TOWN OF SIMLA, COLORADO

FINANCIAL STATEMENTS

December 31, 2025

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

TABLE OF CONTENTS

Independent Auditor's Report	a - c
Management's Discussion and Analysis	i - vii
Basic Financial Statements	
Statement of Net Position	1
Statement of Activities	2
Balance Sheet – Governmental Funds	3
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds	4
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	5
Statement of Net Position – Proprietary Fund Type	6
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Fund Type	7
Statement of Cash Flows – Proprietary Fund Type	8
Notes to Financial Statements	9 - 24
Required Supplementary Information	
Budgetary Comparison Schedule – General Fund	25
Notes to Required Supplementary Information	26
Supplementary Information	
Governmental Funds	
Budgetary Comparison Schedule – Conservation Trust Fund	27
Enterprise Funds	
Budgetary Comparison Schedule – Water and Sanitation Fund	28
Other Information	
Local Highway Finance Report	29 - 30

Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Honorable Mayor and Members of
the Board of Trustees
Town of Simla
Simla, Colorado

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Simla, and to meet our 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 the accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison schedule on pages i – vii and on pages 25 – 26 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements as a whole. The accompanying supplementary information on pages 27 – 28, and local highway finance report on pages 29 – 30, 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 supplementary information and other information have 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 supplementary information, the schedule of expenditures of federal awards and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
August 7, 2026

Management of the Town of Simla offers the readers the basic financial statement, this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. The focus of the information is on the primary government.

The Town of Simla has adopted the financial reporting model promulgated by the Government Accounting Standards Board (GASB). This is in accordance with the GASB Statement No. 34, Basic Financial Statement and Management Discussion and Analysis for State and Local Governments.

Financial Highlights
The Town's Governmental Activities assets exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $**587,373 (**net position). Of this amount, **$71,404** (unrestricted net position) may be used to meet the Town’s ongoing obligations.

The Town's Business-type Activities' assets exceeded its liabilities by **$3,084,954** (net position) at the close of the fiscal year.

At the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of **$258,200,** an **increase of $106,561** from the prior year.

On **December 31, 2025,** the restricted cemetery improvements portion of fund balance consists of a remaining balance of **$124,894** of funds left to the Town by an estate to maintain family graves and make improvements to the cemetery.

Overview of Financial Statements:
The discussion is intended as an introduction to the Town's basic financial statement. The basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. In addition to the basic financial statements, there is other supplementary information.

Government-Wide Financial Statements:
The government-wide financial statement uses an accounting method similar to those used by private sectors companies. The focus of the Statement of Net Position (the Unrestricted Net Position) is designed to report all the Town's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating. Thus, revenue and expenses are reported in this statement for times that will only result in cash flows in future fiscal periods (e.g. uncollected taxes).

The government-wide statements are divided into two categories: Governmental and Business Type Activities. Most of the Town's basic services are reported in governmental activities, which focus on cash flow. The Town's basic services include administrative, public safety, public works, judicial, buildings, cemetery, parks, and recreation. Property tax, sales tax, and intergovernmental taxes finance the majority of these activities

Business-type activities are funds that reflect private sector operations. This includes the Water and Sanitation Fund, which includes the water, sewer, and trash segments. Fees for services should cover the majority of the cost of these operations, including depreciation.

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

Governmental funds are used to account for the same functions reported as governmental activities in the government-wide financial statements. Governmental funds focus on the financial position and changes in financial position, not on income determinations using the flow of current financial resources focus and the modified accrual basis of accounting. The modified accrual accounting measures cash and all other financial assets that can be readily converted into cash. Governmental statements focus on near term inflows and outflows of spendable resources as well as the balances left at year-end that are available for spending. Consequently, the governmental fund financial statements provide a detailed short-term view that helps the reader determine whether there are more or fewer financial resources that can be spent to finance the Town's programs. The primary operating fund is the General Fund, which accounts for the financial resources of the general government, except for those required to be accounted for in the other funds.

Proprietary funds are used to account for the Town's activities that are similar to business operations in the private sector or where the reporting is on determining net income, financial position, and a significant portion of the funding is through user charges, The Town uses enterprise funds for Water Sewer and Trash operations. The Town has a trash-collection contract with a vendor for collection of the Town residents' trash.

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide fund financial statements. Other information, in addition to the basic financial statements and accompanying notes, is presented in the form of certain required supplementary information.

Government-Wide Financial Analysis:
As noted, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Simla, the assets exceeded liabilities and inflows of resources by **$3,672,327** of the Town's net position **$906,525** is unrestricted and may be used to meet the Town's ongoing financial obligations. This relates to the portion of Net Position that is not restricted by external requirements nor invested in capital assets.

Of the Town's **$3,672,327 total** net position, **$2,496,549** reflects investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment) less any related debt used to acquire those assets that are still outstanding. Capital assets are used to provide services to citizens.

Consequently, these assets are not available for future spending. Although the Town'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, since capital assets themselves cannot be used to liquidate these liabilities.

The following is the Town's Statement of Net Position:

	Government Activities		Business -type Activities		Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
ASSETS						
Current Assets	428,463	270,533	943,348	986,745	1,371,811	1,257,278
Capital Assets, Net	555,032	480,000	2,945,344	3,011,766	3,500,376	3,491,766
Total Assets	983,495	750,533	3,888,692	3,998,511	4,872,187	4,749,044
LIABILITIES						
Current Liabilities	84,940	61,951	43,848	35,550	128,788	97,501
Long-Term Liabilities	211,647	224,333	759,890	792,181	971,537	1,016,514
Total Liabilities	296,587	286,284	803,738	827,731	1,100,325	1,114,015
Deferred Inflows of Resources	99,535	65,185	-	-	99,535	65,185
NET POSITION						
Net Investment - Capital Assets	343,385	255,667	2,153,164	2,187,427	2,496,549	2,443,094
Restricted	172,584	159,077	96,669	73,156	269,253	232,233
Unrestricted	71,404	-15,680	835,121	910,197	906,525	894,517
Total Net Position	**$587,373**	**$399,064**	**$3,084,954**	**$3,170,780**	**$3,672,327**	**$3,569,844**

The following reflects the Town's change in Net Position:

	Government Activities		Business -type Activities		Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
REVENUES						
PROGRAM REVENUES						
Charge for Services	230,216	65,782	516,264	493,844	746,480	559,626
Operating Grants & Contributions	670	-	200,000	-	200,670	-
Capitol Grants & Contributions	7,385	59,957	7,000	11,100	14,385	71,057
GENERAL REVENUES						
Property Taxes	73,808	87,856	-	-	73,808	87,856
Sales Taxes	211,883	165,791	-	-	211,883	165,791
Other Taxes	121,575	78,646	-	-	121,575	78,646
Grants not Program Specific	1,000	911	-	-	1,000	911
Interest	17,450	16,906	10,763	12,338	28,213	29,244
Insurance Proceeds	95,100	150,000	-	-	95,100	150,000
Gain on Disposal of Assets	55,209	-	-	-	55,209	-
Miscellaneous	15,150	13,988	-	-	15,150	13,988
TOTAL REVENUES	829,446	639,837	734,027	517,282	1,563,473	1,157,119
EXPENSES						
General Government	134,052	271,991	-	-	134,052	271,991
Judicial	30,431	28,501	-	-	30,431	28,501
Public Safety	282,472	293,135	-	-	282,472	293,135
Public Works	82,520	103,652	-	-	82,520	103,652
Health and Welfare	4,521	41,437	-	-	4,521	41,437
Parks and Recreation	30,512	36,659	-	-	30,512	36,659
Hope Communitee Center	59,342	11,195			59,342	11,195
Interest on Long-term Dept	17,287	-	3,852	3,973	21,139	3,973
Water, Sewer and Trash	-	-	816,001	523,558	816,001	523,558
TOTAL EXPENSES	641,137	786,570	819,853	527,531	$1,460,990	$1,314,101

Governmental Activities for the Town's net position for the year ending December 31, 2025, showed an **increase of $188,309** Business-type activities **decreased by $85,826. The** Town's net position **increased by $102,483.**

Key elements are as follows:

General Fund

- Total Revenues came in over budget for the year ended **December 31, 2025**, with increased revenue in most general fund departments and insurance proceeds. Property taxes are based on assessed valuations.
- Total Revenues for Courts exceeded budget expectations by **$80,062.**
- Total Expenditures in the general fund exceeded budget expectations by **$241,774**. This overage occurred in most general fund departments, with some expenditures off set by insurance proceeds.

Water Fund

- Total revenues exceeded the budget for the year ended December 31, 2025, by **$232,5327** including $200,000 in grant funding received for the replacement of water meters.
- Total expenditures exceeded budget expectations by **$223,181**, primarily due to grant-funded water meter replacement costs. These costs are expected to be offset by $200,000 in grant revenue.

Financial Analysis of the Government's Funds
The Town of Simla uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds
The focus of the Town's governmental funds is to provide information on the current year's revenues, expenditures, and balances of spendable resources. Such information is useful in assessing the Town's financial requirements. Unreserved fund balance may serve as a useful measure of government's net resources available for spending at the end of the fiscal year.

Revenues for the General Fund increased by $189,919 from the previous year across all General Fund departments, while expenditures decreased by **$267,917.**

The Conservation Trust fund's revenue **decreased slightly** by **$72** compared to the prior year. The decrease in revenue was due to a reduction in lottery proceeds allocated to the Town by the State of Colorado. Lottery proceeds received from the State of Colorado are restricted funds and are subject to strict state regulations governing their allowable use.

Proprietary Funds
The proprietary funds provide the same type of information found in the government-wide financial statements in more detail. The Town of Simla's only proprietary fund is its Water and Sanitation Fund that includes water, sewer, and trash segments. Total net position of the Water segment is **$2,332,887; the** Sewer segment **is $716,452**; and the Trash segment **is $35,615** for a total of **$3,084,954.** The total change in the net position separated for each segment is: Water **decreased by $112,126,** Sewer **increased $22,891;** and Trash i**ncreased** by **$3,409** for a total **decrease** of **$85,826.**

Key elements of the water and sanitation fund:

- Water, Sewer and Trash total revenue i**ncreased** by **$216,745 compared** to **2024.** With $200,000 being a grant received to replace water meters.
- Water segment expenditures **increased by $263,717,** of which $200,000 was offset by a $200,000 grant, Sewer expenditures **increased by $23,004,** and Trash segment expenditures **increased by $2,228** over **2024.**

General Fund Budgetary Highlights

Tax revenues are comprised of property taxes, franchise fees, sales tax, and intergovernmental taxes. Seventy-five percent (75%) of sales tax goes to the Police Department, with the remaining twenty-five per cent (25%) going to Public Works. Sales Tax revenue was $**11,526** less than budgeted. Specific Ownership Tax, Highway Users Tax Fund, Elbert County Road and Bridge Fund and Franchise Taxes came in higher than budgeted by **$9,519.** Total revenue was higher than budgeted by **$327,320** This increase was primarily due to insurance proceeds, increased public safety revenue, higher licenses and permits revenue, and a one-time payment received for past-due franchise fees.

Actual expenditures of **$717,974 exceeded** budgeted expenditures of **$476,200** by **$241,774.** Expenditures exceeded budgeted amounts among most general fund department. Key expenditure overages were primarily attributable to the roof replacement at the Hope Community Center, which was offset by insurance proceeds, increased staffing in the Police Department and Administration, and a required Police Department liability insurance policy.

Capital Assets

On **December 31, 2025**, the Town had total capital assets of **$3,500,376** which are summarized below:

	Government Activities		Business -type Activities		Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2025	12/31/2024
Land	15,946	15,946	7,250	7,250	23,196	23,196
Construction in Progress	-	-	-	-	-	-
Infrastructure	102,562	102,562	-	-	102,562	102,562
Water & Sewer Systems	-	-	4,032,957	4,032,957	4,032,957	4,032,957
Buildings	435,672	348,968	42,127	42,127	477,799	391,095
Vehicles	85,115	104,789	-	-	85,115	104,789
Equipment	192,778	195,128	189,873	148,934	382,651	344,062
Parks	118,158	118,158	-	-	118,158	118,158
Less Accumulated Depreciation	-395,199	-405,551	-1,326,863	-1,219,502	-1,722,062	-1,625,053
TOTALS	**$555,032**	**$480,000**	**$2,945,344**	**$3,011,766**	**$3,500,376**	**$3,491,766**

Debt

On **December 31, 2025,** the Town had a total indebtedness of **$1,018,039** which is outlined below:

	Government Activities		Business -type Activities		Total	
	12/31/2025	12/31/2024	12/31/2025	12/31/2024	12/31/2026	12/31/2024
Sewer Loan	-	-	43,500	49,300	43,500	49,300
Water Loans	-	-	748,680	775,039	748,680	775,039
Fiancing Lease - Bulding	218,101	224,333	-	-	218,101	224,333
Compensated Absences	7,758	8,242	-	-	7,758	8,242
TOTALS	**$225,859**	**$232,575**	**$792,180**	**$824,339**	**$1,018,039**	**$1,056,914**

Economic Factors and Next Year's Budget and Rates:

The Board of Trustees has made the following items their priority; maintaining services, planning for future improvements and making sure the Town has adequate fund balances to cover all the costs of operations. The economy is still a factor when budgeting as revenues have stayed flat for the last three to four years. The costs of maintaining and replacing infrastructure of our water and sewer systems continue to increase as both systems age. There were increases in both water and sewer rates in **2025**.

Request for information

The financial report is designed to provide a general overview of the Town's finances for all those interested in the government's finances. Questions concerning the information provided in the report or requests for additional financial information should be addressed to:

Town of Simla
Town Treasurer
P. O. Box 237
Simla, Colorado 80835

BASIC FINANCIAL STATEMENTS

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
December 31, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	$ 120,023	$ 894,343	$ 1,014,366
Cash and Investments - Restricted	152,984	-	152,984
Receivables			
Property Taxes	99,535	-	99,535
Other Governments	5,217	-	5,217
Accounts	50,704	49,005	99,709
Capital Assets, Not Depreciated	15,946	7,250	23,196
Capital Assets, Depreciated Net of Accumulated Depreciation	539,086	2,938,094	3,477,180
TOTAL ASSETS	983,495	3,888,692	4,872,187
LIABILITIES			
Accounts Payable	60,620	-	60,620
Accrued Salaries and Benefits	10,108	11,558	21,666
Noncurrent Liabilities			
Due in One Year	14,212	32,290	46,502
Due in More Than One Year	211,647	759,890	971,537
TOTAL LIABILITIES	296,587	803,738	1,100,325
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	99,535	-	99,535
NET POSITION			
Net Investment in Capital Assets	343,385	2,153,164	2,496,549
Restricted for Emergencies	19,600	-	19,600
Restricted for Parks and Recreation	28,090	-	28,090
Restricted for Cemetery Improvements	124,894	-	124,894
Restricted for Debt Service	-	96,669	96,669
Unrestricted, Unreserved	71,404	835,121	906,525
TOTAL NET POSITION	$ 587,373	$ 3,084,954	$ 3,672,327

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

TOWN OF SIMLA, COLORADO

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES: CHARGES FOR SERVICES	PROGRAM REVENUES: OPERATING GRANTS AND CONTRIBUTIONS	PROGRAM REVENUES: CAPITAL GRANTS AND CONTRIBUTIONS
PRIMARY GOVERNMENT				
Governmental Activities				
General Government	$ 134,052	$ 23,888	$ -	$ -
Judicial	30,431	-	-	-
Public Safety	282,472	137,323	670	-
Public Works	82,520	22,632	-	-
Health and Welfare	4,521	7,650	-	-
Parks and Recreation	30,512	2,450	-	7,385
Hope Community Center	59,342	36,273	-	-
Interest Expense	17,287	-	-	-
Total Governmental Activities	641,137	230,216	670	7,385
Business-Type Activities				
Water, Sewer and Trash	816,001	516,264	200,000	7,000
Interest Expense	3,852	-	-	-
Total Business-Type Activities	819,853	516,264	200,000	7,000
Total Primary Government	$ 1,460,990	$ 746,480	$ 200,670	$ 14,385

GENERAL REVENUES
Property Taxes
Sales Taxes
Franchise Taxes
Other Taxes
Grants not related to a Specific Program
Interest
Insurance Proceeds
Gain on Disposal of Assets
Miscellaneous

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION, Beginning

NET POSITION, Ending

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

NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION		
GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTALS
$ (110,164)	$ -	$ (110,164)
(30,431)	-	(30,431)
(144,479)	-	(144,479)
(59,888)	-	(59,888)
3,129	-	3,129
(20,677)	-	(20,677)
(23,069)	-	(23,069)
(17,287)	-	(17,287)
(402,866)	-	(402,866)
-	(92,737)	(92,737)
-	(3,852)	(3,852)
-	(96,589)	(96,589)
(402,866)	(96,589)	(499,455)
73,808	-	73,808
211,883	-	211,883
70,423	-	70,423
51,152	-	51,152
1,000	-	1,000
17,450	10,763	28,213
95,100	-	95,100
55,209	-	55,209
15,150	-	15,150
591,175	10,763	601,938
188,309	(85,826)	102,483
399,064	3,170,780	3,569,844
$ 587,373	$ 3,084,954	$ 3,672,327

TOWN OF SIMLA, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
ASSETS			
Cash and Investments	$ 120,023	$ -	$ 120,023
Cash and Investments - Restricted	124,894	28,090	152,984
Property Taxes Receivable	99,535	-	99,535
Due from Other Governments	5,217	-	5,217
Accounts Receivable	50,704	-	50,704
TOTAL ASSETS	400,373	28,090	428,463
LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY			
LIABILITIES			
Accounts Payable	60,620	-	60,620
Accrued Salaries and Benefits	10,108	-	10,108
TOTAL LIABILITIES	70,728	-	70,728
DEFERRED INFLOW OF RESOURCES			
Deferred Property Tax Revenue	99,535	-	99,535
FUND EQUITY			
Fund Balance (Deficit)			
Restricted for Emergencies	19,600	-	19,600
Restricted for Parks and Recreation	-	28,090	28,090
Restricted for Cemetery Improvements	124,894	-	124,894
Unassigned	85,616	-	85,616
TOTAL FUND EQUITY	230,110	28,090	258,200
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	$ 400,373	$ 28,090	$ 428,463

Amounts reported for governmental activities in the statement of net position are different because:

Total Fund Balances of Governmental Funds	258,200
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	555,032
Long-term liabilities and related items are not due and payable in the current period and are not reported in the funds. These include financing leases payable ($218,101) and accrued compensated absences (7,758).	(225,859)
Net position of governmental activities	$ 587,373

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND	NONMAJOR GOVERNMENTAL CONSERVATION TRUST FUND	TOTALS
REVENUES			
Taxes	$ 356,114	$ -	$ 356,114
Licenses and Permits	27,181	-	27,181
Fines and Forfeitures	156,662	-	156,662
Charges for Services	47,043	-	47,043
Intergovernmental	51,152	7,385	58,537
Interest	17,450	-	17,450
Contributions	1,000	-	1,000
Insurance Proceeds	148,309	-	148,309
Miscellaneous	17,150	-	17,150
TOTAL REVENUES	822,061	7,385	829,446
EXPENDITURES			
Current			
General Government	127,354	-	127,354
Judicial	30,431	-	30,431
Public Safety	289,138	-	289,138
Public Works	69,389	-	69,389
Health and Welfare	7,421	-	7,421
Parks and Recreation	24,676	4,911	29,587
Hope Community Center	146,046	-	146,046
Debt Service			
Principal	6,232	-	6,232
Interest	17,287	-	17,287
Capital Outlay	-	-	-
TOTAL EXPENDITURES	717,974	4,911	722,885
NET CHANGE IN FUND BALANCES	104,087	2,474	106,561
FUND BALANCES, Beginning	126,023	25,616	151,639
FUND BALANCES, Ending	$ 230,110	$ 28,090	$ 258,200

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

TOWN OF SIMLA, COLORADO

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ 106,561
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount of capital outlay $234,308 that exceeded depreciation expense ($34,836) in the current period.	75,032
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes principal payments of financing lesaes payable.	6,232
Some expense reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds. This includes the change in accrued compensated absences.	484
Change in Net Position of Governmental Activities	$ 188,309

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

TOWN OF SIMLA, COLORADO

STATEMENT OF NET POSITION
PROPRIETARY FUND TYPE
December 31, 2025

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Investments	$ 894,343
Accounts Receivable, Net	49,005
Total Current Assets	943,348
Noncurrent Assets	
Capital Assets, Not Being Depreciated	7,250
Capital Assets, Net of Accumulated Depreciation	2,938,094
Total Noncurrent Assets	2,945,344
TOTAL ASSETS	3,888,692
LIABILITIES	
Current Liabilities	
Accrued Salaries and Benefits	11,558
Loan Payable - Current Portion	32,290
Total Current Liabilities	43,848
Noncurrent Liabilities	
Loans Payable	759,890
Total Noncurrent Liabilities	759,890
TOTAL LIABILITIES	803,738
NET POSITION	
Net Investment in Capital Assets	2,153,164
Restricted for Debt Service	96,669
Unreserved	835,121
TOTAL NET POSITION	$ 3,084,954

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

TOWN OF SIMLA, COLORADO

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUND TYPE
Year Ended December 31, 2025

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	
Water	$ 198,695
Sewer	200,243
Trash	104,120
Late Fees and Other	13,206
TOTAL OPERATING REVENUES	516,264
OPERATING EXPENSES	
Operations and Maintenance	
Water	446,608
Sewer	161,557
Trash	100,475
Depreciation	107,361
TOTAL OPERATING EXPENSES	816,001
OPERATING INCOME (LOSS)	(299,737)
NON-OPERATING REVENUES (EXPENSES)	
Grant Revenue	200,000
Interest Income	10,763
Interest Expense	(3,852)
TOTAL NON-OPERATING REVENUES (EXPENSES)	206,911
INCOME BEFORE CAPITAL CONTRIBUTIONS	(92,826)
CAPITAL CONTRIBUTIONS	
Tap Fees - Water	7,000
TOTAL CAPITAL CONTRIBUTIONS	7,000
CHANGE IN NET POSITION	(85,826)
NET POSITION, Beginning	3,170,780
NET POSITION, Ending	$ 3,084,954

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

TOWN OF SIMLA, COLORADO

STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE
Year Ended December 31, 2025
Increase (Decrease) in Cash and Cash Equivalents

	WATER, SANITATION AND TRASH FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	$ 523,343
Cash Paid to Suppliers	(446,190)
Cash Paid to Employees	(254,284)
Net Cash Provided (Used) by Operating Activities	(177,131)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Capital Assets	(40,939)
Grant Proceeds Received	200,000
Tap Fees - Water	7,000
Loan Payments - Principal	(32,159)
Loan Payments - Interest	(3,852)
Net Cash Provided (Used) by Capital and Related Financing Activities	130,050
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest Received	10,763
Net Cash Provided by Investing Activities	10,763
Net Increase in Cash and Cash Equivalents	(36,318)
CASH AND CASH EQUIVALENTS, Beginning	930,661
CASH AND CASH EQUIVALENTS, Ending	$ 894,343
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (299,737)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities	
Depreciation and Amortization	107,361
Changes in Assets and Liabilities	
Accounts Receivable	7,079
Total Adjustments	122,606
Net Cash Provided by Operating Activities	$ (177,131)

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

The Town of Simla (the "Town") is a political subdivision of the State of Colorado and is governed by a Mayor and six-member Board of Trustees elected by the residents. The Town provides public safety, public works and parks and recreation services as well as water, sewer, and trash services.

Reporting Entity

In accordance with governmental accounting standards, the Town has considered the possibility of including additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Town is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the Town officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Town. The Town may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Town does not include additional organizations in its report entity.

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 nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of net position reports all financial, capital and debt resources of the Town. The difference between assets plus deferred outflows, and liabilities plus deferred inflows of the Town is reported as net position.

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental and enterprise 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 revenue as soon as all eligibility requirements imposed by the granting agency have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both "measurable and available". Revenues are considered to be "available" when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current year, except for expenditure driven grants as defined in the following paragraph.

Taxes, intergovernmental revenue and interest associated with the current fiscal year are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal year. Grant and similar revenues are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue 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 Town.

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.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses or capital contributions.

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

The Town reports the following major governmental fund in the fund financial statements:

General Fund – The General Fund is used to account for the general operations and specific programs of the Town.

The Town reports the following major proprietary fund:

Water and Sanitation Fund – The Water and Sanitation Fund accounts for the financial activities associated with providing water, sewer and trash services to the Town's residents.

In addition, the Town reports the following nonmajor governmental fund:

Conservation Trust Fund – The Conservation Trust Fund is a special revenue fund used to account for lottery revenues used for recreational programs.

Assets, Liabilities, Fund Balance/Net Position

Cash and Investments – For the purposes of reporting in the statement of cash flows, cash equivalents include certificates of deposit and investments with original maturities of three months or less. Investments are reported at fair value. The Town pools cash from several funds for the purpose of increasing interest income. Interest is allocated to individual funds based on the average cash of the funds.

Receivables – Due from other governments and accounts receivable are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Accounts receivable are recorded on the statement of net position, net of allowance for uncollectible accounts.

Capital Assets – Capital assets, which include property, buildings, equipment and all infrastructure owned by the Town, are reported in the applicable government-wide or business-type activities columns of the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

than $1,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets of the Town are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	40 years
Buildings	14-50 years
Equipment	5-14 years
Vehicles	7 years

General infrastructure assets acquired prior to January 1, 2003 are not being reported in the basic financial statements. General infrastructure assets include all roads, bridges, and other infrastructure assets acquired subsequent to January 1, 2003.

Compensated Absences – Town employees are allowed to accumulate unused paid-time-off and sick leave. Employees with one full year of service receive 56 hours per year; from two to five years of employment, 96 hours; and for each year from 6 to 15 years an additional 8 hours each year of service up to a maximum of 176 hours. No carryover of hours is allowed, unless approved. Unused PTO is paid upon termination of employment. Full time or appointed employees accrue eight hours of sick leave per month. Part time employees working at least 20 hours a week, accrue sick leave at a rate proportionate to time worked in relationship to full time employees. Unused sick leave is not paid upon termination of employment.

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

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Debt premiums and discounts are reported as other financing sources and uses, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In the government-wide and proprietary funds, debt premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities, Fund Balance/Net Position (Continued)

Net Position – In the government-wide and proprietary fund financial statements, net position is restricted when constraints placed on the net position are externally imposed.

- Net Investment in Capital Assets – this classification is intended to report the portion of net position which is associated with non-liquid, capital assets less outstanding debt related to those capital assets.
- Restricted Net Position – this classification includes liquid assets which have third party limitations on their use.
- Unrestricted Net Position – this classification includes assets that do not have any third party limitation on their use.

Fund Balance Classification – The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Town is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable – This classification includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid items) or (b) are legally or contractually required to be maintained intact.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Town's highest level of decision-making authority, the Town Board of Trustees. The constraint may be removed or changed only through formal action of the Town Board of Trustees.
- Assigned – This classification includes amounts that are constrained by the Town's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Town Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or changed than those imposed on committed amounts.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of assigned fund balance amounts.

The Town has not established a formal policy for its use of restricted and unrestricted fund balance. However, if both the restricted and unrestricted fund balances are available the Town uses restricted fund balance first, followed by committed, assigned and unassigned.

Property Taxes

Property taxes are levied by December 15, tax bills are mailed January 1 of the following year, and attach as an enforceable lien on the property. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Taxes are delinquent if not paid by those dates. Notices of delinquencies are mailed in September, and tax sales are scheduled for November. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources are reported at December 31.

Use of Estimates

The preparation of the basic financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The Town has evaluated events subsequent to the year ended December 31, 2025 through August 7, 2026, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

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NOTE 2: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2025, follows:

Cash Deposits	$ 512,123
Investments	655,227
Total	$ 1,167,350

Cash is reported in the financial statements as follows:

Cash and Investments	$ 1,014,366
Cash and Investments - Restricted	152,984
Total	$ 1,167,350

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to $250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Town had bank deposits totaling $515,211 of which $250,000 were insured by FDIC and $265,211 were collateralized with securities held by the financial institution's agent but not in their name.

Investments

The Town has not adopted a formal investment policy; however, the Town follows State statutes regarding investments. The Town generally limits its concentration of investments to Local Government Investment Pools, obligation of the United States and certain U.S. government agency securities, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk. Additionally, the Town is not subject to concentration risk disclosure requirements or subject to investment custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service reserve or sinking fund requirements.

NOTE 2: CASH AND INVESTMENTS (Continued)

Investments (Continued)

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- 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

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

	Maturity	
Colorado Liquid Asset Trust (COLOTRUST)	Weighted Average under 60 days	$ 655,227

The Town invested in the Colorado Government Liquid Asset Trust (COLOTRUST) (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The Trust offers share in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as the safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAA by Standard and Poor's. COLOTRUST records its investments at fair value and the Town records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

Restricted Cash and Investments

Restricted cash and Investments consists of $124,894 for future cemetery improvements, and $28,090 for future parks and recreation expenditures.

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities:				
Capital Assets, not being depreciated				
Land	$ 15,946	$ -	$ -	$ 15,946
Total Capital Assets, not being depreciated	15,946	-	-	15,946
Capital Assets, being depreciated				
Infrastructure	102,562	-	-	102,562
Buildings	348,968	86,704	-	435,672
Vehicles	104,789	14,370	34,044	85,115
Equipment	195,128	14,100	16,450	192,778
Parks	118,158	-	-	118,158
Total Capital Assets, being depreciated	869,605	115,174	50,494	934,285
Less accumulated depreciation				
Infrastructure	(22,936)	(5,344)	-	(28,280)
Buildings	(68,566)	(8,108)	-	(76,674)
Vehicles	(76,776)	(7,704)	(34,044)	(50,436)
Equipment	(141,335)	(15,561)	(16,450)	(140,446)
Parks	(95,938)	(3,425)	-	(99,363)
Total accumulated depreciation	(405,551)	(40,142)	(50,494)	(395,199)
Total Capital Assets, being depreciated, net	464,054	75,032	-	539,086
Governmental Activities Capital Assets, net	$ 480,000	$ 75,032	$ -	$ 555,032

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

General Government	$ 7,182
Public Safety	7,704
Public Works	21,331
Parks and Recreation	3,925
Total	$ 40,142

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NOTES TO FINANCIAL STATEMENTS
December 31, 2025

NOTE 3: CAPITAL ASSETS (Continued)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Business-type Activities:				
Capital Assets, not being depreciated				
Land	$ 7,250	$ -	$ -	$ 7,250
Total Capital Assets, not being depreciated	7,250	-	-	7,250
Capital Assets, being depreciated				
Buildings	42,127	-	-	42,127
Equipment	148,934	40,939	-	189,873
System	4,032,957	-	-	4,032,957
Total Capital Assets, being depreciated	4,224,018	40,939	-	4,264,957
Less accumulated depreciation				
Buildings	(30,846)	(1,041)	-	(31,887)
Equipment	(137,673)	(5,460)	-	(143,133)
System	(1,050,983)	(100,860)	-	(1,151,843)
Total accumulated depreciation	(1,219,502)	(107,361)	-	(1,326,863)
Total Capital Assets, being depreciated, net	3,004,516	(66,422)	-	2,938,094
Business-type Activities Capital Assets, net	**$ 3,011,766**	**$ (66,422)**	**$ -**	**$ 2,945,344**

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

Water	$ 84,790
Sewer	22,335
Trash	236
Total	$ 107,361

NOTE 4: LONG-TERM DEBT

Governmental Activities

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Govenmental Activities					
Financing Lease - Building	$ 224,333	$ -	$ 6,232	$ 218,101	$ 6,454
Accrued Compensated Absences	8,242		484	7,758	7,758
	$ 232,575	$ -	$ 6,716	$ 225,859	$ 14,212

Compensated absences are expected to be liquidated primarily with revenues of the General Fund.

NOTE 4: LONG-TERM DEBT (Continued)

Financing Lease – Building

During year ended December 31, 2024, the Town entered into a twenty (20) year lease purchase agreement with Farmers State Bank of Calhan (FSB) in the principal amount of $224,333, for the purpose of purchasing the property at 320 Pueblo Avenue, as known as the Hope Community Center. Principal and Interest lease payments of $19,599 are due annually beginning on August 8, 2025 through August 8, 2044, with interest at 5.850% per annum. During October 2025, the Town and FSB agreed to change the lease payments from annual to monthly amount of $1,630, beginning November 2025.

Following is a summary of the financing lease future debt service requirements for the governmental activities for the year ended December 31, 2025.

Year Ended December 31	Principal	Interest	Total
2026	$ 6,454	$ 13,145	$ 19,599
2027	6,843	12,756	19,599
2028	7,220	12,379	19,599
2029	7,690	11,909	19,599
2030	8,153	11,446	19,599
2031 – 2035	48,717	49,278	97,995
2036 – 2040	65,260	32,734	97,994
2041 - 2044	67,764	10,523	78,287
Total	$ 218,101	$ 154,170	$ 372,271

Business-type Activities

Following is a summary of long-term debt transactions for the business-type activities for the year ended December 31, 2025.

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025	Due Within One Year
Business-type Activities					
2013 Sewer Loan	$ 49,300	$ -	$ 5,800	$ 43,500	$ 5,800
2021 Water Loan	590,786	-	20,092	570,694	20,192
2022 Water Loan	184,253	-	6,267	177,986	6,298
	$ 824,339	$ -	$ 32,159	$ 792,180	$ 32,290

Sewer Loan

During 2013, the Town entered into an interest-free 20 year loan agreement in the amount of $116,000 with the Colorado Water Resources and Power Development Authority for improvements to the Town's sewer system. Principal only payments of $2,900 are due semi-annually on May 1, and November 1 through May 1, 2033.

NOTE 4: LONG-TERM DEBT (Continued)

Business-type Activities

Following is a summary of the sewer loan future debt service requirements for the business-type activities for the year ended December 31, 2025.

Year Ended December 31	Principal
2026	$ 5,800
2027	5,800
2028	5,800
2029	5,800
2030	5,800
2031 – 2033	14,500
Total	$ 43,500

Water Loans

On August 12, 2022, the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA) through the Drinking Water Revolving Fund Disadvantaged Communities Loan Program for the purpose of constructing upgrades to the water distribution system, improvements to the well house, water treatment system and storage tank. The loan principal amount was $493,000, of which the Up-Front Principal Forgiveness applied at closing was $295,800, leaving a remaining amount of $197,200. Commencing on November 1, 2022, an initial payment of principal and interest of $591 was due. On May 1, 2023, principal and interest payments of $3,590 are due semi-annually on May 1 and November 1 through May 1, 2052. The loan bears interest at 0.5% per annum.

On April 9, 2021, the Town entered into a loan agreement with Colorado Water Resources and Power Development Authority (CWRPDA) through the Drinking Water Revolving Fund Disadvantaged Communities Loan Program for the purpose of constructing upgrades to the water distribution system, improvements to the well house, water treatment system and storage tank. The loan principal amount was $1,032,300, of which the Up-Front Principal Forgiveness applied at closing was $400,000, leaving a remaining amount of $632,300. Commencing on November 1, 2022, an initial payment of principal and interest of $1,894 was due. On May 1, 2023, principal and interest payments of $11,510 are due semi-annually on May 1 and November 1 through May 1, 2052. The loan bears interest at 0.5% per annum.

The sewer and water loans are payable solely from revenues of the Town's water and sanitation system, after deducting operation and maintenance costs. During the year ended December 31, 2025, net revenues of $21,742 were available to pay annual debt service of $36,000. Remaining debt service at December 31, 2025 was $843,809.

NOTE 4: LONG-TERM DEBT (Continued)

Business-type Activities

A provision of all three (3) loans requires the net revenues (total revenues less operating and maintenance expenses) be at least 110% of the annual debt service due in any one year. During the year ended December 31, 2025, the Town complied with this covenant.

Additionally, the loans require the Town to maintain an operations and maintenance reserve fund in an amount equal to three months of operations and maintenance expenses, excluding debt service and depreciation expense, as set forth in the annual budget for the current fiscal year. Accordingly, the Town has restricted $73,156 of the Water and Sanitation Fund's net position, calculated as follows:

	2025 Budget	2025 Actual
Total Water & Sanitation Expenditures	$ 471,889	$ 422,677
Less Debt Service	(36,000)	(36,001)
Operations and Maintenance Expenditures	$ 435,889	$ 386,676
3 Months of Operations and Maintenance	$ 108,972	$ 96,669

Following is a summary of the water loan future debt service requirements for the business-type activities for the year ended December 31, 2025.

Year Ended December 31	Principal	Interest	Total
2026	$ 26,490	$ 3,710	$ 30,200
2027	26,623	3,578	30,201
2028	26,756	3,445	30,201
2029	26,890	3,310	30,200
2030	27,025	3,176	30,201
2031 – 2035	137,166	13,836	151,002
2036 – 2040	140,633	10,368	151,001
2041 – 2045	144,189	6,813	151,002
2046 – 2050	147,834	3,167	151,001
2051 - 2052	45,074	226	45,300
Total	$ 748,680	$ 51,629	$ 800,309

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NOTE 5: PUBLIC ENTITY RISK POOL

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the Town is involved with the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees and officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity and the Town does not approve budgets nor does it have the ability to significantly affect the operations of entity.

NOTE 6: PENSION PLANS

In 1994 the Town established a defined contribution SEP plan for eligible employees. The Town contributes 5.5% of eligible employees' compensation each quarter of the year. The Town recognized pension expense of $11,071 for the year ended December 31, 2025.

NOTE 7: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the "Amendment"), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to the Town. Revenue in excess of the fiscal spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

Tabor Amendment (Continued)

In November 1995, voters within the Town approved a ballot proposal to allow the Town to retain excess revenues.

The Town's management believes it is in compliance with the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $19,600 was reported as restricted net position and fund balance in the Governmental Activities and General Fund, respectively.

Claims and Judgments

The Town participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the Town may be required to reimburse the grantor government. At December 31, 2025, significant amounts of grant expenses have not been audited but management believes that subsequent audits will not have a material effect on the overall financial position of the Town.

Related Party Transactions

During the year ended December 31, 2025 and 2024, the Town entered into rental agreements for office space in the Hope Community Center, with an individual whom is a spouse of a member of the Board of Trustees; and with a company owned by a member of the Board of Trustees. The Town received rental income totaling $4,300 from these two (2) rental agreements for the year ended December 31, 2025.

NOTE 8: SEGMENT INFORMATION

The Water and Sanitation Fund is intended to be self-supporting through charges for services for water, sewer and trash operations. The sewer department and water department have loans for system improvements made in 2013, 2021 and 2022 which are required to be paid from sewer system revenues and water system revenues. Condensed summary financial information for each department is presented on the following page.

NOTES TO FINANCIAL STATEMENTS
December 31, 2025

CONDENSED STATEMENT OF NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Assets			
Current Assets	$ 485,042	$ 427,024	$ 31,282
Capital Assets	2,570,749	371,259	3,336
TOTAL ASSETS	3,055,791	798,283	34,618
Liabilities			
Current Liabilities	32,269	11,579	-
Noncurrent Liabilities	722,190	37,700	-
TOTAL LIABILITIES	754,459	49,279	-
Net Position			
Net Investment in Capital Assets	1,816,269	333,559	3,336
Reserved and Unreserved	516,618	382,893	32,279
TOTAL NET POSITION	$ 2,332,887	$ 716,452	$ 35,615

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Operating Revenues and Expenses			
Operating Revenues	$ 211,901	$ 200,243	$ 104,120
Operating Expenses, net of Depreciation	(446,608)	(161,557)	(100,475)
Depreciation	(84,790)	(22,335)	(236)
Operating Income	(319,497)	16,351	3,409
Nonoperating Revenues and Expenses			
Investment Income	4,223	6,540	-
Interest Expense	(3,852)	-	-
Operating and Capital Grants	207,000	-	-
Change in Net Position	(112,126)	22,891	3,409
Beginning Net Position	2,445,013	693,561	32,206
Ending Net Position	$ 2,332,887	$ 716,452	$ 35,615

CONDENSED STATEMENT OF CASH FLOWS	WATER DEPARTMENT	SEWER DEPARTMENT	TRASH DEPARTMENT
Net Cash Provided (Used) by:			
Operating Activities	$ (222,989)	$ 41,485	$ 4,373
Capital and Related Financing Activities	135,850	(5,800)	-
Investment Activities	4,223	6,540	-
Net Increase (Decrease)	(82,916)	42,225	4,373
Beginning Cash and Cash Equivalents	549,738	364,205	16,718
Ending Cash and Cash Equivalents	$ 466,822	$ 406,430	$ 21,091

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET	ACTUAL
REVENUES				
Taxes	$ 302,083	$ 356,114	$ 54,031	$ 283,221
Licenses and Permits	12,125	27,181	15,056	10,958
Fines and Forfeitures	84,850	156,662	71,812	45,499
Charges for Services	7,300	47,043	39,743	9,325
Intergovernmental	41,183	51,152	9,969	101,572
Interest	12,000	17,450	5,450	16,668
Contributions	-	1,000	1,000	911
Insurance Proceeds	-	148,309	148,309	150,000
Miscellaneous	35,200	17,150	(18,050)	13,988
TOTAL REVENUES	494,741	822,061	327,320	632,142
EXPENDITURES				
Current				
General Government	85,490	127,354	(41,864)	273,028
Judicial	32,100	30,431	1,669	28,501
Public Safety	242,200	289,138	(46,938)	287,288
Public Works	60,402	69,389	(8,987)	82,911
Health and Welfare	4,355	7,421	(3,066)	41,437
Parks and Recreation	20,240	24,676	(4,436)	27,223
Hope Community Center	31,413	146,046	(114,633)	11,195
Debt Service	-		-	-
Principal	-	6,232	(6,232)	-
Interest		17,287	(17,287)	
Capital Outlay	-	-	-	234,308
TOTAL EXPENDITURES	476,200	717,974	(241,774)	985,891
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	18,541	104,087	85,546	(353,749)
OTHER FINANCING SOURCES				
Financing Lease Proceeds	-	-	-	224,333
NET CHANGE IN FUND BALANCE	18,541	104,087	85,546	(129,416)
FUND BALANCE, Beginning	300,000	126,023	(173,977)	255,439
FUND BALANCE, Ending	$ 318,541	$ 230,110	$ (88,431)	$ 126,023

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

Budgets are legally adopted for all funds of the Town. Budgets for governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the enterprise funds are presented on a non-GAAP budgetary basis. Capital outlay and long-term debt principal are budgeted as expenditures and depreciation is not budgeted.

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

- In September, Management submits to the Town Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer and public comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures must be approved by the Town Board of Trustees.
- All budget appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

Legal Compliance

For the year ended December 31, 2025, the General Fund's and Water & Sanitation Fund's actual expenditures exceeded budgeted expenditures by $241,774 and $223,181, respectively. This may be a violation of State statutes.

SUPPLEMENTARY INFORMATION

TOWN OF SIMLA, COLORADO

BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET	ACTUAL
REVENUES				
Lottery Revenues	$ 29,401	$ 7,385	$ (22,016)	$ 7,457
Interest	-	-	-	238
TOTAL REVENUES	29,401	7,385	(22,016)	7,695
EXPENDITURES				
Parks and Recreation	15,900	4,911	10,989	5,015
TOTAL EXPENDITURES	15,900	4,911	10,989	5,015
NET CHANGE IN FUND BALANCE	13,501	2,474	(11,027)	2,680
FUND BALANCE, Beginning	-	25,616	25,616	22,936
FUND BALANCE, Ending	$ 13,501	$ 28,090	$ 14,589	$ 25,616

See the accompanying Independent Auditor's Report.

TOWN OF SIMLA, COLORADO

BUDGETARY COMPARISON SCHEDULE
WATER AND SANITATION FUND
Year Ended December 31, 2025
(With Comparative Actual Totals for the Year Ended December 31, 2024)

	2025			2024
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE with FINAL BUDGET	ACTUAL
REVENUES				
Charges for Services				
Water	$ 202,000	$ 183,492	$ (18,508)	$ 188,614
Sewer	176,000	200,243	24,243	175,842
Trash	100,000	104,120	4,120	102,678
Bulk Water	-	15,203	15,203	14,335
Late Fees and Other	-	13,206	13,206	12,375
Tap Fees - Water	7,000	7,000	-	7,600
Tap Fees - Sewer	-	-	-	3,500
Capital Grants	-	200,000	200,000	-
Investment Income	16,500	10,763	(5,737)	12,338
TOTAL REVENUES	501,500	734,027	232,527	517,282
EXPENDITURES				
Operations and Maintenance				
Water	230,559	446,608	(216,049)	182,891
Sewer	201,330	161,557	39,773	138,553
Trash	90,520	100,475	(9,955)	98,247
Capital Outlay	4,000	40,939	(36,939)	-
Debt Service				
Principal	36,000	32,159	3,841	32,027
Interest	-	3,852	(3,852)	3,973
TOTAL EXPENDITURES	562,409	785,590	(223,181)	455,691
NET INCOME, Budget Basis	$ (60,909)	(51,563)	$ 9,346	61,591
GAAP BASIS ADJUSTMENTS				
Capital Outlay		40,939		-
Depreciation		(107,361)		(103,867)
Principal Paid on Long-Term Debt		32,159		32,027
NET INCOME, GAAP Basis		(85,826)		(10,249)
NET POSITION, Beginning		3,170,780		3,181,029
NET POSITION, Ending		$ 3,084,954		$ 3,170,780

See the accompanying Independent Auditor's Report.

OTHER INFORMATION

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: (MUNICIPALITY OR COUNTY NAME)	PREPARED BY: STAFF PERSON'S NAME EMAIL ADDRESS	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	0.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	36,465.49	b. Other Misc. Local Receipts	
c. Total (a + b)	$ 36,465.49	**c. Total (a + b)**	$ -
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	30,588.36	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	12,824.71		
c. Total (a + b)	$ 12,824.71		
4. Total (1 + 2 + 3c)	$ 43,413.07	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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

See the accompanying Independent Auditor's Report.

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)	$ 36,465.49
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ -
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 36,465.49
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 43,413.07
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 79,878.56

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	36,079.39
3. Road and Street Services:	
a. Snow and Ice Removal	
b. Other & Traffic Control Operations	12,271.09
c. Total (a + b)	$ 12,271.09
4. General Administration & Miscellaneous	
5. Highway Law Enforcement and Safety	31,528.08
6. Total (1 through 5)	$ 79,878.56
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 79,878.56

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

See the accompanying Independent Auditor's Report.