CITY OF CRAIG

FINANCIAL STATEMENTS
DECEMBER 31, 2025

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THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

City Council
Craig, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City'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 City'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 listed 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 City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 7, 2026, on our consideration of the City'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 the City's 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 City's internal control over financial reporting and compliance.

The Adams Group, LLC

Greenwood Village, Colorado
July 7, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

CITY OF CRAIG
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED DECEMBER 31, 2025

INTRODUCTION

Our discussion and analysis of the City of Craig financial performance provides an overview of the City's financial activities for the fiscal year ended December 31, 2025. It should be read in conjunction with the City's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The City's assets exceeded its liabilities and deferred inflows of resources at December 31, 2025 by $101,661,490. Of this amount, $33,905,077 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens, creditors, and enterprise fund customers.

- The City's total net position increased by $8,308,915 over the previous year. The increase was a result of continued federal and state grant funding used for construction projects taken on by the City.

- At December 31, 2025, the City's governmental fund balance sheet reported a combined ending fund balance of $21,429,483, a decrease of $1,842,214 when compared to the prior year.

- The General Fund reported a fund balance of $24,444,503, an increase of $1,064,012 from the prior fiscal year as a result of increased tax revenues and increased grant revenues from the State and Federal governments.

- The City's outstanding long-term debt decreased by $3,034,949 in fiscal year 2025, due to the City paying off a third party loan and line of credit.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (such as, uncollected taxes and earned but unused vacation leave). Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The City's governmental activities include general government, public safety, road and bridge, community development, and park and recreation. The City's business-type activities include a water and wastewater utility system, and a solid waste service.

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

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains five individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Craig Housing Authority Fund, Capital Projects Fund, Craig Urban Renewal Authority Fund, and the Museum Fund. The General Fund and the Craig Housing Authority are the only governmental funds considered to be major funds in the current year.

The City adopts an annual appropriated budget for all funds, as required by State Statutes. Budgetary comparison statements have been provided for governmental funds to demonstrate compliance with the budget.

Proprietary funds. The City maintains two types of proprietary funds, enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, wastewater, and solid waste operations. The City uses an internal service fund to account for its medical benefits insurance program.

Financial statements of proprietary funds provide the same type of information as the government wide financial statements, but in greater detail. The proprietary fund financial statements provide separate information for the City's water, wastewater, and solid waste, each of which is considered to be major fund of the City.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning budgetary comparison information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indication of a government's financial position. The City's assets exceeded its liabilities and deferred inflows of resources by $101,661,490 at the close of the most recent fiscal year, representing an increase in total net position for the year amounting to $8,308,915.

One of the largest portions of the City's net position (66%) reflects its investment in capital assets (for example, land, buildings, infrastructure, and machinery and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources because the capital assets themselves cannot be used to liquidate these liabilities. A portion of the City's net position (1.0%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, $33,905,077 may be used to meet the City's ongoing obligations to its citizens and creditors.

Condensed Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 24,952,451	$ 26,440,464	$ 13,649,331	$ 13,619,451	$ 38,601,782	$ 40,059,915
Right to use lease assets, net of accumulated amortization	-	-	-	-	-	-
Capital assets, net of depreciation	38,092,334	34,649,632	32,622,100	29,046,309	70,714,434	63,695,941
Total Assets	63,044,785	61,090,096	46,271,431	42,665,760	109,316,216	103,755,856
Liabilities						
Current liabilities	1,602,868	4,199,189	1,411,257	1,277,565	3,014,125	5,476,754
Noncurrent liabilities	-	-	2,858,733	3,505,935	2,858,733	3,505,935
Total Liabilities	1,602,868	4,199,189	4,269,990	4,783,500	5,872,858	8,982,689
Deferred Inflows of Resources						
Unavailable revenue - property taxes	1,793,029	1,432,561	-	-	1,793,029	1,432,561
Net Position						
Net investment in capital assets	38,092,334	32,217,881	28,820,773	24,790,284	66,913,107	57,008,165
Restricted	843,306	919,664	-	-	843,306	919,664
Unrestricted	20,713,248	22,320,801	13,191,829	13,103,945	33,905,077	35,424,746
Total Net Position	$ 59,648,888	$ 55,458,346	$ 42,012,602	$ 37,894,229	$101,661,490	$ 93,352,575

At the end of the current fiscal year, as in the prior year, the City is able to report positive balances in all three categories of net position as a whole and individually within the governmental and business-type activities. Unrestricted net position decreased by $1,519,669 compared with the prior year, largely due to a significant increase in construction of capital assets which increase the net investment in capital assets classification of net position. The City's finances are strong, sound, and stable because of solid, dedicated and committed financial and operational management.

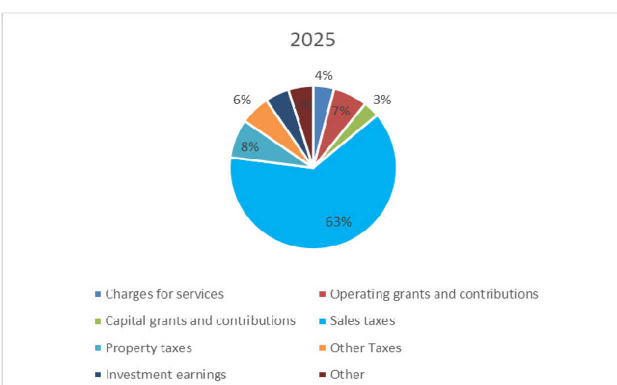
The changes in net position displayed subsequently shows the governmental and business-type activities during the previous two fiscal years. The increase in net position for each year represents the extent to which expenses were less than revenues during the year.

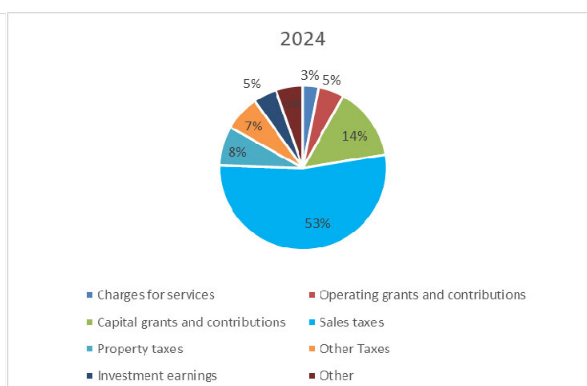
City of Craig Statement of Activities

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues						
Charges for Services	$ 780,131	$ 679,244	$ 9,017,838	$ 8,287,615	$ 9,797,969	$ 8,966,859
Operating Grants & Contributions	1,278,110	1,126,401	-	-	1,278,110	1,126,401
Capital Grants & Contributions	533,932	3,253,872	2,433,764	633,267	2,967,696	3,887,139
General Revenues						
Sales Taxes	12,161,800	12,002,481	-	-	12,161,800	12,002,481
Property Taxes	1,477,439	1,747,200	-	-	1,477,439	1,747,200
Other Taxes & Fees	1,111,642	1,572,968	-	-	1,111,642	1,572,968
Investment Earnings	903,920	1,025,721	461,783	534,654	1,365,703	1,560,375
Other	945,282	1,179,569	110,858	247,794	1,056,140	1,427,363
Total Revenues	19,192,256	22,587,456	12,024,243	9,703,330	31,216,499	32,290,786
Expenses						
General Government	3,659,505	3,176,351	-	-	3,659,505	3,176,351
Public Safety	4,779,176	4,362,423	-	-	4,779,176	4,362,423
Road & Bridge	3,231,135	3,164,166	-	-	3,231,135	3,164,166
Community Development	491,130	432,094	-	-	491,130	432,094
Housing Development	41,726	202,051	-	-	41,726	202,051
Parks & Recreation	2,799,042	2,629,944	-	-	2,799,042	2,629,944
Water	-	-	3,664,772	3,653,303	3,664,772	3,653,303
Wastewater	-	-	2,064,185	1,802,507	2,064,185	1,802,507
Solid Waste	-	-	2,176,913	2,060,054	2,176,913	2,060,054
Total Expenses	15,001,714	13,967,029	7,905,870	7,515,864	22,907,584	21,482,893
Change in Net Position	4,190,542	8,620,427	4,118,373	2,187,466	8,308,915	10,807,893
Net Position - Beginning	55,458,346	46,837,919	37,894,229	35,706,763	93,352,575	82,544,682
Net Position - Ending	$ 59,648,888	$ 55,458,346	$ 42,012,602	$ 37,894,229	$101,661,490	$ 93,352,575

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal years 2025 and 2024.

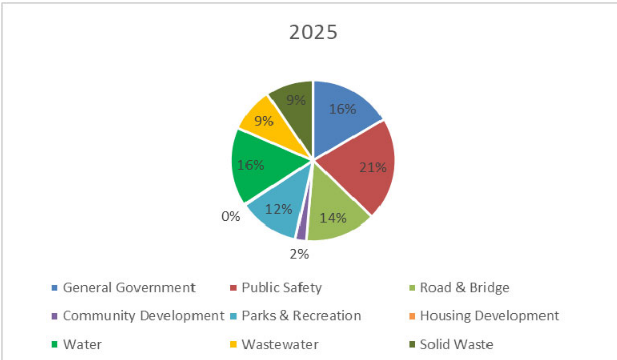
GOVERNMENTAL REVENUES

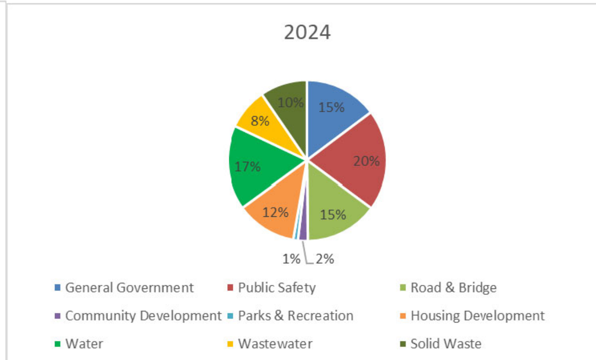




As portrayed above and discussed earlier, the City is heavily reliant on sales tax as well as property taxes to support governmental operations. These tax revenues accounted for 70% of total revenues as compared to 60% in the prior year. The increase is a result of a decrease in capital grants and contributions.

GOVERNMENTAL FUNCTIONAL EXPENSES





Total expenses for governmental activities was $15,001,714 in 2025 when compared to the $13,967,029 in 2024. The increase was driven in part by the Craig River Project which will be reimbursed partially by government grants in the next fiscal year.

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

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

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

As of December 31, 2025, the City's governmental funds reported combined fund balances of $21,429,483, a decrease of $1,842,214 compared with the prior year balances. There is $19,460,444 of unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance falls into the categories of either nonspendable, restricted, committed or assigned. These categories indicate that the funds are not available for new spending because they have already been designated for a specific purpose either by action of the City, statutory or debt-based requirements.

The General Fund is the chief operating fund of the City. At December 31, 2025, total fund balance in the General Fund was $24,444,503. As a measure of the General Fund's liquidity, the total fund balance amount represented 154.9% of total general fund expenditures at December 31, 2025. The fund balance of the General Fund increased by $1,064,012 during the current fiscal year due to an increase in tax and grant revenues.

The Craig Housing Authority is a blended component unit of the City that began operations in 2023 and is presented as a major special revenue fund in the City's financial statements. Total fund balance for the Housing Authority was a deficit of ($4,356,534). During 2025, fund balance decreased by $3,035,163 as debt service expenses and capital outlay exceeded revenues.

The Capital Projects Fund has a total fund balance of $564,011, 100% of which is assigned for capital improvements. The $42,079 increase in fund balance for the year is the result of increased property tax collections and investment earnings in 2025.

The Craig Urban Renewal Authority Fund is a blended component unit of the City and is presented as a special revenue fund in the City's statements. Total fund balance for the URA was $269,695 and 100% of fund balance is restricted for the Urban Renewal Authority. The $101,930 increase was driven by the collection of incremental sales tax in the Authority's area.

The Museum Fund has a total fund balance of $507,808 100% of which is restricted to support the operations of the Museum of Northwest Colorado. The $15,072 decrease in fund balance was the result of increased capital construction costs in 2025.

Proprietary Funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in greater detail. At December 31, 2025, total net position amounted to $42,012,602 for enterprise funds, an increase of $4,118,373 from the prior year.

Total net position of the Water Fund amounted to $26,712,136 at the end of the fiscal year, representing a $2,524,572 increase compared to the prior fiscal year. The largest portion of the fund's net position (76.7%) reflects its investment in capital assets less any related debt used to acquire those assets. Operating revenues increased 6%, or $229,194 compared to 2024 due to an increase in consumption charges to customers within the City. Operating expenses increased $2,135 compared to 2024, resulting in an increase in operating income of $227,059 compared to 2024.

The Wastewater Fund total net position amounted to $12,024,975 at the end of the fiscal year, representing an increase of $1,516,108 compared to the prior year. The largest portion of the fund's net position (62.3%) represents its investment in capital assets. Operating revenues increased 14.2% or $349,796 and operating expenses increased $249,960 when compared to the prior fiscal year, resulting in an increase in operating income of $99,836.

Total net position of the Solid Waste Fund amounted to $3,139,071 at the end of the fiscal year, reflecting an increase of $104,506 compared to the prior fiscal year. The largest portion of the fund's net position (66.1%) represents unrestricted net position, which may be used to meet the City's ongoing obligations to its customers of the fund.

GENERAL FUND BUDGETARY HIGHLIGHTS

A budget to actual statement is provided for the General Fund. Columns for both the original budget adopted for fiscal year 2025 as well as the final budget are presented. Actual revenues for the general fund showed a negative variance of $7,582,759 compared to budgeted revenues due mostly to lower state and federal grant revenues compared to the budget during the fiscal year.

Expenditures for general government, public safety, road and bridge, community development, and parks and recreation were under budget by a total of $9,244,819 due to a decrease in capital outlay expenditures in 2025 when compared to the budget.

CAPITAL ASSEST AND DEBT ADMINISTRATION

Capital Assets. The City's investment in capital assets for its governmental and business–type activities as of December 31, 2025, amounts to $70,714,434 (net of accumulated depreciation and capital related debt). This investment in capital assets includes land and water rights, buildings and systems, machinery and equipment, infrastructure, and vehicles. The overall net increase in the City's capital assets for the current fiscal year was 11% due to depreciation and construction of the assets.

City of Craig Capital Assets

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 3,117,871	$ 1,714,858	$ 1,734,346	$ 1,719,009	$ 4,852,217	$ 3,433,867
Construction in Progress	4,945,112	13,650,888	2,810,983	1,787,734	7,756,095	15,438,622
Buildings/Improvements	69,961,208	58,787,898	51,398,671	47,630,936	121,359,879	106,418,834
Machinery and Equipment	8,586,372	7,994,517	6,912,170	6,648,681	15,498,542	14,643,198
Total Assets	86,610,563	82,148,161	62,856,170	57,786,360	149,466,733	139,934,521
Total Accumulated Depreciation	(48,518,229)	(47,498,529)	(30,234,070)	(28,740,051)	(78,752,299)	(76,238,580)
Net Capital and Leased Assets	$ 38,092,334	$ 34,649,632	$ 32,622,100	$ 29,046,309	$ 70,714,434	$ 63,695,941

Long-Term Debt. At the end of the current fiscal year, the City had total outstanding debt of $3,505,935.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Lease Obligations	$ -	$ -	$ -	$ -	$ -	$ -
YVCF Loan	-	1,904,158	-	-	-	1,904,158
Line of Credit	-	497,201	-	-	-	497,201
Lease Purchase Agreement	-	-	352,841	466,818	352,841	466,818
Series 2019 Bonds	-	-	753,696	1,114,150	753,696	1,114,150
Series 2020 Revolving Loan	-	-	2,399,398	2,558,557	2,399,398	2,558,557
Total	$ -	$ 2,401,359	$ 3,505,935	$ 4,139,525	$ 3,505,935	$ 6,540,884

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES

- Taxable property valuation increased from $74.4 million in 2024 to $93.4 million in 2025. 2025 valuation is based on collections to be received by the City in 2026.

Property tax rates remain unchanged for the 2026 fiscal year. All municipal services provided in 2025 will be continued in 2026.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, 300 West 4th Street, City of Craig, Colorado 81625.

BASIC FINANCIAL STATEMENTS

CITY OF CRAIG
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-type Activities	Total
Assets			
Cash and cash equivalents	$ 20,597,023	$ 10,348,221	$ 30,945,244
Restricted cash and cash equivalents	291,306	-	291,306
Receivables, net of allowance for doubtful accounts:			
Property tax	1,793,029	-	1,793,029
Accounts	1,797,491	897,013	2,694,504
Intergovernmental	519,729	1,539,250	2,058,979
Internal balances	(135,790)	135,790	-
Prepaid items	72,641	11,161	83,802
Inventory	17,022	729,057	746,079
Capital assets not being depreciated	8,062,983	4,545,326	12,608,309
Capital assets, net of accumulated depreciation	30,029,351	28,076,774	58,106,125
Total assets	63,044,785	46,282,592	109,327,377
Liabilities			
Accounts payable	834,331	504,059	1,338,390
Accrued payroll	129,520	56,303	185,823
Accrued interest payable	-	15,489	15,489
Long-term liabilities:			
Due within one year	639,017	835,406	1,474,423
Due in more than one year	-	2,858,733	2,858,733
Total liabilities	1,602,868	4,269,990	5,872,858
Deferred Inflows of Resources			
Unavailable revenue-property taxes	1,793,029	-	1,793,029
Total deferred inflows of resources	1,793,029	-	1,793,029
Net Position			
Net investment in capital assets	38,092,334	28,820,773	66,913,107
Restricted			
Emergency reserves	552,000	-	552,000
Future retirement contributions	291,306	-	291,306
Unrestricted	20,713,248	13,191,829	33,905,077
Total net position	$ 59,648,888	$ 42,012,602	$ 101,661,490

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

CITY OF CRAIG
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes to Net Position		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary government:							
Governmental activities:							
General government	$ 3,659,505	$ 392,299	$ 1,073,756	$ 611,035	$ (1,582,415)	$ -	$ (1,582,415)
Public safety	4,779,176	90,189	-	-	(4,688,987)	-	(4,688,987)
Road and bridge	3,231,135	-	-	-	(3,231,135)	-	(3,231,135)
Community development	491,130	-	-	-	(491,130)	-	(491,130)
Housing development	41,726	-	-	(77,103)	(118,829)	-	(118,829)
Parks and recreation	2,799,042	297,643	204,354	-	(2,297,045)	-	(2,297,045)
Total governmental activities	15,001,714	780,131	1,278,110	533,932	(12,409,541)	-	(12,409,541)
Business-type activities							
Water	3,664,772	4,015,091	-	1,851,843	-	2,202,162	2,202,162
Wastewater	2,064,185	2,819,863	-	581,921	-	1,337,599	1,337,599
Solid waste	2,176,913	2,182,884	-	-	-	5,971	5,971
Total business-type activities	7,905,870	9,017,838	-	2,433,764	-	3,545,732	3,545,732
	$ 22,907,584	$ 9,797,969	$ 1,278,110	$ 2,967,696	(12,409,541)	3,545,732	(8,863,809)
General Revenues:							
Taxes							
Sales and use tax					12,161,800	-	12,161,800
Property tax, levied for general purposes					1,477,439	-	1,477,439
Specific ownership tax					149,908	-	149,908
Franchise tax					436,237	-	436,237
Severance tax					92,899	-	92,899
Other taxes					432,598	-	432,598
Mineral lease revenue					604,967	-	604,967
Investment earnings					903,920	461,783	1,365,703
Gain (loss) on sale of assets					10,836	34,500	45,336
Miscellaneous					329,479	76,358	405,837
Total general revenues					16,600,083	572,641	17,172,724
Change in net position					4,190,542	4,118,373	8,308,915
Net position - Beginning					55,458,346	37,894,229	93,352,575
Net position - Ending					$ 59,648,888	$ 42,012,602	$ 101,661,490

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

CITY OF CRAIG
BALANCE SHEET GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General	Craig Housing Authority	Non-Major Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	$ 18,715,634	$ 128,897	$ 1,314,535	$ 20,159,066
Receivables, net				
Property tax	1,604,249	-	188,780	1,793,029
Accounts	1,771,673	-	25,818	1,797,491
Intergovernmental	519,729	-	-	519,729
Due from other funds	4,404,158	-	-	4,404,158
Prepaid items	72,641	-	-	72,641
Inventories	2,884	-	14,138	17,022
Total assets	$ 27,090,968	$ 128,897	$ 1,543,271	$ 28,763,136
Liabilities, deferred inflows of resources and fund balance				
Accounts payable	$ 745,545	$ 81,273	$ 7,347	$ 834,165
Accrued payroll	123,890	-	5,630	129,520
Due to other funds	-	4,404,158	-	4,404,158
Total liabilities	869,435	4,485,431	12,977	5,367,843
Deferred inflows of resources				
Unavailable intergovernmental revenues	37,173	-	-	37,173
Unavailable sales tax and permit revenues	135,608	-	-	135,608
Unavailable property tax	1,604,249	-	188,780	1,793,029
Total deferred inflows of resources	1,777,030	-	188,780	1,965,810
Fund balance:				
Nonspendable				
Inventory	2,884	-	14,138	17,022
Prepaids items	72,641	-	-	72,641
Restricted for				
TABOR emergency reserve	552,000	-	-	552,000
Museum	-	-	493,670	493,670
Urban Renewal	-	-	269,695	269,695
Assigned to				
Capital projects	-	-	564,011	564,011
Unassigned	23,816,978	(4,356,534)	-	19,460,444
Total fund balances	24,444,503	(4,356,534)	1,341,514	21,429,483
Total liabilities, deferred inflows of resources, and fund balances	$ 27,090,968	$ 128,897	$ 1,543,271	$ 28,763,136

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

CITY OF CRAIG
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total Fund Balances of Governmental Funds		$ 21,429,483
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right to use lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Capital assets	86,610,563	
Accumulated depreciation	(48,518,229)	
		38,092,334
Retirement forfeiture funds are not financial resources and are therefore not reported in the governmental fund balance sheet.		291,306
Some expenses and revenue reported in the statement of activities do not require the use of current financial resources and therefore are reported deferred inflows of resources in governmental funds.		
Unavailable intergovernmental revenues		37,173
Unavailable sales tax revenues		135,608
Long-term liabilities, including leases payable, accrued interest, and accrued compensated absences, are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences		(639,017)
Internal service funds are used by management for medical benefits. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position.		302,001
Net Position of Governmental Activities		$ 59,648,888

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

CITY OF CRAIG
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General	Craig Housing Authority	Non-Major Funds	Total Governmental Funds
Revenues				
Taxes	$ 13,916,916	$ -	$ 304,554	$ 14,221,470
Licenses and permits	274,576	-	-	274,576
Intergovernmental revenue	2,872,254	-	96,211	2,968,465
Charges for services	280,027	-	17,616	297,643
Fines and forfeitures	90,189	-	-	90,189
Investment earnings	874,027	7,111	22,782	903,920
Miscellaneous	229,151	-	41,032	270,183
Total revenues	18,537,140	7,111	482,195	19,026,446
Expenditures				
Current				
General government	2,346,435	41,726	39,772	2,427,933
Judicial	291,313	-	-	291,313
Public safety	4,213,381	-	-	4,213,381
Road and bridge	2,521,623	-	-	2,521,623
Community development	487,773	-	-	487,773
Parks and recreation	2,063,009	-	459,364	2,522,373
Capital outlay	5,120,430	491,966	294,122	5,906,518
Debt Service				
Principal - loans	-	2,401,359	-	2,401,359
Interest - loans	-	107,223	-	107,223
Total expenditures	17,043,964	3,042,274	793,258	20,879,496
Excess (deficiency) of revenues over (under) expenditures	1,493,176	(3,035,163)	(311,063)	(1,853,050)
Other financing sources (uses)				
Proceeds from sale of assets	10,836	-	-	10,836
Transfers in	-	-	440,000	440,000
Transfers out	(440,000)	-	-	(440,000)
Total other financing sources (uses)	(429,164)	-	440,000	10,836
Net changes in fund balances	1,064,012	(3,035,163)	128,937	(1,842,214)
Fund balances - beginning of year	23,380,491	(1,321,371)	1,212,577	23,271,697
Fund balances - end of year	$ 24,444,503	$ (4,356,534)	$ 1,341,514	$ 21,429,483

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

CITY OF CRAIG
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS – TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net Changes in Fund Balances of Governmental Funds		$ (1,842,214)
Amounts reported for governmental activities in the statement of net position are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation during the year.		
Capital outlay	4,993,848	
Depreciation expense	(1,551,146)	
		3,442,702
Some expenses and revenue reported in the statement of activities do not require the use of current financial resources and therefore are not reported as revenues or expenses in governmental funds.		
Retirement forfeitures	66,642	
Unavailable revenues	58,505	
Change in accrued interest payable	57,399	
		182,546
Payments of debt principal and proceeds from debt issuance are considered changes in long-term liabilities. These are the principal payments and debt issuance proceeds during the year.		
Payment of principal		2,401,359
Changes in accrued compensated absences are considered changes in long-term liabilities. This is the change in compensated absences during the year.		41,713
Internal service funds are used by management for medical benefits. The net loss of certain activities of the internal service fund are reported with governmental activities on the Statement of Activities.		(35,564)
Change in Net Position of Governmental Activities		$ 4,190,542

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

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
Assets					
Current assets					
Cash and cash equivalents	$ 4,654,639	$ 3,714,573	$ 1,979,009	$ 10,348,221	$ 437,957
Receivables, net of allowance for doubtful accounts	326,200	332,843	237,970	897,013	-
Receivables, intergovernmental	1,016,839	522,411	-	1,539,250	-
Prepaid expenses	8,193	2,149	819	11,161	-
Inventory	633,603	95,454	-	729,057	-
Total current assets	6,639,474	4,667,430	2,217,798	13,524,702	437,957
Noncurrent assets					
Non-depreciable capital assets	3,617,430	927,896	-	4,545,326	-
Depreciable capital assets, net	20,249,876	6,762,482	1,064,416	28,076,774	-
Total noncurrent assets	23,867,306	7,690,378	1,064,416	32,622,100	-
Total Assets	30,506,780	12,357,808	3,282,214	46,146,802	437,957
Liabilities					
Current liabilities					
Accounts payable	361,879	90,847	51,333	504,059	166
Accrued payroll	25,440	15,255	15,608	56,303	-
Accrued interest payable	13,217	2,272	-	15,489	-
Compensated absences	82,235	30,397	75,572	188,204	-
Notes payable	583,418	63,784	-	647,202	-
Total current liabilities	1,066,189	202,555	142,513	1,411,257	166
Noncurrent liabilities					
Notes payable	2,728,455	130,278	-	2,858,733	-
Total Liabilities	3,794,644	332,833	142,513	4,269,990	166
Net Position					
Net Investment in capital assets	20,323,921	7,432,436	1,064,416	28,820,773	-
Unrestricted	6,388,215	4,592,539	2,075,285	13,056,039	437,791
Total Net Position	$ 26,712,136	$ 12,024,975	$ 3,139,701	$ 41,876,812	$ 437,791
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				135,790	
Net Position of Business Type Activities				$ 42,012,602	

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

CITY OF CRAIG
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
Operating Revenues					
Charges for services	$ 4,015,091	$ 2,819,863	$ 2,182,884	$ 9,017,838	$ 2,823,371
Miscellaneous	58,552	-	17,806	76,358	-
Total Operating Revenues	4,073,643	2,819,863	2,200,690	9,094,196	2,823,371
Operating Expenses					
Salaries	1,034,465	682,159	696,923	2,413,547	-
Employee benefits	529,213	332,627	369,529	1,231,369	61,709
Depreciation	842,248	427,899	272,691	1,542,838	-
Repairs and maintenance	306,243	230,765	58,538	595,546	-
Utilities	244,683	126,344	11,410	382,437	-
Landfill fees	-	-	515,619	515,619	-
Chemicals	202,644	42,578	-	245,222	-
Insurance and bonds	95,023	33,819	25,348	154,190	2,865,969
Supplies	28,644	31,712	179,629	239,985	-
Other purchased services	328,260	145,171	39,491	512,922	-
Bad debt expense	-	-	-	-	-
Total Operating Expenses	3,611,423	2,053,074	2,169,178	7,833,675	2,927,678
Operating Income	462,220	766,789	31,512	1,260,521	(104,307)
Non-operating Revenues (Expenses)					
Investment earnings	235,618	153,171	72,994	461,783	4,757
Interest expense	(41,609)	(3,773)	-	(45,382)	-
Gain (loss) on disposal of assets	16,500	18,000	-	34,500	-
Total Non-operating Revenues	210,509	167,398	72,994	450,901	4,757
Income Before Contributions and Transfers	672,729	934,187	104,506	1,711,422	(99,550)
Capital Contributions	1,851,843	581,921	-	2,433,764	-
Change in Net Position	2,524,572	1,516,108	104,506	4,145,186	(99,550)
Total Net Position - Beginning	24,187,564	10,508,867	3,035,195	37,731,626	537,341
Total Net Position - Ending	$ 26,712,136	$ 12,024,975	$ 3,139,701	$ 41,876,812	$ 437,791

Change in Net Position of Enterprise Funds	$ 4,145,186
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(26,813)
Change in Net Position of Business Type Activities	$ 4,118,373

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

CITY OF CRAIG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Enterprise Funds				Governmental Activities
	Water Fund	Wastewater Fund	Solid Waste Fund	Total	Internal Service Fund
Cash Flows from Operating Activities					
Cash received from customers and others	$ 4,007,356	$ 2,787,070	$ 2,172,123	$ 8,966,549	$ 2,823,371
Cash paid to employees	(1,550,975)	(1,048,116)	(1,091,941)	(3,691,032)	(60,241)
Cash paid for goods and services	(1,009,258)	(764,314)	(821,644)	(2,595,216)	-
Other cash receipts	58,552	-	17,806	76,358	(2,867,271)
Net Cash Provided (Used) by Operating Activities	1,505,675	974,640	276,344	2,756,659	(104,141)
Cash Flows from Capital and Related Financing Activities					
Acquisition and construction of capital assets	(3,823,359)	(944,928)	(20,450)	(4,788,737)	-
Capital grants and contributions	632,012	59,510	-	691,522	-
Principal paid on capital debt	(570,903)	(62,687)	-	(633,590)	-
Interest paid on capital debt	(46,815)	(4,504)	-	(51,319)	-
Net Cash (Used) by Capital and Related Financing Activity	(3,809,065)	(952,609)	(20,450)	(4,782,124)	-
Cash Flows from Investing Activities					
Interest on investment	235,618	153,171	72,994	461,783	4,757
Net Cash Provided by Investing Activities	235,618	153,171	72,994	461,783	4,757
Net Change in Cash and Cash Equivalents	(2,067,772)	175,202	328,888	(1,563,682)	(99,384)
Cash and Cash Equivalents - Beginning	6,722,411	3,539,371	1,650,121	11,911,903	537,341
Cash and Cash Equivalents - Ending	$ 4,654,639	$ 3,714,573	$ 1,979,009	$ 10,348,221	$ 437,957
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities					
Operating income	$ 462,220	$ 766,789	$ 31,512	$ 1,260,521	$ (104,307)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities					
Depreciation	842,248	427,899	272,691	1,542,838	-
(Increase) decrease in receivables	(7,735)	(32,793)	(10,761)	(51,289)	-
(Increase) in inventory	(47,580)	(10,776)	-	(58,356)	-
(Increase) in prepaids	(905)	1,838	(125)	808	-
Increase (decrease) in accounts payable	291,760	(144,987)	8,516	155,289	166
Increase (decrease) in accrued payroll	(47,036)	(28,769)	(35,114)	(110,919)	-
Increase (decrease) in compensated absences	12,703	(4,561)	9,625	17,767	-
Total Adjustments	1,043,455	207,851	244,832	1,496,138	166
Net Cash Provided by Operating Activities	$ 1,505,675	$ 974,640	$ 276,344	$ 2,756,659	$ (104,141)

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Craig, Colorado (the "City"), is a home Rule City (a municipal corporation, as defined by Colorado Revised Statutes). An elected Mayor and City Council are responsible for setting policy, appointing administrative personnel and adopting an annual budget in accordance with state statutes. The City provides the following services: public safety, public works, culture and recreation facilities and activities, water and wastewater services, and sanitation services.

The accounting policies of the City conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standard Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the City, and (b) organizations for which the City is financially accountable. The City is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the City. Organizations for which the nature and significance of their relationship with the City are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Component Units - The accompanying financial statements present the primary government and the following blended component units (an entity for which the government is considered to be financially accountable).

Craig Urban Renewal Authority No. 1 – The urban renewal authority was formed on March 9, 2021. The urban renewal authority consists of two plan areas, and the City has agreed to collect and remit sales tax increment and property tax increment revenues for the two plan areas to the authority for the purposes of funding the operations of the authority. The authority's first year of financial activity was fiscal year 2022 and is presented as a special revenue fund in the financial statements.

The Center of Craig – The Center services all citizens of the City and is governed by a board appointed by the City Council. The City has pledged to support the entity in its operations for providing meeting and activity space for citizens and

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

organizations of the City. The Center of Craig is reported as a part of the General Fund. The Center does not issue separate financial statements.

Craig Housing Authority – The Craig Housing Authority (CHA) was formed in 2021. The CHA utilizes government grants and other intergovernmental revenues to finance the construction of affordable housing within City limits. The CHA's first year of financial activity was fiscal year 2023 and is presented as a special revenue fund in the financial statements.

Joint Ventures - The Craig/Moffat County Airport joint operations was created for the purposes of operating an airport for the benefit of the citizens of Craig and unincorporated Moffat County. The City provided approximately $45,000 of funding for on-going airport operations for the year ended December 31, 2025. The Airport is included in the financial statements of Moffat County.

Government-Wide and Fund Financial Statements

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

The statement of net position presents the financial position of the governmental and business-type activities of the City at year-end.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditure-driven grants are recognized when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenues are considered to be measurable and available only when cash is received by the City.

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 are recorded only when payment is due.

In the fund financial statements, the City reports the following major governmental funds:

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

The *Craig Housing Authority* is a blended component unit of the City and is a special revenue fund. All revenues collected by the fund are restricted for use on housing projects within City limits. As of December 31, 2025, the fund has a deficit, so there is not restricted fund balance.

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. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The City reports the following proprietary or business-type funds:

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

The *Wastewater Fund* accounts for sewer service to the citizens of the City.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The *Solid Waste Fund* accounts for waste collection and disposal for the citizens of the City.

The City reports one internal service fund, the *Medical Benefit Fund*, which accounts for medical benefits provided to City employees.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions, and; 3) capital grants and contributions, including special assessments. General revenues include all taxes, interest and investment earnings, and miscellaneous revenues.

Interfund transactions are treated and classified as revenues, expenditures, or expenses. These include interfund transfers from one fund to another for the purchase of goods or services, In the government-wide statement of activities, interfund transactions are eliminated unless the transfer is between the governmental and business-type activities.

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

Cash and Cash Equivalents – The City's cash and cash equivalents are considered to be unrestricted cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Whenever possible the City pools cash equivalents to enhance investment opportunities and to facilitate management of cash resources. Investments are made taking into consideration safety, liquidity, and income potential. The City makes investments pursuant to relevant State of Colorado statutes. Investments are reported in accordance with GASB Statement 72, as amended.

Receivables – All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2025, the General, Water, and Wastewater funds recognized allowances for doubtful accounts totaling $15,018, $48,100, and $23,900 respectively.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

By December 15 of each year, property taxes for the City are levied by the Council and certified to Moffat County for collection in the subsequent year. These taxes attach as an enforceable lien on property as of January 1 of the succeeding year and are payable in full by April 30 or in two installments by June 15 in the year of collection. The taxes are collected by Moffat County on behalf of the City.

Property taxes levied in the General Fund and the Capital Projects Fund are included in receivables and deferred inflows at December 31, 2025. These taxes are classified as deferred inflows since they are not normally available to the City until mid-2026 and are budgeted for in 2025.

Inventories – Business-type fund inventory consists of supplies held for consumption. Inventory is carried at cost using the first-in, first-out method. The cost is recorded as an expenditure at the time individual inventory items are consumed (consumption method). Inventories held by the governmental funds are recorded at average cost.

Prepaid Items – Certain payments to vendors and other third parties reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Expenditures/expenses are recorded when the service underlying the prepaid item is provided (consumption method).

Leased Assets – In June 2017 the Governmental Accounting Standards Board (GASB) adopted Statement No. 87, *Leases*. This standard establishes a single model for lease accounting based on the foundational principle that leases are financing the right to use an underlying asset. The City determines if an arrangement is a lease at inception. Lease assets represent the City’s control of the right to use an underlying asset for the lease term, in an exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease liability, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the useful life of the underlying asset.

Capital Assets – Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (only infrastructure acquired after January 1, 2000), are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of $5,000 or more and an estimated useful life in excess of

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

two years. Such assets are recorded at acquisition cost. Donated capital assets are recorded at estimated acquisition value at the date of donation.
Capital outlay for projects are capitalized as projects are constructed.

Capital assets, excluding land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives.

Description	Estimated Lives
Infrastructure	20 – 50 years
Buildings and improvements	10 – 50 years
Furniture and fixtures	10 years
Vehicles	4 – 8 years
Other equipment	5 – 10 years
Computer equipment	3 years

Compensated Absences – Vacation and sick leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered, and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

All compensated absence liabilities include salary-related and payroll tax payments, where applicable. The total compensated absence liability is reported on the government-wide financial statements. Governmental funds report the compensated absence liability at the fund reporting level only when due.

Long-Term Obligations – In government wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long term obligations are reported as liabilities.

Deferred Outflows and Inflows of Resources – In addition to assets and liabilities, the statement of net position will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the City that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the City that is applicable to a future reporting period.

Both deferred outflows and inflows are reported in the statement of net position but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Deferred inflows of resources for the City consist of property taxes receivable, intergovernmental revenue receivables (IGA), and grant receivables. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable and are recognized as an inflow of resources in the period they are collected. Grant receivables and IGA receivables collected outside the City's period of availability of 60 days are recorded as deferred inflows of resources.

Fund Balance - Fund balances of governmental funds are reported in various categories, based primarily on the extent to which the City is bound to observe constraints imposed upon the use of the resources for specific purposes.

Nonspendable fund balance – The amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – The amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – Amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., Board of Trustees). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest-level action to remove or change the constraint. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

Assigned fund balance – Amounts are intended to be used by the City for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund assigned amounts represent intended use established by the Board, as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.

Unassigned fund balance – Is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned. The Craig Housing Authority had an

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

unassigned fund balance deficit of ($4,356,534) due to amounts owed to the General Fund.

When expenditures are incurred for purposes for which both restricted and unrestricted fund balances are available, the City's policy is to use restricted amounts first, followed by committed, assigned and unassigned amounts.

Estimates - The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets are adopted for all funds of the City as required by State statutes. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis. Capital outlay and debt principal are budgeted as expenditures and depreciation is not budgeted. All annual appropriations lapse at fiscal year-end.

Budgets are adopted on a basis consistent with generally accepted accounting principles, except for the proprietary funds. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. The Mayor, or other qualified person appointed by the Council, submitted to the Council, on or before October 15 each year, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the City's operating requirements.

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

NOTE 3 - CASH AND INVESTMENTS

Cash and investments at December 31, 2025 consisted of the following:

Petty cash	$ 2,600
Cash deposits	3,002,503
Investments	27,940,141
Funds held by others	291,306
Total	$ 31,236,550

Cash and cash equivalents	$ 30,945,244
Cash and cash equivalents - restricted	291,306
Total	$ 31,236,550

Custodial Credit Risk
For deposits, custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. City bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the City's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (PDPA).

The PDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, the carrying amount of the City's deposits was $3,293,809 and the bank balance was $3,700,700 of which $250,000 was covered by FDIC insurance and the remainder covered by the PDPA.

Investments
The City is required to comply with State statutes which specify the investments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk. The City's investment policy does not further limit these investment choices.

- Obligations of the United States, certain U.S. agency securities and the World Bank
- Certain international agency securities

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates, the City limits investments to maturities of less than five years and a weighted average maturity of less than three years.

Credit Risk – The City has not adopted a formal investment policy; however, the City follows state statutes regarding investments. Colorado Statues specify the types of investments meeting defined rating and risk criteria in which local governments may invest.

Concentration of Credit Risk – Except for corporate securities, State statutes do not limit the amount the City may invest in any single investment or issuer.

Local Government Investment Pools – At December 31, 2025, the City had $27,716,115 and $224,026 invested in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively, investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools operate similarly to money market funds and each share is valued at $1.00. Both pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statues. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodians' internal records identify the investments owned by the funds.

Fair Value Hierarchy – The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

The City's investments in ColoTrust and CSAFE are valued at net asset value. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted Cash and Investments – Governmental Activities reported restricted cash consisting of retirement forfeiture funds that are available solely for future retirement contributions.

NOTE 4 - CAPITAL ASSETS

Capital assets are summarized for governmental activities as follows:

GOVERNMENTAL ACTIVITIES	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	$ 1,714,858	$ 1,403,013	$ -	$ -	$ 3,117,871
Construction in Progress	13,650,888	1,601,752	(10,307,528)	-	4,945,112
Total capital assets, not being depreciated	15,365,746	3,004,765	(10,307,528)	-	8,062,983
Capital assets, being depreciated					
Improvements	51,699,231	1,639,853	(99,197)	-	53,239,887
Buildings	7,088,667	9,632,654	-	-	16,721,321
Vehicles and equipment	7,994,517	1,024,104	(289,810)	(142,439)	8,586,372
Total capital assets being depreciated	66,782,415	12,296,611	(389,007)	(142,439)	78,547,580
Less accumulated depreciation for					
Improvements	(37,379,956)	(589,307)	99,197	-	(37,870,066)
Buildings	(3,246,816)	(419,044)	-	-	(3,665,860)
Vehicles and equipment	(6,871,757)	(542,795)	289,810	142,439	(6,982,303)
Total accumulated depreciation	(47,498,529)	(1,551,146)	389,007	142,439	(48,518,229)
Total capital assets, being depreciated, net	19,283,886	10,745,465	-	-	30,029,351
Government activities capital assets, net	$ 34,649,632	$ 13,750,230	$ (10,307,528)	$ -	$ 38,092,334

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities	
General government	$ 387,450
Public safety	200,925
Road and bridge	696,478
Parks and recreation	266,293
Total	$ 1,551,146

Capital assets are summarized for business-type activities as follows:

BUSINESS-TYPE ACTIVITIES	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
Capital assets, not being depreciated					
Land	$ 1,719,009	$ 15,337	$ -	$ -	$ 1,734,346
Construction in Progress	1,787,734	2,593,236	(1,569,987)	-	2,810,983
Total capital assets, not being depreciated	3,506,743	2,608,573	(1,569,987)	-	4,545,329
Capital assets, being depreciated					
Infrastructure and buildings	47,630,936	2,197,748	1,569,987	-	51,398,671
Vehicles and equipment	6,648,681	312,308	(191,258)	142,439	6,912,170
Total capital assets being depreciated	54,279,617	2,510,056	1,378,729	142,439	58,310,841
Less accumulated depreciation for					
Infrastructure and buildings	(24,243,658)	(1,059,259)	-	-	(25,302,917)
Vehicles and equipment	(4,496,393)	(483,579)	191,258	(142,439)	(4,931,153)
Total accumulated depreciation	(28,740,051)	(1,542,838)	191,258	(142,439)	(30,234,070)
Total capital assets, being depreciated, net	25,539,566	967,218	1,569,987	-	28,076,771
Business-type activities capital assets, net	$ 29,046,309	$ 3,575,791	$ -	$ -	$ 32,622,100

NOTE 5 - LONG-TERM DEBT

Long-term liabilities are summarized as follows:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Governmental Activities:					
YVCF loan	$ 1,904,158	$ -	$ 1,904,158	$ -	$ -
Line of credit	497,201	-	497,201	-	-
Compensated absences*	680,730	-	41,713	639,017	639,017
Total	$ 3,082,089	$ -	$ 2,443,072	$ 639,017	$ 639,017

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Due Within One Year
Business-type Activities					
Water revenue refunding note, Series 2018	$ 1,114,150	$ -	$ 360,454	$ 753,696	$ 371,275
Drinking water revolving loan note, Series 2019	2,558,557	-	159,159	2,399,398	159,956
Lease Purchase Agreement	466,818	-	113,977	352,841	115,971
Compensated absences*	170,437	188,205	170,438	188,204	188,204
Total	$ 4,309,962	$ 188,205	$ 804,028	$ 3,694,139	$ 835,406

* The change in the compensated absences liability is reported as a net change.

Colorado Water Resources and Power Development Authority Note 2006 – In 2006, the City entered into an agreement with the Colorado Water Resources and Power Development Authority. The City's participation related to the Authority's 2006 Series A, Clean Water Revenue Bond Issue, to finance improvements to the City's water system. The improvements are financed by a 20-year note in the amount of $6,056,378, payable in annual installments of varying amounts.

In 2018, the City refunded the 2006 note and issued a Series 2018 note in the amount of $3,213,734, payable in semi-annual installments of $195,495 including principal and interest. The note carries interest of 2.98% and matures in 2027. The note is subject to a prepayment penalty of 2.00% of the outstanding principal amount.

In 2019, the City entered into a loan agreement with the Colorado Water Resources and Power Development Authority. The City's participation related to the Authority's Disadvantaged Communities Loan Program issued a Series 2019 note in the amount of $3,200,000 to finance improvements to the City's water system. The note is payable in semi-annual installments of $85,877 including principal and interest over 20 years. The note carries interest of 0.50% and matures in 2040.

NOTE 5 - LONG-TERM DEBT (CONTINUED)

The City entered into a lease purchase agreement with All American Investment Group to fund part of the construction costs of the Solar Net Metering Field installed in 2021. The lease is payable in annual installments of $122,167, including principal and interest through 2028. The lease purchase agreement carries an interest rate of 1.75%

In 2023 the City entered into a $2,500,000 construction loan agreement with Yampa Valley Community Foundation (YVCF) in order to help fund the construction of affordable housing within City limits. The loan carries a fixed interest rate of 3% and interest is payable the first day of each quarter. The loan was secured by a deed of trust and matured on December 31, 2025. The City paid off the loan in full during 2025.

The City maintained a line of credit with a total available balance of $2,000,000. Outstanding principal accrues interest at a fixed rate of 6.00%. All outstanding principal and accrued interest was repaid by the city prior to maturity on November 30, 2025.

Debt Service Requirements
The following outlines the debt service requirements for the City's notes:

Year Ending December 31,	Principal	Interest	Total
2026	$ 647,202	$ 37,708	$ 684,910
2027	661,179	23,731	684,910
2028	280,431	12,293	292,724
2029	162,370	9,383	171,753
2030	163,183	8,570	171,753
2031-2035	828,253	30,514	858,767
2036-2040	763,317	9,573	772,890
	$ 3,505,935	$ 131,772	$ 3,637,707

During 2016, the City entered into a lease agreement with Moffat County to lease space within the Moffat County Public Safety Complex to house the City's police department through January 1, 2026. The lease payments contain no base rate and are variable up or down based on usage. The City cannot reasonably forecast the remaining lease payments required under the lease and therefore have not recognized a lease liability as of December 31, 2025.

NOTE 6 - PENSION PLANS

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

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

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

Plan investment purchases are determined by the plan participant and therefore, the plan's investment concentration varies between participants. The City has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The City is neither the trustee nor the administrator for the plan.

Deferred Compensation Plan – Section 401(a)
The City participates in a defined contribution retirement plan covering all full-time employees. The plan is administrated by MissionSquare Retirement Corporation and the City has no fiduciary responsibility for the plan. The City contributes 12% of the compensation and the employees contribute 6%. During the year ended December 31, 2025, the City contributed $929,339 to the plan. Employer contributions vest at a rate of 20% per year and are fully vested after five years. Unvested employer contributions for terminated employees are used to fund the City's current period contribution requirement.

NOTE 7 - COMMITMENTS AND CONTINGENCIES

The City has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience, the City believes such disallowances, if any, will be immaterial.

The City has entered into employment contracts with certain City staff. These employment contracts are of varying length and include termination payments of different amounts.

NOTE 8 - RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and general liability. The City carries commercial and trust coverage for these risks and does not expect claims to exceed their coverage, nor have settlement claims exceeded coverage in any of the previous three years.

NOTE 9 - INTERGOVERNMENTAL AGREEMENT

On October 21, 2014, the City entered into an agreement with the Colorado River Water Conservation District (CRWCD). The agreement specifies the allocation of expenses for the operation, maintenance, repair and replacement of Elkhead Reservoir. Recreation facility and management expenses at Elkhead Reservoir shall be allocated 50% to the City and 50% to CRWCD. All other operation, maintenance, repair and replacement costs shall be allocated 51.75% to the City and 48.25% to CRWCD. The City’s allocation of expenses was immaterial during 2025.

NOTE 10 - RELATED PARTY TRANSACTIONS

From time to time in the normal course of business, the City executes transactions with local businesses which in some cases may be owned by members of the City Council as well as provide utility services to those members and businesses. The City believes that transactions when they arise are handled in a manner which is consistent with its normal procurement policies. During the year ended December 31, 2025, a company owned by a member of City Council was paid approximately $30,178 for contracted services.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF CRAIG
SCHEDULE OF REVENUES - BUDGET AND ACTUAL - GENERAL FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Taxes					
General property taxes	$ 1,453,368	$ 1,453,368	$ 1,296,616	$ (156,752)	$ 1,568,702
Specific ownership taxes	118,000	118,000	134,125	16,125	131,211
Sales tax	11,783,000	11,783,000	12,005,209	222,209	11,802,195
Franchise tax	400,000	400,000	436,237	36,237	409,028
Interest and penalties	-	-	30,758	30,758	29,681
Cigarette taxes	10,000	10,000	13,971	3,971	15,771
Total taxes	13,764,368	13,764,368	13,916,916	152,548	13,956,588
Licenses and permits					
Building permits	60,000	60,000	221,586	161,586	146,245
Miscellaneous	74,450	74,450	52,990	(21,460)	37,152
Total licenses and permits	134,450	134,450	274,576	140,126	183,397
Intergovernmental revenues					
Highway user taxes	304,466	304,466	377,732	73,266	370,482
Motor vehicle tax	10,000	10,000	40,895	30,895	40,469
Grants	9,633,945	9,633,945	1,647,618	(7,986,327)	2,464,947
Mineral lease	450,000	450,000	604,967	154,967	753,170
Severance tax	350,000	350,000	92,899	(257,101)	590,567
State lottery	103,000	103,000	108,143	5,143	109,714
Total intergovernmental revenues	10,851,411	10,851,411	2,872,254	(7,979,157)	4,329,349
Charges for services					
Recreation program fees	127,020	127,020	139,268	12,248	173,127
Swimming pool fees	98,000	98,000	135,020	37,020	135,924
Miscellaneous	10,250	10,250	5,739	(4,511)	5,635
Total charges for services	235,270	235,270	280,027	44,757	314,686
Fines and forfeitures	101,000	101,000	90,189	(10,811)	139,240
Investment earnings	695,000	695,000	874,027	179,027	987,128
Miscellaneous					
Rents and royalties	63,400	63,400	69,209	5,809	66,464
Contributions	255,000	255,000	60,958	(194,042)	717,916
Miscellaneous	20,000	20,000	98,984	78,984	59,660
Total miscellaneous	338,400	338,400	229,151	(109,249)	844,040
Total Revenues	$ 26,119,899	$ 26,119,899	$ 18,537,140	$ (7,582,759)	$ 20,754,428

CITY OF CRAIG
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	Actual
Expenditures					
General government					
City council	$ 274,304	$ 274,304	$ 447,569	$ (173,265)	$ 461,462
Administration	444,143	444,143	408,583	35,560	414,594
Public works	300,732	300,732	283,201	17,531	258,117
Finances	523,044	523,044	445,662	77,382	432,525
Clerk and personnel	316,879	316,879	262,316	54,563	290,514
Building maintenance	279,037	279,037	230,405	48,632	156,035
City attorney	248,030	248,030	268,699	(20,669)	112,706
Total general government	2,386,169	2,386,169	2,346,435	39,734	2,125,953
Judicial					
Municipal	292,520	292,520	291,313	1,207	205,510
Total judicial	292,520	292,520	291,313	1,207	205,510
Public safety					
Police	4,648,784	4,648,784	4,213,381	435,403	3,875,306
Total public safety	4,648,784	4,648,784	4,213,381	435,403	3,875,306
Road and bridge	2,950,975	2,950,975	2,521,623	429,352	2,470,942
Community Development	590,759	590,759	487,773	102,986	433,295
Parks and Recreation					
General operations	1,307,647	1,307,647	1,173,032	134,615	1,134,256
Pool complex	528,319	528,319	451,335	76,984	386,109
Center of Craig	68,081	68,081	63,309	4,772	32,876
Recreation programs	508,421	508,421	375,333	133,088	373,898
Total parks and recreation	2,412,468	2,412,468	2,063,009	349,459	1,927,139
Capital outlay	12,302,703	12,876,950	5,120,430	7,756,520	5,370,627
Debt Service					
Principal - leases	-	-	-	-	56,973
Interest - leases	-	-	-	-	3,720
Total Debt Service	-	-	-	-	60,693
Total Expenditures	$ 25,584,378	$ 26,158,625	$ 17,043,964	$ 9,114,661	$ 16,469,465
Other financing sources (uses)					
Proceeds from sale of capital assets	$ 38,000	$ 38,000	$ 10,836	$ (27,164)	$ -
Transfers out	(435,000)	(435,000)	(440,000)	(5,000)	(793,045)
Total Other Financing Sources (Uses)	(397,000)	(397,000)	(429,164)	(32,164)	(793,045)
Net change in fund balance	$ 138,521	$ (435,726)	1,064,012	$ (16,729,584)	3,491,918
Fund Balances - Beginning			23,380,491		19,888,573
Fund Balances - Ending			$ 24,444,503		$ 23,380,491

See the accompanying independent auditors' report

CITY OF CRAIG
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL – HOUSING AUTHORITY
YEAR ENDED DECEMBER 31, 2025

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Intergovernmental	$ 62,500	$ 62,500	$ -	$ (62,500)	$ 2,782,500
Investment earnings	4,000	4,000	7,111	3,111	13,534
Miscellaneous	-	-	-	-	30,000
Total revenues	66,500	66,500	7,111	(59,389)	2,826,034
Expenditures					
General government	71,650	71,650	41,726	29,924	202,051
Capital outlay	543,779	1,291,203	491,966	799,237	4,324,544
Debt service					
Principal payments	3,861,000	3,861,000	2,401,359	1,459,641	598,640
Loan interest	55,712	55,712	107,223	(51,511)	7,956
Total expenditures	4,532,141	5,279,565	3,042,274	2,237,291	5,133,191
Other Financing Sources and (Uses)					
Sale of assets	4,186,000	4,186,000	-	4,186,000	650,000
Loan proceeds	500,000	500,000	-	500,000	1,485,928
Transfers in	-	-	-	-	403,045
Total other financing sources and (uses)	4,686,000	4,686,000	-	4,686,000	2,538,973
Net change in fund balance	$ 220,359	$ (527,065)	(3,035,163)	$ 2,389,320	231,816
Fund Balances - Beginning			(1,321,371)		(1,553,187)
Fund Balances - Ending			$ (4,356,534)		$ (1,321,371)

See the accompanying independent auditors’ report

SUPPLEMENTARY INFORMATION

CITY OF CRAIG
COMBINING BALANCE SHEET,
NONMAJOR GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental
Assets				
Cash and cash equivalents	$ 563,025	$ 272,085	$ 479,425	$ 1,314,535
Receivables, net				
Property tax	188,780	-	-	188,780
Accounts	986	-	24,832	25,818
Inventory	-	-	14,138	14,138
Total assets	$ 752,791	$ 272,085	$ 518,395	$ 1,543,271
Liabilities, deferred inflows of resources, and fund balances				
Liabilities				
Accounts payable	$ -	$ 2,390	$ 4,957	$ 7,347
Accrued Payroll	-	-	5,630	5,630
Total liabilities	-	2,390	10,587	12,977
Deferred inflows of resources				
Unavailable property tax	188,780	-	-	188,780
Total deferred inflows of resources	188,780	-	-	188,780
Fund balance:				
Nonspendable				
Inventory	-	-	14,138	14,138
Restricted				
Urban renewal authority	-	269,695	-	269,695
Museum	-	-	493,670	493,670
Assigned to				
Capital Improvements	564,011	-	-	564,011
Total fund balances	564,011	269,695	507,808	1,341,514
Total liabilities, deferred inflows of resources, and fund balances	$ 752,791	$ 272,085	$ 518,395	$ 1,543,271

CITY OF CRAIG
COMBINING SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	Capital Projects Fund	Urban Renewal Authority	Museum Fund	Total Non-Major Governmental
Revenues				
Taxes	$ 165,848	$ 138,706	$ -	$ 304,554
Intergovernmental revenue	-	-	96,211	96,211
Charges for services	-	-	17,616	17,616
Investment earnings	22,782	-	-	22,782
Miscellaneous	-	-	41,032	41,032
Total revenues	188,630	138,706	154,859	482,195
Expenditures				
General Government	2,996	36,776	-	39,772
Parks and Recreation	-	-	459,364	459,364
Capital Outlay	143,555	-	150,567	294,122
Total expenditures	146,551	36,776	609,931	793,258
Excess (deficiency) revenues over (under) expenditures	42,079	101,930	(455,072)	(311,063)
Other financing sources (uses)				
Transfers in	-	-	440,000	440,000
Total other financing sources (uses)	-	-	440,000	440,000
Net change in fund balance	42,079	101,930	(15,072)	128,937
Fund Balances - Beginning	521,932	167,765	522,880	1,212,577
Fund Balances - Ending	$ 564,011	$ 269,695	$ 507,808	$ 1,341,514

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
CAPITAL PROJECTS FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues				
Property taxes	$ 153,018	$ 150,065	$ (2,953)	$ 148,817
Specific ownership taxes	14,000	15,783	1,783	15,440
Investment earnings	15,000	22,782	7,782	25,059
Total revenues	182,018	188,630	6,612	189,316
Expenditures				
Treasurer's fees	3,500	2,996	504	2,971
Capital outlay	200,000	143,555	56,445	167,357
Total expenditures	203,500	146,551	56,949	170,328
Net change in fund balance	$ (21,482)	42,079	$ (50,337)	18,988
Fund Balances - Beginning		521,932		502,944
Fund Balances - Ending		$ 564,011		$ 521,932

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – BUDGET TO ACTUAL
URBAN RENEWAL AUTHORITY FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Incremental sales tax	$ 100,000	$ 100,000	$ 138,706	$ 38,706	$ 149,141
Total revenues	100,000	100,000	138,706	38,706	149,141
Expenditures					
General government	20,600	50,600	36,776	13,824	12,351
Capital outlay	-	-	-	-	50,000
Total expenditures	20,600	50,600	36,776	13,824	62,351
Net change in fund balance	$ 79,400	$ 49,400	101,930	$ 24,882	86,790
Fund Balances - Beginning			167,765		80,975
Fund Balances - Ending			$ 269,695		$ 167,765

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET TO ACTUAL
MUSEUM FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Grants	$ 8,500	$ 8,500	$ 36,622	$ 28,122	$ 32,007
Museum concessions	16,000	16,000	17,616	1,616	15,963
Donations	42,000	42,000	59,589	17,589	61,558
Rents & royalties	16,000	16,000	12,199	(3,801)	15,679
Miscellaneous	500	500	28,833	28,333	1,684
Total revenues	83,000	83,000	154,859	71,859	126,891
Expenditures					
Museum operations	488,376	488,376	459,364	29,012	458,153
Capital outlay	113,650	167,050	150,567	16,483	-
Total expenditures	602,026	655,426	609,931	45,495	458,153
Excess (deficiency) revenues over (under) expenditures	(519,026)	(572,426)	(455,072)	117,354	(331,262)
Other Financing Sources and (Uses)					
Transfers in	435,000	435,000	440,000	5,000	390,000
Net change in fund balance	$ (84,026)	$ (137,426)	(15,072)	$ 122,354	58,738
Fund Balances - Beginning			522,880		464,142
Fund Balances - Ending			$ 507,808		$ 522,880

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS
WATER FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 3,851,915	$ 3,851,915	$ 4,015,091	$ 163,176	$ 3,777,320
Meter sales	1,000	1,000	12,279	11,279	14,580
Tap fees	9,775	9,775	36,329	26,554	106,750
Investment earnings	187,500	187,500	235,618	48,118	297,624
Intergovernmental	2,783,810	2,783,810	1,815,514	(968,296)	41,258
Miscellaneous	80,000	80,000	46,273	(33,727)	52,549
Total revenues	6,914,000	6,914,000	6,161,104	(752,896)	4,290,081
Expenditures					
Salaries	1,014,925	1,014,925	1,034,465	(19,540)	1,017,873
Employee benefits	564,598	564,598	529,213	35,385	491,614
Repairs and maintenance	580,250	580,250	306,243	274,007	441,437
Utilities	325,000	325,000	244,683	80,317	232,704
Chemicals	298,200	298,200	202,644	95,556	210,372
Insurance and bonds	98,120	98,120	95,023	3,097	84,133
Supplies	39,345	39,345	28,644	10,701	30,133
Other purchased services	339,343	339,343	328,260	11,083	229,425
Bad debt expense	-	-	-	-	48,100
Capital outlay	4,804,500	5,841,937	4,071,371	1,770,566	324,614
Interest expense	59,000	59,000	41,609	17,391	53,932
Debt principal	558,730	558,730	570,903	(12,173)	558,721
Total expenditures	8,682,011	9,719,448	7,453,058	2,266,390	3,723,058
Other Financing Sources and (Uses)					
Sale of assets	15,000	15,000	-	(15,000)	-
Total contributed capital and transfers	15,000	15,000	-	(15,000)	-
Change in net position - budget basis	$ (1,753,011)	$ (2,805,448)	(1,291,954)	$ 1,513,494	567,023
Reconciliation to GAAP basis					
Depreciation			(842,248)		(823,497)
Debt principal			570,903		558,721
Gain/(loss) on sale of assets			16,500		29,000
Capital outlay			4,071,371		324,614
Change in net position - GAAP basis			2,524,572		655,861
Net Position - Beginning			24,187,564		23,531,703
Net Position - Ending			$ 26,712,136		$ 24,187,564

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS
WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 2,808,506	$ 2,808,506	$ 2,819,863	$ 11,357	$ 2,470,067
Tap fees	5,000	5,000	23,162	18,162	59,815
Intergovernmental grants	427,600	427,600	546,305	118,705	420,110
Investment earnings	110,000	110,000	153,171	43,171	161,691
Total revenues	3,351,106	3,351,106	3,542,501	191,395	3,111,683
Expenditures					
Salaries	735,243	735,243	682,159	53,084	625,019
Employee benefits	366,052	366,052	332,627	33,425	277,096
Repairs and maintenance	176,000	176,000	230,765	(54,765)	123,054
Utilities	170,500	170,500	126,344	44,156	133,391
Chemicals	33,810	33,810	42,578	(8,768)	46,739
Insurance and bonds	40,018	40,018	33,819	6,199	30,989
Supplies	44,107	44,107	31,712	12,395	27,687
Other purchased services	146,565	146,565	145,171	1,394	140,205
Bad debt expense	-	-	-	-	23,900
Interest expense	5,590	5,590	3,773	1,817	4,864
Debt principal	61,610	61,610	62,687	(1,077)	61,609
Capital outlay	1,794,600	2,418,211	1,026,809	1,391,402	1,610,840
Total expenditures	3,574,095	4,197,706	2,718,444	1,479,262	3,105,393
Other Financing Sources and (Uses)					
Sale of assets	65,000	-	-	-	-
Capital contributions	-	-	12,454	12,454	5,334
Total contributed capital and transfers	-	-	12,454	12,454	5,334
Change in net position - budget basis	$ (222,989)	$ (846,600)	836,511	$ 12,454	11,624
Reconciliation to GAAP basis					
Depreciation			(427,899)		(375,034)
Debt principal			62,687		61,609
Capital outlay			1,026,809		1,610,840
Gain/(loss) on sale of assets			18,000		14,000
Change in net position - GAAP basis			1,516,108		1,323,039
Net Position - Beginning			10,508,867		9,185,828
Net Position - Ending			$ 12,024,975		$ 10,508,867

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION BUDGET (NON-GAAP BASIS) AND ACTUAL WITH RECONCILIATION TO GAAP BASIS
SOLID WASTE FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues					
Charges for services	$ 2,078,025	$ 2,078,025	$ 2,182,884	$ 104,859	$ 2,040,228
Miscellaneous revenue	7,500	7,500	17,806	10,306	26,165
Investment earnings	50,000	50,000	72,994	22,994	75,339
Total revenues	2,135,525	2,135,525	2,273,684	138,159	2,141,732
Expenditures					
Salaries	649,600	649,600	696,923	(47,323)	688,627
Employee benefits	357,540	357,540	369,529	(11,989)	338,803
Repairs and maintenance	79,500	79,500	58,538	20,962	36,603
Utilities	8,200	8,200	11,410	(3,210)	10,915
Landfill fees	520,000	520,000	515,619	4,381	525,902
Insurance and bonds	25,860	25,860	25,348	512	28,743
Supplies	143,600	143,600	179,629	(36,029)	161,561
Other purchased services	56,600	56,600	39,491	17,109	35,106
Capital outlay	576,940	597,390	20,450	576,940	855,588
Total expenditures	2,417,840	2,438,290	1,916,937	521,353	2,681,848
Other Financing Sources and (Uses)					
Sale of assets	20,000	20,000	-	(20,000)	111,500
Total contributed capital and transfers	20,000	20,000	-	(20,000)	111,500
Change in net position - budget basis	$ (262,315)	$ (282,765)	356,747	$ (403,194)	(428,616)
Reconciliation to GAAP basis					
Depreciation			(272,691)		(240,303)
Capital outlay			20,450		855,588
Change in net position - GAAP basis			104,506		186,669
Net Position - Beginning			3,035,195		2,848,526
Net Position - Ending			$ 3,139,701		$ 3,035,195

CITY OF CRAIG
COMPARATIVE STATEMENT OF NET POSITION
INTERNAL SERVICES – MEDICAL BENEFITS FUND
DECEMBER 31, 2025 AND DECEMBER 31, 2024

	2025	2024
Assets		
Cash and cash equivalents	$ 437,957	$ 537,341
Total Assets	437,957	537,341
Liabilities and Net Position		
Liabilities		
Accounts payable	166	-
Total Liabilities	166	-
Net position		
Unrestricted	$ 437,791	$ 537,341

CITY OF CRAIG
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
NET POSITION – BUDGET TO ACTUAL
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025				2024
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Operating revenues					
Contributions	$ 2,855,089	$ 2,855,089	$ 2,823,371	$ (31,718)	$ 2,613,086
Total revenues	2,855,089	2,855,089	2,823,371	(31,718)	2,613,086
Operating expenses					
Insurance premiums	2,719,726	2,869,726	2,865,969	3,757	2,511,352
Claims incurred	65,000	65,000	60,241	4,759	62,340
Administrative fees	1,500	1,500	1,468	32	1,473
Total operating expenses	2,786,226	2,936,226	2,927,678	8,548	2,575,165
Operating income	68,863	(81,137)	(104,307)	(23,170)	37,921
Non-operating revenues					
Investment earnings	3,500	3,500	4,757	1,257	5,030
Total non-operating revenues	3,500	3,500	4,757	1,257	5,030
Change in net position	$ 72,363	$ (77,637)	(99,550)	$ (21,913)	42,951
Net Position - Beginning			537,341		494,390
Net Position - Ending			$ 437,791		$ 537,341

CITY OF CRAIG
STATEMENT OF CASH FLOWS
INTERNAL SERVICES – MEDICAL BENEFIT FUND
YEAR ENDED DECEMBER 31, 2025, WITH 2024 COMPARATIVE TOTALS

	2025	2024
Cash Flows from Operating Activities		
Cash received from users	$ 2,823,371	$ 2,613,086
Cash paid on claims	(60,241)	(62,340)
Cash paid for premiums and administration	(2,867,271)	(2,513,825)
Net Cash Provided (Used) by Operating Activities	(104,141)	36,921
Cash Flows from Investing Activities		
Interest received	4,757	5,030
Net Cash Provided by Investing Activities	4,757	5,030
Net change in cash and cash equivalents	(99,384)	41,951
Cash and Cash Equivalents - Beginning	537,341	495,390
Cash and Cash Equivalents - Ending	$ 437,957	$ 537,341
Reconciliation of Operating Income to Net Cash Provided by Operating Activities		
Operating income	$ (104,307)	$ 37,921
Change in accounts payable	166	(1,000)
Net Cash Provided (Used) by Operating Activities	$ (104,141)	$ 36,921

OTHER SUPPLEMENTARY INFORMATION
STATE COMPLIANCE

CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2025

LOCAL HIGHWAY FINANCE REPORT			STATE: COLORADO	
THIS INFORMATION FROM THE RECORDS OF: City of Craig	PREPARED BY: Mindy Elliott	melliott@cityofcraig.org	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	150,064.47	a. Interest on investments	22,781.64
b. Non-property Taxes and Assessments Imposts	189,817.14	b. Other Misc. Local Receipts	0.00
c. Total (a + b)	$ 339,881.61	**c. Total (a + b)**	$ 22,781.64

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	377,731.84	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 377,731.84	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	55,267.20
c. Construction Costs	936,420.66
d. Total Capital Outlay (a+ b + c)	$ 991,687.86

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CITY OF CRAIG
LOCAL HIGHWAY FINANCE REPORT
YEAR ENDED DECEMBER 31, 2025

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 339,881.61
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 22,781.64
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 362,663.25
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 377,731.84
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 740,395.09

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 991,687.86
2. Maintenance:	2,550,804.92
3. Road and Street Services:	
a. Snow and Ice Removal	9,660.66
b. Other & Traffic Control Operations	13,483.00
c. Total (a + b)	$ 23,143.66
4. General Administration & Miscellaneous	0.00
5. Highway Law Enforcement and Safety	0.00
6. Total (1 through 5)	$ 3,565,636.44
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 3,565,636.44

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

SINGLE AUDIT SECTION

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the City Council
Craig, 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 City of Craig (the City) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 7, 2026.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 city'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 material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from 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*.

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 city'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 city's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Adams Group, LLC

Greenwood Village, Colorado
July 7, 2026

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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

City Council
Craig, Colorado

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the City of Craig's (the City) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended December 31, 2025. The City's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the City's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The Adams Group, LLC

Greenwood Village, Colorado
July 7, 2026

CITY OF CRAIG
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

Federal Awarding Agencies	Federal CFDA Number	Passthrough Grantor's Number	Amounts Passed to Subrecipients	Federal Awards Expended
U.S. Department of Interior				
Passed through the Colorado Department of Local Affairs				
Mineral Leasing Act				
MCC1 Panel Replace	15.437	EIAF # 9488	$ -	$ 373,975
Sewer Main Replacement	15.437	EIAF #9563	-	23,894
10th St Water Line	15.437	EIAF #2025-038	-	457,937
Total U.S. Department of Interior			-	855,806
U.S. Department of Treasury				
Passed through the Colorado Department of Local Affairs				
Coronavirus State and Local Fiscal Recovery Funds	21.027	IHOP PLN037	-	5,898
Total U.S. Department of Treasury			-	5,898
U.S. Environmental Protection Agency				
Congressionally Mandated Projects				
Community Project Funding - Emergency Grants	66.202	CG-00I11601-0	-	1,080,000
Total U.S. Environmental Protection Agency			-	1,080,000
U.S. Department of Commerce				
Investments for Public Works and Economic Development Facilities	11.300	4040-0014	-	454,544
Total U.S. Department of Commerce			-	454,544
U.S. Department of Housing and Urban Development				
Economic Development Initiative, Community Project Funding, and Miscellaneous Grants	14.251	B-24-CP-CO-0417	-	113,420
Total U.S. Department of Housing and Urban Development			-	113,420
Total Federal Financial Assistance			$ -	$ 2,509,668

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the City of Craig, Colorado (the City). All federal financial assistance received by the City directly from federal agencies, as well as federal financial assistance passed through other governmental agencies, including the State of Colorado, is included on the schedule.

NOTE 2 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards included the federal award activity of the City under programs of the federal government for the year ended December 31, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, (Uniform Guidance). Because the schedule only presents a selected portion of the operations of the City, it is not intended to and does not present the financial position or change in net assets of the City. Governmental Funds are used to account for the City's federal grant activity. Amounts reported in the Schedule of Expenditures of Federal Awards are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited so to reimbursement. See Note 1 of the financial statements for a summary of significant accounting policies. The City has not elected to use the de minimis indirect cost rate of 10% as allowed under the Uniform Guidance.

CITY OF CRAIG
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	*unmodified opinion*	
Internal control over financial reporting:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	X Yes	______ No
Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X No
Type of auditor's report issued on compliance for major programs:	*unmodified opinion*	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	______ Yes	X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
66.202	Congressionally Mandated Projects

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as low-risk auditee?	X Yes	______ No

Section II – Financial Statement Findings

2025-001

Type of Finding:

- Significant Deficiency in Internal Controls over Financial Reporting

Condition and Context: During our testing of grant revenues we noted that $457,560 of grant receivables were improperly recorded as deferred inflows of resources in the Water and Wastewater Enterprise Funds.

Cause: During the fiscal year close process, the City reviewed all outstanding receivables after the 60 day period of availability and recorded year end adjustment to defer revenue recognition of those receivables not collected within the period of availability. Enterprise funds are presented on the economic resources measurement focus and the fund statements are reported on the full accrual basis, so there is no period of availability for revenues.

Effect: An audit adjustment was recorded to reduce deferred inflows of resources and increase revenues in the water and wastewater funds by $305,645 and $151,915.

Repeat Finding: This is not a repeat finding.

Recommendation: The Adams Group, LLC recommends that the City adjust its fiscal year close process to only review outstanding receivables for governmental funds against the 60 day period of availability.

Views of responsible officials: Management agrees with the finding.

2025-002

Type of Finding:

- Significant Deficiency in Internal Controls over Financial Reporting

Condition and Context: During our testing of capital assets, we noted clerical errors in the application of current year depreciation expense for governmental assets as well as clerical errors in the amounts calculated for the transfer of governmental capital assets to business type activities.

Cause: During the fiscal year close process, there was not an adequate control process to review manual depreciation calculations for clerical errors.

Effect: An audit adjustment was recorded to reduce government wide depreciation expense and accumulated depreciation by $538,211.

Repeat Finding: This is not a repeat finding.

Recommendation: The Adams Group, LLC recommends that the City implement a control to review the manual depreciation calculations for clerical errors and to ensure that depreciation expense is not being applied to fully depreciated assets.

Views of responsible officials: Management agrees with the finding.

Section III Findings – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516a.

Section IV Findings – Prior Year Findings

There are no prior year findings or questioned costs that are required to be reported.