Town of Lochbuie, Colorado

Annual Financial Statements and
Independent Auditors' Report

For the year ended December 31, 2025

Haynie

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Independent Auditors' Report

Honorable Mayor and the Board of Trustees
Town of Lochbuie, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the Town of Lochbuie, Colorado (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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Town, as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison schedule for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter – Restatement of Beginning Net Position and Fund Balance

As discussed in Note 16 to the financial statements, the Town has restated beginning net position for the Governmental Activities and Business-Type Activities, beginning fund balance for the General Fund, and beginning net position for the Water Fund as of December 31, 2024, to correct errors in prior-period financial statements. Our opinion is not modified with respect to this matter.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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' Responsibility for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 and required supplementary information as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The accompanying budgetary comparison schedules, debt service to maturity schedule, history of assessed valuation, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information including the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the local highway finance report, which has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Haynie

Littleton, Colorado
July 7, 2026

Town of Lochbuie, Colorado
Management's Discussion and Analysis
December 31, 2025

Town of Lochbuie, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2025

This discussion and analysis of the Town of Lochbuie's (Town) financial statements for the year ended December 31, 2025 provides a narrative overview of the Town's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

The Town

The Town of Lochbuie is what is known as a Mayor-Board style statutory Town. This classification, in contrast to a home-rule town, limits the authority the Town exercises, primarily in the area of taxes and tax collection. The Town consists of an elected Mayor and six Town Board trustees. The Town also appoints a Town Treasurer and Town Clerk. The top three candidates for Board seats receive staggered 4-year terms, with the remaining 3 seats and the Mayor receiving a 2-year term. The Town Treasurer and Town Clerk are appointed to 2-year terms. The Town Board employs a Town Administrator to direct the daily activities and functions of the Town.

The Town is located in the northeast Denver metropolitan area and is located within Weld and Adams Counties. The Town is adjacent to the Cities and Towns of Brighton, Hudson, and Fort Lupton. The Town encompasses 7.6 square miles, or 4,864 acres, with approximately 8,779 residents and 2,910 households. The Town provides most of its core services by its own means through a Town controlled Wastewater Treatment Plant, Reverse Osmosis Plant and employs its own Police Department.

The primary sources of revenue for Towns in Colorado are sales and use taxes, as is true for Lochbuie. Property taxes are the next largest source of governmental revenues. Other sources of governmental revenue include miscellaneous fees generated through the Town's gas, electric and cable providers and other taxes and fees. The Town also records program-type revenues from court fines and fees, land use and permitting fees, and capital grants and contributions.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $86,922,510 at December 31, 2025.

- Net position of governmental activities increased by $1,061,599, and net position of business-type activities increased by $4,400,362.

- Fund balance of the general fund increased by $864,987. This increase was primarily a result of an interfund transfer from the Water Fund. The Town received a settlement from DuPont and 3M for PFAS remediation. The Town had not been required to do additional remediation activities, so the settlement surplus was transferred to the general fund.

Other Highlights

- The Town was awarded a CDOT Off-System Bridge Funding Grant in the amount of $2,231,195 to update the bridge connecting Highway 85 to rural areas East of Interstate 76.

- In 2025 the Town began construction on an Elevated Water Storage Tank. The addition of the storage tank will provide the Town with sufficient potable water storage for current demands, including demands for emergency storage and fire flow. The tank will be complete Q1 2026.

- The Town purchased several new vehicles for Public Works and the Police Department – a 2025 Chevrolet Silverado 1500, a 2025 Chevrolet Silverado 2500, and two 2024 Ford Explorers. All the vehicles were financed.

The Town provides its employees with pension and other postemployment benefits (OPEB) through two multiple employer cost-sharing defined benefit pension plans administered by the Colorado Fire and Police Pension Association (FPPA) and Colorado Public Employees' Retirement Association (PERA). It is important to note that the Town does not currently have to pay the amount shown as the Town's net pension and OPEB liabilities, nor will the Town benefit from any pension related assets. The Town's direct liability is limited to the annually required contributions established by the State Legislature. In addition, the Town does not have any control over the investment policies associated with PERA and FPPA investments. These responsibilities lie solely with the PERA and FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Notes 7, 9 and 10 within the Notes to Financial Statements section of this report.

Overview of the Financial Statements

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

Government-wide Financial Statements

The G*overnment-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 S*tatement 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 reader of the financial statements should also consider other non-financial factors, such as changes in the composition or quality of the Town's sales tax base and perhaps the condition of the Town's infrastructure, to assess the overall health of the Town.

The *Statement of Activities* presents information showing how the government'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.

In the *Statement of Net Position* and S*tatement of Activities*, the Town is divided into two kinds of activities:

- Governmental activities – most of the Town's basic services are reported here including public safety, public works, municipal court and general administration. Sales and use taxes, property taxes, fees and charges from the court and franchise fees finance most of these activities. Governmental activities of the Town also include the financing, construction of, and maintenance of governmental infrastructure constructed or acquired by the Town during the current year.

- Business-type activities – the Town charges a fee to customers to cover all or most of the cost of certain services it provides.

Fund Financial Statements

A *fund* is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The Town, 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 are governmental or 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. In particular, *fund balance, whether assigned, committed, or unassigned,* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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 two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for each of the Town's major governmental funds, the General Fund and the Conservation Trust Fund.

The Town adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for this fund in the *basic financial statements* to demonstrate compliance with this budget.

Proprietary Funds

The proprietary fund financial statements provide the same type of information as shown in the government-wide financial statements, only these statements provide a more detailed level of information.

Enterprise funds, a type of proprietary fund, are used to report any activity for which a fee is charged to external users for goods and services. The Town utilizes two enterprise funds to account for water and sewer operations.

Notes to Financial Statements

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

Required Supplementary Information

In addition to the basic financial statements and accompanying notes, the report also presents certain supplementary information which is required to be disclosed by the *Governmental Accounting Standards Board* and other supplemental information presented for legal compliance and additional analysis.

Government-wide Financial Analysis

At the close of 2025, total net position was $86,922,510. The largest portion of net position that is not unrestricted is the investment in capital assets of $34,163,808 (39% of net position). The amount reflects the investment of all capital assets (e.g. infrastructure, land, buildings and equipment), net of accumulated depreciation, less any debt used to acquire those assets that are still outstanding. The capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate those liabilities.

The following tables summarize the Town’s governmental and business-type net positions:

	December 31, 2025		
	Governmental Activities	Business-Type Activities	Total Primary Government
Current & Other Assets	$ 9,869,268	$ 47,408,252	$ 57,277,520
Capital Assets	11,485,423	33,884,575	45,369,998
Total Assets	21,354,691	81,292,827	102,647,519
Deferred Outflows of Resources	825,939	201,402	1,027,341
Current & Other Liabilities	545,854	3,090,672	3,636,526
Non-Current Liabilities	4,578,994	7,820,157	12,399,151
Total Liabilities	5,124,848	10,910,829	16,035,677
Deferred inflows of resources	700,160	16,513	716,673
Net Position			
Net investment in capital assets	7,654,264	26,509,544	34,163,808
Restricted for Emergencies	226,803	-	226,803
Restricted for conservation trust	311,286	-	311,286
Restricted for bond debt service	-	759,552	759,552
Restricted for capital projects from PIFs	-	12,082,503	12,082,503
Restricted for Grants	-	-	-
Unrestricted	8,163,269	31,215,288	39,378,557
Total Net Position	$ 16,355,622	$ 70,566,887	$ 86,922,510

	December 31, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government
Current & Other Assets	$ 9,922,998	$ 50,098,069	$ 60,021,067
Capital Assets	11,569,456	25,693,023	37,262,479
Total Assets	21,492,454	75,791,092	97,283,546
Deferred Outflows of Resources	863,303	297,574	1,160,877
Current & Other Liabilities	1,586,765	1,917,254	3,504,019
Non-Current Liabilities	4,858,463	7,991,294	12,849,757
Total Liabilities	6,445,228	9,908,548	16,353,776
Deferred inflows of resources	616,506	13,593	630,099
Net Position			
Net investment in capital assets	7,458,728	18,277,470	25,736,198
Restricted for Emergencies	258,622	-	258,622
Restricted for conservation trust	203,403	-	203,403
Restricted for bond debt service	-	2,085,806	2,085,806
Restricted for capital projects from PIFs	-	10,446,619	10,446,619
Restricted for Grants	-	-	-
Unrestricted	7,373,270	35,356,630	42,729,900
Total Net Position	$ 15,294,023	$ 66,166,525	$ 81,460,548

Changes in Net Position

The Town's net position increased by $5,461,961 in 2025 and $9,585,006 in 2024 for governmental and business-type activities. The following tables summarize the changes in net position.

	For the Year Ended December 31, 2025		
	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program Revenues			
Charges for services	$ 1,312,826	$ 5,217,646	$ 6,530,472
Operating grants & contributions	121,059	-	121,059
Capital grants & contributions	434,986	2,211,264	2,646,250
General Revenues			
Taxes/Assessments	4,683,755	-	4,683,755
Interest Earnings	357,301	1,826,418	2,183,719
Interest Expense	-	(176,221)	(176,221)
Other	166,402	1,600,541	1,766,943
Transfers in (out)	1,312,746	(1,312,746)	-
Total Revenues	8,389,075	9,366,902	17,755,977
Expenses			
General Government	1,470,855	-	1,470,855
Public Safety	2,704,091	-	2,704,091
Public Works	2,483,987	-	2,483,987
Trash Services	553,093	-	553,093
Interest on Long-Term Debt	115,450	-	115,450
Water	-	2,727,044	2,727,044
Sewer	-	2,239,496	2,239,496
Total Expenses	7,327,476	4,966,541	12,294,016
Change in Net Position	1,061,599	4,400,362	5,461,961
Beginning Net Position - as restated	15,294,023	66,166,525	81,460,548
Ending Net Position	$ 16,355,622	$ 70,566,887	$ 86,922,510

	For the Year Ended December 31, 2024		
	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues			
Program Revenues			
Charges for services	$ 1,205,410	$ 5,235,111	$ 6,440,521
Operating grants & contributions	480,266	-	480,266
Capital grants & contributions	348,552	6,419,281	6,767,833
General Revenues			
Taxes/Assessments	4,441,295	-	4,441,295
Interest Earnings	408,773	1,833,081	2,241,854
Special Item	-	1,000,000	1,000,000
Interest Expense	-	(74,168)	(74,168)
Other	288,067	296,332	584,399
Total Revenues	7,172,363	14,709,637	21,882,000
Expenses			
General Government	1,361,485	-	1,361,485
Public Safety	2,169,655	-	2,169,655
Public Works	3,160,757	-	3,160,757
Trash Services	557,199	-	557,199
Interest on Long-Term Debt	165,867	-	165,867
Water	-	2,612,823	2,612,823
Sewer	-	2,269,208	2,269,208
Total Expenses	7,414,963	4,882,031	12,296,994
Change in Net Position	(242,600)	9,827,606	9,585,006
Beginning Net Position	15,536,623	56,338,919	71,875,542
Ending Net Position - As Restated	$ 15,294,023	$ 66,166,525	$ 81,460,548

Governmental Activities
Governmental activities increased Lochbuie's net position by $1,061,599. Revenue increased from 2024 to 2025 by $1,216,668 (17%) primarily due to an interfund transfer from the water fund. Expenses decreased by $87,487, or 1%, from 2024 to 2025, primarily due to salary savings due to vacant positions during 2025.

Business-type Activities
Business-type activities for the year resulted in an increase of net position by $4,400,362. Charges for services and other operating-related revenue decreased from 2024 to 2025 by $4,225,482 or 36% due to a decrease in capital grants. Expenses increased by $84,510, or 2%, from 2024 to 2025, primarily due to interest.

Governmental Funds
As of the end of 2025, the Town's governmental funds reported a combined ending fund balance of $8,725,176.

The Town has two major governmental funds. They are the General and Conservation Trust Funds. The General Fund is the primary operating fund for the Town of Lochbuie and reports a fund balance of $8,413,890 as of December 31, 2025. General Fund departments consist of Legislative, Administration, Police, Judicial and Public Works. The increase in fund balance this year, compared to last year, is primarily attributable to an interfund transfer from the water fund. Specifically, from a PFAS settlement with DuPont and 3M.

The Conservation Trust Fund had a total fund balance at the end of 2025 of $311,286. This fund accounts for State of Colorado lottery funds and is to be used for parks and recreation services and capital investment. The decrease in fund balance was primarily due to lower than anticipated revenue.

Proprietary Fund
The Town's proprietary fund statements provide the same type of information found in the government-wide financial statements in more detail.

Capital Asset and Debt Administration
Capital Assets
The Town of Lochbuie's net investment in capital assets for its governmental and business-type activities as of December 31, 2025 amounted to $34,163,808. The investment in capital assets includes land, buildings, building improvements, and equipment and infrastructure, net of accumulated depreciation.

Long Term Debt
At the end of 2025, total bonded debt outstanding was $10,022,535. This debt represents $3,010,000 related to general governmental obligation bonds and $7,012,535 related to bonds secured solely by specific revenue sources (i.e., revenue bonds).

Economic Factors and Next Year's Budget and Rates

The 2026 Budget includes capital maintenance, and funds to attract and retain a high-quality workforce and maintain high service levels.

As revenues are vulnerable to economic cycles, the Town maintains a conservative projection philosophy to ensure the fiscal stability of the Town and continue to maintain expected service levels.

Investments in infrastructure are being made in 2026 that are consistent with the Town's Capital Improvement Plan. The Town will be focused on adding additional sources of sustainable revenue to fund community services and amenities. The Town will encourage both retail and industrial development to generate both revenue and jobs as well as locations to shop in town.

The Town continues to focus on our mission of building a great community for families.

Administrative Services

Town Administrator – The Town Administrator serves at the pleasure of the Board of Trustees. The Administrator is charged with ensuring that policies of the Board of Trustees are implemented and functions as the Chief of Staff for the Town Departments as well as serving as the Director of Public Safety, Building Official and Town Attorney liaison.

Town Clerk – During 2025, the Town Clerk was the custodian of all the Town records, made a record of Town Board meetings, and fulfilled all the statutory duties of a Town Clerk and worked as the Office Manager. The clerk serves as an advisor to the Town Administrator and to the Board of Trustees. The Clerk supervised the Administrative Clerk and Utility Billing Specialist.

Town Treasurer - The Town Treasurer is responsible for maintaining the financial records of the Town, prepares or causes to be prepared the financial statements and annual budgets of the Town, maintains Town bank accounts and investment accounts, ensures that receivables and payables are transacted properly and advises the Town Administrator and the Board of Trustees as to the financial condition of the Town. The Treasurer oversees the work of the Accounts Payable, Purchasing and Payroll Departments and assists with the annual audit.

Human Resources – This department is responsible for advertising open positions, interviewing, hiring, new employee orientations, administration of benefits, updating and maintaining employee files, management of the Town's general liability and worker's compensation insurance policies, and ensuring the Town is in compliance with all federal and state employment laws.

Municipal Court – Lochbuie Municipal Court is a court of record. During 2025, Court was conducted on the 4th Tuesday of each month beginning at 8:30 am. Additional sessions of court are conducted as necessary based on case load or extraordinary circumstances. The court is presided over by a judge appointed to a two-year term as a part-time judge. The judge is relieved by an alternate judge in his absence. The judge is assisted by a Court Clerk, whose job is part-time. When Court is in session a bailiff is provided by the police department. One or more of the Administrative staff members assist in court sessions in various duties to assist the Clerk, the prosecutor and the judge. The Town employs a law firm to serve as prosecutors. Translation services are routinely provided by a part-time translator and by bi-lingual, Spanish speaking staff members.

Building Department – The Town employs a Community Development Director to manage the planning department including review of all proposed development, proposed zoning changes, master plan development and review, parks & recreation planning, and traffic planning. The Director works closely with Town engineering, legal counsel and building inspection consultants.

By ordinance of the Board of Trustees, the Town does not have a separate planning commission. Instead, the functions classically performed by a planning commission -- review of all proposed development, proposed zoning changes, master plan development and review, parks and recreation planning, traffic planning, and general municipal engineering matters –are performed by the Board of Trustees.

Public Works – The Public Works Director supervises the Public Works Department. The department manages all storm water, streets and parks functions. The operation of the water and wastewater facilities and all required services for the operation thereof are managed by an Operator in Responsible Charge (ORC).

Police – The Police Department is staffed by a full-time Chief, one lieutenant, two sergeants, seven patrol officers a records supervisor, and a court clerk. The Town employs a community service officer to perform code enforcement and animal control functions for the Town.

Fire Protection – Fire protection is provided by the Hudson and Greater Brighton Fire Protection Districts.

The Hudson FPD is currently a combination fire department supplemented by volunteers and the Brighton FPD is a career department.

Emergency Medical Services – Ambulance service is provided Hudson Fire who will operate two fully staffed ALS ambulances – one based in Hudson and one in Lochbuie, each staffed around the clock by two single-function paramedics.

Trash Service – Solid waste management is provided by the Town through a contract trash hauling company. Fees for this service are collected with the utility bills.

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

Kimberly Baker, Finance Director
Town of Lochbuie
703 WCR 37
Lochbuie, CO 80603

Roster of Town Officials
Appointed Officials
Heather Bowen– Town Clerk
Kimberly Baker – Town Treasurer

Elected Officials
Jamie Jeffery – Mayor
Larry Strock – Mayor Pro Tem
Kat Bristow – Trustee
Nicole Maytidu - Trustee
Catherine Moya – Trustee
Rick Prochaska - Trustee
May Wescott – Trustee

Basic Financial Statements

Town of Lochbuie, Colorado
Statement of Net Position
December 31, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and investments	$ 8,064,220	$ 31,005,849	$ 39,070,069
Cash and investments - restricted	311,286	12,842,055	13,153,341
Cash held by county treasurer	54,328	-	54,328
Accounts receivable	828,568	3,560,348	4,388,916
Property taxes receivable	610,866	-	610,866
Capital assets, not being depreciated	1,763,665	14,264,272	16,027,937
Capital assets, net of accumulated depreciation	9,721,758	19,620,303	29,342,061
TOTAL ASSETS	21,354,691	81,292,827	102,647,519
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to pensions	805,182	179,004	984,186
Deferred outflows related to OPEB	20,757	22,398	43,155
TOTAL DEFERRED OUTFLOWS OF RESOURCES	825,939	201,402	1,027,341
LIABILITIES			
Accounts payable and other liabilities	528,333	3,036,357	3,564,690
Accrued interest payable	9,121	54,315	63,436
Deposits held	8,400	-	8,400
Noncurrent liabilities:			
Net pension liability	578,724	371,623	950,347
Net OPEB liability	28,329	30,566	58,895
Accrued compensated absences	140,782	42,937	183,719
Due within one year	419,265	437,550	856,815
Due in more than one year	3,411,894	6,937,481	10,349,375
TOTAL LIABILITIES	5,124,848	10,910,829	16,035,677
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	607,359	-	607,359
Deferred inflows related to pensions	77,497	-	77,497
Deferred inflows related to OPEB	15,304	16,513	31,817
TOTAL DEFERRED INFLOWS OF RESOURCES	700,160	16,513	716,673
NET POSITION			
Net investment in capital assets	7,654,264	26,509,544	34,163,808
Restricted			
Emergency reserve	226,803	-	226,803
Conservation trust	311,286	-	311,286
Bond debt service	-	759,552	759,552
Capital projects - PIF collections	-	12,082,503	12,082,503
Unrestricted	8,163,269	31,215,288	39,378,557
TOTAL NET POSITION	$ 16,355,622	$ 70,566,887	$ 86,922,510

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

Town of Lochbuie, Colorado
Statement of Activities
For the 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 - Legislative	$ 416,856	$ -	$ -	$ -	$ (416,856)	$ -	$ (416,856)
General government - Judicial	117,140	123,365	-	-	6,225	-	6,225
General government - Administrative	936,859	557,262	23,494	-	(356,103)	-	(356,103)
Public safety - Police	2,704,091	-	-	-	(2,704,091)	-	(2,704,091)
Public works- Streets	1,082,792	-	-	434,986	(647,806)	-	(647,806)
Public works - Parks	378,553		97,565	-	(280,988)	-	(280,988)
Public works - Community Development	1,022,642	-	-	-	(1,022,642)	-	(1,022,642)
Trash service	553,093	632,199	-	-	79,106	-	79,106
Interest on long-term debt	115,450	-	-	-	(115,450)	-	(115,450)
Total Governmental Activities	7,327,476	1,312,826	121,059	434,986	(5,458,605)	-	(5,458,605)
Business-Type Activities:							
Water	2,727,044	2,790,294	-	518,897	-	582,147	582,147
Sewer	2,239,496	2,427,352	-	1,692,367	-	1,880,223	1,880,223
Total Business-Type Activities	4,966,540	5,217,646	-	2,211,264	-	2,462,370	2,462,370
Total Primary Government	$ 12,294,016	$ 6,530,472	$ 121,059	$ 2,646,250	(5,458,605)	2,462,370	(2,996,235)
General Revenues (Expenses):							
Taxes:							
Property taxes					603,201	-	603,201
Specific Ownership Taxes					24,587	-	24,587
Sales and Use Taxes					3,474,548	-	3,474,548
Franchise taxes					240,427	-	240,427
Highway user taxes					277,483	-	277,483
Other taxes					63,509	-	63,509
Earnings on investments					357,301	1,826,418	2,183,719
Interest expense					-	(176,221)	(176,221)
Other					166,402	1,600,541	1,766,943
Transfers in (out)					1,312,746	(1,312,746)	-
Total general revenues					6,520,204	1,937,992	8,458,196
Change in net position					1,061,599	4,400,362	5,461,961
NET POSITION, BEGINNING (AS RESTATED)					15,294,023	66,166,525	81,460,548
NET POSITION, ENDING					$ 16,355,622	$ 70,566,887	$ 86,922,510

Town of Lochbuie, Colorado

Balance Sheet
Governmental Funds
December 31, 2025

ASSETS	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
Cash, and cash equivalents	$ 8,064,220	$ -	$ 8,064,220
Restricted cash and cash equivalents	-	311,286	311,286
Cash held by county treasurer	54,328	-	54,328
Accounts receivable	828,568	-	828,568
Property taxes receivable	610,866	-	610,866
TOTAL ASSETS	$ 9,557,982	$ 311,286	$ 9,869,268
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable and accrued liabilities	$ 528,333	$ -	$ 528,333
Deposits held	8,400	-	8,400
TOTAL LIABILITIES	536,733	-	536,733
DEFERRED INFLOWS OF RESOURCES			
Deferred property taxes	607,359	-	607,359
TOTAL DEFERRED INFLOWS OF RESOURCES	607,359	-	607,359
FUND BALANCES			
Restricted for:			
Emergencies	226,803	-	226,803
Conservation trust	-	311,286	311,286
Assigned for:			
Community development	1,104,771	-	1,104,771
Unassigned	7,082,316	-	7,082,316
TOTAL FUND BALANCES	8,413,890	311,286	8,725,176
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	$ 9,557,982	$ 311,286	$ 9,869,268

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

Town of Lochbuie, Colorado

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

For the Year Ended December 31, 2025

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

Total fund balances - governmental funds	$	8,725,176
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:		
Capital assets, net of accumulated depreciation		11,485,423
Pension and OPEB liabilities and related deferred inflows and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.		
Deferred outflows of resources relating to pensions		805,182
Deferred inflows of resources relating to pensions		(77,497)
Net pension liability		(578,724)
Net OPEB liability		(28,329)
Deferred outflows of resources relating to OPEB		20,757
Deferred inflows of resources relating to OPEB		(15,304)
Long-term liabilities are not due and payable from current financial resources, and therefore, are not reported as liabilities on the fund financial statements.		
Accrued interest payable		(9,121)
Accrued compensated absences		(140,782)
Bonds, leases, and SBITAs payable - net		(3,831,159)
Total net position - governmental activities	$	16,355,622

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

Town of Lochbuie, Colorado

Governmental Funds
Statement of Revenues, Expenditures
and Changes in Fund Balances
For the Year Ended December 31, 2025

	GENERAL FUND	CONSERVATION TRUST FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES:			
Property taxes	$ 603,201	$ -	$ 603,201
Specific ownership taxes	24,587	-	24,587
Sales and use taxes	3,474,548	-	3,474,548
Franchise fees	240,427	-	240,427
Highway user taxes	277,483	-	277,483
Other taxes	63,509	-	63,509
Intergovernmental	-	97,565	97,565
Licenses, permits, and fees	557,262	-	557,262
Fines and Forfeitures	123,365	-	123,365
Grants	23,494	-	23,494
Developer reimbursements	434,986	-	434,986
Interest earned	346,983	10,318	357,301
Trash service	632,199	-	632,199
Other revenue	166,407	-	166,407
TOTAL REVENUES	6,968,451	107,883	7,076,334
EXPENDITURES:			
General and Operating:			
General Government - Legislative	415,593	-	415,593
General Government - Judicial	114,108	-	114,108
General Government - Administration	900,482	-	900,482
Public Safety - Police	2,364,120	-	2,364,120
Public works - Streets	786,385	-	786,385
Public works - Parks	296,464	-	296,464
Public works - Community Development	1,011,631	-	1,011,631
Trash services	553,093	-	553,093
Debt Service:			
Principal	423,456	-	423,456
Interest	115,450	-	115,450
Capital outlay	579,316	-	579,316
TOTAL EXPENDITURES	7,560,098	-	7,560,098
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(591,647)	107,883	(483,764)
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	1,312,746	-	1,312,746
Issuance of debt - lease purchase	143,888	-	143,888
TOTAL OTHER FINANCING SOURCES (USES)	1,456,634	-	1,456,634
NET CHANGE IN FUND BALANCES	864,987	107,883	972,870
FUND BALANCES, BEGINNING OF YEAR (AS RESTATED)	7,548,903	203,403	7,752,306
FUND BALANCES, END OF YEAR	$ 8,413,890	$ 311,286	$ 8,725,176

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

Town of Lochbuie, Colorado

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2025

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

Total net change in fund balances - governmental funds	$ 972,870
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are capitalized in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount by which capital outlay exceeded depreciation during the period.	
Capital outlay	579,316
Depreciation and amortization expense	(663,348)
Governmental funds report financed purchases and subscription-based IT arrangements (SBITAs) from the inception of the agreements as other financing sources and the repayments of principal on bonds and payments on lease obligations as expenditures, whereas the statement of activities recognizes these amounts as increases and decreases in the associated liabilities. Interest expense is recognized as an expenditure in the governmental funds when it is due, while interest expense is recognized when incurred in the statement of activities. Interest expense reported in the statement of activities also includes amortization of bond premiums which are recognized in the governmental funds in the period incurred. The net effect of these differences in the treatment of long-term liabilities and related expenditures is as follows:	
Principal payments on debt obligations	415,428
Financed purchases revenue	(143,888)
Change in accrued interest	3,465
Amortization of bond premium	8,028
Increase in accrued compensated absences liability is reflected as an expense on the statement of activities and not reflected as an expense on the governmental fund statement of revenues, expenditures and changes in fund balances until paid.	(26,502)
Changes in the Town's net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the Town's pension and OPEB plans for the current year do not require the use of current financial resources, and therefore, are not reported as income in the governmental fund financial statements.	(83,770)
Change in net position of governmental activities	$ 1,061,599

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

Town of Lochbuie, Colorado
General Fund
Statement of Revenues, Expenditures and Change in Fund Balances—Budget and Actual
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Taxes	$ 4,027,761	$ 4,135,477	$ 107,716
Franchise fees	237,976	240,427	2,451
Licenses, permits and fees	539,500	341,684	(197,816)
Intergovernmental	193,500	307,851	114,351
Fees	188,600	215,578	26,978
Fines and Forfeitures	72,325	123,365	51,040
Trash service	589,549	632,199	42,650
Grants	1,103,000	23,494	(1,079,506)
Other revenue	879,583	948,376	68,793
TOTAL REVENUES	7,831,794	6,968,451	(863,343)
EXPENDITURES			
General Government - Legislative	163,860	415,593	(251,733)
General Government - Judicial	116,550	114,108	2,442
General Government - Administration	1,207,132	900,482	306,650
Public Safety - Police	2,569,138	2,364,120	205,018
Public works - Streets	1,080,106	786,385	293,721
Public works - Parks	345,401	296,464	48,937
Public works - Community Development	1,098,899	1,011,631	87,268
Trash services	559,728	553,093	6,635
Debt Service			
Principal	200,000	423,456	(223,456)
Interest and other charges	115,450	115,450	-
Capital outlay	1,975,000	579,316	1,395,684
TOTAL EXPENDITURES	$ 9,431,264	$ 7,560,098	$ 1,871,166
Excess (deficiency) of revenues over expenditures	(1,599,470)	(591,647)	1,007,823
OTHER FINANCING SOURCES (USES)			
Lease proceeds	-	143,888	143,888
Transfers in	-	1,312,746	1,312,746
TOTAL OTHER FINANCING SOURCES (USES)	-	1,456,634	1,456,634
NET CHANGE IN FUND BALANCE	$ (1,599,470)	$ 864,987	$ 2,464,457
FUND BALANCES, BEGINNING OF YEAR (AS RESTATED)	7,982,420	7,548,903	(433,517)
FUND BALANCES, END OF YEAR	$ 6,382,950	$ 8,413,890	$ 2,030,940

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

Town of Lochbuie, Colorado
Enterprise Funds
Statements of Net Position
December 31, 2025

	WATER FUND	SEWER FUND	TOTAL
ASSETS			
Current Assets			
Cash and investments	$ 20,064,837	$ 10,941,012	$ 31,005,849
Cash and investments - restricted	759,552	12,082,503	12,842,055
Accounts receivable	2,959,480	600,868	3,560,348
Total Current Assets	23,783,869	23,624,383	47,408,252
Capital Assets			
Nondepreciable	12,936,905	1,327,367	14,264,272
Depreciable, net	9,103,135	10,517,168	19,620,303
Total Capital Assets	22,040,040	11,844,535	33,884,575
TOTAL ASSETS	45,823,909	35,468,918	81,292,827
DEFERRED OUTFLOWS OF RESOURCES			
Pension related deferred outflow	107,555	71,449	179,004
OPEB related deferred outflow	12,918	9,480	22,398
Total Deferred Outflows of Resources	120,473	80,929	201,402
LIABILITIES			
Current Liabilities:			
Accounts payable and other liabilities	2,885,310	151,047	3,036,357
Accrued interest payable	54,315	-	54,315
Compensated absences	24,116	18,821	42,937
Current portion - bonds and notes payable	428,547	9,003	437,550
Total Current Liabilities	3,392,288	178,871	3,571,159
Long-Term Liabilities:			
Net pension liability	223,291	148,332	371,623
Net OPEB liability	17,629	12,937	30,566
Bonds and notes payable	6,914,797	22,684	6,937,481
Total Non-Current Liabilities	7,155,717	183,953	7,339,670
TOTAL LIABILITIES	10,548,005	362,824	10,910,829
DEFERRED INFLOWS OF RESOURCES			
OPEB related deferred inflow	9,524	6,989	16,513
TOTAL DEFERRED INFLOWS OF RESOURCES	9,524	6,989	16,513
NET POSITION			
Net investment in capital assets	14,696,696	11,812,848	26,509,544
Restricted:			
Bonded debt service	759,552	-	759,552
Capital projects - PIF collections	-	12,082,503	12,082,503
Unrestricted	19,930,605	11,284,683	31,215,288
TOTAL NET POSITION	$ 35,386,853	$ 35,180,034	$ 70,566,887

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

Town of Lochbuie, Colorado

Enterprise Funds
Statements of Revenues, Expenses
and Changes in Net Position
For the Year Ended December 31, 2025

	WATER FUND	SEWER FUND	TOTAL
OPERATING REVENUES			
Charges for services	$ 2,790,294	$ 2,427,352	$ 5,217,646
Other	1,582,261	28,324	1,610,585
TOTAL OPERATING REVENUES	4,372,555	2,455,676	6,828,231
OPERATING EXPENSES			
Operating expenses	1,109,131	1,061,307	2,170,438
Administrative expenses	1,202,806	594,651	1,797,457
Depreciation expense	415,107	583,538	998,645
TOTAL OPERATING EXPENSES	2,727,044	2,239,496	4,966,540
OPERATING INCOME	1,645,511	216,180	1,861,691
NON-OPERATING REVENUES (EXPENSES)			
Interest earnings	903,063	923,355	1,826,418
Interest expense	(176,221)	-	(176,221)
TOTAL NON-OPERATING REVENUES	726,842	923,355	1,650,197
INCOME BEFORE CAPITAL CONTRIBUTIONS	2,372,353	1,139,535	3,511,888
CAPITAL CONTRIBUTIONS AND TRANSFERS			
Tap fees/PIFS	518,897	1,692,367	2,211,264
Transfers in (out)	(1,312,746)	-	(1,312,746)
TOTAL CAPITAL CONTRIBUTIONS AND TRANSFERS	(803,892)	1,692,367	888,475
CHANGES IN NET POSITION	1,568,461	2,831,902	4,400,363
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	33,818,392	32,348,133	66,166,524
NET POSITION, END OF YEAR	$ 35,386,853	$ 35,180,034	$ 70,566,887

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

Town of Lochbuie, Colorado
Enterprise Funds
Statements of Cash Flows
For the Year Ended December 31, 2025

	WATER FUND	SEWER FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers	$ 2,828,460	$ 2,457,570	$ 5,286,030
Receipts from others	6,500,757	28,324	6,529,081
Payments to suppliers for goods and services	(336,172)	(1,743,425)	(2,079,597)
Payments to and on behalf of employees	(471,886)	(275,134)	(747,020)
NET CASH FROM OPERATING ACTIVITIES	8,521,159	467,335	8,988,494
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Tap fees/PIFS	518,897	1,692,367	2,211,264
Acquisition of capital assets	(8,747,877)	(345,154)	(9,093,031)
Proceeds from debt	290,522	-	290,522
Principal paid on long-term debt	(405,027)	(10,609)	(415,636)
Interest paid on long-term debt	(188,181)	-	(188,181)
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(8,531,666)	1,336,604	(7,195,062)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfer to other funds	(1,312,746)	-	(1,312,746)
NET CASH FROM NONCAPITAL FINANCING ACTIVITIES	(1,312,746)	-	(1,312,746)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received	903,063	923,355	1,826,418
NET CASH FROM INVESTING ACTIVITIES	903,063	923,355	1,826,418
NET CHANGE IN CASH AND CASH EQUIVALENTS	(420,190)	2,727,294	2,307,104
CASH AND CASH EQUIVALENTS			
Beginning of Year	21,244,579	20,296,221	41,540,800
End of Year	$ 20,824,389	$ 23,023,515	$ 43,847,904
CASH IS REFLECTED ON THE STATEMENT OF NET POSITION AS FOLLOWS:			
Cash and investments	$ 20,064,837	$ 10,941,012	$ 31,005,849
Cash and investments - restricted	759,552	12,082,503	12,842,055
Total cash	$ 20,824,389	$ 23,023,515	$ 43,847,904
RECONCILIATION OF OPERATING INCOME TO NET CASH FROM OPERATING ACTIVITIES			
Operating income	$ 1,645,511	$ 216,180	$ 1,861,691
Adjustments to reconcile operating income (loss) to net cash flows from operating activities			
Depreciation	411,176	574,895	986,071
(Increase) decrease in operating assets:			
Accounts receivable	4,966,705	30,218	4,996,923
Deferred outflows of resources	49,709	46,464	96,173
(Increase) decrease in operating liabilities:			
Accounts payable and other liabilities used for operations	1,511,547	(336,215)	1,175,332
Accrued compensated absences	2,925	4,477	7,402
Net pension and OPEB balances	(68,098)	(69,919)	(138,017)
Deferred inflows of resources	1,684	1,236	2,920
NET CASH FROM OPERATING ACTIVITIES	$ 8,521,159	$ 467,335	$ 8,988,494
NONCASH TRANSACTIONS			
Assets in exchange from financed purchases	$ 42,294	$ 42,294	$ 84,588

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

1. Definition of Reporting Entity

Reporting Entity

The Town was organized as a statutory Town in Colorado by court order in 1974. The Town provides general government, public works (roads, streets and parks), police, water, and sewer for the geographical area organized as the Town.

The Town follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

2. Summary of Significant Accounting Policies

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

Government-wide and Fund Financial Statements

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

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

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

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

2. Summary of Significant Accounting Policies (continued)

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property, equipment and infrastructure are shown as increases in assets, and redemptions of bonds are recorded as a reduction in liabilities.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. Internally dedicated resources are reported as general revenues, rather than as program revenues. Likewise, general revenues include all taxes.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, sales taxes and franchise fees. All other revenue items are considered to be measurable and available only when cash is received by the Town.

The Town reports the following major governmental funds:

General Fund - The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government except those required to be accounted for in another fund, which include the following departments: Legislative, Judicial, Administrative, Public Safety-Police, Public Works and Community Development.

Conservation Trust Fund – The Conservation Trust Fund accounts for State of Colorado lottery funds to be used for parks and recreation services and capital investment.

The Town reports the following major proprietary funds:

Water Fund – The Water Fund was established to account for the acquisition, operation and maintenance of the Town's water facilities and infrastructure.

Sewer Fund – The Sewer Fund was established to account for the acquisition, operation and maintenance of the Town's sewer facilities and infrastructure.

2. Summary of Significant Accounting Policies (continued)

Proprietary funds are used to account for ongoing activities that are financed and operated in a manner similar to private business enterprises. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for water and sewer service. Operating expenses include the costs of the services, administrative expenses, and depreciation of capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions. Tap fees and plant investment fees are generally recorded as capital contributions when received.

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

Pooled Cash and Investments

The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash.

Cash Equivalents

For the purpose of the statement of cash flows of the proprietary funds, cash and cash equivalents include operating and restricted cash deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts receivable, allowance for doubtful accounts

User fees and tap fees constitute a perpetual lien on or against property served until paid. Such liens may be foreclosed upon as provided by the State of Colorado. Therefore, no provision for uncollectible receivables has been made in the financial statements.

Capital Assets

Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of one or more years and for which the initial, individual value equals or exceeds the following dollar amounts:

Asset Class	Dollar Value
Land	No Minimum
Buildings	No Minimum
Improvements	$ 5,000
Furniture and Equipment	$ 5,000
Infrastructure	$ 5,000

2. Summary of Significant Accounting Policies (continued)

All purchased assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated assets are valued at acquisition value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized.

Depreciation expense is included in program expense in the government-wide statement of activities. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Asset Class	Useful Life
Buildings	40 years
Building and Other Improvements	20 years
Water and Sewer Systems	25 - 35 years
Furniture and Equipment	3 – 30 years
Infrastructure	15 – 40 years

Public domain assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems and lighting systems are examples of infrastructure assets. Infrastructure assets are distinguished from other capitalized assets since their useful life often extends beyond most other capital assets and are stationary in nature. General infrastructure assets are those associated with or arising from governmental activities.

Compensated absences

It is the Town’s policy to permit employees to accumulate earned but unused, vacation and sick pay benefits that are more likely than not to be used as time off or settled (paid in cash to the employee) during or upon separation from employment. These benefits accrue together as Paid Time Off (PTO). PTO accrues to a maximum of 240 hours, depending on length of employment. Compensated absences are recorded as current salary cost when paid in government funds and are accrued in the enterprise fund.

Property taxes

Property taxes are levied by the Town's Board of Trustees. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or if in equal installments, at the taxpayer’s election, in February and June.

Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November or December. The County Treasurer remits the taxes collected monthly to the Town.

2. Summary of Significant Accounting Policies (continued)

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The deferred inflows are recorded as revenue in the year they are available or collected.

Deferred Outflows/Inflows of resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town has certain items that relate to its pension and other post-employment benefit plans that qualify for reporting in this category. Accordingly, these items are deferred and will be recognized as an outflow of resources in the period the resource is required for use.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The Town has certain items that relate to its pension and other post-employment benefits and property tax revenue that qualify for this category. Accordingly, these items are deferred and will be recognized as an inflow of resources in the period that the amount becomes available.

Pensions

The Town participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado ("PERA").

In addition, the Town participates in the Statewide Retirement Plan (SRP), a cost sharing multi-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA) that provides retirement benefits for members and beneficiaries.

The net pension asset, liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair market value.

2. Summary of Significant Accounting Policies (continued)

Postemployment benefits other than pensions (OPEB)

The Town participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by the PERA. The net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the HCTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefits paid on behalf of health care participants are recognized when due and/or payable in accordance with the benefit terms. Investments are reported at fair market value.

FPPA administers the Statewide Death & Disability Plan discussed in Note 8, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the Town, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability is $0.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items or inventory) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the Town's highest level of decision-making authority, the Board of Trustees. The constraint may be removed or changed only through formal action of the Town's Board of Trustees.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Town's Board of Trustees to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

2. Summary of Significant Accounting Policies (continued)

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the Town’s policy to use the most restrictive classification first.

At December 31, 2025, the Town had $226,803 restricted by legislation (for emergencies), and $311,286 restricted for parks and recreation (Conservation Trust).

At December 31, 2025, the Town had $1,104,771 assigned for community development.

The remaining fund balance is considered by the Town to be unassigned. At December 31, 2025, the Town had an unassigned fund balance in the general fund of $7,082,316.

Budgets

The Town follows these procedures in establishing the budgetary data reflected in the supplementary information:

- By October 15, the Town Administrator submits to the Board of Trustees, a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them. The appropriation is at the total fund expenditures level.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Trustees through passage of a resolution.
- The Town legally adopts budgets for all of the funds. The budget includes each fund on its basis of accounting unless otherwise indicated.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Trustees. All appropriations lapse at year end.

The Town's Board of Trustees can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements.

Use of estimates

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

2. Summary of Significant Accounting Policies (continued)

Lease obligations

The Town determines if an arrangement is a lease at inception. Leases are included in capital assets and noncurrent liabilities in the statement of net position.

Lease assets represent the Town's control of the right to use an underlying asset for the lease term, as specified in the contract, in an exchange or an exchange-like transaction. Lease assets are recognized at the commencement date based on the initial measurement of the lease obligation, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Lease obligations represent the Town's obligation to make lease payments arising from the lease. Lease obligations are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the Town will exercise that option.

The Town recognizes payments for short-term leases with an initial lease term of 12 months or less as expenses as incurred, and these leases are not included as lease obligations or intangible right-of-use lease assets on the statement of net position.

For individual lease contracts where information about discount rate implicit in the lease is not included, the Town has elected to use incremental borrowing rate to calculate the present value of expected lease payments.

Subscription-Based Information Technology Arrangements (SBITAs)

The Town follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, Subscription-Based Information Technology Arrangements (SBITAs). Under this standard, the Town recognizes a right-to-use subscription asset and a corresponding subscription liability for SBITAs with a term exceeding 12 months, including any cancellable periods that meet the definition of a SBITA.

At the commencement of the subscription term, the Town measures the subscription liability at the present value of expected subscription payments to be made during the term. The corresponding subscription asset is initially measured based on the liability, with adjustments for any upfront payments or incentives received. The subscription asset is amortized over the shorter of the subscription term or the estimated useful life of the underlying IT resource.

If the interest rate implicit in the SBITA is not readily determinable, the Town has elected to use its estimated incremental borrowing rate in effect at the commencement of the subscription term to discount future expected payments and calculate the present value of the subscription liability.

Short-term SBITAs, defined as those with a maximum possible term of 12 months (including renewal options), are excluded from recognition and are expensed as incurred.

3. Cash and Investments

Cash and investments are reflected on the December 31, 2025, Statement of Net Position as follows:

Cash and investments	$	39,070,069
Cash and investments - restricted		13,153,341
Cash with county treasurer		54,328
Total cash and investments	$	52,277,738

A summary of cash and investments as of December 31, 2025, consists of the following:

Petty cash	$	950
Bank deposits		11,403,003
Investments		40,873,785
Total	$	52,277,738

At December 31, 2025, the Town's cash deposits had bank balances of $11,551,813 and carrying balances of $11,403,003.

Deposits with financial institutions

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2025, the federal insurance limit was $250,000. 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 Commissioners 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.

<u>Custodial credit risk - deposits</u>

Custodial credit risk is the risk that in the event of a bank failure, the Town’s deposits may not be returned to it. The Town’s cash deposit and investment policy adopts state statutes regarding custodial credit risk for deposits. As of December 31, 2025, the Town’s bank balances and carrying balances were insured or collateralized as follows:

3. Cash and Investments (continued)

Bank balances		
Federally insured	$	248,600
Collateralized		11,303,213
Total bank balances	$	11,551,813
Carrying balances		
Federally insured	$	248,600
Collateralized		11,154,403
Total carrying balances	$	11,403,003

Investments

The Town adopted an approved investment policy during 2020. The objectives of the policy are to provide safety, liquidity and yield while ensuring effective and judicious fiscal management of the Town's funds. The policy allows the Board of Trustees to authorize the Town Treasurer to invest all or any part of funds in securities which are authorized for investment by state law.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. 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
- General obligation and revenue bonds of U.S. local government entities
- Certain certificates of participation
- Certain securities lending agreements
- Certificates of deposit
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements and certain reverse repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools. These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust", "CSAFE" and "CSIP".

3. Cash and Investments (continued)

As of December 31, 2025, the Town had the following investments:

Investment	
Colorado Liquid Asset Trust (Colotrust)	$ 9,912,120
Colorado Surplus Asset Safe Trust (CSAFE) – Colorado CORE	9,058,866
Colorado Statewide Investment Program (CSIP)	9,025,101
J.P. Morgan Securities	5,437,331
Chase - Certificates of Deposit	7,440,367
Total Investments	$ 40,873,785

COLOTRUST

The Town has invested $9,912,120 in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to $1. The Trust offers shares in threes portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by Section 24-75-601.1, C.R.S., including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, and highest rated commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by FitchRatings. COLOTRUST records its investments at fair value and the Town records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. As of December 31, 2025, 100% of the COLOTRUST investments were in the COLOTRUST PLUS+ portfolio.

3. Cash and Investments (continued)

CSAFE

At December 31, 2025, the Town had invested $9,058,866 in Colorado Surplus Asset Fund Trust (CSAFE) Colorado Core (CORE). As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). CORE authorized securities primarily include highly rated commercial paper and corporate bonds, bank deposits (collateralized through PDPA) and other Colorado LGIP funds inclusive of other funds offered by CSAFE as allowed. CORE operates similarly to a money market fund and each share is equal in value to $2.00. CORE measures all of its investments at amortized cost with a weighted average maturity of 180 days or less. CORE is rated AAAf/S1 by Fitch Ratings. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

CSIP

At December 31, 2025, the Town had invested $9,025,101 in Colorado Statewide Investment Program (CSIP) Liquid Portfolio (Portfolio). As an investment pool, CSIP operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSIP invests in securities that are specified by the Colorado Revised Statutes (24-75-601). The Portfolio authorized securities primarily include bank deposits (collateralized through PDPA), commercial paper, repurchase agreements, corporate securities, asset-backed securities and other Colorado LGIP funds inclusive of other funds offered by CSIP as allowed. The Portfolio operates similarly to a money market fund and each share is equal in value to $1.00. CSIP records its investments at fair value and the Town records its investment in the Portfolio using the net asset value as determined by fair value. The Portfolio is rated AAAm by Standard & Poor’s. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

FAIR VALUE MEASUREMENTS

At December 31, 2025, the Town had invested $5,437,331 in J.P. Morgan Chase Securities LLC and J.P. Morgan Chase Certificates of Deposit, and this balance is generally reported at fair value. Short-term investments are reported at cost, which approximates fair value. For investments, the Town categorizes 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 (unadjusted) in active markets for identical assets or liabilities that a government can access at the measurement date; Level 2 inputs are significant other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; Level 3 inputs are significant unobservable inputs for an asset or a liability.

3. Cash and Investments (continued)

The Town investments subject to fair value measurements are as follows:

Investments Type	Value as of December 31 2025	Level 1	Level 2	Level 3
Debt Securities				
Certificates of Deposit	$ 7,440,367	$ 7,440,367	$ -	$ -
U.S. Treasury Obligations	5,437,332	5,437,332	-	-
Total Investments Measured at Fair Value	$ 12,877,699	$ 12,877,699	$ -	$ -

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Mutual funds are not subject to interest rate risk. Per the Town's Investment Policy, interest rate risk shall be limited by structuring the investment portfolio such that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity and by investing operating funds in short-term securities such as investment pools.

The following table categorizes interest rate risk and concentration of credit risk for the Town:

Investment Category	Market Value	Maturity Less Than 1 Year	Maturity 1-5 Years	Concentration of Credit Risk	S&P Rating
Certificates of Deposit	$ 7,440,367	$ 7,440,367	$ -	18.20%	NR
U.S. Treasury Obligations	5,437,332	5,437,332	-	13.30%	AA+
Government Investment Pool	27,996,086	27,996,086	-	68.49%	N/A
Total	$ 40,873,785	$ 40,873,785	$ -	100%	

As of December 31, 2025, cash is restricted as follows:

Restriction	
Series 2012 Water Revenue Refunding and Improvement Bonds Reserve	$ 164,800
Series 2024A Operation and Maintenance Reserve Fund	594,752
Sewer fund cash restricted for Facility Expansion and retiring PIF credits	12,082,503
Conservation trust proceeds restricted for parks and recreation expenditures	311,286
Total	$ 13,153,341

4. Capital Assets

Governmental capital assets activity for the year ended December 31, 2025, was as follows:

	Balance December 31, 2024	Additions	Retirements	Balance December 31, 2025
Governmental Activities				
Capital assets, *not being depreciated* :				
Land	$ 116,698	$ -	$ -	$ 116,698
Construction in Process	1,859,622	367,709	(580,364)	1,646,967
Total capital assets, *not being depreciated*	1,976,320	367,709	(580,364)	1,763,665
Capital assets, being depreciated/amortized:				
Buildings	2,805,791	-	-	2,805,791
Parks	402,055	-	-	402,055
Streets	9,337,792	580,364	-	9,918,156
Infrastructure	219,919	-	-	219,919
Equipment	1,771,468	211,607	(16,000)	1,967,075
Right-Of-Use asset, lease equipment	90,969	-	-	90,969
Subscription-based IT Arrangements, asset	70,355	-	-	70,355
Total capital assets, being depreciated/amortized	14,698,349	791,971	(16,000)	15,474,320
Less accumulated depreciation/amortization for				
Buildings	(658,093)	(68,108)	-	(726,201)
Parks	(371,912)	(15,627)	-	(387,539)
Streets	(2,915,225)	(311,260)	-	(3,226,485)
Infrastructure	(131,937)	(7,331)	-	(139,268)
Equipment	(974,863)	(202,076)	16,000	(1,160,939)
Right-Of-Use asset, lease equipment	(50,370)	(25,176)	-	(75,546)
Subscription-based IT Arrangements, asset	(2,814)	(33,770)	-	(36,584)
Accumulated depreciation	(5,105,214)	(663,348)	16,000	(5,752,562)
Total capital assets, *being depreciated* , net	9,593,135	128,623	-	9,721,758
Total governmental activities capital assets, net	$ 11,569,455	$ 496,332	$ (580,364)	$ 11,485,423

Depreciation/Amortization expense of Governmental Activities was charged to the following activities:

General government - administrative	$ (75,439)
Public safety - police	(115,363)
Public works - streets	(393,638)
Public works - parks	(41,150)
Maintenance	(36,414)
Community Development	(1,344)
Total	$ (663,348)

4. Capital Assets (continued)

Business-type activity for the year ended December 31, 2025, was as follows:

	Balance December 31, 2024	Additions	Retirements	Adjustments	Balance December 31, 2025
Business-Type Activities					
Capital assets, *not being depreciated*:					
Land	$ 334,564	$ -	$ -	$ -	$ 334,564
Water rights	509,688	-	-	-	509,688
Construction in progress	4,572,759	8,847,262	-	-	13,420,020
Total capital assets, *not being depreciated*	5,417,011	8,847,262	-	-	14,264,272
Capital assets, being depreciated:					
Building	2,289,236	-	-	-	2,289,236
Plant	26,156,342	114,946	-	-	26,271,288
Line and connections	4,026,782	52,386	-	-	4,079,168
Equipment	800,757	78,483	-	-	879,240
Meters	351,120	-	-	-	351,120
Vehicles	21,371	84,588	-	-	105,959
Software	109,642	-	-	-	109,642
Total capital assets, being depreciated	33,755,250	330,403	-	-	34,085,653
Accumulated Depreciation					
Building	(525,586)	(57,079)	-	-	(582,665)
Plant	(10,571,724)	(796,285)	-	-	(11,368,009)
Line and connections	(1,455,288)	(103,189)	-	-	(1,558,477)
Equipment	(691,587)	(11,477)	-	-	(703,064)
Meters	(97,304)	(19,524)	-	-	(116,828)
Vehicles	(21,371)	(9,063)	-	-	(30,434)
Software	(116,378)	(2,056)	-	12,563	(105,871)
Accumulated depreciation	(13,479,238)	(998,675)	-	12,563	(14,465,350)
Total capital assets, *being depreciated*, net	20,276,012	(668,272)	-	-	19,620,303
Total business-type activities capital assets, net	$ 25,693,023	$ 8,178,990	$ -	$ 12,563	$ 33,884,575

Depreciation expense of Business-Type Activities was charged to the following activities:

Water operations	$ (415,107)
Sewer operations	(583,568)
	$ (998,675)

5. Long-Term Debt

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

Governmental activities	Balance at December 31, 2024	Additions	Payments	Balance at December 31, 2025	Due Within One Year
Bonds					
2018 Limited Tax G.O. Bonds	$ 3,210,000	$ -	$ 200,000	$ 3,010,000	$ 205,000
Bond premium	112,388	-	8,028	104,360	8,028
Other					
Financed purchases	671,447	143,888	164,698	650,637	153,256
Leases	49,198	-	17,351	31,847	18,666
Subscription-Based IT Arrangements	67,694	-	33,379	34,315	34,315
Compensated absences	114,280	26,502	-	140,782	-
Total	$ 4,225,008	$ 170,390	$ 423,456	$ 3,971,941	$ 419,265

Business-type activities	Balance at December 31, 2024	Additions	Payments	Balance at December 31, 2025	Due Within One Year
Bonds					
Revenue bonds					
2012 Water	$ 745,000	$ -	$ 140,000	$ 605,000	$ 145,000
2024 Series A	6,109,885	-	231,678	5,878,207	235,494
2024 SRF Water Loan	549,917	-	20,589	529,328	21,264
Bond premium	10,751	312,670	24,296	299,125	17,785
Other					
Financed purchases	-	84,589	21,218	63,371	18,007
Compensated Absences	35,535	7,402	-	42,937	-
Total	$ 7,451,088	$ 404,661	$ 437,781	$ 7,417,968	$ 437,550

Bonds Payable

General Obligation Bonds, Series 2018, dated April 18, 2018

The bonds, in the original amount of $4,500,000, mature on December 1, 2037, and require principal payments due on each December 1 with mandatory sinking fund redemption beginning in 2031. Interest at rates ranging from 3% to 4% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, on December 1, 2026 and on any date thereafter, without redemption premium. The bonds were issued to fund general capital projects.

Financed Purchases

During 2021, the Town entered into a financing agreement for the purchase of police vehicles. The agreement was for the purchase of equipment totaling $53,327. The obligation was due in annual payments of principal and interest of $11,303 on June 11 through 2025. The obligation bears an interest rate of 2.99% and was fully satisfied in 2025.

5. Long-Term Debt (continued)

In November 2021, the Town entered into a financing agreement for the purchase of a public works vehicle during the ensuing year. The agreement was for the purchase of equipment totaling $63,515. The obligation is due in annual payments of principal and interest of $13,304 on July 8 through 2026. The obligation bears an interest rate of 4.75%.

In April 2022, the Town entered into a financing agreement for the purchase of a public works vehicle. The agreement was for the purchase of equipment totaling $146,553. The obligation is due in annual payments of principal and interest of $24,024 on June 1 through 2029. The obligation bears an interest rate of 4.85%.

In July 2022, the Town entered into a financing agreement for the purchase of police vehicles. The agreement was for the purchase of equipment totaling $61,483. The obligation is due in annual payments of principal and interest of $13,304 on July 8 through 2026. The obligation bears an interest rate of 4.10%.

In February 2024, the Town entered into a financing agreement for the purchase of a public works vehicle. The agreement was for the purchase of equipment totaling $172,890. The obligation is due in semiannual payments of principal and interest of $14,717 on February 9 and August 9 through 2031. The obligation bears an interest rate of 4.86%.

In August 2024, the Town entered into a financing agreement for the purchase of a public works vehicle. The agreement was for the purchase of equipment totaling $379,045. The obligation is due in annual payments of principal and interest of $65,623 on August 1 through 2030. The obligation bears an interest rate of 4.55%.

In March 2025, the Town entered into a financing agreement for the purchase of public works and police vehicles. The agreement was for the purchase of equipment totaling $228,477. The obligation is due in annual payments of principal and interest of $57,310 on March 20 through 2029. The obligation bears an interest rate of 5.07%.

Lease Obligations

In October 2022, the Town entered into a lease obligation for police equipment. The first payment was due on October 1 of principal and interest of $6,900, followed by annual payments of principal and interest of $6,900 on January 1, 2023 through 2026. There was no stated interest rate on the lease, therefore the Town used an incremental borrowing rate equal to the prime rate at the time the lease was initiated to calculate the initial present value.

In January 2023, the Town entered into a lease obligation for police equipment. The lease is due in annual payments of principal and interest of $14,204 on January 1 through 2027. There was no stated interest rate on the lease, therefore the Town used an incremental borrowing rate equal to the prime rate at the time the lease was initiated to calculate the initial present value.

5. Long-Term Debt (continued)

Subscription-Based IT Arrangements

The Town entered into a subscription-based IT arrangement for enterprise asset management software and related professional services. The agreement is effective from December 1, 2024, through December 31, 2026, and includes both software access and implementation services. Under the terms of the arrangement, the total subscription payments are as follows: due on December 1, 2024, a payment of $2,661; due on January 1, 2025, a payment of $33,523; and due on January 1, 2026, a payment of $35,200. In addition, the Town paid a one-time implementation fee of $49,200. There was no stated interest rate on the arrangement, therefore the Town used an incremental borrowing rate at the time the lease was initiated to calculate the initial present value.

Water Revenue Refunding Bonds, Series 2012, dated November 20, 2012

The bonds, in the original amount of $2,180,000, mature annually on December 1 through December 1, 2029. Interest at the initial and current rate of 2% to 3% is payable on June 1 and December 1 each year. The bonds are subject to redemption prior to maturity, at the option of the Town, at any time on and after December 1, 2020, at the redemption price, plus accrued interest. The bonds were issued to refund the Series 1997 and 2007 Revenue and Improvement Bonds.

The bonds require the Town to maintain a reserve in the amount of $164,800. At December 31, 2025, the cash restricted for the bond reserve was $164,800.

Drinking Water Revolving Fund, Series 2024 A, dated May 1, 2024

The Town obtained a loan in May 2024 from the Colorado Water Resources and Power Development Authority (CWRPDA) (the "Authority") for constructing new water facilities and storage tank with associated piping, valving, and appurtenances. Per the loan agreement, the Town will apply the proceeds of the loan from the Authority (i) to finance or refinance all or any portion of the cost of the project; and (ii) where applicable, to reimburse the Town for all or any portion of the cost of the project, which portion was paid or incurred in anticipation of reimbursement by the Authority. The loan was granted in the amount of $6,128,612 for a term of 20 years with interest at a rate of 4% annually. Payments began on August 1, 2024, and will be made every six months through August 1, 2044. In 2025, the Town recognized the associated bond premium of $312,670, resulting in total available proceeds of $6,441,282 to be drawn and expended on the project. The bond premium will be amortized annually in the amount of $15,634. At December 31, 2025, reimbursement requests of $7,613,266 had been made on the loan, and $386,734 remained available to be drawn on the loan.

5. Long-Term Debt (continued)

Loan Agreement with Colorado Water Resources and Power Development Authority (CWRPDA)

The Town obtained a loan in May 2024 from the Colorado Water Resources and Power Development Authority (CWRPDA) (the "Authority") for constructing new water facilities. The loan was made in the amount of $1,558,718 with an up-front principal forgiveness applied at closing of $1,000,000, for a term of 20 years with interest at a rate of 3.25% annually. Payments begin on November 1, 2024 and will be made every six months through May 1, 2044. At December 31, 2025, reimbursement requests of $1,558,718 had been made on the loan; accordingly, no funds remained available to be drawn under the loan.

As a condition of the CWRPDA debts, the Town must certify to the Authority the following information:

1. Compliance with rate covenant - the rate covenant requires that fees charged and collected be at least sufficient each year to pay the sum of amounts required to pay operating and maintenance expenses (as defined) of $2,315,868 in 2025, 110% of the debt service on the loans of $634,962 in 2025, debt reserve payment of $0 in 2025, subordinate lien debt service of $0 in 2025, and other debt service payable from the above fees of $0 in 2025. The $2,950,830 total requirement of the covenant was met by fees, charges for service, and investment income (as defined) of $3,774,090 for the year ended December 31, 2025.

2. Compliance with operation and maintenance reserve fund - the reserve requirement is estimated to be approximately $594,752 at December 31, 2025 based on Exhibit F of the loan agreement. The Town maintained a reserve account of $594,752 at December 31, 2025.

3. Lien representation - the property pledged for this debt, except as disclosed to the Authority in writing, is free and clear of any pledge, lien, charge or encumbrance.

Debt maturities

The bond obligations of the governmental activities mature as follows:

Year ending December 31,	Principal	Interest and Servicing Fees	Total
2026	$ 205,000	$ 109,450	$ 314,450
2027	210,000	103,300	313,300
2028	220,000	97,000	317,000
2029	225,000	90,400	315,400
2030	235,000	83,650	318,650
2031-2035	1,315,000	282,000	1,597,000
2036-2037	600,000	36,200	636,200
Total	$ 3,010,000	$ 802,000	$ 3,812,000

5. Long-Term Debt (continued)

The financed purchases of the governmental activities mature as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 153,256	$ 23,667	$ 176,923
2027	132,807	18,455	151,262
2028	138,867	14,027	152,894
2029	120,851	3,012	123,863
2030	90,488	11,307	101,795
2031	14,368	11,307	25,675
Total	$ 650,637	$ 81,776	$ 732,413

The lease obligations of the governmental activities mature as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 18,666	$ 2,438	$ 21,104
2027	13,181	1,023	14,204
Total	$ 31,847	$ 3,461	$ 35,308

The obligations of the business-type activities mature as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 419,765	$ 178,468	$ 598,233
2027	436,254	165,509	601,763
2028	443,787	152,081	595,868
2029	448,118	138,580	586,698
2030	293,274	124,705	417,979
2031-2035	1,585,521	497,604	2,083,125
2036-2040	1,799,334	281,775	2,081,109
2041-2044	1,649,853	76,504	1,726,357
Total	$ 7,075,906	$ 1,615,226	$ 8,691,132

Debt authorization

As of December 31, 2025, the Town had no authorized but unissued debt.

6. Net Position

The Town has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

6. Net Position (continued)

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of bonds, loans, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

As of December 31, 2025, the Town had net investment in capital assets as follows:

	Governmental Activities	Business-type Activities
Capital assets, net	$ 11,485,423	$ 33,884,575
Current portion of long-term debt	(419,265)	(437,550)
Long-term debt due in more than one year	(3,411,894)	(6,937,481)
Net investment in capital assets	$ 7,654,264	$ 26,509,544

Restricted net positions include net position that is restricted for use either externally imposed by creditors, government grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2025, the Town had restricted net position as follows:

	Governmental Activities	Business-type Activities
Emergency reserves (see Note 14)	$ 226,803	$ -
Conservation Trust	311,286	-
Capital projects – PIF Collections	-	12,082,503
Bond debt service (see Note 5)	-	759,552
Restricted net position	$ 538,089	$ 12,842,055

As of December 31, 2025, the Town had an unrestricted net position of $8,163,269 in governmental activities and unrestricted net position in business-type activities of $31,215,288.

7. State Fire and Police Pension Plan (FPPA)

Plan description

The Town participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

7. State Fire and Police Pension Plan (FPPA) (continued)

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose from among various investment options offered by an outside investment manager.

The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Description of Benefits

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 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 an 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 years' 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 years' base salary for each year of service thereafter.

7. State Fire and Police Pension Plan (FPPA) (continued)

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

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 non-compounding. 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.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 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 contribute 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 2024, the total combined member and employer contribution rate was 22.0 percent.

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. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

7. State Fire and Police Pension Plan (FPPA) (continued)

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

Pension

At December 31, 2025, the Town reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability as of December 31, 2024, is based upon the January 1, 2025, actuarial valuation. The actuarially determined contributions as of December 31, 2024, are based upon the January 1, 2024, actuarial valuation.

The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2024, the Town's proportion was approximately 0.109 percent, an increase of 0.021 percent from the prior year.

Actuarial Assumptions

The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2024. The valuations used 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, net*	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.75%	4.25 – 11.75 percent
Cost of Living Adjustment (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

7. State Fire and Police Pension Plan (FPPA) (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 for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. 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 pre-retirement 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 & Company, 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 Rate of Return
Global Equity	33.00%	7.00%
Equity Long/Short	6.00%	6.20%
Private Markets	34.00%	8.80%
Fixed Income - Rates	7.00%	5.00%
Fixed Income - Credit	7.00%	6.50%
Absolute Return	9.00%	5.70%
Cash	4.00%	4.20%
Total	**100.00%**	

7. State Fire and Police Pension Plan (FPPA) (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 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 this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (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 percent.

Sensitivity Analysis

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1.00 % Decrease (6.00%)	Single Discount Rate (7.00%)	1.00% Increase (8.00%)
Projected Net Pension (Asset) Liability	$ 531,441	$ 0	$ 0

The net pension liability of $0 reflects a reserve for cost of living adjustments and to manage adverse experience of each stated discount rate above

7. State Fire and Police Pension Plan (FPPA) (continued)

Other information

For the year ended December 31, 2025, the Town recognized pension expense related to this plan of $189,696. 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
Differences between expected and actual experience	$ 261,694	$ 8,186
Changes of assumptions or other inputs	93,658	-
Net difference between projected and actual earnings on pension plan investments	37,176	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	69,311
District contributions subsequent to the measurement date	133,892	-
	$ 526,421	$ 77,497

The $133,892 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a reduction of 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 in pension expense as follows:

Year ended December 31,	Amortization
2026	$ 97,055
2027	149,715
2028	2,273
2029	7,677
2030	27,547
Thereafter	30,765
	$ 315,032

The average of the expected remaining service lives of all members in the plan, including active and inactive members, is 8.3043 years determined as of the beginning of the December 31, 2024 measurement period.

8. Fire and Police Pension Association (FPPA) – 457 Plan

Employees of the Town who are members of the FPPA Statewide Defined Benefit Plan may voluntarily contribute to the FPPA 457 Deferred Compensation Plan (FPPA 457 Plan), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is voluntary, and contributions are separate from others made to FPPA. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the 457 Plan. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Englewood, Colorado 80111 or by calling FPPA at 1-800-332-FPPA (3772).

The FPPA 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS, with catch-up contributions allowed for participants who had attained the age of 50 before the close of the plan year. Plan member pre- tax contributions to the 457 Plan were $3,000 for 2025.

9. Defined Benefit Pension Plan – PERA, Non-Police Staff

Plan Description

Eligible employees of the Town are provided with pensions through the Local Government Division Trust Fund (LGDTF) a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided as of December 31, 2024

PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

In all cases, the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007, and all eligible benefit recipients of the DPS benefit structure will receive the maximum annual increase (AI) or AI cap of 1.00% unless adjusted by the AAP. Eligible benefit recipients under the PERA benefit structure who began membership on or after January 1, 2007, will receive the lesser of an annual increase of the 1.00% AI cap or the average increase of the Consumer Price Index for Urban Wage Earners and Clerical Workers for the prior calendar year, not to exceed a determined increase that would exhaust 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF. The AAP may raise or lower the aforementioned AI cap by up to 0.25 percent based on the parameters specified in C.R.S. § 24-51-413.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contribution provisions of December 31, 2025

Eligible employees and the Town and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, et seq. and § 24-51-413. Employee contribution rates for the period 1/1/2024 through 12/31/2025 are summarized in the table below:

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

	January 1, 2024 through December 31, 2024	January 1, 2025 through December 31, 2025
Employee contribution	9.00%	9.00%

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

The employer contribution requirements for all employees are summarized in the table below:

	January 1, 2024 through December 31, 2024	January 1, 2025 through December 31, 2025
Employer Contribution Rate*	11.00%	11.00%
Amount of Employer Contribution Apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)*	(1.02)%	(1.02)%
Amount Apportioned to LGDTF*	9.98%	9.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411*	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411*	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
Total Employer Contribution Rate to the LGDTF*	**13.76%**	**13.79%**

*Contribution rates for the LGDTF are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Town were $252,512 for the year ended December 31, 2025.

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability for the LGDTF was measured as of December 31, 2024, and the total pension liability (TPL) used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TPL to December 31, 2024. The Town's proportion of the net pension liability was based on the Town's contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the Town reported a liability of $950,348 for its proportionate share of the net pension liability.

At December 31, 2024, the Town's proportion was 0.155 percent, which was an increase of 0.006 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town recognized a pension expense of $271,494. 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
Differences between expected and actual experience	$ 71,712	$ -
Changes of assumptions or other inputs	28,047	-
Net difference between projected and actual earnings on pension plan investments	89,432	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	16,063	-
District contributions subsequent to the measurement date	252,512	-
	$ 457,765	$ -

$252,512 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase of 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 in pension expense as follows:

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

Year ended December 31,	Amortization
2026	$ 188,913
2027	227,641
2028	(151,373)
2029	(59,928)
	$ 205,252

Actuarial assumptions

The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry Age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, Including Wage Inflation	3.20 – 11.30%
Long-Term Investment Rate of Return, Net of Pension Plan Investment Expenses, Including Price Inflation	7.25%
Discount Rate	7.25%
Future Post Retirement Benefit Increases:	
PERA Benefit Structure Hire Prior to January 1, 2007 and DPS Benefit Structure	1.00% Compounded Annually
PERA Benefit Structure Hire After December 31, 2006[1]	Finance by the Annual Increase Reserve

[1]Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of the 2020 experience analysis for the period January 1, 2016, through December 31, 2019, and were reviewed and adopted by the PERA Board at their November 20, 2020, meeting.

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

Asset Class	Target Allocation	30-Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	100.00%	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount rate

The discount rate used to measure the total pension liability was 7.25%. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the Local Government Division Trust Fund as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.0 percent.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year and the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.

9. Defined Benefit Pension Plan – PERA, Non-Police Staff (continued)

- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund were $486,000. The Town's proportionate share of the increase in FNP as a result of this transaction was $753.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent as of the measurement date, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate Share of the Net Pension Liability	$ 2,080,122	$ 950,347	$ 1,210

Pension plan fiduciary net position

Detailed information about the LGDTF's fiduciary net position is available in PERA's annual comprehensive financial report, which can be obtained at www.copera.org/investments/pera-financial-reports.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan

Plan Description

Eligible employees of the Town are provided with OPEB through the HCTF—a cost-sharing multiple-employer defined benefit OPEB plan administered by PERA. The HCTF is established under Title 24, Article 51, Part 12 of the Colorado Revised Statutes (C.R.S.), as amended. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of the premium subsidies. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.copera.org/investments/pera-financial-reports.

Benefits Provided

The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. For members who retire having service credit with employers in the Denver Public Schools (DPS) Division and one or more of the other four Divisions (State, School, Local Government and Judicial), the premium subsidy is allocated between the HCTF and the Denver Public Schools Health Care Trust Fund (DPS HCTF). The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure and all retirees under the DPS benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare. Upon the death of a DPS benefit structure retiree, no further subsidy is paid.

Eligibility to enroll in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, certain surviving spouses, and divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

PERA Benefit Structure

The maximum service-based premium subsidy is $230 per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is $115 per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium- free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the Town is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the Town were $18,725 for the year ended December 31, 2025.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2025, the Town reported a liability of $58,895 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the total OPEB liability to December 31, 2024. The Town's proportion of the net OPEB liability was based on the Town's contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Town's proportion was 0.012 percent, which was an increase of 0.001 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town recognized an OPEB expense of $1,428. At December 31, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 12,991
Changes of assumptions or other inputs	675	18,826
Net difference between projected and actual earnings on pension plan investments	200	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	23,556	-
Contributions subsequent to the measurement date	18,725	-
Total	$ 43,155	$ 31,817

$18,725 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a reduction in the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Year ended December 31,	Amortization
2026	$ (724)
2027	759
2028	(3,235)
2029	(1,548)
2030	(1,381)
Thereafter	(1,258)
	$ 7,386

Actuarial assumptions

The TOL in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, actuarial assumptions and other inputs:

Actuarial Cost Method	Entry age
Price Inflation	2.30%
Real Wage Growth	0.70%
Wage Inflation	3.00%
Salary Increases, including wage inflation:	3.20%-11.30%
Long-term investment rate of return, net of OPEB investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates:	
Service-based Premium Subsidy	0.0%
PERACare Medicare Plans[1]	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A Premiums	3.50% for 2024, gradually increasing to 4.50% in 2033

Each year the per capita health care costs are developed by plan option; currently based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors are then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
5-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 1,710	$ 1,420	$ 585	$ 486	$ 1,897	$ 1,575
70	$ 1,921	$ 1,589	$ 657	$ 544	$ 2,130	$ 1,763
75	$ 2,122	$ 1,670	$ 726	$ 571	$ 2,353	$ 1,853

	MAPD PPO #1 without Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
Sample Age	Male	Female	Male	Female	Male	Female
65	$ 6,536	$ 5,429	$ 4,241	$ 3,523	$ 7,063	$ 5,866
70	$ 7,341	$ 6,073	$ 4,764	$ 3,941	$ 7,933	$ 6,563
75	$ 8,110	$ 6,385	$ 5,262	$ 4,143	$ 8,763	$ 6,900

The 2024 Medicare Part A premium is $505 (actual dollars) per month.

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans[1]	Medicare Part A Premiums
2024	16.00%	3.50%
2025	6.75%	3.75%
2026	6.50%	3.75%
2027	6.25%	4.00%
2028	6.00%	4.00%
2029	5.75%	4.25%
2030	5.50%	4.25%
2031	5.25%	4.25%
2032	5.00%	4.25%
2033	4.75%	4.50%
2034+	4.50%	4.50%

[1] Increase in 2024 trend rates due to the effect of the Inflation Reduction Act.

Mortality assumptions used in the December 31, 2023, valuation for the determination of the total pension liability as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the PubG-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

The following health care costs assumptions were updated and used in the roll-forward calculation for the HCTF:

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums.
- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by PERA Board's actuary, as discussed above.

The actuarial assumptions used in the December 31, 2023, valuations were based on the 2020 experience analysis dated October 28, 2020, and November 4, 2020, for the period January 1, 2016, through December 31, 2019. Revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020.

Based on the 2024 experience analysis, dated January 3, 2025, for the period January 1, 2020, to December 31, 2023, revised actuarial assumptions were adopted by PERA's Board on January 17, 2025, and were effective as of December 31, 2024. The following assumptions were reflected in the roll forward calculation of the total OPEB liability from December 31, 2023, to December 31, 2024.

	HCTF
Salary increases, including wage inflation	3.40%-13.00%

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25% long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the November 15, 2019, meeting, and again at the Board's September 20, 2024, meeting. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	51.00%	5.00%
Fixed Income	23.00%	2.60%
Private Equity	10.00%	7.60%
Real Estate	10.00%	4.10%
Alternatives	6.00%	5.20%
Total	**100.00%**	

Note: In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected nominal rate of return assumption of 7.25%.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates

The following presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare Trend Rate	5.75%	6.75%	7.75%
Ultimate PERACare Medicare Trend Rate	3.50%	4.50%	5.50%
Initial Medicare Part A Trend Rate	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$57,308	$58,895	$60,691

Discount Rate

The discount rate used to measure the total OPEB liability was 7.25 percent. The basis for the projection of liabilities and the FNP used to determine the discount rate was an actuarial valuation performed as of December 31, 2023, and the financial status of the HCTF as of the current measurement date (December 31, 2024). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2024, year-end, the additional employer disaffiliation payment allocations recognized by PERA to the HCTF and Local Government Division Trust Fund were $20 and $486, respectively. The Town’s proportionate share of the increase in FNP as a result of this transaction was $0.

10. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Based on the above assumptions and methods, the HCTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25% on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25%. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25%) or 1-percentage-point higher (8.25%) than the current rate:

	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate Share of Net OPEB Liability	$72,176	$58,895	$47,144

OPEB plan fiduciary net position

Detailed information about the HCTF's fiduciary net position is available in PERA's ACFR, which can be obtained at www.copera.org/investments/pera-financial-reports.

11. Defined Contribution Plan

The Town offers employees to participate in the Town of Lochbuie Section 457(b) Deferred Compensation Plan (457 Plan), an Internal Revenue Code Section 457 defined contribution plan. Nationwide Life Insurance Company is contracted to manage contributions and maintain participant accounts. Plan participation is voluntary.

The 457 Plan is funded by voluntary member contributions of up to maximum limit set by the IRS ($23,500 for 2025). Catch-up contributions of up to $7,500 are allowed for participants who had attained the age of 50 before the close of the plan year. Plan member pre-tax contributions to the 457 Plan were $44,325 and post-tax Roth contributions were $5,610 for 2025.

12. Intergovernmental Agreements

Beebe Draw Wastewater Service Agreement

Effective August 14, 2009 the Town entered into the First Amended and Restated Beebe Draw Wastewater Service Agreement with the City of Brighton (Brighton) and the South Beebe Draw Metropolitan District (SBDMD). Under the terms of the agreement, the Town will maintain its wastewater treatment plant capacity to serve the Beebe Draw service area to full development.

The expansion required to achieve the capacity is funded by special charges in the form of Plant Investment Fees (PIFs) which are to be collected and remitted to an income-producing escrow account. The escrow account was governed by an Escrow Agreement executed by the Town and Brighton. The Town is the owner, operator and manager of the treatment plant. PIFs in the escrow account are for the development, acquisition and construction of future facility expansions to serve property in the Beebe Draw Service Area.

In June 2021, the Town with the City of Brighton and the South Beebe Draw Metropolitan District entered into The First Amendment to the First Amended and Restated Beebe Draw Wastewater Service Agreement. The amendment replaced certain parts of the 2009 agreement. The Town is required to deposit the PIFs collected by the Town and Brighton in a segregated income-producing account with funds disbursed solely for the purposes set forth in the agreement. The PIF was set at a rate of $4,830 per sewer tap effective January 1, 2018. Funds are submitted to the account on a monthly basis by the Town and Brighton. As of December 31, 2024, the PIF account had a balance of $10,446,619.

13. Risk Management

The Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a joint self-insurance pool created by intergovernmental agreement of over 200 municipalities to provide property, general and automobile liability, and public officials' coverage to its members. CIRSA is governed by a seven-member board elected by and from among its members. Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not required to do so.

The Town has not been informed of any excess losses that may have been incurred by the pool for the past three years.

14. Tax, Spending and Debt Limitation

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

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

Spending and revenue limits are determined based on the prior year's fiscal year spending as adjusted for allowable increases for inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenues in excess of the fiscal year spending limit must be refunded unless retention of such revenue has been approved by the voters.

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 believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualification as an Enterprise will require judicial interpretation.

The Town passed a ballot question on November 5, 1996. The ballot question permitted the Town to collect, retain and expend, without imposing any new taxes or increases in its present mill levy on general property or its sales and use tax rates, the full revenues generated by the Town's sales and use tax, non-federal grants, its existing mill levy and any other excess revenues, commencing January 1, 1995, and each subsequent year, notwithstanding any state restrictions of Article X, Section 20, of the Colorado Constitution, and spend as a voter-approved change and exception to the limits which would otherwise apply for: (a) street construction, repair, and maintenance; (b) capital improvements; (c) parks and recreation; (d) police protection; (e) storm drainage; (f) snow removal; (g) street sweeping; and (h) other municipal services. In 2016, the Town received notification from the State of Colorado Department of Local Affairs that they have determined that the ballot question language is not sufficient to remove the Town from the statutory property revenue tax limitation of 5.5%.

15. Commitments and Contingencies

Claims and Judgments

The Town participates in a number of federal, state, and county programs that are fully or partially funded by grants received from other governmental units. 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.

16. Correction of Errors

During 2025, the Town identified errors in recording amounts collected on behalf of others. Therefore, liabilities were understated by $417,051 for the year ended December 31, 2024.

In addition, the Town identified an error in the prior year financial statements related to accounts payable. A vendor invoice was recorded twice, resulting in the overstatement of accounts payable and expenses as of December 31, 2024.

The effect of correcting these errors is shown below, which resulted in a restatement of beginning fund balance and beginning net position as follows:

	12/31/2024 As Previously Reported	Correction Of Error	12/31/2024 As Restated
Government-Wide			
Governmental Activities	$ 15,711,074	$ (417,051)	$ 15,294,023
Business-Type Activities	65,408,187	758,338	66,166,525
Total Primary Government	$ 81,119,261	$ 341,287	$ 81,460,548
Governmental Funds			
Major Funds:			
General Fund	$ 7,965,954	$ (417,051)	$ 7,548,903
Total Governmental Funds	$ 7,965,954	$ (417,051)	$ 7,548,903
Proprietary Funds			
Major Funds:			
Water Fund	$ 33,060,054	$ 758,338	$ 33,818,392
Total Proprietary Funds	$ 33,060,054	$ 758,338	$ 33,818,392

Town of Lochbuie, Colorado

Required Supplementary Information

Town of Lochbuie, Colorado

Conservation Trust Fund
Schedule of Revenues, Expenditures
And Changes in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Intergovernmental	$ 100,000	$ 97,565	$ (2,435)
Interest earnings	3,200	10,318	7,118
TOTAL REVENUES	103,200	107,883	4,683
EXPENDITURES			
Capital outlay	25,000	-	25,000
TOTAL EXPENDITURES	25,000	-	25,000
NET CHANGE IN FUND BALANCE	$ 78,200	$ 107,883	$ 29,683
FUND BALANCE, BEGINNING OF YEAR	203,403	203,403	-
FUND BALANCE, END OF YEAR	$ 281,603	$ 311,286	$ 29,683

Town of Lochbuie, Colorado

Required Supplementary Information

Schedule of Proportionate Share and Employer Contributions - FPPA

For the Year Ended December 31, 2025

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Colorado FPPA- Pension

Plan Measurement Date	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Net Pension Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2015	0.08131%	$ (1,433)	$ 393,362	-0.4%	100.1%
12/31/2016	0.09421%	34,042	482,150	7.1%	100.1%
12/31/2017	0.09054%	(130,260)	559,800	-23.3%	106.3%
12/31/2018	0.08927%	112,856	406,175	27.8%	95.2%
12/31/2019	0.09181%	(51,926)	676,691	-7.7%	95.2%
12/31/2020	0.09051%	(196,502)	726,997	-27.0%	106.7%
12/31/2021	0.09732%	(527,394)	785,158	-67.2%	116.2%
12/31/2022	0.08079%	71,713	702,911	10.2%	97.6%
12/31/2023	0.08801%	-	864,613	0.0%	100.0%
12/31/2024	0.10890%	-	1,189,542	0.0%	100.0%

Schedule of Employer Contributions

Period Ended	Actuarially Required Contributions	Actual Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 38,572	$ 38,572	$ -	$ 482,150	8.0%
12/31/2017	44,784	44,784	-	559,880	8.0%
12/31/2018	32,494	32,494	-	406,175	8.0%
12/31/2019	54,135	54,135	-	676,691	8.0%
12/31/2020	58,160	58,160	-	726,997	8.0%
12/31/2021	66,591	66,591	-	785,158	8.5%
12/31/2022	63,262	63,262	-	702,911	9.0%
12/31/2023	82,138	82,138	-	864,613	9.5%
12/31/2024	118,746	118,746	-	1,189,542	10.0%
12/31/2025	133,892	133,892	-	1,278,439	10.5%

Town of Lochbuie, Colorado
Required Supplementary Information - PERA
For the Year Ended December 31, 2025

Schedule of Proportionate Share of the Net Pension Liability (Asset)

Colorado PERA - Pension

Plan Measurement Date *	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability (Asset)	Covered Payroll	Net Pension Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2015	0.06695%	$ 737,491	$ 457,823	161.09%	76.90%
12/31/2016	0.08113%	1,095,488	594,660	184.22%	73.65%
12/31/2017	0.09646%	1,073,973	550,481	195.10%	79.40%
12/31/2018	0.01019%	1,281,573	578,304	221.61%	75.96%
12/31/2019	0.10185%	744,945	687,567	108.35%	86.26%
12/31/2020	0.11674%	608,379	833,121	73.02%	90.88%
12/31/2021	0.12922%	(110,792)	953,307	-11.62%	101.49%
12/31/2022	0.13074%	1,310,772	1,062,650	123.35%	82.99%
12/31/2023	0.14842%	1,089,447	1,071,801	101.65%	88.03%
12/31/2024	0.15488%	950,348	1,463,746	64.93%	90.45%

* *The data provided in this schedule is based as of the measurement date of the Town's net pension liability, which is as of the beginning of the year.*

Schedule of Employer Contributions

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 75,403	$ 75,403	$ -	$ 594,660	12.68%
12/31/2017	69,801	69,801	-	550,481	12.68%
12/31/2018	73,329	73,329	-	578,304	12.68%
12/31/2019	87,183	87,183	-	687,567	12.68%
12/31/2020	107,688	107,688	-	833,121	12.93%
12/31/2021	127,006	127,006	-	953,307	13.32%
12/31/2022	144,153	144,153	-	1,062,650	13.57%
12/31/2023	157,333	157,333	-	1,071,801	14.68%
12/31/2024	206,201	206,201	-	1,463,746	14.09%
12/31/2025	252,512	252,512	-	1,831,122	13.79%

Town of Lochbuie, Colorado
Required Supplementary Information - OPEB
For the Year Ended December 31, 2025

Schedule of Proportionate Share of the OPEB Liability and Related Ratios

Colorado PERA - OPEB

Plan Measurement Date *	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Covered Payroll	OPEB Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/2016	0.0062%	$ 80,743	$ 550,481	14.67%	16.72%
12/31/2017	0.0075%	97,406	578,304	16.84%	17.53%
12/31/2018	0.0079%	107,458	687,567	15.63%	17.03%
12/31/2019	0.0078%	87,679	833,121	10.52%	24.49%
12/31/2020	0.0089%	84,684	953,307	8.88%	32.78%
12/31/2021	0.0100%	86,622	1,062,650	8.15%	39.40%
12/31/2022	0.0105%	86,032	1,071,801	8.03%	38.57%
12/31/2023	0.0118%	84,214	1,071,801	7.86%	46.16%
12/31/2024	0.0123%	58,895	1,463,746	4.02%	59.83%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

** The data provided in this schedule is based as of the measurement date of the Town's net OPEB liability, which is as of the beginning of the year.*

Schedule of Employer Contributions

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 6,065	$ 6,065	$ -	$ 594,660	1.02%
12/31/2017	6,207	6,207	-	550,481	1.13%
12/31/2018	5,903	5,903	-	578,304	1.02%
12/31/2019	7,013	7,013	-	687,567	1.02%
12/31/2020	8,498	8,498	-	833,121	1.02%
12/31/2021	9,724	9,724	-	953,307	1.02%
12/31/2022	10,839	10,839	-	1,062,650	1.02%
12/31/2023	10,932	10,932	-	1,071,801	1.02%
12/31/2024	14,930	14,930	-	1,463,746	1.02%
12/31/2025	18,677	18,677	-	1,831,122	1.02%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Notes to the Required Supplementary Information

Note 1 – Significant Changes in Plan Provisions Affecting Trends in Actuarial Information

2024 Changes in Plan Provisions Since 2023

As of the December 31, 2024, measurement date, the fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2024, year-end, the additional employer disaffiliation payment allocations to the Health Care Trust Fund (HCTF) and the Local Government Division Trust Fund recognized by PERA were $20,000 and $486,000 respectively. The Town's proportionate share of the increase in FNP as a result of this transaction was $31 for pension, and $60 for OPEB.

As of the December 31, 2024, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

Note 2 - Significant Changes in Assumptions or Other Inputs Affecting Trends in Actuarial Information

2024 Changes in Assumptions or Other Inputs Since 2023

There were no changes made to the actuarial methods or assumptions.

Note 3 – Retirement Plan Supplementary Information

The schedules presented in the Retirement Plan Supplementary Information for the year ended December 31, 2025, are intended to show information for ten years. Additional years will be displayed as they become available.

Town of Lochbuie, Colorado

Other Supplementary Information

Town of Lochbuie, Colorado

Enterprise Fund - Water
Schedule of Revenues, Expenses
And Changes in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Water operations	$ 2,671,000	$ 2,948,873	$ 277,873
Fees	506,250	617,272	111,022
Earnings on investments	426,000	903,064	477,064
Other revenue	-	1,315,264	1,315,264
TOTAL REVENUES	3,603,250	5,784,473	2,181,223
EXPENDITURES			
Operating expenses	2,445,017	1,109,132	1,335,885
General administration	1,062,475	1,206,737	(144,262)
Debt service			
Principal	436,297	394,418	41,879
Interest	188,181	176,221	11,960
Capital outlay	26,772,190	7,137,027	19,635,163
TOTAL EXPENDITURES	30,904,160	10,023,535	20,880,625
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(27,300,910)	(4,239,062)	23,061,848
OTHER FINANCING SOURCES (USES)			
Bond / Loan proceeds	8,000,000	-	(8,000,000)
Transfers in (out)	-	(1,312,746)	(1,312,746)
TOTAL OTHER FINANCING SOURCES AND (USES)	8,000,000	(1,312,746)	(9,312,746)
CHANGE IN FUND BALANCE	(19,300,910)	(5,551,808)	13,749,102
FUNDS AVAILABLE - BEGINNING OF YEAR	14,499,703	14,499,703	-
FUNDS AVAILABLE - END OF YEAR	$ (4,801,207)	$ 8,947,895	$ 13,749,102
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS			
Principal		394,418	
Capital outlay		7,137,027	
Depreciation		(411,176)	
CHANGE IN NET POSITION - GAAP BASIS		1,568,461	
NET POSITION, BEGINNING OF YEAR (AS RESTATED)		33,818,392	
NET POSITION, END OF YEAR		$ 35,386,853	

Town of Lochbuie, Colorado

Enterprise Fund - Sewer
Schedule of Revenues, Expenses
And Changes in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES			
Charges for services	$ 1,248,000	$ 2,427,352	$ 1,179,352
Other operating	-	26,711	26,711
Earnings on investments	400,000	923,355	523,355
Tap fees/PIFs	3,449,688	1,692,367	(1,757,321)
Other revenue	1,500	1,613	113
TOTAL REVENUES	5,099,188	5,071,398	(27,791)
EXPENDITURES			
Operating expenses	2,369,181	1,069,950	1,299,231
General administration	668,617	594,651	73,966
Capital outlay	1,032,902	770,698	262,204
TOTAL EXPENDITURES	4,070,700	2,435,299	1,635,401
CHANGE IN FUND BALANCE	1,028,488	2,636,099	1,607,611
FUNDS AVAILABLE - BEGINNING OF YEAR	15,067,410	15,067,410	-
FUNDS AVAILABLE - END OF YEAR	$ 16,095,898	$ 17,703,509	$ 1,607,611
ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS			
Capital outlay		770,698	
Depreciation		(574,895)	
CHANGE IN NET POSITION - GAAP BASIS		2,831,901	
NET POSITION, BEGINNING OF YEAR		32,348,133	
NET POSITION, END OF YEAR		$ 35,180,034	

Town of Lochbuie, Colorado
Schedule of Debt Service Requirements to Maturity
Governmental Funds
December 31, 2025

	$4,500,000 Limited Tax General Obligation Bonds Series 2018 Dated June 1, 2017 Principal Due December 1 Interest Rate 2% to 4% Payable June 1 and December 1		
Year Ended December 31,	Principal	Interest	Total
2026	$ 205,000	$ 109,450	$ 314,450
2027	210,000	103,300	313,300
2028	220,000	97,000	317,000
2029	225,000	90,400	315,400
2030	235,000	83,650	318,650
2031	245,000	76,600	321,600
2032	250,000	66,800	316,800
2033	260,000	56,800	316,800
2034	275,000	46,400	321,400
2035	285,000	35,400	320,400
2036	295,000	24,000	319,000
2037	305,000	12,200	317,200
	$ 3,010,000	$ 802,000	$ 3,812,000

Town of Lochbuie, Colorado
Schedule of Debt Service Requirements to Maturity
Enterprise Funds
December 31, 2025

Year Ended	\$558,718 Drinking Water Revolving Fund Series 2024 Dated May 23, 2024 Principal Due May 1 and November 1 Interest Rate 3.25% Payable May 1 and November 1			\$6,128,612 Drinking Water Revolving Fund Series 2024 A Dated May 1, 2024 Principal Due February 1 and August 1 Interest Rate 4.00% Payable February 1 and August 1			\$2,180,000 Water Revenue Bonds Series 2012 Dated June 1, 2017 Principal Due December 1 Interest Rate 2% to 3% Payable June 1 and December 1			Total		
December 31,	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 21,264	\$ 17,032	\$ 38,296	\$ 235,494	\$ 140,075	\$ 375,569	\$ 145,000	\$ 18,150	\$ 163,150	\$ 401,758	\$ 175,257	\$ 577,015
2027	21,961	16,335	38,296	245,374	133,075	378,449	150,000	13,800	163,800	417,335	163,210	580,545
2028	22,680	15,616	38,296	251,229	125,825	377,054	150,000	9,300	159,300	423,909	150,741	574,650
2029	23,423	14,872	38,296	258,127	118,575	376,702	160,000	4,800	164,800	441,550	138,247	579,798
2030	24,191	14,105	38,296	269,083	110,600	379,683	-	-	-	293,274	124,705	417,979
2031	24,983	13,312	38,296	273,113	103,100	376,213	-	-	-	298,096	116,412	414,509
2032	25,802	12,494	38,296	284,809	95,600	380,409	-	-	-	310,611	108,094	418,705
2033	26,647	11,649	38,296	287,978	87,850	375,828	-	-	-	314,625	99,499	414,124
2034	27,520	10,775	38,296	299,821	80,350	380,171	-	-	-	327,341	91,125	418,467
2035	28,422	9,874	38,296	306,425	72,600	379,025	-	-	-	334,847	82,474	417,321
2036	29,353	8,943	38,296	313,769	64,850	378,619	-	-	-	343,122	73,793	416,915
2037	30,315	7,981	38,296	321,937	57,100	379,037	-	-	-	352,252	65,081	417,333
2038	31,308	6,988	38,296	331,021	49,350	380,371	-	-	-	362,329	56,338	418,667
2039	32,334	5,962	38,296	334,005	41,600	375,605	-	-	-	366,339	47,562	413,901
2040	33,393	4,902	38,296	341,898	34,100	375,998	-	-	-	375,291	39,002	414,294
2041	34,487	3,808	38,296	356,569	26,600	383,169	-	-	-	391,056	30,408	421,465
2042	35,617	2,678	38,296	370,947	20,400	391,347	-	-	-	406,564	23,078	429,643
2043	36,784	1,511	38,296	389,106	14,000	403,106	-	-	-	425,890	15,511	441,402
2044	18,842	306	19,148	407,502	7,200	414,702	-	-	-	426,344	7,506	433,850
	\$ 529,328	\$ 179,143	\$ 708,471	\$ 5,878,207	\$ 1,382,850	\$ 7,261,057	\$ 605,000	\$ 46,050	\$ 651,050	\$ 7,012,535	\$ 1,608,043	\$ 8,620,578

Town of Lochbuie, Colorado

History of Assessed Valuation
Mill Levy and Property Taxes Collected
December 31, 2025

Levy Year / Collection Year	Weld County	Adams County	Total Assessed Valuation	Percent Change
2012/2013	$ 18,463,420	$ 199,310	$ 18,662,730	
2013/2014	17,008,537	223,580	17,232,117	-7.67%
2014/2015	16,957,900	191,260	17,149,160	-0.48%
2015/2016	22,984,210	132,630	23,116,840	34.80%
2016/2017	24,756,620	127,890	24,884,510	7.65%
2017/2018	34,280,430	160,280	34,440,710	38.40%
2018/2019	38,033,630	97,900	38,131,530	10.72%
2019/2020	51,880,640	351,970	52,232,610	36.98%
2020/2021	76,745,480	100,100	76,845,580	47.12%
2021/2022	69,105,590	402,430	69,508,020	-9.55%
2022/2023	87,683,830	3,596,850	91,280,680	31.32%
2023/2024	86,197,180	5,683,110	91,880,290	0.66%

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		**STATE:** COLORADO
THIS INFORMATION FROM THE RECORDS OF: TOWN OF LOCHBUIE	**PREPARED BY:** KIM BAKER KBAKER@LOCHBUIE.ORG	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	603,201	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	673,717	b. Other Misc. Local Receipts	80,598
c. Total (a + b)	$ 1,276,918	**c. Total (a + b)**	80,598

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	277,483	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	0.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	28,044		
c. Total (a + b)	$ 28,044		
4. Total (1 + 2 + 3c)	$ 305,527	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	94,741
c. Construction Costs	279,468
d. Total Capital Outlay (a+ b + c)	374,209

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,276,918
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 80,598
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)	$ 1,357,516
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 305,527
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 1,663,043

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 374,209
2. Maintenance:	$ 524,661
3. Road and Street Services:	
a. Snow and Ice Removal	$ 19,506
b. Other & Traffic Control Operations	$ 82,858
c. Total (a + b)	$ 102,364
4. General Administration & Miscellaneous	$ 281,044
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 1,282,278
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	115,450
b. Redemption	200,000
c. Total (a + b)	315,450
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ 315,450
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 1,597,728

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	3,513,925	$ -	$ 200,000	$ 3,313,925
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)		$ -	$ -	$ -

Town of Lochbuie, Colorado

Compliance Section

Haynie

<u>INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*</u>

To the Town Board of Trustees
Town of Lochbuie

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Lochbuie, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Town of Lochbuie's basic financial statements, and have issued our report thereon dated July 7, 2026.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Haynie

Littleton, Colorado
July 7, 2026

Haynie

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

To the Town Board of Trustees
Town of Lochbuie

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Town of Lochbuie and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Lochbuie's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Lochbuie's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of

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internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Lochbuie's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Lochbuie's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Town of Lochbuie's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Lochbuie's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Haynie

Littleton, Colorado
July 7, 2026

Town of Lochbuie, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Award Information	*Assistance Listing Number*	*Pass-Through Entity Name*	*Pass-Through Entity #*	*Passed-through to Subrecipients*	*Federal Expenditures ($)*
United States Environmental Protection Agency					
Drinking Water State Revolving Fund					
Drinking Water State Revolving Fund	66.468	Colorado Water Resources and Power Development Authority	DB524AX076	$ -	$ 6,168,460
Drinking Water State Revolving Fund	66.468	Colorado Water Resources and Power Development Authority	DB524AX076	-	(97,337)
Total Drinking Water State Revolving Fund				-	6,071,123
Total United States Environmental Protection Agency				-	6,071,123
Total Expenditures of Federal Awards				$ -	$ 6,071,123

The accompanying notes are an integral part of this schedule

Town of Lochbuie, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Notes to the Schedule

1. **Basis of Presentation**
   The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Town of Lochbuie under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award*s (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Town of Lochbuie, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Town of Lochbuie.
2. **Summary of Significant Accounting Policies**
   Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

   Negative amounts shown on the SEFA represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Therefore, some amounts presented in the SEFA may differ from amounts presented in, or used in the preparation of, the financial statements
3. **Indirect Cost Rate**
   Town of Lochbuie has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.
4. **Loan Outstanding**
   The Town of Lochbuie participates in the Drinking Water State Revolving Fund (DWSRF) program under Assistance Listing Number 66.468. As of December 31, 2025, the outstanding loan balance related to this program was $6,407,535. The loan program is administered by the Colorado Water Resources and Power Development Authority (CWRPDA) and remains active as of year-end.

Town of Lochbuie, Colorado

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2025

1. Summary of Auditors' Results

Type of report issued on the financial statements:	**Unmodified**
Material weaknesses in financial reporting internal control noted:	**None**
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	**None identified**
Material noncompliance noted:	**None**
Material weaknesses in internal control over major programs:	**None**
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	**None identified**
Type of report issued on compliance for major programs:	**Unmodified**
Audit findings required to be reported:	**None**

The following programs are considered to be major:

Drinking Water State Revolving Fund— ALN 66.468

Dollar threshold used to distinguish Type A and Type B programs:	**$1,000,000**
Risk type qualification:	**Low risk**

2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None