TOWN OF ELIZABETH, COLORADO

FINANCIAL STATEMENTS
DECEMBER 31, 2025

TABLE OF CONTENTS

TABLE OF CONTENTS – (CONTINUED)

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

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

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 Elizabeth (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, business-type activities, each major fund, and the aggregate remaining fund information of the Town of Elizabeth, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 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 aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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, budgetary comparison information, and GASB required pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

The Adams Group, LLC

Greenwood Village, Colorado
April 30, 2026

Town of Elizabeth, Colorado's (the Town) discussion and analysis offers readers of the Town's financial statements a narrative overview and analysis of the Town's financial activities for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the financial statements and the notes to the financial statements.

Financial Highlights

- The Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at December 31, 2025 by $60,336,111. Of this amount, $33,427,248 (unrestricted net position) may be used to meet the Town's ongoing obligations to citizens, creditors, and enterprise fund customers.

- The Town's total net position increased by $6,176,001 over the previous year. The increase was a result of capital contributions conveyed to the Town, tax revenues and utility revenues collected sufficient to cover operating expenses.

- At December 31, 2025, the Town's governmental fund balance sheet reported a combined ending fund balance of $21,359,154, a decrease of $384,434 when compared to the prior year.

- The General Fund reported a fund balance of $4,486,435, an increase of $552,314 from the prior fiscal year.

- The Town's total outstanding long-term debt decreased by $532,209 in fiscal year 2025 as a result of principal payments made on outstanding loans and bonds.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town'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 Town's finances, in a manner similar to a private-sector business.

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

The statement of activities presents information showing how the Town's net position changed during the most recent fiscal year.

All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in 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 Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Town's governmental activities include general government, community development, public safety, and public works. The Town's business-type activities include a water and wastewater utility system.

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 Town, 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 Town 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 Town maintains four 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, Street Capital Improvement Fund, Capital Improvements Fund, and the Street Maintenance Fund. The General Fund, Street Capital Improvement Fund, and the Capital Improvements Fund are all considered to be major funds in the current year.

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

Proprietary funds. The Town maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses an enterprise fund to account for its water and wastewater utility system.

Financial statements of proprietary fund provide the same type of information as the government- wide financial statements, but in greater detail. The proprietary fund financial statements provide information for the Town's water and wastewater, facility.

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 Town's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $60,336,111 at the close of the most recent fiscal year, representing an increase in total net position for the year amounting to $6,176,001.

One of the largest portions of the Town's net position (43%) 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 Town uses these capital assets 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 because the capital assets themselves cannot be used to liquidate these liabilities.

Town of Elizabeth Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets						
Current and other assets	$ 24,733,851	$ 23,094,925	$ 11,140,994	$ 9,661,926	$ 35,874,845	$ 32,756,851
Capital assets	18,639,464	13,989,485	10,526,523	10,388,781	29,165,987	24,378,266
Total assets	43,373,315	37,084,410	21,667,517	20,050,707	65,040,832	57,135,117
Deferred Outflows of Resources						
Loss on refunding	23,784	35,676	-	-	23,784	35,676
Related to pensions	353,828	396,948	-	-	353,828	396,948
Total deferred outflows	377,612	432,624	-	-	377,612	432,624
Liabilities						
Current liabilities	2,506,128	500,958	372,031	188,573	2,878,159	689,531
Long-term liabilities	1,104,465	1,565,816	172,912	231,640	1,277,377	1,797,456
Total liabilities	3,610,593	2,066,774	544,943	420,213	4,155,536	2,486,987
Deferred inflows of resources						
Related to pensions	55,924	66,857	-	-	55,924	66,857
Deferred property taxes	870,873	853,787	-	-	870,873	853,787
Total deferred inflows	926,797	920,644	-	-	926,797	920,644
Net position:						
Net investment in capital assets	15,688,873	12,554,485	10,383,328	10,178,377	26,072,201	22,732,862
Restricted	763,114	717,702	73,548	73,294	836,662	790,996
Unrestricted	22,761,550	21,257,429	10,665,698	9,378,823	33,427,248	30,636,252
Total net position	$ 39,213,537	$ 34,529,616	$ 21,122,574	$ 19,630,494	$ 60,336,111	$ 54,160,110

An additional portion of the Town's net position (1%) represents resources that are subject to restrictions on how they may be used, most of which are restrictions imposed from external sources. The remaining (55%) of total net position, $33,427,248, represents unrestricted net position that may be used to meet the government's ongoing obligations to citizens, creditors, and customers within the respective governmental and business-type activities.

At the end of the current fiscal year, as in the prior year, the Town 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 increased by $2,790,996 compared with the prior year, largely due to increase in revenues associated with increase in tax collections and continued positive performance with investments. The Town's finances are strong, sound, and stable because of solid, dedicated and committed financial management.

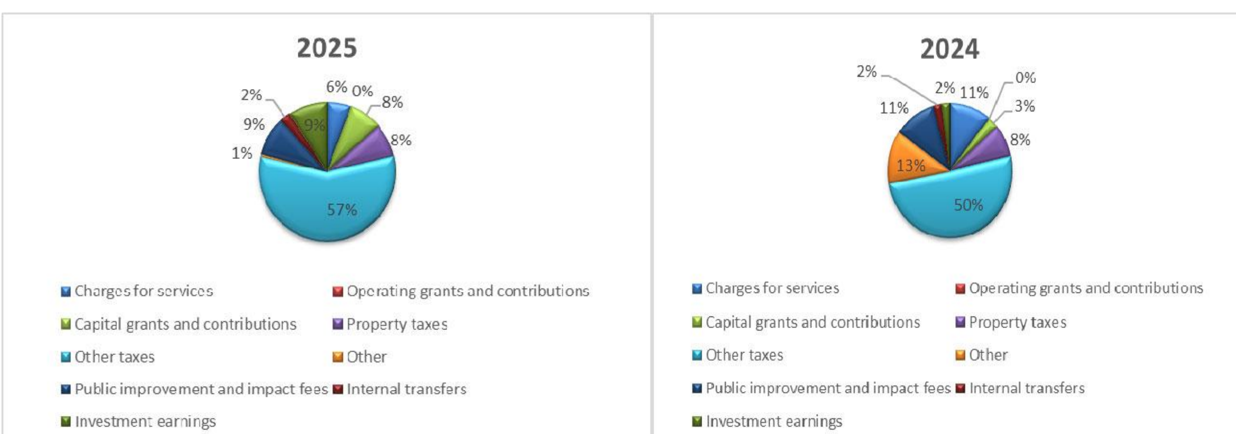
The changes in net position displayed subsequently shows the governmental and business-type activities during the previous two fiscal years. The increase in net position for each year represents the extent to which expenses were less than revenues during the year.

Town of Elizabeth Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 561,625	$ 1,025,332	$ 1,912,872	$ 1,793,064	$ 2,474,497	$ 2,818,396
Operating grants and contributions	19,685	-	-	-	19,685	-
Capital grants and contributions	794,346	277,842	1,324,005	2,701,883	2,118,351	2,979,725
General revenues:						
Property taxes	782,103	735,118	-	-	782,103	735,118
Other taxes	5,740,112	4,780,509	-	-	5,740,112	4,780,509
Public improvement and impact fees	917,949	1,200,004	-	-	917,949	1,200,004
Investment earnings	935,303	1,042,317	431,678	435,884	1,366,981	1,478,201
Internal balances	250,000	200,000	(250,000)	(200,000)	-	-
Other	60,140	209,336	59,470	87,965	119,610	297,301
Total revenues	10,061,263	9,470,458	3,478,025	4,818,796	13,539,288	14,289,254
Expenses:						
General government	1,241,879	1,129,152	-	-	1,241,879	1,129,152
Community development	442,199	684,376	-	-	442,199	684,376
Public Safety	1,992,913	1,811,534	-	-	1,992,913	1,811,534
Public works	1,648,665	1,943,105	-	-	1,648,665	1,943,105
Interest and fiscal charges	51,686	64,546	-	-	51,686	64,546
Water and sewer	-	-	1,985,945	1,775,138	1,985,945	1,775,138
Total expenses	5,377,342	5,632,713	1,985,945	1,775,138	7,363,287	7,407,851
Change in net position	4,683,921	3,837,745	1,492,080	3,043,658	6,176,001	6,881,403
Net position, January 1,	34,529,616	30,691,871	19,630,494	16,586,836	54,160,110	47,278,707
Net position, December 31,	$ 39,213,537	$ 34,529,616	$ 21,122,574	$ 19,630,494	$ 60,336,111	$ 54,160,110

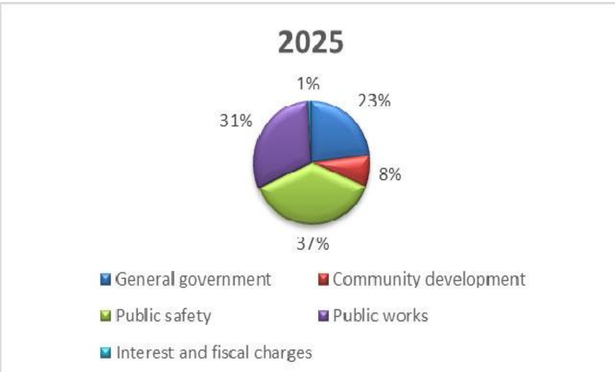
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the Town's activities for fiscal years 2025 and 2024.

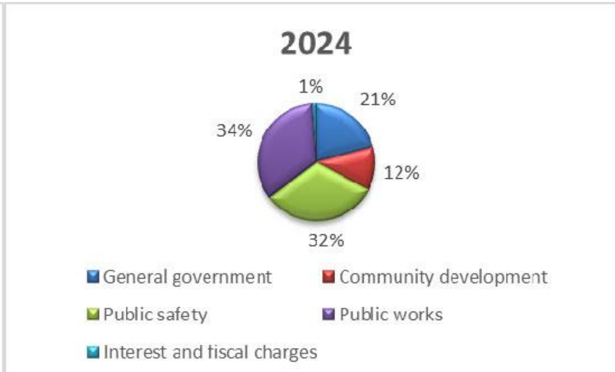
Governmental Revenues



As portrayed above and discussed earlier, the Town is heavily reliant on sales and use taxes as well as property taxes to support governmental operations. These tax revenue streams accounted for 65% of total revenues as compared to 58% in the prior year. One of the other largest categorical increases was capital grants and contributions related to state construction grants awarded to the Town in 2025.

Governmental Functional Expenses





Total expenses for governmental activities was $5,377,342 in 2025 when compared to the 2024 balance of $5,632,713. Public safety was the largest operating service for 2025 for the Town. Total public safety expenses was $1,992,913 in 2025 as compared to $1,811,534 in 2024. Public works was the second largest functional expense in 2025 with total expenses of $1,648,665 as compared to $1,943,105 in 2024.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unassigned fund balance may 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 Town's governmental funds reported combined fund balances of $21,359,154, a decrease of $384,434 compared with the prior year balances. There is $3,622,695 of unassigned fund balance, which is available for spending at the Town'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 Town, statutory or debt-based requirements.

The General Fund is the chief operating fund of the Town. At December 31, 2025, total fund balance in the General Fund was $4,486,435. As a measure of the General Fund's liquidity, the total fund balance amount exceeds total general fund expenditures at December 31, 2025. The fund balance of the General Fund increased by $552,314 during the current fiscal year due to transfers from other funds.

The Street Capital Improvement Fund has a total fund balance of $2,967,928, of which $301,299 is restricted for debt service. The fund balance of the Street Capital Improvement Fund decreased by $2,333,801 due to capital outlay incurred for the Mainstreet construction projects. The main sources of revenue in 2025 were sales tax and capital improvement grants.

The Capital Improvements Fund has a total fund balance of $12,406,821. The $1,098,530 increase in fund balance for the year is due to sales tax and use tax revenue collections being higher than expenditures.

The Street Maintenance Fund has a total committed fund balance of $1,497,970. This fund balance increased $298,523 during the current fiscal year as the road and bridge taxes, sales taxes and other revenues were higher than total capital outlay incurred.

Proprietary Funds. The Town's Water and Wastewater proprietary fund provides 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 $21,122,574 for the enterprise fund, increased $1,492,080 from the prior year. Operating revenues increased 7%, or $119,808, compared to fiscal year 2025 due to an increase usage by customers within the Town and a mid year increase to base rates. Operating expenditures had an increase of $210,807, which is directly related to an increase in salaries and maintenance on the system during 2025.

General Fund Budgetary Highlights

A budget to actual schedule is provided for the General Fund in the Required Supplementary Information section of the financial statements.

There were positive revenue variances totaling $449,804 across all revenue streams. Expenditures for general government, public safety, public works, and community development were under budget by a total of $135,168 due mostly to less outsourced services costs compared to budget.

Capital Assets and Debt Administration

Capital Assets – The Town's investment in capital assets for its governmental and business -type activities as of December 31, 2025, amounts to $26,072,201 (net of accumulated depreciation and related debt). This investment in capital assets includes land, infrastructure, buildings and improvements, vehicles and equipment, and plant facilities. The overall net increase in the Town's capital assets for the current fiscal year was 20% due to acquisition and construction of assets. Major capital asset events in the current fiscal year included the following:

- The Mainstreet Streetscape project ~ $3.7 million
- The Depot Parking Lot construction ~ $1.39 million
- Acquisition of land on Mainstreet ~ $200,000
- Water tank and waterline improvements ~ $505,000

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 2,671,436	$ 2,470,757	$ 358,630	$ 358,630	$ 3,030,066	$ 2,829,387
Construction in progress	3,698,850	-	933,950	791,618	4,632,800	791,618
Land improvements	1,392,781	1,476,598	-	-	1,392,781	1,476,598
Infrastructure	9,690,782	8,806,491	-	-	9,690,782	8,806,491
Buildings and improvements	521,942	496,288	-	-	521,942	496,288
Vehicles and equipment	663,673	739,351	-	-	663,673	739,351
Plant and equipment	-	-	6,220,404	6,540,735	6,220,404	6,540,735
Plant and improvements	-	-	3,013,539	2,697,798	3,013,539	2,697,798
	$ 18,639,464	$ 13,989,485	$ 10,526,523	$ 10,388,781	$ 29,165,987	$ 24,378,266

Long-term debt: At the end of the current fiscal year, the Town had total debt outstanding of $1,113,195 comprised of bonded debt backed by the full faith and credit of the Town. See footnote 5 for additional information on long term debt held by the Town.

Economic Factors and Next Year's Budget and Rates

- Taxable property valuation decreased from $67.685 million in 2024 to $67.140 million in 2025, which was offset by an increase in mills from to 12.614 in 2024 to 12.971 in 2025. 2025 valuation is based on collections to be received by the Town in 2026.

- Sales tax revenue represents the Town's largest and most flexible revenue source. Due to Elizabeth's small commercial base and its proximity to larger retail centers, this revenue stream remains sensitive to external economic shifts and consumer spending patterns. Sales tax revenues were approximately $780,000 higher than budgeted amounts in 2025.

Requests for Information

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town Management.

BASIC FINANCIAL STATEMENTS

TOWN OF ELIZABETH
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 22,193,601	$ 10,877,055	$ 33,070,656
Cash and investments - restricted	471,080	74,436	545,516
Accounts receivable	1,193,115	189,154	1,382,269
Property taxes receivable	870,873	-	870,873
Prepaid items	5,182	349	5,531
Capital assets, not depreciated	6,370,286	1,292,580	7,662,866
Capital assets, net of depreciation	12,269,178	9,233,943	21,503,121
Total Assets	43,373,315	21,667,517	65,040,832
Deferred Outflows of Resources			
Loss on refunding	23,784	-	23,784
Related to pension	353,828	-	353,828
Total Deferred Outflows of Resources	377,612	-	377,612
Liabilities			
Accounts payable and accrued liabilities	2,259,523	296,281	2,555,804
Accrued interest payable	2,304	888	3,192
Unearned revenue	66,050	-	66,050
Deposits	178,251	74,862	253,113
Noncurrent liabilities:			
Due within one year	493,446	72,456	565,902
Due in more than one year	611,019	100,456	711,475
Total Liabilities	3,610,593	544,943	4,155,536
Deferred Inflows of Resources			
Related to pension	55,924	-	55,924
Unavailable property taxes	870,873	-	870,873
Total Deferred Outflows of Resources	926,797	-	926,797
Net Position			
Net investment in capital assets	15,688,873	10,383,328	26,072,201
Restricted			
Emergency reserves	294,338	-	294,338
Debt service	298,995	73,548	372,543
Conservation trust	169,781	-	169,781
Unrestricted	22,761,550	10,665,698	33,427,248
Total Net Position	$ 39,213,537	$ 21,122,574	$ 60,336,111

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

TOWN OF ELIZABETH
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Changes in 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	$ 1,241,879	$ 403,079	$ 19,685	$ -	$ (819,115)	$ -	$ (819,115)
Community development	442,199	-	-	-	(442,199)	-	(442,199)
Public safety	1,992,913	158,546	-	-	(1,834,367)	-	(1,834,367)
Public works	1,648,665	-	-	794,346	(854,319)	-	(854,319)
Interest and fiscal charges	51,686	-	-	-	(51,686)	-	(51,686)
Total governmental activities	5,377,342	561,625	19,685	794,346	(4,001,686)	-	(4,001,686)
Business-Type Activities:							
Water and wastewater	1,985,945	1,912,872	-	1,324,005	-	1,250,932	1,250,932
Total business-type activities	1,985,945	1,912,872	-	1,324,005	-	1,250,932	1,250,932
Total primary government	7,363,287	2,474,497	19,685	2,118,351	(4,001,686)	1,250,932	(2,750,754)
	GENERAL REVENUES:						
	Sales and use taxes				5,295,656	-	5,295,656
	Property taxes				782,103	-	782,103
	Specific ownership taxes				110,107	-	110,107
	Other taxes				334,349	-	334,349
	Public improvement fees				863,052	-	863,052
	Impact fees				54,897	-	54,897
	Investment earnings				935,303	431,678	1,366,981
	Miscellaneous				60,140	59,470	119,610
	Internal balances				250,000	(250,000)	-
	Total general revenues				8,685,607	241,148	8,926,755
	Change in net position				4,683,921	1,492,080	6,176,001
	Net position - beginning				34,529,616	19,630,494	54,160,110
	Net position - ending				$ 39,213,537	$ 21,122,574	$ 60,336,111

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

TOWN OF ELIZABETH
GOVERNMENTAL FUNDS – BALANCE SHEET
DECEMBER 31, 2025

	General	Street Capital Improvement	Capital Improvements	Non-Major Street Maintenance	Total Governmental Funds
Assets					
Cash and investments	$ 4,371,269	$ 4,342,869	$ 12,054,974	$ 1,424,489	$ 22,193,601
Cash and investments - restricted	169,781	301,299	-	-	471,080
Accounts receivable	397,525	315,851	350,945	128,794	1,193,115
Property taxes receivable	870,873	-	-	-	870,873
Prepaid items	2,778	-	2,404	-	5,182
Total assets	$ 5,812,226	$ 4,960,019	$ 12,408,323	$ 1,553,283	$ 24,733,851
Liabilities, Deferred inflows of resources and fund balance					
Liabilities:					
Accounts payable and retainage	$ 33,318	$ 1,980,591	$ 1,502	$ 36,386	$ 2,051,797
Accrued liabilities	198,799	-	-	8,927	207,726
Unearned revenue	44,550	11,500	-	10,000	66,050
Escrow deposits	178,251	-	-	-	178,251
Total liabilities	454,918	1,992,091	1,502	55,313	2,503,824
Deferred inflows of resources					
Unavailable property taxes	870,873	-	-	-	870,873
Total deferred inflows of resources	870,873	-	-	-	870,873
Fund balance:					
Nonspendable					
Prepaid items	2,778	-	2,404	-	5,182
Restricted					
Emergencies	294,338	-	-	-	294,338
Debt service	-	301,299	-	-	301,299
Conservation trust	169,781	-	-	-	169,781
Committed					
Street maintenance	-	-	-	1,497,970	1,497,970
Street improvements	-	2,666,629	-	-	2,666,629
Impact fee funded improvements	396,843	-	-	-	396,843
Capital improvements	-	-	12,404,417	-	12,404,417
Unassigned	3,622,695	-	-	-	3,622,695
Total fund balances	4,486,435	2,967,928	12,406,821	1,497,970	21,359,154
Total liabilities, deferred inflows of resources and fund balances	$ 5,812,226	$ 4,960,019	$ 12,408,323	$ 1,553,283	$ 24,733,851

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

TOWN OF ELIZABETH
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance, governmental funds	$ 21,359,154
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.	18,639,464
Long-term liabilities, including net pension liabilities, loans payable are not due and payable in the current period, and therefore, are not reported in governmental funds.	
Bonds payable	(970,000)
Accrued interest	(2,304)
Compensated absences	(134,465)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	353,828
Loss on refunding	23,784
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	
Related to pension	(55,924)
Total net position of governmental activities	$ 39,213,537

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

TOWN OF ELIZABETH
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

				Non-Major	
Revenues	General	Street Capital Improvement	Capital Improvements	Street Maintenance	Total Governmental Funds
Taxes	$ 2,087,429	$ 1,802,445	$ 2,002,827	$ 295,165	$ 6,187,866
Public improvement fees	838,023	-	-	25,029	863,052
Impact fees	54,897	-	-	-	54,897
Licenses and permits	403,079	-	-	-	403,079
Intergovernmental	19,685	794,346	-	334,349	1,148,380
Charges for services	158,546	-	-	-	158,546
Investment earnings	206,413	203,271	472,788	52,831	935,303
Miscellaneous	60,140	-	-	-	60,140
Total revenues	3,828,212	2,800,062	2,475,615	707,374	9,811,263
Expenditures					
Current:					
General government	1,199,405	-	-	-	1,199,405
Community development	442,199	-	-	-	442,199
Public safety	1,890,727	-	-	-	1,890,727
Public works	260,922	32,921	-	408,851	702,694
Capital outlay	12,645	4,455,044	1,237,085	-	5,704,774
Debt service:					
Principal	-	465,000	-	-	465,000
Interest and fiscal charges	-	40,898	-	-	40,898
Total expenditures	3,805,898	4,993,863	1,237,085	408,851	10,445,697
Excess (deficiency) of revenues over (under) expenditures	22,314	(2,193,801)	1,238,530	298,523	(634,434)
Other financing sources (uses)					
Transfers in	530,000	-	-	-	530,000
Transfers out	-	(140,000)	(140,000)	-	(280,000)
Total other financing sources (uses)	530,000	(140,000)	(140,000)	-	250,000
Net change in fund balances	552,314	(2,333,801)	1,098,530	298,523	(384,434)
Fund balances - beginning	3,934,121	5,301,729	11,308,291	1,199,447	21,743,588
Fund balances - ending	$ 4,486,435	$ 2,967,928	$ 12,406,821	$ 1,497,970	$ 21,359,154

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

TOWN OF ELIZABETH
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCES – GOVERNMENTAL FUNDS – TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Net change in fund balance - total governmental funds:	$	(384,434)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		5,449,597
Depreciation expense		(799,618)
Governmental funds report principal payments as expenditures. However, in the statement of activities these payments are reflected as a reduction in long-term debt obligations.		465,000
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds		
Change in accrued interest payable		1,104
Change in accrued compensated absences		(3,649)
Amortization of loss on refunding		(11,892)
Pension expense		(32,187)
Change in net position of governmental activities	$	4,683,921

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Water and Wastewater
Assets	
Current assets:	
Cash and investments	$ 10,877,055
Cash and investments - restricted	74,436
Accounts receivable	189,154
Prepaid items	349
Total current assets	11,140,994
Noncurrent assets:	
Capital assets, not being depreciated	1,292,580
Capital assets, net of depreciation	9,233,943
Total noncurrent assets	10,526,523
Total assets	21,667,517
Liabilities	
Current liabilities:	
Accounts payable and retainage	278,788
Accrued liabilities	17,493
Accrued interest payable	888
Customer deposits	74,862
Compensated absences, current portion	2,702
Loans payable, current portion	69,754
Total current liabilities	444,487
Noncurrent liabilities:	
Compensated absences	27,015
Loans payable, long term portion	73,441
Total noncurrent liabilities	100,456
Total liabilities	544,943
Net Position	
Net investment in capital assets	10,383,328
Restricted	
Debt service	73,548
Unrestricted	10,665,698
Total net position	$ 21,122,574

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

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
YEAR ENDED DECEMBER 31, 2025

	Water and Wastewater
Operating revenues	
Charges for services	$ 1,912,872
Miscellaneous	59,470
Total operating revenues	1,972,342
Operating expenses	
Systems operations	1,423,030
Depreciation	555,942
Total operating expenses	1,978,972
Operating income (loss)	(6,630)
Nonoperating revenues (expenses)	
Investment earnings	431,678
Interest expense	(6,973)
Total non-operating revenues (expenses)	424,705
Income before contributions and transfers	418,075
Capital contributions	1,324,005
Transfers out	(250,000)
Change in net position	1,492,080
Net position, beginning of year	19,630,494
Net position, end of year	$ 21,122,574

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

TOWN OF ELIZABETH
PROPRIETARY FUND
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2025

		Water and Wastewater
Cash Flows From Operating Activities		
Cash received from customers	$	1,899,946
Cash paid to suppliers		(981,636)
Cash paid to employees		(249,550)
Net cash provided by operating activities		668,760
Cash Flows From Capital and Related Financing Activities		
Acquisition of capital assets		(693,684)
Tap fees received		1,324,005
Loan principal payments		(67,209)
Loan interest payment		(7,227)
Net cash provided by capital and related financing activities		555,885
Cash Flows From Noncapital Financing Activities		
Cash paid to other funds		(250,000)
Net cash used by noncapital and related financing activities		(250,000)
Cash Flows From Investing Activities		
Interest received		431,678
Net cash provided by investing activities		431,678
Net change in cash and cash equivalents		1,406,323
Cash and cash equivalents and restricted cash, beginning of year		9,545,168
Cash and cash equivalents and restricted cash, end of year	$	10,951,491
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities		
Net operating income (loss)	$	(6,630)
Adjustments to reconcile net operating income to cash provided by operating activities		
Depreciation expense		555,942
Changes in assets and liabilities related to operations		
Accounts receivable		(72,396)
Accounts payable		169,660
Accrued liabilities		8,697
Customer deposits		5,355
Compensated absences payable		8,481
Net cash provided by operating activities	$	668,760
Reconciliation of Cash and Cash Equivalents to Proprietary Funds Statement of Net Position		
Cash and cash equivalents	$	10,877,055
Restricted cash		74,436
Total cash and cash equivalents	$	10,951,491

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Town of Elizabeth, Colorado (the Town), was incorporated in 1890, and is governed by a Mayor and six-member Board of Trustees elected by the residents.

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

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if there is a potential for the organization to provide benefits to or impose financial burdens on the Town. The Town has no component units, nor is the Town a component of any other governmental entity.

Government-Wide and Fund Financial Statements

The more significant accounting policies of the Town are described as follows:

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town. 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 Town at year-end. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of the 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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (continued)

segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and the proprietary fund. 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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Property taxes are recognized as revenues in the year for which they are levied. Depreciation is computed and recorded as an expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as reduction in liabilities.

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. The major sources of revenue susceptible to accrual are property and sales taxes, intergovernmental revenues, and interest. 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 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.

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

The *General Fund* is the general operating fund of the Town. It is used to account for all financial resources except those accounted for in another fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

The *Street Capital Improvement Fund* accounts primarily for the collection of ninety percent (90%) of 1.5% sales and use tax restricted by election for the design, construction, and repayment of debt issued for streets and roads, improvements to street lights, storm water, drainage, pedestrian, landscaping, and modifications to utilities.

The *Capital Improvement Fund* accounts for 1.5% sales and use tax collected beginning January 1, 2008, through December 31, 2033, restricted by election for the design, construction, and repayment of debt issued for general capital improvements, and land acquisition, and water and wastewater improvements.

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 Town reports the following major proprietary fund:

The *Water and Wastewater Fund* accounts for the financial activities associated with the provision of water and sewer services.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pooled Cash and Investments

The Town'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 Town 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 Town makes investments pursuant to relevant State of Colorado statutes.

Investments are reported in accordance with GASB Statement 72, as amended.

Property Taxes and 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 Town believes all amounts recorded are fully collectible.

By December 15 of each year, property taxes for the Town are levied by the Board and certified to Elbert 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 Elbert County on behalf of the Town.

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

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).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Capital Assets

Capital assets, which include land, construction in progress, water and wastewater systems, buildings, equipment, and streets constructed or contributed since January 1, 2004, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund in the fund financial statements. Capital assets are defined as assets with an initial, individual or aggregate cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Land improvements	15 - 25 years
Infrastructure	30 years
Buildings and improvements	25 - 100 years
Vehicles and equipment	3 - 30 years
Plant Equipment	5 - 60 years
Plant improvements	5-30 years

Compensated Absences

Employees of the Town are allowed to accumulate unused paid time off. Upon termination of employment from the Town, an employee will be compensated for all accrued paid time off, based on years of service, up to a maximum of 384 hours, at their current rate of pay. These compensated absences are expended when earned in the proprietary fund. Compensated absences of the governmental activities are expected to be liquidated primarily with revenues of the General Fund.

A long-term liability has been reported in the government-wide financial statements and the proprietary fund for the accrued vacation time. Employees are not paid for unused sick time. Therefore, no liability is reported for these compensated absences.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Long-Term Obligations

In government-wide financial statements and the proprietary fund in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and losses on debt refunding are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Outflows and Deferred 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 Town that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the Town that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the statement of net position but are recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The Town has certain items that relate to its pension plan that qualify for reporting as a deferred outflow of resources. See Note 8 for more information. In addition, a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred inflows of resources for the Town consist of property taxes receivable. 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.

The Town also reports a deferred inflow of resources for items related to its pension plan. See Note 8 for additional information.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Pensions

The Town participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA).For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pension, and pension expense (income), information about the fiduciary net position of the SRP, administered by FPPA, and additions to/deductions from the SRP's fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value.

Fund Balance and Net Position

The Town's governmental fund balances may consist of five classifications based on relative strength of the spending constraints:

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. As of December 31, 2025, the general fund and capital improvements fund had $2,778 and $2,404 of nonspendable fund balance.

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. At December 31, 2025, the general fund had restricted fund balance of $294,338 and $169,781 related to emergency restrictions and conservation trust funds, respectively, and the street capital improvement fund had restricted fund balance of $301,299, related to future debt service.

Committed fund balance – Amounts constrained to specific purposes by the Town 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 Town 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. At December 31, 2025, the general fund had committed fund balance of $396,843, the street capital improvement fund had committed fund balance of $2,666,629, the capital improvements fund had committed fund balance of $12,404,417 and the street maintenance fund had committed fund balance of $1,497,970.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Assigned fund balance – Amounts are intended to be used by the Town 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. At December 31, 2025, there was no assigned fund balance.

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.

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

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Town can report up to three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the Town will use the most restrictive net position first.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 Town 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.

On or before October 15 of each year, the Town Administrator submits to the Town Board a proposed operating budget for the fiscal year commencing on the following January 1. Public hearings are conducted to obtain input from elected officials, residents, and other interested parties. By December 31, the final budget is adopted.

The appropriated budget is adopted by fund. Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board. All appropriations lapse at fiscal year-end.

NOTE 3 - CASH AND INVESTMENTS

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

Petty cash	$	400
Cash deposits		508,612
Investments		33,107,160
Total	$	33,616,172

Cash and investments are classified in the financial statements as follows:

Cash and investments	$	33,070,656
Cash and investments - restricted		545,516
Total cash and investments	$	33,616,172

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust.

The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. 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 Town's cash deposits had a bank balance of $550,438 and a carrying balance of $508,612.

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 those noted with an asterisk (*) below, 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 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. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments (continued)

- Guaranteed investment contracts
- Local government investment pools*

Local Government Investment Pools

At December 31, 2025, the Town had $27,508,861 and $5,598,299 invested in the Colorado Local Government Liquid Asset Trust PLUS Fund (ColoTrust PLUS) and the Colorado Surplus Asset Fund Trust CORE FUND (CSAFE CORE), 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 Town 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.

The Town's investment in ColoTrust PLUS is measured at net asset value, equal to $1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. The Town's investment in CSAFE is measured at net asset value, equal to $1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Restricted Cash and Investments

At December 31, 2025, the General Fund reported $169,781 restricted for conservation trust funds. The Street Capital Improvement Fund and the Water and Wastewater Fund reported $301,299 and $74,436 restricted for debt service reserves.

NOTE 4 - CAPITAL ASSETS

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

	Balances December 31, 2024	Additions	Deletions	Balances December 31, 2025
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	$ 2,470,757	$ 200,679	$ -	$ 2,671,436
Construction in progress	-	3,698,850	-	3,698,850
Total capital assets, not depreciated	2,470,757	3,899,529	-	6,370,286
Capital Assets, Being Depreciated				
Land improvements	2,077,915	-	-	2,077,915
Infrastructure	14,680,845	1,421,018	-	16,101,863
Buildings and improvements	931,513	56,650	-	988,163
Vehicles and equipment	1,945,494	72,400	-	2,017,894
Total capital assets, depreciated	19,635,767	1,550,068	-	21,185,835
Accumulated depreciation				
Land improvements	(601,317)	(83,817)	-	(685,134)
Infrastructure	(5,874,354)	(536,727)	-	(6,411,081)
Buildings and improvements	(435,225)	(30,996)	-	(466,221)
Vehicles and equipment	(1,206,143)	(148,078)	-	(1,354,221)
Total accumulated depreciation	(8,117,039)	(799,618)	-	(8,916,657)
Net capital assets, depreciated	11,518,728	750,450	-	12,269,178
Governmental Activities Capital Assets, net	$ 13,989,485	$ 4,649,979	$ -	$ 18,639,464

	Balances December 31, 2024	Additions	Deletions	Balances December 31, 2025
Business-Type Activities:				
Capital Assets, Not Being Depreciated				
Land and easements	$ 358,630	$ -	$ -	$ 358,630
Construction in Process	791,618	142,332	-	933,950
Total capital assets, not depreciated	1,150,248	142,332	-	1,292,580
Capital Assets, Being Depreciated				
Plant and equipment	11,946,432	46,672	-	11,993,104
Plant and improvements	5,327,771	504,680	-	5,832,451
Total capital assets, depreciated	17,274,203	551,352	-	17,825,555
Accumulated depreciation				
Plant and equipment	(5,405,697)	(367,003)	-	(5,772,700)
Plant and improvements	(2,629,973)	(188,939)	-	(2,818,912)
Total accumulated depreciation	(8,035,670)	(555,942)	-	(8,591,612)
Net capital assets, depreciated	9,238,533	(4,590)	-	9,233,943
Business-Type Activities Capital Assets, net	$ 10,388,781	$ 137,742	$ -	$ 10,526,523

NOTE 4 - CAPITAL ASSETS (CONTINUED)

Depreciation expense for governmental activities was charged to functions/program of the Town as follows:

Governmental Activities		
General government	$	38,825
Public safety		69,999
Public works		690,794
Total	$	799,618

NOTE 5 - LONG-TERM DEBT

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

	Balances December 31, 2024	Additions	Deletions	Balances December 31, 2025	Due In One Year
Governmental Activities:					
2015 Revenue refunding bonds	$ 1,435,000	$ -	$ 465,000	$ 970,000	$ 480,000
Compensated absences*	130,816	3,649	-	134,465	13,446
Total	$ 1,565,816	$ 3,649	$ 465,000	$ 1,104,465	$ 493,446

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

2015 Revenue Refunding Bonds

$3,160,000 Sales and Use Tax Revenue Refunding Bonds, Series 2015 (the 2015 Bonds), were issued to refund a portion of the existing Sales and Use Tax Revenue Bonds, Series 2006, originally issued to finance street improvements. Interest payments are due semi-annually on June 1 and December 1, with interest accruing at 2.85% per annum. Principal payments are due annually on December 1, through 2027. The 2015 Bonds are not subject to optional redemption prior to maturity.

The 2015 Bonds are payable from pledged revenues consisting of ninety percent (90%) of 1.5% sales and use tax which is reported in the Street Capital Improvement Fund, and if necessary, a 1% sales tax reported in the General Fund. The bonds are further secured by the bond reserve account in the amount of $301,299.

Remaining debt service at December 31, 2025, was as follows:

Year ended December 31,	Principal	Interest	Total
2026	480,000	27,645	507,645
2027	490,000	13,965	503,965
Total	$ 970,000	$ 41,610	$ 1,011,610

NOTE 5 - LONG-TERM DEBT (CONTINUED)

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

	Balances December 31, 2024	Additions	Deletions	Balances December 31, 2025	Due In One Year
Business-Type Activities:					
2007 CWRPDA loan	$ 210,404	$ -	$ 67,209	$ 143,195	$ 69,754
Compensated absences*	21,236	5,779	-	27,015	2,702
Total	$ 231,640	$ 5,779	$ 67,209	$ 170,210	$ 72,456

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

2007 CWRPDA Loan

During 2007, the Town obtained a loan from the CWRPDA to finance the construction of a lift station at the Running Creek wastewater treatment plant and the installation of a transfer pipeline to the Gold Creek wastewater treatment plant (the 2007 Loan). Principal and interest payments are due semi-annually on May 1 and November 1, through November 1, 2027. Interest accrues at 3.75% per annum. The 2007 Loan is subject to optional redemption prior to maturity without premium.

The 2007 Loan is payable solely from pledged property consisting of revenues from the Town's water and wastewater system, after deducting operating and maintenance costs.

Annual debt service requirements for the outstanding loan at December 31, 2025, was as follows:

Year ended December 31,	Principal	Interest	Total
2026	69,754	4,682	74,436
2027	73,441	2,042	75,483
Total	$ 143,195	$ 6,724	$ 149,919

The Town is required to comply with certain covenants and reserve requirements related to long-term debt. December 31, 2025, management believes the Town is in compliance with all covenants and reserve requirements.

NOTE 6 - INTERFUND TRANSFERS

The schedule below outlines the total interfund transfers for the year ended December 31, 2025:

	General Fund	Total Transfers Out
Street Capital Improvement Fund	$ 140,000	$ 140,000
Capital Improvements Fund	140,000	140,000
Water and Wastewater Fund	250,000	250,000
Total Transfers In	$ 530,000	$ 530,000

NOTE 7 - RISK MANAGEMENT

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for its workers compensation claims. For other risks of loss, the Town participates in 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 provisions of 24-10-115.5, Colorado Revised Statues (1982 Replacement Volume) and Colorado Construction, Article XIV, Section 18(2).

The purpose of CIRSA are to provide members defined liability and property 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. Settlement claims have not exceeded coverages for each of the past three fiscal years.

NOTE 8 - STATEWIDE RETIREMENT PLAN

Plan Description

The Town contributes to the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the SRP and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997. Colorado statutes assign the Town to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SRP and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

Benefits Provided

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The normal retirement age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with a combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. The annual retirement benefit for the defined benefit component is 2.0 percent of the average of the member’s highest three-year base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member’s highest three-year-base salary for each year of service thereafter. Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA). COLAs may be compounding or noncompounding. The increase in benefits, if any, is based on the FPPA Board of Director’s discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

NOTE 8 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Upon termination, a member may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions

Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the defined benefit component contributed 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2025, the members of the defined benefit component and their employers contributed at a rate of 12.0 percent and 10.5 percent, respectively, of base salary for a total contribution rate of 22.5 percent. The Town's contributions to the plan for the year ended December 31, 2025 were $91,314, equal to the required contributions.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030.

Pension Liability, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2025, the Town reported a liability of $0, representing its proportionate share of the net pension liability of the plan. The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2024, the Town's proportion was 0.07116% which was an decrease of 0.00148% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the Town recognized pension expense of $45,908.

NOTE 8 - STATEWIDE DEFINED BENEFIT PENSION PLAN (CONTINUED)

Pension Liability, Pension Expense (Income), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 170,999	$ 5,349
Changes of Assumptions or other Inputs	61,199	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	24,292	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	6,024	50,575
Contributions Subsequent to the Measurement Date	91,314	-
Total	$ 353,828	$ 55,924

$91,314 reported as deferred outflows of resources related to pension resulting from Town contributions subsequent to the measurement date will be recognized as a decrease in the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	Amount
2026	$ 61,727
2027	94,838
2028	(873)
2029	2,897
2030	16,568
Thereafter	31,433
Total	$ 206,590

Actuarial Assumptions

The actuarial valuations as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

NOTE 8 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60 percent of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The preretirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

NOTE 8 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan's fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of the valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as the Town's proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

NOTE 8 - STATEWIDE RETIREMENT PLAN (CONTINUED)

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	$ 347,258	$ -	$ -

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 9 - DEFERRED CONTRIBUTION PLANS

Deferred Compensation Plan

The Town offers its employees a deferred compensation plan in accordance with Internal Revenue Code Section 457. The plan is available to all employees and permits them to defer a portion of their salary until future years. The Board of Trustees determines the Town's contributions to the plan. The Town currently matches employee contributions to a maximum of 5% of each employee's salary. During the year ended December 31, 2025, the Town contributed $63,134 to the plan. The plan is administered by Mission Square Retirement, and all plan assets are held in trust for the exclusive benefit of the participants.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Town contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire and Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statue and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously. The contribution requirements are established by State statute. The Town's Board of Trustees determines the contribution split between members and the Town. No contributions are required for members hired prior to January 1, 1997; the Town contributed 3.0% of base salaries for the year ended December 31, 2025. The Town's contributions to the plan for years ended December 31, 2025 were $33,042 equal to the required contributions.

NOTE 11 - COMMITMENTS AND CONTINGENCIES

Claims and Judgements

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

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS (TABOR)

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

Spending and revenue limits are determined based on the prior year’s fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. The Town voters approved an election question to remove limits on the amount of revenue the Town is allowed to collect, spend, and retain.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Town’s management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

The Town has established an emergency reserve, representing 3% of qualifying revenues, as required by the Amendment. At December 31, 2025, the emergency reserve of $294,338 is reported as restricted fund balance in the governmental funds and as restricted net position within governmental activities.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property taxes	$ 853,798	$ 853,798	$ 782,103	$ (71,695)
Specific ownership taxes	110,000	110,000	110,107	107
Sales and use tax	1,000,000	1,000,000	1,195,219	195,219
Public improvement fees	786,510	786,510	838,023	51,513
Impact fees	149,000	54,000	54,897	897
Licenses and permits	308,500	323,500	403,079	79,579
Intergovernmental	15,600	15,600	19,685	4,085
Fines and forfeitures	67,000	67,000	158,546	91,546
Investment earnings	60,000	140,000	206,413	66,413
Miscellaneous	28,000	28,000	60,140	32,140
Total revenues	3,378,408	3,378,408	3,828,212	449,804
Expenditures				
General government	1,071,106	1,230,731	1,199,405	31,326
Public safety	1,921,104	1,963,488	1,890,727	72,761
Community development	597,751	466,503	442,199	24,304
Public works	278,844	280,344	260,922	19,422
Capital outlay	-	-	12,645	(12,645)
Total expenditures	3,868,805	3,941,066	3,805,898	135,168
Excess (deficiency) of revenues Over (under) expenditures	(490,397)	(562,658)	22,314	584,972
Other financing sources (uses)				
Transfers in	530,000	530,000	530,000	-
Total other financing sources (uses)	530,000	530,000	530,000	-
Net change in fund balance	$ 39,603	$ (32,658)	552,314	$ 584,972
Fund balance - beginning of year			3,934,121	
Fund balance - end of year			$ 4,486,435	

TOWN OF ELIZABETH
SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability	0.0712%	0.0726%	0.0684%	0.0589%	0.0538%	0.0514%	0.0506%	0.0496%	0.0465%	0.0495%
Town's proportionate share of the net pension liability (asset)	$ -	$ -	$ 60,740	$ (319,291)	$ (116,857)	$ (29,097)	$ 64,008	$ (71,308)	$ 16,814	$ (873)
Town's covered payroll	$ 777,472	$ 714,853	$ 595,692	$ 457,153	$ 492,850	$ 379,188	$ 339,938	$ 289,928	$ 238,144	$ 240,138
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	10.2%	(69.8%)	(23.7%)	(7.7%)	18.8%	(24.6%)	7.1%	(0.4%)
Plan fiduciary net pension as a percentage of the total pension liability	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

TOWN OF ELIZABETH
SCHEDULE OF THE TOWN'S CONTRIBUTIONS
AND RELATED RATIOS
STATEWIDE DEFINED BENEFIT PLAN
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contributions	$ 91,314	$ 77,592	$ 67,801	$ 53,582	$ 38,858	$ 39,428	$ 30,335	$ 27,195	$ 23,194	$ 19,052
Contributions in relation to the statutorily required contributions	91,314	77,592	67,801	53,582	38,858	39,428	30,335	27,195	23,194	19,052
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 871,023	$ 777,472	$ 714,853	$ 595,692	$ 457,153	$ 492,850	$ 379,188	$ 339,938	$ 289,928	$ 238,144
Contributions as a percentage of covered payroll	10.5%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%

SUPPLEMENTARY INFORMATION

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET AND ACTUAL –
STREET MAINTENACE FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and use tax	$ 165,000	$ 165,000	$ 295,165	$ 130,165
Public improvement fees	23,490	23,490	25,029	1,539
Intergovernmental	198,500	198,500	334,349	135,849
Investment earnings	30,000	30,000	52,831	22,831
Total revenues	416,990	416,990	707,374	290,384
Expenditures				
Public works	419,012	425,612	408,851	16,761
Total expenditures	419,012	425,612	408,851	16,761
Excess (deficiency) of revenues Over (under) expenditures	(2,022)	(8,622)	298,523	307,145
Net change in fund balance	$ (2,022)	$ (8,622)	298,523	$ 307,145
Fund balance - beginning of year			1,199,447	
Fund balance - end of year			$ 1,497,970	

See the accompanying independent auditors' report

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – STREET CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and use tax	$ 1,485,000	$ 1,485,000	$ 1,802,445	$ 317,445
Investment earnings	90,000	90,000	203,271	113,271
Intergovernmental	1,250,000	1,250,000	794,346	(455,654)
Total revenues	2,825,000	2,825,000	2,800,062	(24,938)
Expenditures				
Public works	310,000	310,000	32,921	277,079
Capital outlay	2,655,000	4,180,000	4,455,044	(275,044)
Debt service				
Principal	465,000	465,000	465,000	-
Interest and fiscal charges	41,198	41,198	40,898	300
Total expenditures	3,471,198	4,996,198	4,993,863	2,335
Excess (deficiency) of revenues Over (under) expenditures	(646,198)	(2,171,198)	(2,193,801)	(27,273)
Other financing sources (uses)				
Transfers out	(140,000)	(140,000)	(140,000)	-
Total other financing sources (uses)	(140,000)	(140,000)	(140,000)	-
Net change in fund balance	$ (646,198)	$ (2,171,198)	(2,333,801)	$ (27,273)
Fund balance - beginning of year			5,301,729	
Fund balance - end of year			$ 2,967,928	

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – CAPITAL IMPROVEMENT FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Sales and use tax	$ 1,650,000	$ 1,650,000	$ 2,002,827	$ 352,827
Intergovernmental	200,000	179,000	-	(179,000)
Investment earnings	275,000	356,000	472,788	116,788
Miscellaneous	60,000	-	-	-
Total revenues	2,185,000	2,185,000	2,475,615	290,615
Expenditures				
Capital outlay	2,426,000	2,208,000	1,237,085	970,915
Total expenditures	2,426,000	2,208,000	1,237,085	970,915
Excess of revenues Over (under) expenditures	(241,000)	(23,000)	1,238,530	1,261,530
Other financing Sources (Uses)				
Transfers out	(140,000)	(140,000)	(140,000)	-
Total other financing sources (uses)	(140,000)	(140,000)	(140,000)	-
Net change in fund balance	$ (381,000)	$ (163,000)	1,098,530	$ 1,261,530
Fund balance - beginning of year			11,308,291	
Fund balance - end of year			$ 12,406,821	

See the accompanying Independent Auditors' Report

TOWN OF ELIZABETH
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND NET POSITION – BUDGET AND ACTUAL – NON-GAAP BUDGETARY BASIS
WATER AND WASTEWATER FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for services	$ 1,555,000	$ 1,880,000	$ 1,912,872	$ 32,872
Tap fees	1,590,000	1,265,000	1,324,005	59,005
Investment earnings	110,000	110,000	431,678	321,678
Miscellaneous	40,000	40,000	59,470	19,470
Total revenues	3,295,000	3,295,000	3,728,025	433,025
Expenditures				
System operations	1,180,046	1,275,116	1,423,030	(147,914)
Capital outlay	585,000	843,000	693,684	149,316
Debt service				
Principal	67,210	67,210	67,209	1
Interest and fiscal charges	7,226	7,226	6,973	253
Total expenses	1,839,482	2,192,552	2,190,896	1,656
Excess (deficiency) of revenues Over (under) expenses	1,455,518	1,102,448	1,537,129	434,681
Other financing Sources (Uses)				
Transfers out	(250,000)	(250,000)	(250,000)	-
Total other financing sources (uses)	(250,000)	(250,000)	(250,000)	-
Change in net position, budgetary basis	$ 1,205,518	$ 852,448	1,287,129	$ 434,681
Reconciliation to GAAP basis				
Capital outlay			693,684	
Depreciation			(555,942)	
Debt principal payments			67,209	
Change in net position, GAAP basis			$ 1,492,080	

See the accompanying independent auditors' report

STATE COMPLIANCE

The public report burden for this information collection is estimated to average 380 hours annually.

Form Approved
OMB No. 2125-0032

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO YEAR ENDING (mm/yy): 12/2025
This Information From The Records Of: Town of Elizabeth	Prepared By: Hannah Bruce / hbruce@townofelizabeth.org

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. Remainder 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.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	$ 1,927,964.68
4. Miscellaneous local receipts (from page 2)	$ 787,410.98
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)	$ 2,715,375.66
. Private Contributions	
C. Receipts from State government (from page 2)	$ 902,165.96
D. Receipts from Federal Government (from page 2)	$ -
E. Total receipts (A.7 + B + C + D)	$ 3,617,541.62

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	$ 3,816,214.27
2. Maintenance:	$ 262,738.80
3. Road and street services:	
a. Traffic control operations	$ 10,943.57
b. Snow and ice removal	$ 5,960.64
c. Other	
d. Total (a. through c.)	$ 16,904.21
4. General administration & miscellaneous	$ 64,424.84
5. Highway law enforcement and safety	$ 23,360.96
6. Total (1 through 5)	$ 4,183,643.08
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	$ 40,897.50
b. Redemption	$ 465,000.00
c. Total (a. + b.)	$ 505,897.50
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	$ -
3. Total (1.c + 2.c)	$ 505,897.50
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	$ 4,689,540.58

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	$ 1,435,000.00		$ 465,000.00	$ 970,000.00
1. Bonds (Refunding Portion)				$ -
B. Notes (Total)				$ -

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

A. Beginning Balance	B. Total Receipts	C. Total Disbursement	D. Ending Balance	E. Reconciliation
$ 12,521,445.55	$ 3,617,541.62	$ 4,689,540.58	$ 11,449,446.59	$ -

Notes and Comments:

FORM FHWA-536 (Rev.06/2000) PREVIOUS EDITIONS OBSOLETE Excel (Next Page)

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assesments		a. Interest on investments	256,102.30
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	$ 1,792,829.12	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	$ 25,028.50	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	$ 110,107.06	g. Other Misc. Receipts	$ 209,898.33
6. Total (1. through 5.)	$ 1,927,964.68	h. Other	$ 321,410.35
c. Total (a. + b.)	$ 1,927,964.68	i. Total (a. through h.)	$ 787,410.98
(Carry forward to page 1)		***(Carry forward to page 1)***	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes (from Item I.C.5.)	$ 94,881.73	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	$ 12,938.46	d. Federal Transit Administration	
d. DOLA Grant	$ 544,345.77	e. U.S. Corps of Engineers	
e. Other	$ 250,000.00	f. Other Feder ARPA	
f. Total (a. through e.)	$ 807,284.23	g. Total (a. through f.)	$ -
4. Total (1. + 2. + 3.f)	$ 902,165.96	3. Total (1. + 2.g)	$ -
(Carry forward to page 1)		***(Carry forward to page 1)***	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		$ 33,220.00	$ 33,220.00
b. Engineering Costs		$ 101,293.59	$ 101,293.59
c. Construction:			
(1). New Facilities		$ 3,681,700.68	$ 3,681,700.68
(2). Capacity Improvements		$ -	$ -
(3). System Preservation		$ -	$ -
(4). System Enhancement And Operation		$ -	$ -
(5). Total Construction (1)+(2)+(3)+(4)	$ -	$ 3,681,700.68	$ 3,681,700.68
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	$ -	$ 3,816,214.27	$ 3,816,214.27
(Carry forward to page 1)			

Notes and Comments:

FORM FHWA-536