund. COLOTRUST PLUS+ is a short-term money market fund organized in conformity with Part 7 of Article 75 of Title 24, CRS. The portfolio offers Colorado governmental entities a convenient and efficient means to pool their funds to take advantage of short-term investments and maximize net interest earnings. COLOTRUST PLUS+'s investment objective is to obtain as high a level of current income as is consistent with the preservation of capital and liquidity. The investment adviser for COLOTRUST PLUS+ is Public Trust Advisors LLC, a Colorado-based investment adviser, registered with the SEC. The portfolio manager is responsible for making all of the investment decisions for the portfolio. Wells Fargo Bank, N.A. is custodian of the portfolio's securities and cash. COLOTRUST PLUS+ portfolio invests in U.S. Treasury securities, federal instrumentality securities, agency securities, repurchase agreements, tri-party repurchase agreements, collateralized bank deposits, the highest rated commercial paper, and highly-rated corporate bonds. The portfolio's weighted average maturity to reset is kept under 60 days, which helps to enhance liquidity and limits market price exposure. The COLOTRUST PLUS+ fund holds a 'AAAm' rating by Standard and Poor's.

The Town's investments are subject to interest rate, credit risk, and concentration of credit risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town currently invests only in highly liquid investment pools which may be redeemed at any time.

Note 5. Capital Assets

The following table summarizes the changes to capital assets for governmental activities during the year.

Governmental Activities:	Balance 12/31/24	Additions	Deletions	Transfers	Balance 12/31/25
Capital assets, not being depreciated:					
Land	$ 253,967	$ -	$ -		$ 253,967
Construction in progress	20,009	3,829	-		23,838
Total capital assets, not being depreciated	273,976	3,829	-	-	277,805
Capital assets, being depreciated:					
Buildings	1,296,553	-	-	-	1,296,553
Furniture, equipment & vehicles	226,339	-	-	-	226,339
Infrastructure	130,167	-	-	-	130,167
Total capital assets, being depreciated	1,653,059	-	-	-	1,653,059
Less accumulated depreciation for:					
Buildings	(485,898)	(33,527)	-	-	(519,425)
Furniture, equipment & vehicles	(147,590)	(5,835)	-	-	(153,425)
Infrastructure	(94,793)	(2,482)	-	-	(97,275)
Total accumulated depreciation	(728,281)	(41,844)	-	-	(770,125)
Total capital assets, being depreciated, net	924,778	(41,844)	-	-	882,934
Governmental activities capital assets, net	$ 1,198,754	$ (38,015)	$ -	$ -	$ 1,160,739

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

Governmental Activities:	
General government	$ 33,527
Public works/streets	7,953
Parks & recreation	364
Total depreciation expense - governmental activities	$ 41,844

Note 5. Capital Assets, Continued

The following table summarizes the changes to capital assets for business-type activities during the year.

Business Type Activities:	**Balance 12/31/24**	**Additions**	**Deletions**	**Transfers**	**Balance 12/31/25**
Capital assets not being depreciated:					
Land and water rights	$ 159,504	$ -	$ -		159,504
Construction in progress	2,908,775	387,538	-	-	3,296,313
Total capital assets, not being depreciated	3,068,279	387,538	-	-	3,455,817
Capital assets being depreciated:					
Water system and improvements	5,578,607		-		5,578,607
Sewer system and improvements	431,842		-	-	431,842
Furniture, equipment & vehicles	67,521	-	-		67,521
Total capital assets, being depreciated	6,077,970	-	-	-	6,077,970
Less accumulated depreciation for:					
Water system and improvements	(1,644,320)	(115,132)	-	-	(1,759,452)
Sewer system and improvements	(425,755)	(1,624)	-	-	(427,379)
Furniture, equipment & vehicles	(53,609)	(2,013)	180	-	(55,442)
Total accumulated depreciation	(2,123,684)	(118,769)	180	-	(2,242,273)
Total capital assets, being depreciated, net	3,954,286	(118,769)	180	-	3,835,697
Business-type activities capital assets, net	$ 7,022,565	$ 268,769	$ 180	$ -	$ 7,291,514

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

Business-Type Activities:	
Water	$ 116,138
Sewer	2,631
Total depreciation expense - business-type activities	$ 118,769

Note 6. Long-Term Liabilities

The following is a summary of changes in long-term obligations for the year ended December 31, 2025:

	Balance 12/31/24	Additions	Retirements	Balance 12/31/25	Current Portion
Governmental Activities:					
BOC Lease-Purchase	$ 15,375	$ -	$ (1,549)	$ 13,826	$ 1,623
Compensated Absences	29,727	-	(9,134)	20,593	10,300
Total Governmental activity Long-term liabilities	$ 45,102	$ -	$ (10,683)	$ 34,419	$ 11,923
Business-Type Activities:					
2014 CWRPDA Note Payable	$ 378,021	$ -	$ (16,702)	$ 361,319	$ 16,869
2024 CWRPDA Note Payable	432,166	63,975	(12,291)	483,850	12,569
Total Business-type activity Long-term liabilities	$ 810,187	$ 63,975	$ (28,993)	$ 845,169	$ 29,438

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

Note Payable – 2014 CWRPDA

The Town entered into a $1,370,241 loan agreement with the Colorado Water Resources and Power Development Authority (CWRPDA) on May 6, 2014. Terms of the loan agreement include principal forgiveness of $847,920 by CWRPDA to a reduced principal amount of $522,321 and the loan carries a 1.0% interest rate. Proceeds of the loan were used for water treatment plant improvements that included filtration and chlorination upgrades, an additional finished water storage tank, source protection of infiltration gallery, and replacement of transmission lines.

The first loan payment of $1,683, including principal and interest, was paid on November 1, 2015. Remaining principal and interest payments of $10,220 are due semi-annually on May 1 and November 1 until maturity on May 1, 2045.

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved $88,980 of its Water Fund net position for this purpose as of December 31, 2025.

Note Payable – 2024 CWRPDA

The Town entered into a loan agreement on February 22, 2024 with the Colorado Water Resources and Power Development Authority for a loan of $1,059,000 with an up-front principal forgiveness of $552,057 leaving a principal to be repaid of $506,943. The loan is to be repaid in semi-annual principal and interest installments of $11,693 over 30 years starting May 1, 2024 and going through May 1, 2054 at an interest rate of 2.25%

Note 6. Long-Term Liabilities, Continued

The loan agreement requires the Town to maintain an operations and maintenance reserve fund equal to three months of system operation and maintenance expenses. The Town has reserved $88,980 of its Sewer Fund net position for this purpose as of December 31, 2025.

Lease-Purchase Agreement

On July 15, 2021, the Town entered into a $20,330 governmental lease-purchase agreement with Bank of Colorado. Proceeds totaling $20,076 from the lease were used to purchase solar equipment as of December 31, 2021. The lease term is twelve years, subject to annual appropriation of lease expenditure by the Town. The lease requires annual payments of $1,944 including interest at 2.27% beginning April 15, 2022 through maturity on April 15, 2033. The interest rate is subject to adjustment every five years to the 5 Year Treasury Rate plus 0.75%, subject to an interest rate floor of 2.00%.

Debt service requirements as of December 31, 2025 are as follows:

	Direct Borrowings Business-Type Activities		Governmental Activities	
Years ending June 30:	Principal	Interest	Principal	Interest
2026	$ 29,438	$ 14,387	$ 1,623	$ 324
2027	29,892	13,934	1,674	253
2028	30,439	13,472	1,708	219
2029	30,824	13,003	1,743	184
2030	31,302	12,524	1,778	149
2031-2035	163,994	55,136	5,300	227
2036-2040	177,325	41,806	-	-
2041-2045	181,616	27,207	-	-
2046-2050	102,866	14,064	-	-
2051-2053	67,473	2,682		
	$ 845,169	$ 208,215	$ 13,826	$ 1,356

The Town has no unused lines of credit as of December 31, 2025.

Note 7. Interfund Balances and Transfers

As of December 31, 2025, the Town had the following interfund balances:

	Due from Other Funds	Due to Other Funds
General fund	$ 435,000	$ -
Water fund	-	217,500
Sewer fund	-	217,500
	$ 435,000	$ 435,000

Note 7. Interfund Balances and Transfers, Continued

This interfund balance is an advance that was primarily for the establishment of a loan that is not due within one year. The loan is to improve the Water and Sewer Fund's operational liquidity. As of the issue date of the financial statements, the Town's Board is still in the process of establishing repayment terms for this loan.

Interfund balances can result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

The Town had the following interfund transfers for the year ended December 31, 2025.

	Transfers In:	
Transfers Out:	Capital Improvement Fund	Total
General Fund	$ 3,829	$ 3,829
	$ 3,829	$ 3,829

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Note 8. Restricted Assets & Fund Balances

The Town has set aside funds for the Operation and Maintenance Reserve Fund as required by the Colorado Water Resources and Power Development Authority Loan Agreements. The water fund reserve at year-end is $88,980 and is equal to the $88,980 required for three months of operations and maintenance excluding depreciation, of the system as set forth in the Town's annual budget. The sewer fund reserve at year-end is $88,980 and is equal to the $88,980 required for three months of operations and maintenance excluding depreciation, of the system as set forth in the Town's annual budget.

The Town has restricted fund balances as of December 31, 2025 for the following:

- Emergency reserve required by TABOR
- Accumulated conservation trust funds from net proceeds of the Colorado Lottery to be used for parks, recreation facilities, open space, environmental education, and wildlife habitat.

The Town has committed fund balances of $57,631 as of December 31, 2025 as an operating reserve.

When expenditures are incurred and both restricted and unrestricted resources are available, it is the Town's policy to use restricted resources first, then unrestricted resources in the order of committed, assigned, and then unassigned, as they are needed.

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 maintains commercial insurance for these risks of loss, including workers compensation. Settled claims have not exceeded coverage in the past three fiscal years.

The Town is insured by Workers Compensation for potential worker related accidents.

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by an intergovernmental agreement by member municipalities pursuant to the provision of 24-10-1155, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability and property coverage's and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

All Colorado municipalities who are members of the Colorado Municipal League and own property, are eligible to participate. The general objectives of the Agency are to provide member municipalities defined liability and property coverage through joint self-insurance and to assists members in loss prevention measures. Any member may withdraw from the Agency by giving written notice to the Board of Directors of the prospective effective date of its withdrawal.

The Town recognizes an expense for coverage for the amount paid to CIRSA annually for these coverage's. Contingent liability claims for the coverage have not been recognized to date after reviewing claim history and the remoteness of potential loss in excess of actual contributions by the Town. It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage's at reasonable costs. All income and assets of CIRSA shall at all times be dedicated to the exclusive benefit of its members.

CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of CIRSA. The Board of Directors of the Agency is composed of seven directors elected by the members at the annual meeting to be scheduled in December each year.

Note 10. Contingencies and Commitments

Yamcolo Reservoir Storage Agreement

The Town entered into an extension and amendment agreement with the Upper Yampa Water Conservancy District effective July 15, 2011 for 300-acre feet of storage water in the Yamcolo Reservoir for thirty years terminating July 15, 2041. The purchase price for the storage water is subject to an annual CPI increase. The Town paid $103.01 per acre foot of storage water for the year ended December 31, 2025.

Water Tank Access Road

The Town purchased land for its water tank improvement project in 2015 and agreed to pay the seller an annual access road user fee over the life of the use of the access road. The annual fee, due January 1st, was $1,639 in 2017 and increases 3% compounded annually until January 1, 2065 when the annual fee will remain at $6,575.

Note 11. Defined Contribution Pension and Deferred Compensation Plans

Defined Contribution Pension Plan – Section 401(a)

Effective March 1, 2025, the Town established the Town of Yampa 401(a) Profit Sharing Plan (401(a) Plan), a single-employer defined contribution pension plan established under Internal Revenue Code Section 401(a). The plan is administered by MissionSquare Retirement. The Town serves as trustee. The Town establishes and may amend the plan's benefit and contribution provisions.

All full-time employees are eligible to participate immediately upon employment, without a minimum age requirement. The Town contributes 1.5 percent of each participant's earnings. For purposes of determining contributions, earnings are defined by the plan and exclude overtime and bonuses. Employees are not required or permitted to make contributions to the 401(a) Plan.

Participants are immediately 100 percent vested in the Town's contributions and related investment earnings. Accordingly, the plan does not have nonvested employer contributions subject to forfeiture. Each participant's retirement benefit is limited to the balance in the participant's individual account, including allocated contributions and investment earnings or losses. Participants direct the investment of their accounts among the investment options available under the plan and bear the associated investment risk.

For the year ended December 31, 2025, the Town contributed and recognized pension expense of $1,650 under the 401(a) Plan. On December 31, 2025, the Town had $0 payable to the plan for contributions earned but not yet remitted.

Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Separate stand-alone financial statements for the 401(a) Plan are not issued.

Note 11. Defined Contribution Pension and Deferred Compensation Plans, continued

Deferred Compensation Plan – Section 457(b)

Effective February 20, 2025, the Town established the Town of Yampa 457 Plan (457 Plan), a deferred compensation plan created in accordance with Internal Revenue Code Section 457(b). The plan is administered by MissionSquare Retirement and is available to all full-time employees. The Town serves as trustee, and the Town Administrator/Clerk serves as the plan coordinator.

The 457 Plan permits eligible employees to defer a portion of their compensation through payroll deductions, subject to the annual limitations established by the Internal Revenue Code, including applicable catch-up provisions. Participants may make pretax or designated Roth contributions. The Town does not make employer contributions or match participant deferrals. Participants are fully vested in their accounts.

Plan benefits generally become available upon a participant's severance from employment, retirement, death, or another distribution event permitted by the Internal Revenue Code and the plan. The plan also permits unforeseeable-emergency withdrawals. In-service distributions generally are permitted upon attainment of age 70½. Loans and automatic enrollment are not permitted under the plan.

All amounts deferred under the 457 Plan, together with related investment earnings, are held in trust for the exclusive benefit of participants and their beneficiaries in accordance with Internal Revenue Code Section 457(g). Participants direct the investment of their accounts among the investment alternatives available under the plan and bear the associated investment risk.

For the year ended December 31, 2025, participant deferrals totaled $2,986. On December 31, 2025, the Town had $0 payable to the plan for contributions earned but not yet remitted.

Plan assets are held in trust for the exclusive benefit of participants and their beneficiaries. Separate stand-alone financial statements for the 457 Plan are not issued.

TOWN OF YAMPA, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING MAJOR FUNDS:

General Fund – Detail Budget and Actual

The **General Fund** is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with
REVENUES:	Original	Final	Amounts	Final Budget
Taxes:				
Property tax	$ 91,785	$ 91,785	$ 81,293	$ (10,492)
Sales and use tax	162,000	162,000	154,387	(7,613)
Specific ownership	4,500	4,500	4,665	165
Intergovernmental	193,000	193,000	171,379	(21,621)
Franchise fees	19,100	19,100	15,962	(3,138)
Interest	16,000	16,000	20,253	4,253
Other	39,370	39,370	34,184	(5,186)
TOTAL REVENUES	$ 525,755	$ 525,755	$ 482,123	$ (43,632)
EXPENDITURES:				
General Government:				
Administrative				
Wages and benefits	142,379	142,379	142,717	(338)
Other administrative	168,052	168,052	187,254	(19,202)
Legislative				
Law enforcement	10,000	10,000	6,729	3,271
Other legislative	600	600	80	520
Total General Government	321,031	321,031	336,780	(15,749)
Public Works:				
Wages and benefits	124,460	124,460	111,924	12,536
Street improvements	13,000	13,000	11,771	1,229
Other public works	57,316	57,316	52,913	4,403
Total Public Works	194,776	194,776	176,608	18,168
Parks and Recreation:				
Wages and benefits	14,187	14,187	12,664	1,523
Parks and recreation	32,350	32,350	19,918	12,432
Total Parks & Recreation	46,537	46,537	32,582	13,955
Capital Outlay:				
Capital outlay	5,000	5,000	-	5,000
Total Capital Outlay	5,000	5,000	-	5,000
Debt Service:				
Principal	1,944	1,944	1,549	395
Interest	-	-	395	(395)
Total Debt Service	1,944	1,944	1,944	-
TOTAL EXPENDITURES	569,288	569,288	547,914	21,374
Excess of Revenues Over (Under) Expenditures	(43,533)	(43,533)	(65,791)	(22,258)
Other Financing Sources (Uses):				
Transfer out	(7,024)	(7,024)	(3,829)	3,195
Total Other Financing Sources (Uses)	(7,024)	(7,024)	(3,829)	3,195
Net change in fund balance	(50,557)	(50,557)	(69,620)	(19,063)
Fund balance, beginning of year	662,478	662,478	662,478	-
Fund balance, end of year	$ 611,921	$ 611,921	$ 592,858	$ (19,063)

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULES

FOR THE FOLLOWING FUNDS:

Nonmajor Governmental Funds

- The **Capital Improvement Fund** accounts for acquisition or construction of major capital projects.
- **The Debt Service Fund** is used to account for resources to meet current and future debt service requirements.

Major Enterprise Funds

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. The budgets for the enterprise funds have been prepared and presented on a modified accrual basis which is an accounting basis other than GAAP for enterprise funds.

- The **Water Fund** is used to account for the Town's water wells, treatment facilities and distribution system.
- The **Sewer Fund** is used to account for the Town's sewer collection and treatment services.

TOWN OF YAMPA, COLORADO
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Capital Improvement Fund	Debt Service Fund	Total
Assets			
Cash	$ -	$ 282,205	$ 282,205
Due from other governments	-	21,765	21,765
Total assets	$ -	$ 303,970	$ 303,970
Liabilities and Fund Balance			
Liabilities:			
Due to other funds	-	-	-
Total liabilities	-	-	-
Fund Balance:			
Committed for:			
Debt service	-	303,970	303,970
Total fund balance	-	303,970	303,970
Total liabilities and fund balance	$ -	$ 303,970	$ 303,970

TOWN OF YAMPA, COLORADO
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Capital Improvement Fund	Debt Service Fund	Total
Revenues			
Sales taxes	$ -	$ 150,335	$ 150,335
Intergovernmental revenue	-	-	-
Total revenues	-	150,335	150,335
Expenditures			
Capital outlay	3,829	-	3,829
Debt service			
Principal retirement	-	-	-
Interest on long-term debt	-	-	-
Total expenditures	3,829	-	3,829
Excess of revenue and other sources over (under) expenditures and other uses	(3,829)	150,335	146,506
Other financing sources (uses):			
Transfers in	3,829	-	3,829
Total other financing sources (uses):	3,829	-	3,829
Net change in fund balance	-	150,335	150,335
Fund balance, beginning of year	-	153,635	153,635
Fund balance, end of year	$ -	$ 303,970	$ 303,970

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Capital Improvement Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Sales taxes	$ 35,000	$ 35,000	$ -	$ (35,000)
Intergovernmental revenue	5,400,000	5,400,000	-	(5,400,000)
Total revenue	5,435,000	5,435,000	-	(5,435,000)
Expenditures				
Capital outlay	8,025,999	8,025,999	3,829	8,022,170
Total expenditures	8,025,999	8,025,999	3,829	8,022,170
Excess of revenue and other sources over (under) expenditures and other uses	(2,590,999)	(2,590,999)	(3,829)	2,587,170
Other financing sources (uses):				
Debt proceeds	2,568,000	2,568,000	-	(2,568,000)
Transfers in	48,500	48,500	3,829	(44,671)
Total other financing sources (uses):	2,616,500	2,616,500	3,829	(2,612,671)
Net change in fund balance	25,501	25,501	-	25,501
Fund balance, beginning of year	-	-	-	-
Fund balance, end of year	$ 25,501	$ 25,501	$ -	$ 25,501

TOWN OF YAMPA, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Debt Service Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Revenues				
Sales taxes	$ 125,000	$ 160,000	$ 150,335	$ (9,665)
Total revenue	125,000	160,000	150,335	(9,665)
Expenditures				
Debt service				
Principal	25,666	23,135	-	23,135
Interest	13,251	11,211	-	11,211
Total expenditures	38,917	34,346	-	34,346
Excess of revenue and other sources over (under) expenditures and other uses	86,083	125,654	150,335	24,681
Other financing sources (uses):				
Transfers in	38,918	37,394	-	(37,394)
Total other financing sources (uses):	38,918	37,394	-	(37,394)
Net change in fund balance	125,001	163,048	150,335	(12,713)
Fund balance, beginning of year	153,635	153,635	153,635	-
Fund balance, end of year	$ 278,636	$ 316,683	$ 303,970	$ (12,713)

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenses and Changes in Available Resources
Water Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating Revenues				
Charges for services				
Water	$ 264,885	$ 264,885	$ 251,852	$ (13,033)
Other revenues	11,054	11,054	4,679	(6,375)
Total Operating Revenues	275,939	275,939	256,531	(19,408)
Operating Expenses				
Salaries	76,382	76,382	66,326	10,056
Employee benefits	19,938	19,938	17,243	2,695
Outside services	5,000	5,000	548	4,452
Repairs and maintenance	12,500	12,500	46,210	(33,710)
Water storage	33,000	33,000	32,038	962
Utilities	10,644	10,644	8,031	2,613
Other operating	57,790	53,806	51,960	1,846
Total Operating Expenses	215,254	211,270	222,356	(11,086)
Operating Income excluding depreciation	60,685	64,669	34,175	(30,494)
Non-operating Revenues (Expenses)				
Interest income	-	-	-	-
Total Non-Operating Revenue (Expense)	-	-	-	-
Income (loss) before contributions, transfers and capital and related financing activities	60,685	64,669	34,175	(30,494)
Contributions, Transfers and Capital and Related Financing Activities:				
Debt service	-	-	(20,441)	(20,441)
Transfers out	(60,965)	(60,965)	-	60,965
Change in available resources	(280)	3,704	13,734	10,030
Available resources, beginning of year	187,254	187,254	187,254	-
Available resources, end of year	$ 186,974	$ 190,958	$ 200,988	$ 10,030

TOWN OF YAMPA, COLORADO
Schedule of Revenues, Expenses and Changes in Available Resources
Sewer Fund
Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
Operating Revenues				
Charges for services				
Sewer	$ 200,567	$ 200,567	$ 182,072	$ (18,495)
Other revenues	9,857	9,857	2,492	(7,365)
Total Operating Revenues	210,424	210,424	184,564	(25,860)
Operating Expenses				
Salaries	59,197	59,197	51,546	7,651
Employee benefits	15,809	15,809	13,830	1,979
Outside services	5,000	5,000	548	4,452
Repairs and maintenance	3,000	3,000	1,745	1,255
Utilities	16,300	16,300	14,016	2,284
Other operating	43,758	39,774	51,876	(12,102)
Total Operating Expenses	143,064	139,080	133,561	5,519
Operating Income excluding depreciation	67,360	71,344	51,003	(20,341)
Non-operating Revenues (Expenses)				
Interest income	-	-	-	-
Total Non-Operating Revenue (Expense)	-	-	-	-
Income (loss) before contributions, transfers and capital and related financing activities	67,360	71,344	51,003	(20,341)
Contributions, Transfers and Capital and Related Financing Activities:				
Debt proceeds	-	-	63,975	63,975
Capital outlay	-	-	(506,115)	(506,115)
Debt service	-	-	(23,385)	(23,385)
Capital contributions and grants	-	-	365,785	365,785
Transfers out	(19,429)	(19,429)	-	19,429
Change in available resources	47,931	51,915	(48,737)	(100,652)
Available resources, beginning of year	354,278	354,278	354,278	-
Available resources, end of year	$ 402,209	$ 406,193	$ 305,541	$ (100,652)

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TOWN OF YAMPA, COLORADO

SUPPLEMENTARY INFORMATION

COLORADO WATER RESOURCES AND POWER DEVELOPMENT AUTHORITY LOAN COVENANTS AND REQUIREMENTS

The Colorado Water Resources and Power Development Authority Loan Agreements set forth certain covenants and restrictions. As of December 31, 2025, the Town appears to be in compliance with all covenants and restrictions as set forth in Exhibit F, Additional Covenants and Requirements. See footnote 6 for details on the loan. The following are additional disclosures required by the loan agreement.

- **Rate Covenant:** The Town shall establish and collect such rates, fees, and charges for the use or the sale of the products and services of the System as, together with other moneys available therefore, are expected to produce Gross revenue for each calendar year that will be at least sufficient for such calendar year to pay the sum of estimated operation and maintenance expenses, 110% of the debt service coming due on the bonds during the calendar year and other debt service requirements. Gross revenue as defined in Para (3) of Exhibit A to the Loan Agreements is all income and revenues directly or indirectly derived by the government agency for the operation and use of the system, including investment income, but excluding, property taxes and grants received for capital improvements.

Summary of 2025 Gross Revenue Requirement	**Water & Sewer**
Total Gross Revenue requirement	$ 404,128
Total water fund revenues, exluding capital grants	$ 433,924
Excess (deficiency) of gross revenues	$ 29,796
Rate covenant calculation	
Net revenue (Exp) before depreciation and interest expense	78,004
Debt service	43,826
Percentage of net revenue to debt svc	177.99%

- **Lien Representation:** Except for the debt service on any bonds, notes or other evidence of indebtedness of the Town issued, or contractual obligations incurred, having a lien on the Pledged Property equal or superior to the lien and charge on the Pledged Property of the Governmental Agency Bond that have been disclosed in writing to the Authority, the Pledged Property, after the payment of all costs of operating and maintaining the System, is free and clear of any pledge, lien, charge or encumbrance thereon, or with respect thereto, prior to, or of equal rank with, the obligation of the Governmental Agency Bond.

- **Operations and Maintenance Reserve Fund Covenant:** It appears the Town has set aside sufficient funds to meet the Reserve Fund covenants for the Water and Sewer Funds. See footnote 8 for more details regarding the reserve fund amounts.

SUPPLEMENTARY INFORMATION

LOCAL HIGHWAY FINANCE REPORT

Section 43-2-132 of the Colorado Revised Statutes requires municipalities receiving Highway User Tax Funds to include a schedule of highway receipts and expenditures with the audit report. The said report is presented on the following two pages.

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: Town of Yampa, Colorado	PREPARED BY: Sheila Symons clerk@townofyampa.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		b. Other Misc. Local Receipts	
c. Total (a + b)	$ -	**c. Total (a + b)**	$ -

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	19,478.65	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 19,478.65	**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)	$ -

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

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	175,297.35
3. Other Local Imposts (from page 1, Item II.A3.c)	$ -
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ -
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 175,297.35
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 19,478.65
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 194,776.00

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:	
3. Road and Street Services:	
a. Snow and Ice Removal	73,905.00
b. Other & Traffic Control Operations	73,148.00
c. Total (a + b)	$ 147,053.00
4. General Administration & Miscellaneous	56,905.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 203,958.00
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)	$ 203,958.00

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)		$ -	$ -	$ -

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and Board
Yampa, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Yampa, Colorado, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated July 15, 2026.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies or material weaknesses.

Compliance and Other Matters

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

We noted certain other matters that we have reported to the management of the Town in a separate letter dated July 15, 2026.

Purpose of this Report

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

Squire & Company, PC

St. George, Utah
July 15, 2026

July 15, 2026

To the Honorable Mayor and Town Council
Town of Yampa, Colorado

We have audited the financial statements of the Town of Yampa, Colorado as of and for the year ended December 31, 2025 and have issued our report thereon dated July 15, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated October 23, 2025, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the Town of Yampa solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistently with the planned scope and timing we previously communicated to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, our firm, and our network firms have complied with all relevant ethical requirements regarding independence. Safeguards have been applied to eliminate identified threats to independence or reduce them to an acceptable level.

Significant Risks Identified

According to Generally Accepted Auding Standards, significant risks should include management override of controls. Accordingly, we have considered this a significant risk.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Town of Yampa is included in Note 1 to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during 2025. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate affecting the financial statements is:

Management's estimate of the useful lives of capital assets is based on reasonable expectations of the remaining lives of the Town's fixed assets. We evaluated the key factors and assumptions used to develop the useful lives of capital assets in determining that they are reasonable in relation to the financial statements taken as a whole.

Significant Unusual Transactions

For purposes of this communication, professional standards require us to communicate to you significant unusual transactions identified during our audit. There were no significant unusual transactions identified as a result of our audit procedures.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards also require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified significant misstatements and a list of the adjustments noted during the audit has been provided to management. Uncorrected misstatements or matters underlying those uncorrected misstatements could potentially cause future-period financial statements to be materially misstated, even though the uncorrected misstatements are immaterial to the financial statements currently under audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The misstatements that we identified as a result of our audit procedures were brought to the attention of, and corrected by, management: see the audit adjustments provided to management.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the Town of Yampa's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Circumstances that Affect the Form and Content of the Auditor's Report

For purposes of this letter, professional standards require that we communicate any circumstances that affect the form and content of our auditor's report. There are no unusual circumstances that affect the form and content of the auditor's report.

Representations Requested from Management

We have requested certain written representations from management, which are included in a separate letter dated July 15, 2026.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with the Town of Yampa, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, operating and regulatory conditions affecting the entity, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Town of Yampa's auditors.

Other Information Included in Annual Reports

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in the Town of Yampa's annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have:

Applied certain limited procedures to Management's Discussion and Analysis and budgetary comparison information, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the supplementary information, as listed in the table of contents of the financial statements. With respect to this supplementary information, we made certain inquires of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

This report is intended solely for the information and use of the governing body and management of the Town of Yampa and is not intended to be and should not be used by anyone other than these specified parties.

Squire & Company, PC

Squire & Company, PC

SQUIRE
TAX • AUDIT • ADVISORY

Findings and Recommendations
For the Year Ended December 31, 2025

The Honorable Mayor and
Town Board of Trustees
Yampa, Colorado

Professional standards require that we communicate, in writing, deficiencies in internal control over financial reporting that are considered significant deficiencies or material weaknesses that are identified during the audit of the financial statements. We wish to commend the Town for their administrative achievements and oversight of the Town's accounting and budget system. During our audit of the funds of the Town of Yampa for the year ended December 31, 2025 we noted a few improvements from the prior year and we noted a few areas that may need corrective action in order for the Town to be in compliance with laws and regulations and we found a few circumstances that, if improved, would strengthen the Town's accounting system and control over its assets. These items are discussed below for your consideration.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

None noted

COMPLIANCE AND OTHER MATTERS:

Compliance:

2023-002 Budgetary Compliance – Reworded and Reissued

Criteria: Colorado revised statutes (C.R.S.) require the Town to include in its budget a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule*. The adopted budget must separately set forth the total amount to be expended during the budget year for payment obligations under all financed purchase of an asset or certificate of participation agreements for real property and for all other property. It must also show the total maximum payment liability under the agreement, and all optional renewal terms. (29-1-103(3)(d), C.R.S.)

Criteria: No spending agency may expend or contract to expend any money in excess of the amount appropriated in the resolution/ordinance. (Section 29-1-110, C.R.S.)

Condition: The Town has financed purchases, but the 2025 budget prepared and submitted by the Town didn't include a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* for those purchases.

Condition: The Town's expenditures in the water fund were more than the approved budget appropriations by $11,086.

Cause: Management for the Town was unaware of the requirement to include a *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* in the budget submission for financed purchases.

Cause: Management did not design and implement budgetary controls to ensure that expenditures did not exceed approved appropriations for the water fund.

Effects: The Town's budget submission did not comply with Section 29-1-106(3) of the C.R.S. for 2024. The Town did not comply with Section 29-1-110 C.R.S. for 2025.

Recommendation: We recommend the Town design and implement controls to ensure that all required budgetary forms are included in the Town's annual budget submission and the Town's expenditures do not exceed approved budgetary appropriations.

Other Matters:

None noted

<u>Responses</u>

Please respond to the above Findings and Recommendations in letter form.

This report is intended solely for the information and use of the Town Board, management, and various federal and state agencies and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record, and its distribution is not limited.

It has been a pleasure to be of service to the Town this past year. We would like to express special thanks to all those who assisted us so efficiently in this year's audit. We invite you to ask questions of us throughout the year as you feel necessary. We look forward to a continued professional relationship.

Sincerely,

Squire & Company, PC

Squire & Company, PC
July 15, 2026

July 21, 2026

Squire & Company PC
63 South 300 East, Suite 100
St. George, Utah 84770

RE: Response to Findings and Recommendations
FY Ending December 31, 2025 Audit

In response to the Compliance and Other Matters detailed in your letter presented to the Town on July 15, 2026 concerning the Town of Yampa's 2025 Audit and the recommendations therein, we offer the following:

2023-002 Budgetary Compliance – Reworded and Reissued

Effective with the 2026 Budget, the Town has included the required *Financed Purchase of an Asset or Certificate of Participation Agreement Supplemental Schedule* for any financed purchase of an asset or certificate of participation agreements for real or other property. Town staff implemented measures to assure that the annual budget appropriations authorize expenditures that exceed said appropriations going forward by approval of a supplemental budget within the fiscal year.

Thank you for the opportunity to respond to these Findings and Recommendations.

Sincerely,

Mary Alice Page-Allen
Treasurer

:map

xc:file

101 MAIN STREET · PO BOX 224 · YAMPA, CO 80483
(970) 638-4511 · clerk@townofyampa.com