



TOWN OF MEAD, COLORADO

**FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025**

TOWN OF MEAD, COLORADO

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town 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 these 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 the required supplementary information 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 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 combining and individual fund statements and budgetary comparison schedules, the 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*, and the local highway finance report listed in the table of contents 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 the 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 accompanying combining and individual fund statements and budgetary comparison schedules, schedule of expenditures of federal awards, and the local highway finance report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2026, on our consideration of the Town's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

July 10, 2026
Bailey, Colorado

Management's Discussion and Analysis

This discussion and analysis of the financial performance of the Town of Mead, Colorado (Town) provides an overview of the Town's financial activities for the fiscal year ended December 31, 2025. Please read it in conjunction with the financial statements.

FINANCIAL HIGHLIGHTS

- The Net Position of the Town increased by \$13,230,972 (20.1%) during 2025.
- At December 31, 2025, the Town's governmental funds reported combined ending fund balances of \$27,091,303. This marked a decrease of \$3,383,577 (11.1%) from the prior year's ending governmental fund balances due primarily to utilization of Municipal Facilities Fund and Transportation Fund available fund balances to build facilities and street improvement projects.
- During 2025, the Town's General Fund increased its Fund Balance by \$2,127,231 (30.0%) before transferring \$1,765,084 to other funds. After transferring monies to other funds, the General Fund ending fund balance showed an increase of \$503,084 (7.0%) over 2024.
- The Town's Sewer Fund's net position increased by \$80,486 (1.2%) during 2025 primarily due to sewer tap fees received.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the Town of Mead'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 the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements

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

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

The *Statement of Activities* presents information showing how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused employee leave).

Both of the government-wide financial statements distinguish functions of the Town of Mead that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town include general government, community development, public safety (police), public works, and parks and recreation. The business-type activities of the Town include sewage collection and treatment operations.

Fund financial statements

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

Governmental Funds -- Most of the Town's basic services are reported in governmental funds that focus on how money flows into and out of those funds. The unrestricted balances left at year-end are available

for spending in future years. These funds are reported using the modified accrual accounting method that measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide detailed short-term views of cash, operations, and basic services provided. Governmental fund statements show the reader whether there are more or fewer financial resources available at the end of a fiscal year that can be spent in the near future to finance government programs and objectives.

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 *Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities* provide reconciliations to facilitate this comparison between governmental funds and governmental activities.

The Town of Mead maintains eleven individual governmental funds. Information for these funds is presented by fund name in the *Governmental Fund Balance Sheet* and the *Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances* for six of the eleven governmental funds that meet the criteria to be designated as major funds (General Fund, Municipal Facilities Fund, Transportation Fund, Street Improvement Fund, Capital Improvement Fund, and MURA Fund). The other governmental funds (Conservation Trust Fund, Parks & Open Space Fund, Police Impact Fund, Elevation 25 GID Fund, and Highway 66 & I-25 GID Fund) are shown in a column titled "Nonmajor Governmental Funds." Individual fund data for these nonmajor governmental funds are provided in the back of this report in the section titled "Supplementary Information."

Proprietary Fund -- The Town's sewer utility is reported in a proprietary fund; it focuses on overall economic position rather than year-end fund balances. An enterprise fund is the type of proprietary fund used to account for the Town's Sewer Fund. Enterprise funds report the same functions presented as business-type activities in the government-wide financial statements, but in a bit more detail.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found immediately after the basic financial statements.

Other information

Budgetary comparison statements or schedules for all funds with budgeted expenditures/expenses are included following the "Notes to Financial Statements" to demonstrate each fund's compliance with adopted budgets and appropriations. For the year ended December 31, 2025, all funds had budgeted expenditures/expenses.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mead, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$78,909,843 at the close of 2025. As shown below, the Town's financial position improved by \$13,230,972 (20.1%) during 2025.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 40,490,503	\$ 43,863,818	\$ 1,841,548	\$ 1,849,032	\$ 42,332,051	\$ 45,712,850
Capital assets, net	46,195,469	29,325,959	6,173,474	6,155,291	52,368,943	35,481,250
Total assets	\$ 86,685,972	\$ 73,189,777	\$ 8,015,022	\$ 8,004,323	\$ 94,700,994	\$ 81,194,100
Deferred outflows of resources	\$ 750,248	\$ 747,291	\$ -	\$ -	\$ 750,248	\$ 747,291
Current liabilities	\$ 6,221,856	\$ 6,904,459	\$ 164,724	\$ 146,889	\$ 6,386,580	\$ 7,051,348
Noncurrent Liabilities	1,569,145	1,104,822	1,276,553	1,364,175	2,845,698	2,468,997
Total liabilities	\$ 7,791,001	\$ 8,009,281	\$ 1,441,277	\$ 1,511,064	\$ 9,232,278	\$ 9,520,345
Deferred inflows of resources	\$ 7,309,121	\$ 6,742,175	\$ -	\$ -	\$ 7,309,121	\$ 6,742,175
Net position:						
Net investment in capital assets	\$ 44,978,652	\$ 28,500,648	\$ 4,910,381	\$ 4,803,331	\$ 49,889,033	\$ 33,303,979
Restricted	8,831,753	14,294,382	207,335	189,336	9,039,088	14,483,718
Unrestricted	18,525,693	16,390,582	1,456,029	1,500,592	19,981,722	17,891,174
Total net position	\$ 72,336,098	\$ 59,185,612	\$ 6,573,745	\$ 6,493,259	\$ 78,909,843	\$ 65,678,871

More than half (63.2%) of the Town's total net position at December 31, 2025 is represented by its investment in capital assets (e.g. land, infrastructure, buildings, construction in progress, machinery, and equipment) of \$49,889,033. The Town uses these capital assets to provide services to residents and businesses; consequently, these assets are not available for future spending.

Approximately 11.5% (\$9,039,088) of the Town's total net position at the end of 2025 represents resources that are subject to external restrictions on how they may be used. They are fund balance restrictions of impact fees collected for future capital needs (\$5,979,102), an operations and maintenance reserve for the sewer fund (\$207,335), sales tax revenues restricted to street maintenance and improvements (\$1,837,942), conservation trust fund revenues for parks and certain recreation purposes (\$16,737), property tax revenues for general improvement districts (\$41,972), and \$956,000 for emergencies.

The remaining amount of the Town's total net position at the end of 2025 (\$19,981,722) comprises 25.3% of total net position and may be used to meet the Town's other ongoing obligations to residents and creditors.

The following chart displays the changes in net position experienced by the Town over the last two fiscal years. An analysis of these changes follows for both its Governmental and Business-type Activities.

Town of Mead's Condensed Changes in Net Position

	Governmental Activities		Business-type Activities		Total	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Program revenues:						
Charges for services	\$ 1,861,719	\$ 1,627,813	\$ 1,019,611	\$ 1,053,633	\$ 2,881,330	\$ 2,681,446
Operating grants & contributions	1,764,311	1,348,413	-	-	1,764,311	1,348,413
Capital grants & contributions	8,732,590	1,862,843	213,350	201,222	8,945,940	2,064,065
General revenues:						
Property taxes	6,562,710	7,031,199	-	-	6,562,710	7,031,199
Sales & use taxes	7,126,602	6,485,736	-	-	7,126,602	6,485,736
Other taxes	309,330	306,089	-	-	309,330	306,089
Investment income	1,389,655	1,555,583	72,123	73,367	1,461,778	1,628,950
Other general revenues	1,742,602	1,623,164	18,710	-	1,761,312	1,623,164
Total revenues	<u>\$ 29,489,519</u>	<u>\$ 21,840,840</u>	<u>\$ 1,323,794</u>	<u>\$ 1,328,222</u>	<u>\$ 30,813,313</u>	<u>\$ 23,169,062</u>
Program expenses:						
General Government	\$ 4,614,141	\$ 4,435,006	\$ -	\$ -	\$ 4,614,141	\$ 4,435,006
Community Development	996,682	776,655	-	-	996,682	776,655
Public Safety	3,245,943	2,739,825	-	-	3,245,943	2,739,825
Public Works	5,291,042	4,821,566	-	-	5,291,042	4,821,566
Parks and Recreation	2,149,713	1,653,302	-	-	2,149,713	1,653,302
Sewer utility	-	-	1,243,308	1,163,183	1,243,308	1,163,183
Interest on long-term debt	41,512	48,080	-	-	41,512	48,080
Total expenses	<u>\$ 16,339,033</u>	<u>\$ 14,474,434</u>	<u>\$ 1,243,308</u>	<u>\$ 1,163,183</u>	<u>\$ 17,582,341</u>	<u>\$ 15,637,617</u>
Increase/(decrease) in net position	\$ 13,150,486	\$ 7,366,406	\$ 80,486	\$ 165,039	\$ 13,230,972	\$ 7,531,445
Net Position, Beginning	59,185,612	51,819,206	6,493,259	6,328,220	65,678,871	58,147,426
Net Position, Ending	<u>\$ 72,336,098</u>	<u>\$ 59,185,612</u>	<u>\$ 6,573,745</u>	<u>\$ 6,493,259</u>	<u>\$ 78,909,843</u>	<u>\$ 65,678,871</u>

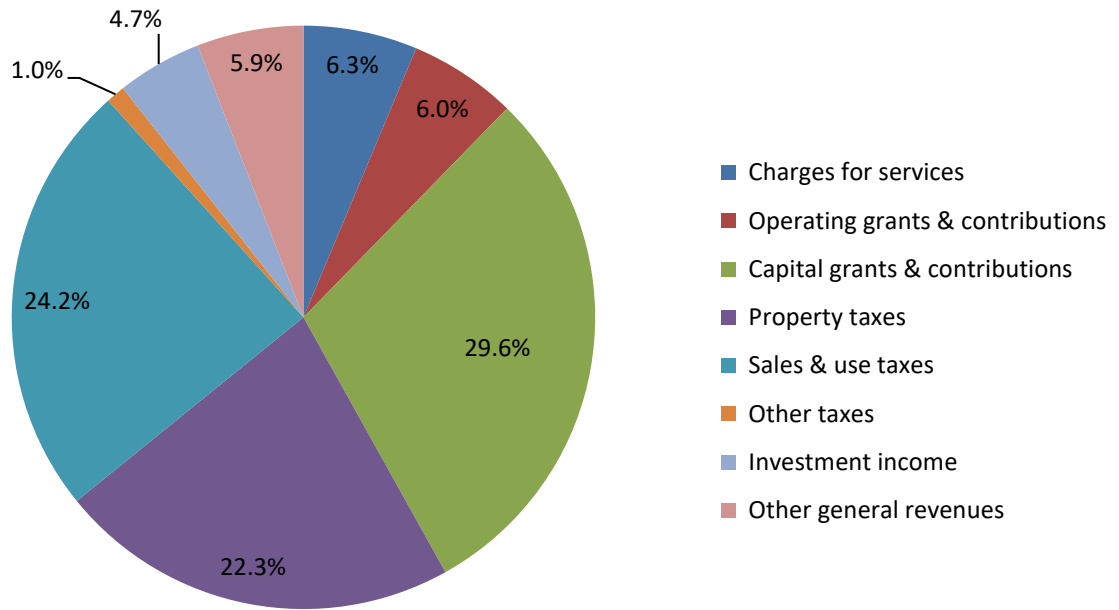
Governmental Activities

The Town's Governmental Activities increased in net position by \$13,150,486 (22.2%) in 2025. Key elements of this increase are as follows:

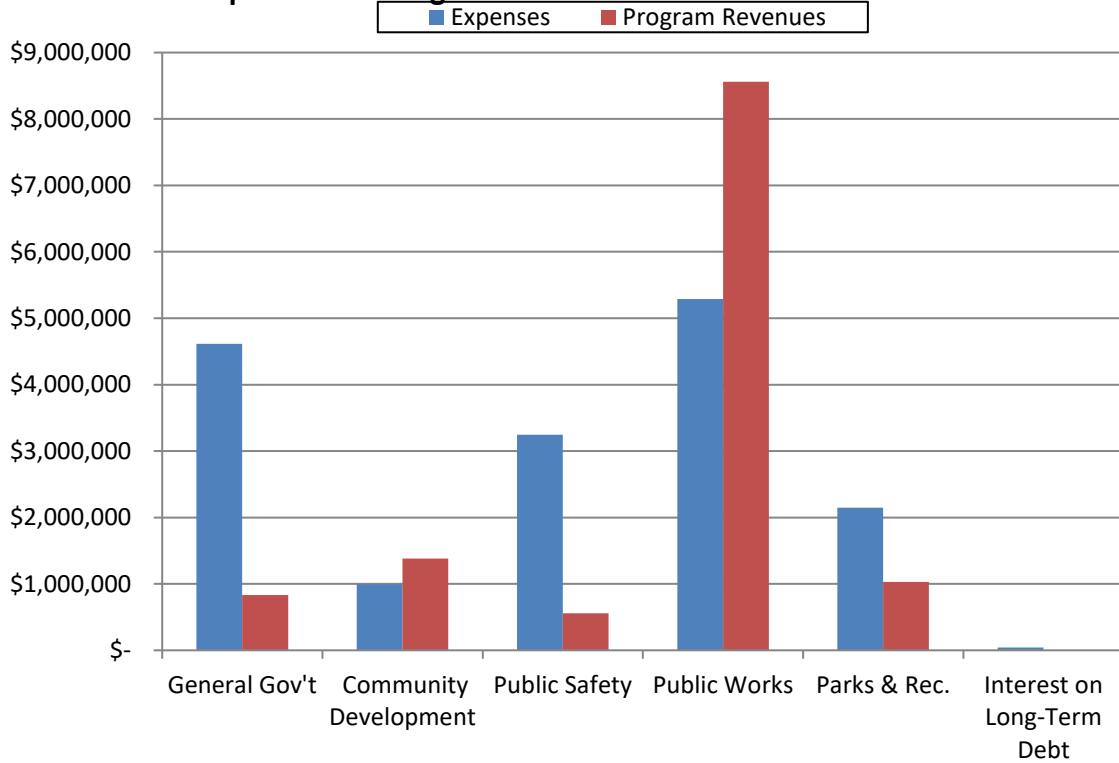
- Capital grants and contributions increased by \$6,869,747 primarily due contributions from Weld County and local developers for High Plains Boulevard, and a federal grant for improvements to the 3rd & Welker intersection.
- Operating grants and contributions increased by \$415,898 primarily due to contributions from Saint Vrain Valley School District for school resource officers.

The following two charts illustrate the Governmental Activities revenues and expenses. As in most municipalities, the expenses of governmental activities are not fully supported through program revenues but are largely financed through taxes.

Revenues by Source - Governmental Activities



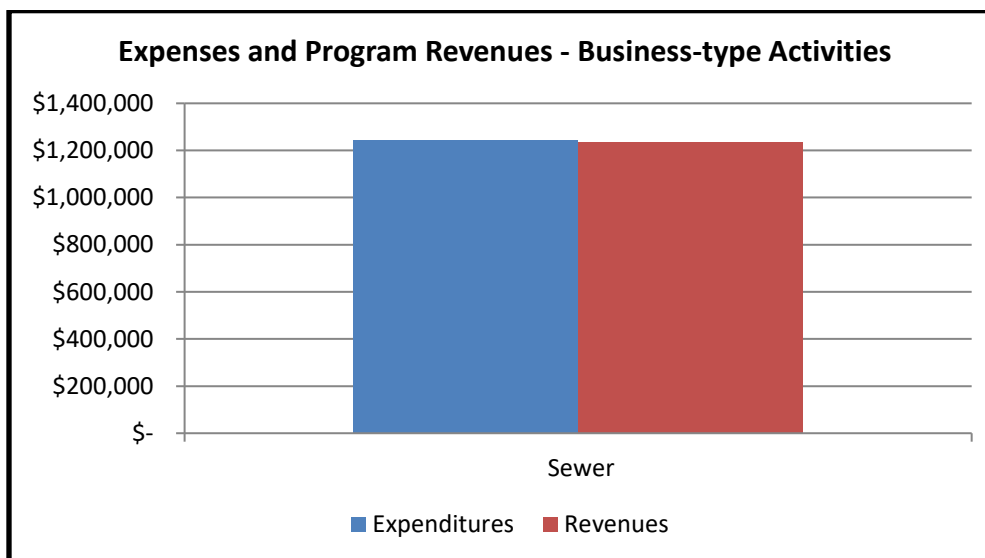
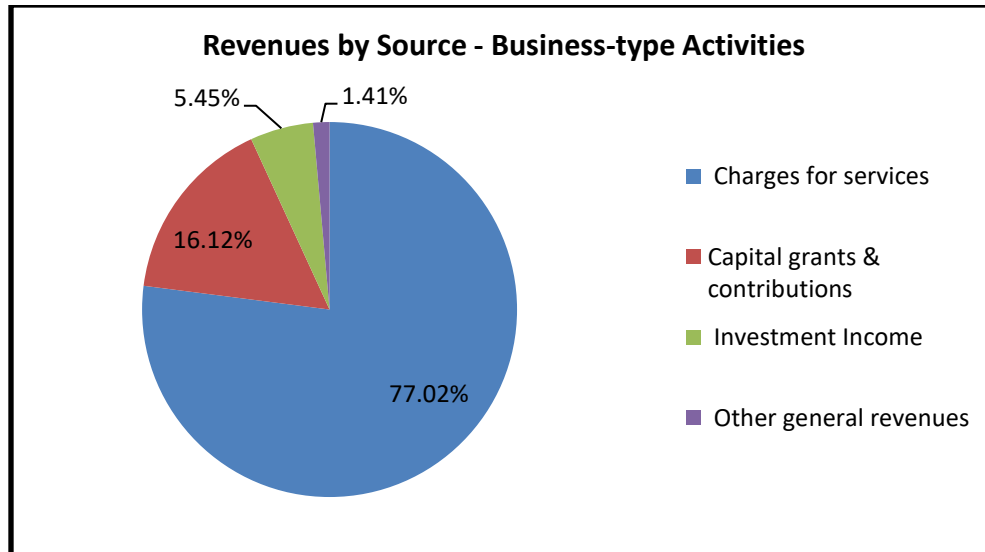
Expenses and Program Revenues - Governmental Activities



Business-type Activities

Business-type Activities increased in net position by \$80,486 (1.2%) during 2025. Expenses exceeded Charges for Services in the Sewer Fund by \$223,697 (21.9%).

The following two charts illustrate the Business-type Activities revenues and expenses for 2025.

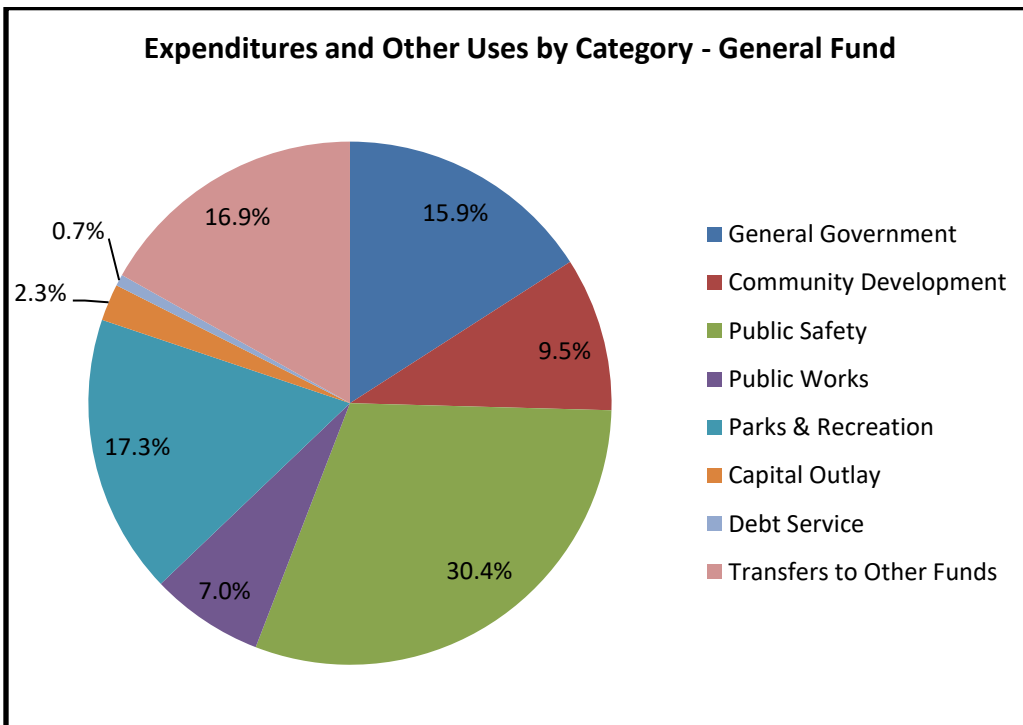
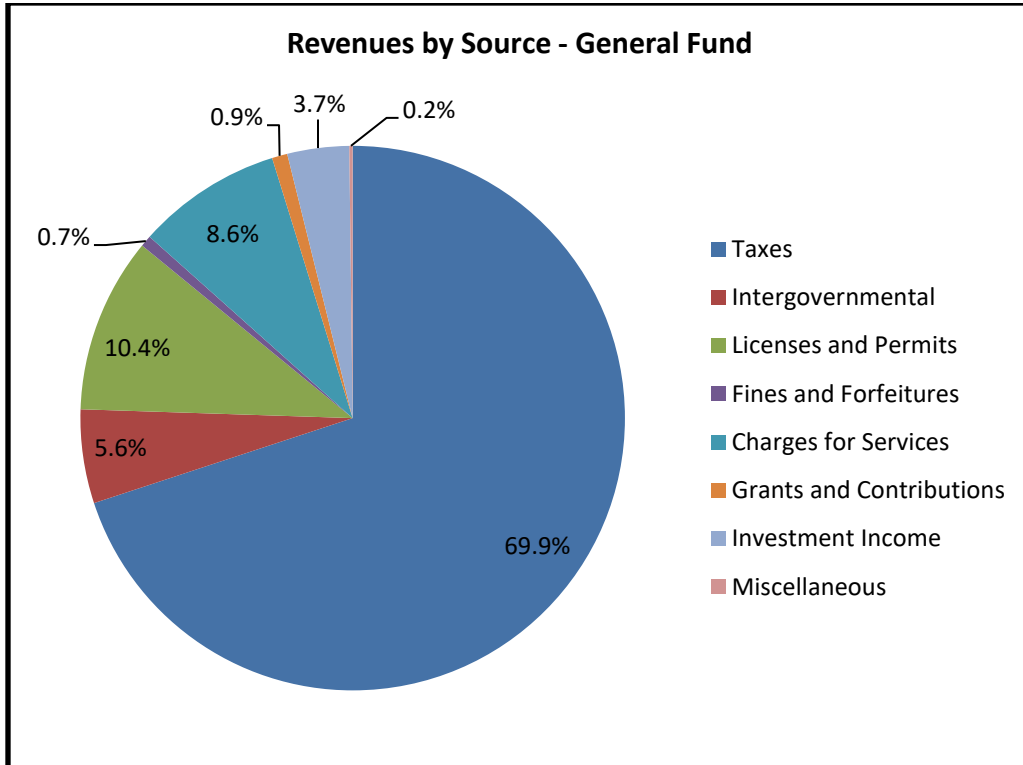


THE TOWN'S FUNDS

As noted earlier, the Town of Mead uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Governmental Funds utilize the modified accrual basis of accounting, and the balance of the spendable resources (unrestricted fund balance) in each fund are shown at year end. At December 31, 2025 the Town's six major Governmental funds reported combined ending fund balances of \$26,640,656. These funds and the Town's enterprise fund are discussed below.

General Fund. The General Fund is the chief operating fund of the Town of Mead. It accounts for all the general services provided by the Town. At the end of 2025, the fund balance of the General Fund totaled \$7,590,843. This was a \$503,084 (7.1%) increase from 2024, due to all revenues and other sources exceeding expenditures by \$2,268,168 and \$1,765,084 of prior year reserves being transferred to other

funds. General Fund revenues increased \$207,737 (1.9%) over 2024 while expenditures increased \$1,207,624 (16.1%) over the same period, primarily due to public safety salaries and benefits, building inspection expenses, and the opening of the Community Center. Charges for services increased \$441,321 during 2025 primarily due to school district payments for school resource officers. The following two tables illustrate General Fund revenues and expenditures during 2025.



Mead Urban Renewal Authority (MURA) Fund. This fund is utilized to account for the taxes levied by the Authority and the capital projects and/or development expenses it incurs to stimulate urban renewal. Much of its revenue is shared with overlapping jurisdictions. Fund revenues exceeded fund expenditures by \$1,605,501 in 2025. The ending fund balance available for future projects increased to \$6,415,846.

Capital Improvement Fund. The Capital Improvement Fund is utilized to accumulate and track funds to finance current and future capital equipment and capital projects for the Town. Fund resources generally include transfers from other Town funds and capital grants. During 2025, the General Fund transferred \$1,390,084 to the Capital Improvement Fund for capital projects, and the Capital Improvement Fund transferred \$1,000,000 to the Street Improvement Fund for road construction. Expenditures were made for gas line improvements, the Town Hall parking lot, and the design of landscape and gateway improvement to the I-25/Welker interchange. The ending fund balance available for future projects increased to \$5,140,971.

Municipal Facilities Fund. The Municipal Facilities Fund is utilized to accumulate Impact Fees paid by new development for capital improvements and equipment necessitated by growth. In 2025, expenditures were made for dump trucks, vehicle leases, an emergency generator, the Public Works facility parking lot, and construction of the Community Center. The ending fund balance available for future projects increased to \$2,774,299.

Transportation Fund. The Transportation Fund is utilized to accumulate Impact Fees paid by new development for transportation infrastructure improvements necessitated by growth. During 2025, the Fund also received grants and contributions from state and federal sources, the Town of Berthoud, and local developers totaling \$7,723,801. Expenditures were made for numerous street, road, sidewalk, alley, bridge, drainage, and intersection improvements totaling \$12,052,306. During 2025, the fund balance decreased to \$2,880,755, which is available for future projects.

Street Improvement Fund. The Street Improvement Fund is utilized to account for sales and use taxes collected for maintaining and improving roadways in the Town. During 2025, the Fund also received transfers from the General Fund of \$375,000 and from the Capital Improvement Fund of \$1,000,000. Expenditures were made for Public Works repairs and maintenance including street patching, seal coating, snow removal, and the purchases of a street sweeper and right-of-way maintenance equipment. During 2025, the fund balance increased to \$1,837,942, which is available for future projects.

Sewer Fund. At December 31, 2025 the net position of the Sewer Fund was \$6,573,745. This was an increase of \$80,486 (1.2%) over 2024. Most of the increase was due to the receipt of tap fees for future capital needs. The fund had a Net Operating Loss of -\$164,938. Debt service payments of \$130,155 were made during the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. At December 31, 2025 the Town had invested in a range of capital assets including land, buildings and improvements, vehicles, office equipment, sewer system lines and treatment plants, infrastructure, and park equipment. Note 5 of the financial statements provides a summary of changes in capital assets during the year. During 2025, the Town purchased three commercial-grade mowers, a Toro Workman utility vehicle, a Kubota tractor with loader, a street sweeper, and a Caterpillar generator; improved North Creek Park and Founders Park playgrounds, and the digester blower at the wastewater treatment plant; installed a flagpole at the Public Works building and continued installation of cured-in-place sewer lines throughout town; completed the Gold Star Memorial and an electric vehicle charging station; designed/constructed improvements to Liberty Ranch's gas line, the Town Hall parking lot, and the Public Works parking lot; leased three new police vehicles; and began or continued design/construction of WCR 9.5 improvements, the Community Center, a Police Department facility, Safe Routes To School, alley improvements, the 3rd & Welker intersection, bridge design, a Highway 66 & WCR 7 pedestrian underpass,

N. Creek drainage improvements, WCR 7 north toward Berthoud, WCR 34 & I-25 interchange landscape and monumentation improvements, and wayfinding signage.

Debt Administration. The Town's long-term debt primarily consists of a loan, financed purchases, and leases payable. Compensated absences are also recorded. At the end of 2025, the governmental activities had a balance of \$315,000 owed on a 2025 financed purchase of a street sweeper, \$234,814 owed on a 2025 financed purchase of a dump truck, and \$667,003 for vehicle leases payable. See Note 6 for more detailed information.

In business-type activities at December 31, 2025, the Town had a balance of \$1,224,209 owed on its 2007 loan from the Colorado Water Resources & Power Development Authority. This debt was incurred to finance a wastewater treatment system project. See Note 6 for more detailed information.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Continued measurable growth in the residential, commercial, and light industrial sectors of Mead's economy is occurring, although the rate of annual homebuilding varies from year to year. The 2026 Budget conservatively estimates revenues and anticipates ending General Fund balances at December 31, 2026 to be at essentially the same level as December 31, 2025. Volatile world-wide energy prices affect inflation, development, and costs experienced by the Town. The full economic impact on the Town's 2026 and future budgets has yet to be determined. Town Management monitors revenues and expenditures throughout the year, and modifies budgetary spending decisions accordingly.

REQUESTS FOR INFORMATION

This financial report is designed to provide the Town of Mead's residents, taxpayers, customers, investors, and creditors with a general overview of the Town's finances and to show the Town's accountability for the funds it receives and assets it maintains. If you have questions about this report, or should you desire additional financial information, contact the Town Manager at Town of Mead, 441 Third Street, Mead, CO 80542 or call Town Hall at (970) 535-4477.

BASIC FINANCIAL STATEMENTS

TOWN OF MEAD, COLORADO
STATEMENT OF NET POSITION
December 31, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and Investments	\$ 26,772,396	\$ 1,725,177	\$ 28,497,573
Cash Held by Third Party	1,814,668	-	1,814,668
Accounts Receivable	1,982,440	115,829	2,098,269
Grants Receivable	2,630,244	-	2,630,244
Property Taxes Receivable	7,177,344	-	7,177,344
Deposits	69,390	-	69,390
Prepaid Expenses	44,021	542	44,563
Capital Assets, <i>Not Being Depreciated</i>	26,446,133	434,724	26,880,857
Capital Assets, <i>Being Depreciated / Amortized, Net</i>	19,749,336	5,738,750	25,488,086
TOTAL ASSETS	86,685,972	8,015,022	94,700,994
DEFERRED OUTFLOWS OF RESOURCES			
Pensions, <i>Net of Accumulated Amortization</i>	750,248	-	750,248
LIABILITIES			
Accounts Payable	3,147,619	134,819	3,282,438
Retainage Payable	640,107	9,520	649,627
Accrued Interest Payable	-	17,802	17,802
Accrued Payroll Expenses	54,846	2,583	57,429
Developer and Other Deposits	2,379,284	-	2,379,284
Noncurrent Liabilities			
Due Within One Year	473,711	89,538	563,249
Due in More Than One Year	1,095,434	1,187,015	2,282,449
Net Pension Liability	-	-	-
TOTAL LIABILITIES	7,791,001	1,441,277	9,232,278
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	7,177,344	-	7,177,344
Pensions, <i>Net of Accumulated Amortization</i>	131,777	-	131,777
TOTAL DEFERRED INFLOWS OF RESOURCES	7,309,121	-	7,309,121
NET POSITION			
Net Investment in Capital Assets	44,978,652	4,910,381	49,889,033
Restricted for:			
Emergencies	956,000	-	956,000
Conservation Trust	16,737	-	16,737
Municipal Facilities	2,706,409	-	2,706,409
Transportation	2,880,755	-	2,880,755
Street Improvements	1,837,942	-	1,837,942
Parks and Open Space	357,149	-	357,149
Police Impact	34,789	-	34,789
Improvement Districts	41,972	-	41,972
Operations and Maintenance	-	207,335	207,335
Unrestricted	18,525,693	1,456,029	19,981,722
TOTAL NET POSITION	\$ 72,336,098	\$ 6,573,745	\$ 78,909,843

See Notes to the Financial Statements.

TOWN OF MEAD, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS / PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION				
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	PRIMARY GOVERNMENT				
					GOVERNMENTAL BUSINESS-TYPE				
					ACTIVITIES	ACTIVITIES	ACTIVITIES	TOTAL	
PRIMARY GOVERNMENT									
Governmental Activities									
General Government	\$ 4,614,143	\$ 256,386	\$ 574,150	\$ -	\$ (3,783,607)	\$ -	\$ -	\$ (3,783,607)	
Community Development	996,682	1,352,986	29,395	-	385,699	-	-	385,699	
Public Safety	3,245,943	25,251	490,438	40,000	(2,690,254)	-	-	(2,690,254)	
Public Works	5,291,042	133,634	454,380	7,973,801	3,270,773	-	-	3,270,773	
Parks and Recreation	2,149,711	93,462	215,948	718,789	(1,121,512)	-	-	(1,121,512)	
Interest on Long-Term Debt	41,512	-	-	-	(41,512)	-	-	(41,512)	
Total Governmental Activities	16,339,033	1,861,719	1,764,311	8,732,590	(3,980,413)	-	-	(3,980,413)	
Business-Type Activities									
Sewer	1,243,308	1,019,611	-	213,350	-	(10,347)		(10,347)	
TOTAL PRIMARY GOVERNMENT	\$ 17,582,341	\$ 2,881,330	\$ 1,764,311	\$ 8,945,940	(3,980,413)	(10,347)		(3,990,760)	
GENERAL REVENUES									
Property Taxes					6,446,644	-		6,446,644	
Specific Ownership Taxes					116,066	-		116,066	
Sales and Use Taxes					7,126,602	-		7,126,602	
Franchise Fees					309,330	-		309,330	
Impact Fees					1,711,866	-		1,711,866	
Investment Income					1,389,655	72,123		1,461,778	
Miscellaneous					24,803	18,710		43,513	
Gain on Sale of Capital Assets					5,933	-		5,933	
TOTAL GENERAL REVENUES					17,130,899	90,833		17,221,732	
CHANGE IN NET POSITION					13,150,486	80,486		13,230,972	
NET POSITION, Beginning					59,185,612	6,493,259		65,678,871	
NET POSITION, Ending					\$ 72,336,098	\$ 6,573,745	\$	78,909,843	

See Notes to the Financial Statements.

TOWN OF MEAD, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL	MEAD URBAN RENEWAL AUTHORITY	MUNICIPAL FACILITIES
ASSETS			
Cash and Investments	\$ 8,924,422	\$ 6,443,989	\$ 2,658,401
Cash Held by Third Party	-	-	234,814
Accounts Receivable	1,567,776	-	-
Grants Receivable	-	-	211,411
Taxes Receivable	2,505,450	4,609,836	-
Deposits	1,500	-	67,890
Prepaid Expenditures	44,021	-	-
TOTAL ASSETS	\$ 13,043,169	\$ 11,053,825	\$ 3,172,516
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ 520,379	\$ 25,528	\$ 278,407
Retainage Payable	-	-	119,810
Accrued Payroll Expenses	47,213	2,615	-
Developer and Other Deposits	2,379,284	-	-
TOTAL LIABILITIES	2,946,876	28,143	398,217
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	2,505,450	4,609,836	-
FUND BALANCES			
Nonspendable:			
Deposits	1,500	-	67,890
Prepaid Expenditures	44,021	-	-
Restricted for:			
Emergencies	956,000	-	-
Municipal Facilities	-	-	2,706,409
Transportation	-	-	-
Street Improvements	-	-	-
Parks and Open Space	-	-	-
Police Impact	-	-	-
Improvement Districts	-	-	-
Conservation Trust	-	-	-
Assigned to:			
Urban Renewal Projects	-	6,415,846	-
Future Projects	-	-	-
Unassigned	6,589,322	-	-
TOTAL FUND BALANCES	7,590,843	6,415,846	2,774,299
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 13,043,169	\$ 11,053,825	\$ 3,172,516

See Notes to the Financial Statements.

<u>TRANSPORTATION</u>	<u>STREET IMPROVEMENT</u>	<u>CAPITAL IMPROVEMENT</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ 1,576,217	\$ 1,555,465	\$ 5,141,085	\$ 472,817	\$ 26,772,396
1,579,854	-	-	-	1,814,668
-	414,502	-	162	1,982,440
2,335,677	-	-	83,156	2,630,244
-	-	-	62,058	7,177,344
-	-	-	-	69,390
-	-	-	-	44,021
<u>\$ 5,491,748</u>	<u>\$ 1,969,967</u>	<u>\$ 5,141,085</u>	<u>\$ 618,193</u>	<u>\$ 40,490,503</u>
\$ 2,108,142	\$ 121,895	\$ 114	\$ 93,154	\$ 3,147,619
502,851	5,112	-	12,334	640,107
-	5,018	-	-	54,846
-	-	-	-	2,379,284
<u>2,610,993</u>	<u>132,025</u>	<u>114</u>	<u>105,488</u>	<u>6,221,856</u>
-	-	-	62,058	7,177,344
-	-	-	-	69,390
-	-	-	-	44,021
-	-	-	-	956,000
-	-	-	-	2,706,409
2,880,755	-	-	-	2,880,755
-	1,837,942	-	-	1,837,942
-	-	-	357,149	357,149
-	-	-	34,789	34,789
-	-	-	41,972	41,972
-	-	-	16,737	16,737
-	-	-	-	6,415,846
-	-	5,140,971	-	5,140,971
-	-	-	-	6,589,322
<u>2,880,755</u>	<u>1,837,942</u>	<u>5,140,971</u>	<u>450,647</u>	<u>27,091,303</u>
<u>\$ 5,491,748</u>	<u>\$ 1,969,967</u>	<u>\$ 5,141,085</u>	<u>\$ 618,193</u>	<u>\$ 40,490,503</u>

See Notes to the Financial Statements.

TOWN OF MEAD, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$ 27,091,303
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	46,195,469
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Financed Purchases	(549,814)
Leases Payable	(667,003)
Accrued Compensated Absences	(352,328)
Net Pension Liability	-
Pension-Related Deferred Outflows of Resources	750,248
Pension-Related Deferred Inflows of Resources	<u>(131,777)</u>
Total Net Position of Governmental Activities	\$ <u><u>72,336,098</u></u>

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

	GENERAL	MEAD URBAN RENEWAL AUTHORITY	MUNICIPAL FACILITIES
REVENUES			
Taxes	\$ 7,580,025	\$ 4,010,783	\$ -
Impact Fees	-	-	538,939
Intergovernmental	603,545	-	758,789
Licenses and Permits	1,127,767	-	-
Fines and Forfeitures	73,089	-	-
Charges for Services	933,677	-	-
Grants and Contributions	99,084	-	-
Investment Income	397,540	250,675	136,117
Miscellaneous	21,488	-	-
	<u>10,836,215</u>	<u>4,261,458</u>	<u>1,433,845</u>
TOTAL REVENUES			
EXPENDITURES			
Current			
General Government	1,667,147	2,613,373	-
Community Development	996,682	-	-
Public Safety	3,188,046	-	-
Public Works	732,713	-	-
Parks and Recreation	1,811,364	-	15,629
Capital Outlay	238,740	42,584	4,267,951
Debt Service			
Principal	66,337	-	177,303
Interest and Fiscal Charges	7,955	-	6,126
	<u>8,708,984</u>	<u>2,655,957</u>	<u>4,467,009</u>
TOTAL EXPENDITURES			
EXCESS REVENUES OVER (UNDER) EXPENDITURES	<u>2,127,231</u>	<u>1,605,501</u>	<u>(3,033,164)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from the Sale of Capital Assets	5,933	-	-
Lease Proceeds	135,004	-	-
Financed Purchase Proceeds	-	-	302,704
Transfers In	-	-	-
Transfers Out	(1,765,084)	-	-
	<u>(1,624,147)</u>	<u>-</u>	<u>302,704</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGES IN FUND BALANCES	503,084	1,605,501	(2,730,460)
FUND BALANCES, Beginning	<u>7,087,759</u>	<u>4,810,345</u>	<u>5,504,759</u>
FUND BALANCES, Ending	<u>\$ 7,590,843</u>	<u>\$ 6,415,846</u>	<u>\$ 2,774,299</u>

See Notes to the Financial Statements.

<u>TRANSPORTATION</u>	<u>STREET IMPROVEMENT</u>	<u>CAPITAL IMPROVEMENT</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ -	\$ 2,365,008	\$ -	\$ 42,826	\$ 13,998,642
814,704	-	-	358,223	1,711,866
2,476,083	454,380	-	186,169	4,478,966
-	119,234	-	-	1,247,001
-	-	-	-	73,089
-	14,400	-	-	948,077
5,497,718	-	-	18,000	5,614,802
319,583	78,588	177,096	30,056	1,389,655
-	-	-	-	21,488
<u>9,108,088</u>	<u>3,031,610</u>	<u>177,096</u>	<u>635,274</u>	<u>29,483,586</u>
-	-	-	15,613	4,296,133
-	-	-	-	996,682
-	-	-	36,476	3,224,522
-	3,718,244	-	-	4,450,957
-	-	-	168,543	1,995,536
12,052,306	506,519	291,786	859,374	18,259,260
-	193,568	-	96,126	533,334
-	16,156	-	11,275	41,512
<u>12,052,306</u>	<u>4,434,487</u>	<u>291,786</u>	<u>1,187,407</u>	<u>33,797,936</u>
<u>(2,944,218)</u>	<u>(1,402,877)</u>	<u>(114,690)</u>	<u>(552,133)</u>	<u>(4,314,350)</u>
-	-	-	-	5,933
-	-	-	77,132	212,136
-	410,000	-	-	712,704
-	1,375,000	1,390,084	-	2,765,084
-	-	(1,000,000)	-	(2,765,084)
<u>-</u>	<u>1,785,000</u>	<u>390,084</u>	<u>77,132</u>	<u>930,773</u>
(2,944,218)	382,123	275,394	(475,001)	(3,383,577)
<u>5,824,973</u>	<u>1,455,819</u>	<u>4,865,577</u>	<u>925,648</u>	<u>30,474,880</u>
<u>\$ 2,880,755</u>	<u>\$ 1,837,942</u>	<u>\$ 5,140,971</u>	<u>\$ 450,647</u>	<u>\$ 27,091,303</u>

See Notes to the Financial Statements.

TOWN OF MEAD, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$ (3,383,577)
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:

Depreciation Expense	(1,389,750)
Capital Outlay	18,259,260

The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.	533,334
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Long-term debt and lease proceeds provide current financial resources to governmental funds, but increases in long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt / lease proceeds and related items.	(924,840)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:

Accrued Compensated Absences	(72,817)
Net Pension Liability	-
Pension-Related Deferred Outflows of Resources	2,957
Pension-Related Deferred Inflows of Resources	125,919
	125,919

Change in Net Position of Governmental Activities	\$ <u><u>13,150,486</u></u>
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TOWN OF MEAD, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	BUSINESS-TYPE ACTIVITIES <u>SEWER FUND</u>
ASSETS	
Current Assets	
Cash and Investments	\$ 1,725,177
Accounts Receivable	115,829
Prepaid Expense	<u>542</u>
Total Current Assets	<u>1,841,548</u>
Noncurrent Assets	
Capital Assets, <i>Not Being Depreciated</i>	434,724
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>5,738,750</u>
Total Noncurrent Assets	<u>6,173,474</u>
TOTAL ASSETS	<u><u>8,015,022</u></u>
LIABILITIES	
Current Liabilities	
Accounts Payable	134,819
Retainage Payable	9,520
Accrued Payroll Expenses	2,583
Accrued Interest Payable	17,802
Compensated Absences, <i>Current Portion</i>	1,346
Notes Payable, <i>Current Portion</i>	<u>88,192</u>
Total Current Liabilities	<u>254,262</u>
Noncurrent Liabilities	
Compensated Absences	12,114
Notes Payable	<u>1,174,901</u>
Total Noncurrent Liabilities	<u>1,187,015</u>
TOTAL LIABILITIES	<u><u>1,441,277</u></u>
NET POSITION	
Net Investment in Capital Assets	4,910,381
Restricted for Operations and Maintenance	207,335
Unrestricted	<u>1,456,029</u>
TOTAL NET POSITION	<u><u>\$ 6,573,745</u></u>

See Notes to the Financial Statements.

TOWN OF MEAD, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2025

	BUSINESS-TYPE ACTIVITIES <u>SEWER FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 1,019,611
Miscellaneous	<u>18,710</u>
TOTAL OPERATING REVENUES	<u>1,038,321</u>
OPERATING EXPENSES	
Administration	413,064
Operations	416,314
Depreciation	<u>373,881</u>
TOTAL OPERATING EXPENSES	<u>1,203,259</u>
NET OPERATING INCOME (LOSS)	<u>(164,938)</u>
NONOPERATING REVENUES (EXPENSES)	
Investment Income	72,123
Interest Expense	<u>(40,049)</u>
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>32,074</u>
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(132,864)
CAPITAL CHARGES	
Sewer Tap Fees	<u>213,350</u>
CHANGE IN NET POSITION	80,486
NET POSITION, Beginning	<u>6,493,259</u>
NET POSITION, Ending	<u><u>\$ 6,573,745</u></u>

TOWN OF MEAD, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2025

	BUSINESS-TYPE ACTIVITIES <u>SEWER FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from User Charges	\$ 1,044,898
Cash Payments to Employees	(281,015)
Cash Payments to Suppliers	<u>(537,070)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>226,813</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Sewer Tap Fees Received	213,350
Acquisition of Capital Assets	(382,544)
Debt Principal Paid	(85,194)
Debt Interest Paid	<u>(44,961)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(299,349)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Income	<u>72,123</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(413)
CASH AND CASH EQUIVALENTS, Beginning	<u>1,725,590</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 1,725,177</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH AND CASH EQUIVALENTS PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	(164,938)
Depreciation Expense	373,881
Adjustments to reconcile operating income (loss) to net cash and cash equivalents provided (used) by operating activities:	
(Increase) Decrease in Accounts Receivable	6,577
(Increase) Decrease in Prepaid Expenses	494
Increase (Decrease) in Accounts Payable	8,087
Increase (Decrease) in Accrued Payroll Expenses	1,467
Increase (Decrease) in Compensated Absences	<u>1,245</u>
Total Adjustments	<u>17,870</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>\$ 226,813</u></u>

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: Summary of Significant Accounting Policies

The accounting policies of the Town of Mead, Colorado (the Town) conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the Town's significant policies.

Reporting Entity

The financial reporting entity consists of the Town, organizations for which the Town is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Town. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the Town. Legally separate organizations for which the Town is financially accountable are considered part of the reporting entity. Financial accountability exists if the Town appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Town.

Based on the application of these criteria, the Mead Urban Renewal Authority is a component unit over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The component unit is reported as a fund of the Town and separate financial statements are not issued. The Mead Urban Renewal Authority is a blended component unit.

The Town established the Town of Mead Elevation 25 General Improvement District (the Elevation 25 GID), which is a component unit over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The management of the Elevation GID is closely intertwined with the Town. Therefore, the component unit is reported as a special revenue fund of the Town. Separate financial statements are not issued for the Elevation GID.

The Town established the Town of Mead Highway 66 & I-25 General Improvement District (the Highway 66 & I-25 GID), which is a component unit over which the Town exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Town. The management of the Highway GID is closely intertwined with the Town. Therefore, the component unit is reported as a special revenue fund of the Town. Separate financial statements are not issued for the Highway GID.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the Town and its component units. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *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 activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or 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 the governmental funds, blended component unit, and the proprietary fund. Major individual funds are reported as separate columns in the fund financial statements.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

The *Mead Urban Renewal Authority Fund* accounts for operations of the Mead Urban Renewal Authority (MURA) component unit. The revenues are derived from specific taxes or other designated revenues that are legally restricted to expenditures for specific purposes.

The *Municipal Facilities Fund* is a special revenue fund that accounts for capital improvements and equipment needed due to increases in the Town's population and businesses. It is primarily funded through impact fees and interfund transfers.

The *Transportation Fund* is a special revenue fund to account for street and road capital improvement projects needed due to increases in the Town's population and businesses. It is primarily funded through impact fees, developer payments in lieu of construction, and interfund transfers.

The *Street Improvement Fund* is a special revenue fund to account for street maintenance and improvement projects. It is primarily funded through sales and use taxes.

The *Capital Improvement Fund* is a capital projects fund set up to account for the Town's capital projects. It is primarily funded through transfers from other funds.

The Town reports the following major proprietary fund:

The *Sewer Fund* was established to account for the acquisition, operation and maintenance of the Town's wastewater treatment plant and infrastructure.

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Town considers property tax revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Town.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's proprietary fund are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

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

Cash and Investments – The Town utilizes the pooled cash concept whereby cash balances of each of the Town's funds are pooled and invested by the Town. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the Town on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Prepaid Expenditures – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenditures or prepaid expenses.

Capital Assets – Capital assets include land, buildings, plant, infrastructure, equipment and right-to-use lease assets. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported in the proprietary fund in the fund financial statements.

Capital assets are defined by the Town as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Buildings	30 – 40 years
Plant	40 years
Sewer Main	20 – 25 years
Machinery, Equipment and Vehicles	3 – 20 years
Infrastructure	40 years
Improvements	20 – 25 years
Right-to-Use Lease Assets	Shorter of lease term or useful life

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Deferred Outflows of Resources – This separate financial statement element represents a consumption of net assets that applies to future periods and so will not be recognized as an outflow of resources until then. This applies to pension-related consumption of net assets that applies to future periods for the Town.

Unearned Revenue / Developer Deposits – Unearned revenues include grants and developer payments in lieu of construction that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the Town that is applicable to a future reporting period. This applies to pension-related acquisition of net assets in future periods and certified property taxes to be collected in future periods.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Leases – The Town determines if an arrangement is a lease at inception. For leasing arrangements where the Town is the lessee, 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 exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the Town as assets with an initial, individual cost of more than \$5,000.

Lease liabilities represent the Town's obligation to make lease payments arising from the lease. Lease liabilities 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.

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

Compensated Absences – Personnel accrue paid time off based on the number of hours worked in a year and paid leave taken. Employees may accumulate up to 1.5 times their annual rate of accrual. Unused accumulated hours are paid upon separation/termination at employee's current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Pensions – The Town participates in the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position, and additions to and deductions from the plan's fiduciary net position have been determined using the economic resources measurement focus and the accrual basis of accounting, the same basis of accounting used by the plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Employer contributions are recognized when the compensation is payable to the employees. Investments are reported at fair value.

Postemployment Benefits Other Than Pensions (OPEB) – The Town contributes to the Statewide Death & Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). The plan is funded by member contributions or contributions made on behalf of members. The Town has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the Town does not report a net OPEB liability, nor deferred outflows and inflows of resources related to OPEB.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the Town imposes on itself by action of the Town's Board of Trustees through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by the Town's Board of Trustees. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications.

The Board of Trustees is authorized to informally assign amounts to a specific purpose and has assigned this authority to the Town Manager or other designee. Such fund balance assignments are reported in the governmental fund financial statements.

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

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 2: Cash and Investments

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

Cash on Hand	\$ 800
Deposits	2,212,678
Cash Held with Third Party	1,814,668
Investments	26,284,095
Total	<u>\$ 30,312,241</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Town had bank deposits of \$2,492,783 collateralized with securities held by the financial institution's agent but not in the Town's name.

Investments

The Town is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

Fair Value Measurements - At December 31, 2025, the Town's investments in the local government investment pool were reported at the net asset value per share.

Interest Rate Risk - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - State statutes do not limit the amount the Town may invest in a single issuer of investment securities, except for corporate securities.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pool – At December 31, 2025, the Town had \$8,205,760, \$12,129,652, and \$5,948,683 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust), Colorado Surplus Asset Fund Trust (CSAFE), and Colorado Statewide Investment Pool (CSIP) (the Pools), respectively. The Pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. ColoTrust, CSAFE, and CSIP are measured at the net asset value per share, with each share valued at \$1. ColoTrust and CSIP are rated AAAM by Standard and Poor's, and CSAFE is rated AAAMmf by Fitch Ratings. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Cash Held with Third-Party

At December 31, 2025, the Town held cash with a third party for the financed purchase with KS State Bank in the amount of \$234,814 and an amount held with Thomas Trust for a development in the amount of \$1,579,854.

NOTE 3: Interfund Transfers

Transfers between funds during the year ended December 31, 2025, consisted of the following:

TRANSFERS IN	TRANSFERS OUT	
Street Improvement Fund	General Fund	\$ 375,000
Capital Improvement Fund	General Fund	1,404,822
Street Improvement Fund	Capital Improvement Fund	1,000,000
Total		<u>\$ 2,779,822</u>

General Fund transferred resources to the Street Improvement Fund and Capital Improvement Fund to assist with future capital improvement projects. Capital Improvement Fund transferred resources to the Street Improvement Fund for street improvement projects.

NOTE 4: Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town purchases commercial insurance for its workers' compensation claims.

The Town participates in the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and the Colorado Constitution, Article XIV, Section 18(2).

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

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 4: Risk Management (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the Town does not approve budgets, nor does it have the ability to significantly affect the operations of CIRSA.

NOTE 5: Capital Assets

Capital assets activity for governmental activities for the fiscal year ended December 31, 2025, is summarized, as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities:				
Capital Assets, Not Being Depreciated / Amortized:				
Land	\$ 2,878,843	\$ -	\$ -	\$ 2,878,843
Water Rights	73,095	-	-	73,095
Construction in Progress	7,552,058	16,425,536	(483,399)	23,494,195
Total Capital Assets, Not Being Depreciated / Amortized	10,503,996	16,425,536	(483,399)	26,446,133
Capital Assets, Being Depreciated / Amortized:				
Buildings	9,587,231	-	-	9,587,231
Land Improvements	412,001	1,292,505	-	1,704,506
Equipment	1,604,779	349,252	-	1,954,030
Infrastructure	13,260,598	53,230	-	13,313,828
Vehicles	1,308,095	410,000	-	1,718,095
Right-to-Use Lease Assets	1,283,825	212,136	(71,647)	1,424,314
Total Capital Assets, Being Depreciated / Amortized	27,456,529	2,317,123	(71,647)	29,702,005
Less Accumulated Depreciation / Amortized:				
Buildings	(1,627,046)	(356,066)	-	(1,983,112)
Land Improvements	(214,886)	(52,713)	-	(267,599)
Equipment	(683,074)	(107,142)	-	(790,216)
Infrastructure	(4,691,334)	(457,965)	-	(5,149,299)
Vehicles	(882,475)	(81,586)	-	(964,061)
Right-to-Use Lease Assets	(535,751)	(334,278)	71,647	(798,382)
Total Accumulated Depreciation / Amortization	(8,634,566)	(1,389,750)	71,647	(9,952,669)
Total Capital Assets, Being Depreciated / Amortized, Net	18,821,963	927,373	-	19,749,336
Capital Assets, Governmental Activities, Net	\$ 29,325,959	\$ 17,352,909	\$ (483,399)	\$ 46,195,469

Depreciation / Amortization expense was charged to programs of the Town, as follows:

General Government	\$ 245,194
Public Safety	150,297
Public Works	840,085
Parks and Recreation	154,175
Total	\$ 1,389,750

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 5: Capital Assets (Continued)

Capital assets activity for business-type activities for the fiscal year ended December 31, 2025, is summarized as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 294,835	\$ -	-	\$ 294,835
Construction in Progress	-	139,889	-	139,889
Total Capital Assets, Not Being Depreciated	294,835	139,889	-	434,724
Capital Assets, Being Depreciated:				
Buildings	281,751	-	-	281,751
Improvements	322,159	-	-	322,159
Sewer Collection System	1,898,638	147,023	-	2,045,661
Wastewater Treatment System	7,423,324	105,152	-	7,528,476
Vehicles & Equipment	179,757	-	-	179,757
Total Capital Assets, Being Depreciated	10,105,629	252,175	-	10,357,804
Less Accumulated Depreciation:				
Buildings	(137,198)	(4,852)	-	(142,050)
Improvements	(98,957)	(9,549)	-	(108,506)
Sewer Collection System	(536,153)	(77,975)	-	(614,128)
Wastewater Treatment System	(3,364,155)	(274,415)	-	(3,638,570)
Vehicles & Equipment	(108,710)	(7,090)	-	(115,800)
Total Accumulated Depreciation	(4,245,173)	(373,881)	-	(4,619,054)
Total Capital Assets, Being Depreciated, Net	5,860,456	(121,706)	-	5,738,750
Capital Assets, Business-Type Activities, Net	\$ 6,155,291	\$ 18,183	\$ -	\$ 6,173,474

NOTE 6: Long-Term Debt

Governmental Activities

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

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Governmental Activities:					
2021 Financed Purchase - Dump Truck	\$ 41,975	\$ -	\$ 41,975	\$ -	\$ -
2025 Financed Purchase - Street Sweeper	-	410,000	95,000	315,000	73,629
2025 Financed Purchase - Dump Truck	-	302,704	67,890	234,814	53,613
Lease Payable	783,336	212,136	328,469	667,003	309,890
Compensated Absences	279,511	72,817	-	352,328	36,579
Total Long-Term Debt, Governmental Activities	\$ 1,104,822	\$ 997,657	\$ 533,334	\$ 1,569,145	\$ 473,711

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

Financed Purchase Agreement

In May 2021, the Town entered into a financed purchase agreement for the acquisition of a dump truck valued at \$203,637. Payments are made annually in the amount of \$43,243 beginning in May 2021, through May 2025, with interest at 3.03% per annum. The dump truck has an estimated useful life of fifteen years. At December 31, 2025, the dump truck had a net book value of \$142,546, with a depreciation expense of \$13,576 in 2025. At December 31, 2025, the financed purchase agreement was paid in full.

In June 2025, the Town entered into a financed purchase agreement for the acquisition of a street sweeper valued at \$410,000. Payments are made annually in the amount of \$87,804 beginning in June 2026, through June 2029, with an interest rate of 4.50% per annum. The street sweeper has an estimated useful life of ten years. At December 31, 2025, the dump truck had a net book value of \$389,500, with a depreciation expense of \$20,500 in 2025.

In June 2025, the Town entered into a financed purchase agreement for the acquisition of a dump truck valued at \$304,218. Payments are made annually in the amount of \$67,890 beginning in June 2026, through June 2029, with an interest rate at 6.07% per annum. At December 31, 2025, the Town had not yet taken delivery of the truck, and the proceeds from the financed purchase agreement are held in escrow pending receipt of the equipment.

The future minimum financed purchase payments of principal and interest as of December 31, 2025, are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 127,242	\$ 28,452	\$ 155,694
2027	133,815	21,879	155,694
2028	140,736	14,958	155,694
2029	148,021	7,672	155,693
Total	<u>\$ 549,814</u>	<u>\$ 72,961</u>	<u>\$ 622,775</u>

Leases

The Town entered into a master equity lease agreement (lease agreement) with Enterprise FM Trust for the lease of vehicles and equipment. The Town agreed to pay monthly rental and other payments for the use of vehicles and equipment based on the terms of the lease and return the vehicles and equipment at the end of the lease term. In 2025, the Town leased twenty-two various vehicles and equipment. As of December 31, 2025, the value of the lease liability was \$400,935. Payments are made monthly ranging from \$592 to \$1,326 beginning in January 2021, through September 2028, with comparable incremental borrowing rates ranging between 3.5% and 8.5% per annum. The vehicles and equipment have an estimated cost ranging between \$23,679 and \$51,920 with an estimated useful life of the term of the lease ranging between 48 and 60 months from the start of date of delivery. At December 31, 2025, the vehicles and equipment had a net book value of \$392,576, with a total amortization expense of \$228,120 in 2025.

In 2023, the Town entered into a 60-month lease agreement as lessee for the use of a John Deere 722G motor grader expiring September 20, 2028. As of December 31, 2025, the value of the lease liability was \$177,120. The Town is required to make monthly principal and interest payments of \$5,756. The lease interest accrues at a rate of 5.00% per annum. At December 31, 2025, the net book value of the right-to-use assets as of the was \$163,349 with total amortization expense of \$61,256 in 2025.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 6: Long-Term Debt (Continued)

Governmental Activities (Continued)

In 2023, the Town entered into a 60-month lease agreement as lessee for the use of a John Deere 624P wheel loader expiring June 24, 2028. As of December 31, 2025, the value of the lease liability was \$88,948. The Town is required to make monthly principal and interest payments of \$3,160. The lease interest accrues at a rate of 5.00% per annum. At December 31, 2025, the net book value of the right-to-use assets as of the was \$81,278 with total amortization expense of \$33,632 in 2025.

The future minimum lease payments of principal and interest as of December 31, 2025, are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 309,890	\$ 29,344	\$ 339,234
2027	210,158	15,025	225,183
2028	121,631	5,235	126,866
2029	18,756	969	19,725
2030	6,568	160	6,728
Total	<u>\$ 667,003</u>	<u>\$ 50,733</u>	<u>\$ 717,736</u>

Business-Type Activities

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

	<u>Balance</u> <u>12/31/2024</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2025</u>	<u>Due Within</u> <u>One Year</u>
Business-Type Activities:					
CWRPDA Note Payable	\$ 1,309,403	\$ -	\$ 85,194	\$ 1,224,209	\$ 88,192
CWRPDA Premium	42,557	-	3,673	38,884	-
Compensated Absences	12,215	1,245	-	13,460	1,346
Total Long-Term Debt, Business-Type Activities	<u>\$ 1,364,175</u>	<u>\$ 1,245</u>	<u>\$ 88,867</u>	<u>\$ 1,276,553</u>	<u>\$ 89,538</u>

In May 2007, the Town entered into a loan agreement with the Colorado Water Resources and Power Development Authority for financing the wastewater treatment system project. This loan was restructured in April 2017 to extend the term an additional ten years. Payments are made semi-annually on February 1st and August 1st, with a fixed interest rate of 3.49% per annum. The final payment on the loan will be made on February 1, 2037. The loan requires a restricted operations and maintenance reserve equal to three months of budgeted operations and maintenance expenses, excluding depreciation expense, not to exceed \$1,250,000. At December 31, 2025, the restricted reserve was \$207,335. The Town pledged sewer revenues for the repayment of the loan, and the sewer utility rates may be adjusted to meet loan requirements. In the event of default, the loan is secured by pledged revenues in addition to determined or available equitable remedy.

The 2007 Colorado Water Resources and Power Development Authority sewer loan agreement includes a rate maintenance coverage covenant that requires the Town to maintain a coverage ratio of pledged net revenues equal to 110% of the maximum annual debt service of the loan. In 2025, the pledged net revenues were \$494,415 and a maximum annual debt service in the amount of \$143,169, with a net revenue excess of \$351,246. At December 31, 2025, the Town was in compliance with the covenant.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 6: Long-Term Debt (Continued)

Business-Type Activities (Continued)

Future debt service requirements are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 88,192	\$ 41,962	\$ 130,154
2027	91,297	38,857	130,154
2028	94,511	35,643	130,154
2029	97,838	32,316	130,154
2030	101,283	28,872	130,155
2031-2035	562,476	88,296	650,772
2036-2037	188,612	6,621	195,233
Total	<u>\$ 1,224,209</u>	<u>\$ 272,567</u>	<u>\$ 1,496,776</u>

NOTE 7: Employee Retirement Plans

Police Pension Plan

Plan Description – The Town contributes to the Statewide Retirement Plan (the SRP Plan), a cost-sharing multiple-employer defined benefit pension plan. The SRP Plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The SRP Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997, through the Statewide Death and Disability Plan (the SWDD plan), which is also administered by the FPPA as a non-contributory plan. Full-time police officers of the Town are members of the SRP Plan and the SWDD Plan. Local revenue sources are responsible for funding of the death and disability benefits for police officers and firefighters hired on or after January 1, 1997.

Title 31, Article 31 of the Colorado Revised Statutes (CRS) grants the authority to establish and amend benefit terms to the FPPA Board of Directors. FPPA issues a publicly available financial report that includes information on the plans. That report may be obtained at www.fppaco.org.

Benefits Provided – A SRP Plan member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80). A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

The annual normal retirement benefit for the Plan is 2% of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007, for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually, calculated considering the social security benefit started as of age 62. Effective January 1, 2007, members covered under the Social Security Component will receive half the benefit when compared to the Statewide Retirement Plan for each year of credited service up to then years plus 1.25% of the average of the member's highest three years' base salary for each year thereafter.

Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Contributions – The Town and eligible employees are required to contribute to the SRP Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership. The Town and eligible employees each contributed 10.5% and 12.0% of base salary, respectively, for the year ended December 31, 2025.

SRP Plan members elected to increase the employee contribution rate 0.5% annually through 2030, to a total of 13% of pensionable earnings. Employer contributions will increase 0.5% annually through 2030 to a total of 13.0% of pensionable earnings. In 2025, the Town's contribution to the SRP plan was \$163,844.

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

At December 31, 2025, the Town reported a net pension liability of zero for its proportionate share of the SRP Plan.

The net pension liability was measured at December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The Town's proportion of the net pension liability was based on a projection of the Town's contributions to the Plan for the calendar year ended December 31, 2025, relative to the projected contributions of all participating employers.

At December 31, 2024, the Town's proportion was 0.12907665%, which was a decrease of 0.01065029% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the Town recognized pension expense (income) of \$238,268. 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	\$ 310,170	\$ 9,702
Changes of assumptions	111,007	-
Net difference between projected and actual earnings on plan investments	44,062	-
Changes in proportion	121,165	122,075
Contributions subsequent to the measurement date	163,844	-
Total	<u>\$ 750,248</u>	<u>\$ 131,777</u>

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

Town contributions subsequent to the measurement date of \$163,844 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended December 31,	
2026	\$ 130,809
2027	184,042
2028	16,688
2029	16,749
2030	36,007
Thereafter	<u>70,332</u>
Total	<u>\$ 454,627</u>

Actuarial Assumptions - The actuarial valuation as of January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs.

Actuarial Method	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%
Inflation	2.5%
Projected salary increases, including inflation	4.25% - 11.75%
Cost of living adjustments (COLA)	0.0%

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 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.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Health 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.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

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%). Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of December 31, 2024, are summarized in the following table:

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

Discount Rate - The discount rate used to measure the total pension liability was 7%. 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 SRP 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.

The COLA assumption reflects the true nature of Board's Benefit Policy, which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year-to-year depending on the plan experience and 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%, then a COLA assumption of 0% 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).

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 7: Employee Retirement Plans (Continued)

Police Pension Plan (Continued)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7%. The municipal bond rate is 4.08%, based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release. The resulting single discount rate is 7% percent.

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%, as well as what the plan’s net pension liability (asset) would be if it were calculated using a single discount rate that is 1% lower or 1% higher:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Proportionate share of the SWDB			
Net Pension (Asset) Liability	\$ 629,882	\$ -	\$ -

457 Deferred Compensation Plan

Under Resolution No. 30-R-2015, the Town has established a 457 deferred compensation plan. Participation in the plan is at the employee’s option and contributions are limited to the IRS maximum. Under the plan, the Town matches on a one-to-one percentage basis up to 5% of an employee’s salary. In 2025, Town employees deferred \$192,076, including \$50,283 of Roth contributions, and the Town contributed \$113,883.

Defined Contribution Retirement Plan

The Town agreed to establish a 401(a) defined contribution retirement plan for the Town Manager. The Town agrees to contribute an amount up to 12% of the Town Manager’s base salary. Nationwide Retirement Solutions administers the plan. In 2025, the Town contributed \$31,401 to the 401(a) defined contribution retirement plan for the Town Manager.

NOTE 8: Other Postemployment Benefits

Statewide Death and Disability Plan

Plan Description - The Town contributes to the Statewide Death and Disability Plan (the SD&D Plan), a cost sharing multiple-employer defined benefit death and disability plan administered by the Fire & Police Pension Association of Colorado (FPPA). All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained at www.fppaco.org.

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 8: Other Postemployment Benefits (Continued)

Statewide Death and Disability Plan (Continued)

Benefits Provided - The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children.
- On-duty: 70% of the base salary paid to the member prior to death.

Disability benefits are as follows:

- 70% of the base salary preceding disability.
- Permanent occupational disability: 50% of the base salary preceding disability.
- Temporary occupational disability: 40% of the base salary preceding disability for up to 5 years.

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect CPI, but in no case may be higher than 3%.

Once a member is eligible to retire, all plan benefit obligations cease.

Contributions - The contribution requirements are established by State statutes. However, in accordance with Colorado Revised Statutes (CRS) 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary. As of 2020, the FPPA Board may adjust the required contribution rate annually by a maximum of 0.2%.

The Town's Board of Trustees determines the contribution split between members and the Town. For members hired on or after January 1, 1997, the Town contributed 3.4% of base salaries on behalf of the members during the year ended December 31, 2025. The Town has no requirement to make contributions to the plan. Any contributions to the SD&D Plan are considered to be "member contributions". For the year ended December 31, 2025, the Town's contributions to the plan were \$59,295.

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

The Town has no requirement to contribute to the plan and does not receive contributions from a non-employer entity. Therefore, the Town does not report a net OPEB liability, or deferred outflows and inflows of resources related to OPEB.

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

NOTE 9: Commitments and Contingencies

Claims and Judgments

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

TOWN OF MEAD, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2025

NOTE 9: Commitments and Contingencies (Continued)

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. On April 5, 1994, voters within the Town approved the collection, retention and expenditure of the full revenues generated by the Town in 1994 and subsequent years, notwithstanding the provisions of the Amendment.

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of \$956,000 was reported as restricted fund balance in the General Fund.

Litigation

The Town from time to time is involved in various legal matters. In the opinion of the Town's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the Town.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes			
Property Taxes	\$ 2,397,000	\$ 2,394,905	\$ (2,095)
Specific Ownership Taxes	99,000	114,196	15,196
Sales and Use Taxes	4,454,615	4,733,724	279,109
Other Taxes	302,500	337,200	34,700
Total Taxes	7,253,115	7,580,025	326,910
Intergovernmental			
Mineral Lease	27,000	33,490	6,490
State Serverance	135,000	6,195	(128,805)
MURA Revenue Sharing	206,265	205,949	(316)
Other	124,300	357,911	233,611
Total Intergovernmental	492,565	603,545	110,980
Licenses and Permits			
Liquor Licenses	4,500	2,314	(2,186)
Building Permits	591,793	884,260	292,467
Business Licenses	15,000	13,594	(1,406)
Animal Licenses	600	185	(415)
Other Licenses and Permits	166,500	227,414	60,914
Total Licenses and Permits	778,393	1,127,767	349,374
Fines and Forfeitures	60,400	73,089	12,689
Charges for Services			
Recreation Fees	63,500	86,008	22,508
Other Charges for Services	484,718	847,669	362,951
Total Charges for Services	548,218	933,677	385,459
Investment Income	508,250	397,540	(110,710)
Other Revenues			
Grants and Contributions	519,950	99,084	(420,866)
Other Miscellaneous Revenues	59,306	21,488	(37,818)
Total Other Revenues	579,256	120,572	(458,684)
TOTAL REVENUES	10,220,197	10,836,215	616,018

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
EXPENDITURES			
Current			
General Government	1,835,430	1,667,147	168,283
Community Development	1,601,032	996,682	604,350
Public Safety	3,543,955	3,188,046	355,909
Public Works	881,441	732,713	148,728
Parks and Recreation	1,700,782	1,811,364	(110,582)
Capital Outlay	536,425	238,740	297,685
Debt Service			
Principal	-	66,337	(66,337)
Interest	-	7,955	(7,955)
 TOTAL EXPENDITURES	 <u>10,099,065</u>	 <u>8,708,984</u>	 <u>1,390,081</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>121,132</u>	 <u>2,127,231</u>	 <u>2,006,099</u>
 OTHER FINANCING SOURCES (USES)			
Lease Proceeds	238,868	135,004	(103,864)
Proceeds from the Sale of Capital Assets	15,000	5,933	(9,067)
Transfers Out	(375,000)	(1,765,084)	(1,390,084)
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>(121,132)</u>	 <u>(1,624,147)</u>	 <u>(1,503,015)</u>
 CHANGE IN FUND BALANCE	 -	 503,084	 503,084
 FUND BALANCE, Beginning	 <u>7,094,084</u>	 <u>7,087,759</u>	 <u>(6,325)</u>
 FUND BALANCE, Ending	 <u>\$ 7,094,084</u>	 <u>\$ 7,590,843</u>	 <u>\$ 496,759</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
MEAD URBAN RENEWAL AUTHORITY FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 3,885,512	\$ 4,010,783	\$ 125,271
Administrative Fee	20,805	-	(20,805)
Investment Income	198,000	250,675	52,675
	<u>4,104,317</u>	<u>4,261,458</u>	<u>157,141</u>
TOTAL REVENUES	<u>4,104,317</u>	<u>4,261,458</u>	<u>157,141</u>
EXPENDITURES			
General Government			
Administration	3,710,705	2,613,373	1,097,332
Capital Outlay	1,100,000	42,584	1,057,416
	<u>4,810,705</u>	<u>2,655,957</u>	<u>2,154,748</u>
TOTAL EXPENDITURES	<u>4,810,705</u>	<u>2,655,957</u>	<u>2,154,748</u>
CHANGE IN FUND BALANCE	(706,388)	1,605,501	2,311,889
FUND BALANCE, Beginning	<u>4,840,597</u>	<u>4,810,345</u>	<u>(30,252)</u>
FUND BALANCE, Ending	<u>\$ 4,134,209</u>	<u>\$ 6,415,846</u>	<u>\$ 2,281,637</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL FACILITIES FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Impact Fees	\$ 608,696	\$ 538,939	\$ (69,757)
Intergovernmental	2,040,000	758,789	(1,281,211)
Investment Income	194,717	136,117	(58,600)
	<u>2,843,413</u>	<u>1,433,845</u>	<u>(1,409,568)</u>
TOTAL REVENUES			
EXPENDITURES			
General Government			
Administration	8,000	-	8,000
Public Works	-	-	-
Parks and Recreation	-	15,629	(15,629)
Capital Outlay	7,275,000	4,267,951	3,007,049
Debt Service			
Principal	154,875	177,303	(22,428)
Interest and Fiscal Charges	36,507	6,126	30,381
	<u>7,474,382</u>	<u>4,467,009</u>	<u>3,007,373</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(4,630,969)</u>	<u>(3,033,164)</u>	<u>1,597,805</u>
OTHER FINANCING SOURCES (USES)			
Financed Purchase Proceeds	<u>300,000</u>	<u>302,704</u>	<u>2,704</u>
CHANGE IN FUND BALANCE	(4,330,969)	(2,730,460)	1,600,509
FUND BALANCE, Beginning	<u>6,297,188</u>	<u>5,504,759</u>	<u>(792,429)</u>
FUND BALANCE, Ending	<u>\$ 1,966,219</u>	<u>\$ 2,774,299</u>	<u>\$ 808,080</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
TRANSPORTATION FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Impact Fees	\$ 958,485	\$ 814,704	\$ (143,781)
Intergovernmental	6,519,726	2,476,083	(4,043,643)
Capital Contributions	4,400,000	5,497,718	1,097,718
Investment Income	292,658	319,583	26,925
	<u>12,170,869</u>	<u>9,108,088</u>	<u>(3,062,781)</u>
TOTAL REVENUES			
EXPENDITURES			
Capital Outlay	17,757,000	12,052,306	5,704,694
Contingency Reserve	600,000	-	600,000
	<u>18,357,000</u>	<u>12,052,306</u>	<u>6,304,694</u>
TOTAL EXPENDITURES			
CHANGE IN FUND BALANCE	(6,186,131)	(2,944,218)	3,241,913
FUND BALANCE, Beginning	<u>6,322,210</u>	<u>5,824,973</u>	<u>(497,237)</u>
FUND BALANCE, Ending	<u>\$ 136,079</u>	<u>\$ 2,880,755</u>	<u>\$ 2,744,676</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
STREET IMPROVEMENT FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Sales and Use Taxes	\$ 2,353,562	\$ 2,365,008	\$ 11,446
Intergovernmental	411,869	454,380	42,511
Charges for Services	-	14,400	14,400
Licenses and Permits	88,431	119,234	30,803
Investment Income	108,500	78,588	(29,912)
	<u>2,962,362</u>	<u>3,031,610</u>	<u>69,248</u>
TOTAL REVENUES	<u>2,962,362</u>	<u>3,031,610</u>	<u>69,248</u>
EXPENDITURES			
Public Works	4,561,587	3,718,244	843,343
Capital Outlay	591,000	506,519	84,481
Debt Service			
Principal	-	193,568	(193,568)
Interest	-	16,156	(16,156)
	<u>5,152,587</u>	<u>4,434,487</u>	<u>718,100</u>
TOTAL EXPENDITURES	<u>5,152,587</u>	<u>4,434,487</u>	<u>718,100</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,190,225)</u>	<u>(1,402,877)</u>	<u>787,348</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	436,000	410,000	(26,000)
Transfers In	1,375,000	1,375,000	-
	<u>1,811,000</u>	<u>1,785,000</u>	<u>(26,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,811,000</u>	<u>1,785,000</u>	<u>(26,000)</u>
CHANGE IN FUND BALANCE	(379,225)	382,123	761,348
FUND BALANCE, Beginning	<u>779,524</u>	<u>1,455,819</u>	<u>676,295</u>
FUND BALANCE, Ending	<u>\$ 400,299</u>	<u>\$ 1,837,942</u>	<u>\$ 1,437,643</u>

TOWN OF MEAD, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET) AND CONTRIBUTIONS
FPPA STATEWIDE RETIREMENT PLAN
December 31, 2025

CALENDAR YEAR	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Plan Measurement Date	December 31	December 31	December 31	December 31
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)				
Town's Proportion of the Net Pension Liability / Asset	0.12907665%	0.13972694%	0.11548476%	0.09709193%
Town's Proportionate Share of the Net Pension Liability (Asset)	\$ -	\$ -	\$ (102,505)	\$ 526,174
Town's Covered Payroll	\$ 1,360,603	\$ 1,211,484	\$ 1,006,248	\$ 780,216
Town's Proportionate Share of the Net Pension Liability / Asset as a Percentage of Covered Payroll	0.0%	0.0%	-10.2%	67.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability / Asset	100.0%	100.0%	97.6%	116.2%
FISCAL YEAR				
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>
TOWN CONTRIBUTIONS				
Statutorily Required Contribution	\$ 163,844	\$ 135,801	\$ 130,410	\$ 90,426
Contributions in Relation to the Statutorily Required Contribution	<u>(163,844)</u>	<u>(135,801)</u>	<u>(130,410)</u>	<u>(90,426)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's Covered Payroll	\$ 1,560,420	\$ 1,360,603	\$ 1,211,484	\$ 1,006,248
Contributions as a Percentage of Covered Payroll	10.5%	10.0%	10.8%	9.0%

This schedule is required to show information for 10 years. Information for all years will be presented when available.

<u>2020</u> December 31	<u>2019</u> December 31	<u>2018</u> December 31	<u>2017</u> December 31
0.07920886%	0.06352669%	0.03626892%	0.03490164%
\$ 171,963	\$ 35,928	\$ (45,854)	\$ 50,212
\$ 643,912	\$ 494,759	\$ 248,950	\$ 164,885
26.7%	7.3%	-18.4%	30.5%
106.7%	101.9%	95.2%	106.3%
<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 66,437	\$ 50,897	\$ 37,457	\$ 19,436
<u>(66,437)</u>	<u>(50,897)</u>	<u>(37,457)</u>	<u>(19,436)</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ 780,216	\$ 643,912	\$ 494,759	\$ 248,950
8.5%	7.9%	7.6%	7.8%

TOWN OF MEAD, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are legally adopted for all funds of the Town. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures. The Town adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Management submits to the Board of Trustees a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Expenditures may not legally exceed appropriations at the fund level. The Town adopted Resolution No. 1, Series of 2019, which authorizes the Town Administrator to transfer budgeted amounts between objects and purposes within a fund up to \$5,000. Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Trustees.

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2025. The measurement date was December 31, 2024. The following assumptions were used in computing the pension benefit obligation for this plan:

TOTAL PENSION LIABILITY	2025	2024
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%
ACTUARIAL DETERMINED CONTRIBUTIONS	2025	2024
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Period	Level % of Payroll, Open	Level % of Payroll, Open
Remaining Amortization Period	30 Years	30 Years
Investment rate of return, compounded annually, net of plan investment expenses, including inflation	7.0%	7.0%
Inflation	2.5%	2.5%
Projected salary increases, including inflation	4.25% - 11.75%	4.25% - 11.25%
Cost of living adjustments (COLA)	0.0%	0.0%

TOWN OF MEAD, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2025

NOTE 2: Significant Assumptions in the Actuarially Determined Pension Plan (Continued)

The Town increased the employer portion of the salary scale by 0.5% annually, as intended by the plan through 2030.

Effective January 1, 2023, 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 0.000015. The occupational disability mortality assumption uses the non-disabled post-retirement mortality tables set forward three years. The total disability mortality assumption uses the Pub-210 Safety Healthy Retiree Mortality tables for males and females, amount-weighted, set forward five years, projected with the ultimate values of the MP-2020 projection scale, with minimum probability of 3.5% for males and 2.5% for females.

The actuarial method used for the valuation of benefits for funding and financial reporting purposes is specific by the state statute to be either the Entry Age Normal or Aggregate Cost Method, with experience gains or losses adjusting the unfunded actuarial accrued liability.

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2024. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2025, and as such, the Total Pension Liability was measured using those assumptions for the fiscal year ended December 31, 2025, with a one-year lag.

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS
AND BUDGETARY COMPARISON SCHEDULES**

TOWN OF MEAD, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	CONSERVATION TRUST	PARKS AND OPEN SPACE	POLICE IMPACT
ASSETS			
Cash and Investments	\$ 16,737	\$ 370,606	\$ 43,664
Accounts Receivable	-	-	-
Grants Receivable	-	83,156	-
Taxes Receivable	-	-	-
TOTAL ASSETS	\$ <u>16,737</u>	\$ <u>453,762</u>	\$ <u>43,664</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	\$ -	\$ 84,279	\$ 8,875
Retainage Payable	-	12,334	-
TOTAL LIABILITIES	-	96,613	8,875
DEFERRED INFLOWS OF RESOURCES			
Property Taxes	-	-	-
FUND BALANCES			
Restricted for:			
Conservation Trust	16,737	-	-
Parks and Open Space	-	357,149	-
Police Impact	-	-	34,789
Improvement Districts	-	-	-
TOTAL FUND BALANCES	16,737	357,149	34,789
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ <u>16,737</u>	\$ <u>453,762</u>	\$ <u>43,664</u>

ELEVATION 25 GID	HIGHWAY 66 & I-25 GID	TOTAL
\$ 39,564	\$ 2,246	\$ 472,817
162	-	162
-	-	83,156
46,463	15,595	62,058
86,189	17,841	\$ 618,193

\$ -	\$ -	\$ 93,154
-	-	12,334
-	-	105,488
46,463	15,595	62,058

-	-	16,737
-	-	357,149
-	-	34,789
39,726	2,246	41,972
39,726	2,246	450,647
\$ 86,189	\$ 17,841	\$ 618,193

TOWN OF MEAD, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	CONSERVATION TRUST	PARKS AND OPEN SPACE	POLICE IMPACT
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Specific Ownersip Taxes	-	-	-
Impact Fees	-	291,690	66,533
Intergovernmental	78,915	103,939	-
Donations	-	18,000	-
Investment Income	4,486	22,489	2,204
	<u> </u>	<u> </u>	<u> </u>
TOTAL REVENUES	<u>83,401</u>	<u>436,118</u>	<u>68,737</u>
EXPENDITURES			
Current			
General Government	-	-	-
Public Safety	-	-	36,476
Parks and Recreation	-	168,543	-
Capital Outlay	235,000	547,242	77,132
Debt Service			
Principal	-	-	96,126
Interest and Fiscal Charges	-	-	11,275
	<u> </u>	<u> </u>	<u> </u>
TOTAL EXPENDITURES	<u>235,000</u>	<u>715,785</u>	<u>221,009</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(151,599)</u>	<u>(279,667)</u>	<u>(152,272)</u>
OTHER FINANCING SOURCES (USES)			
Lease Proceeds	<u>-</u>	<u>-</u>	<u>77,132</u>
CHANGES IN FUND BALANCES	(151,599)	(279,667)	(75,140)
FUND BALANCES, Beginning	<u>168,336</u>	<u>636,816</u>	<u>109,929</u>
FUND BALANCES, Ending	<u>\$ 16,737</u>	<u>\$ 357,149</u>	<u>\$ 34,789</u>

ELEVATION 25 GID	HIGHWAY 66 & I-25 GID	TOTAL
\$ 35,038	\$ 5,918	\$ 40,956
1,388	482	1,870
-	-	358,223
-	3,315	186,169
-	-	18,000
757	120	30,056
<u>37,183</u>	<u>9,835</u>	<u>635,274</u>
8,024	7,589	15,613
-	-	36,476
-	-	168,543
-	-	859,374
-	-	96,126
-	-	11,275
<u>8,024</u>	<u>7,589</u>	<u>1,187,407</u>
<u>29,159</u>	<u>2,246</u>	<u>(552,133)</u>
<u>-</u>	<u>-</u>	<u>77,132</u>
29,159	2,246	(475,001)
<u>10,567</u>	<u>-</u>	<u>925,648</u>
<u>\$ 39,726</u>	<u>\$ 2,246</u>	<u>\$ 450,647</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 77,000	\$ 78,915	\$ 1,915
Investment Income	<u>5,000</u>	<u>4,486</u>	<u>(514)</u>
 TOTAL REVENUES	 <u>82,000</u>	 <u>83,401</u>	 <u>1,401</u>
EXPENDITURES			
Capital Outlay	<u>235,000</u>	<u>235,000</u>	<u>-</u>
 CHANGE IN FUND BALANCE	 (153,000)	 (151,599)	 1,401
FUND BALANCE, Beginning	<u>159,107</u>	<u>168,336</u>	<u>9,229</u>
FUND BALANCE, Ending	\$ <u><u>6,107</u></u>	\$ <u><u>16,737</u></u>	\$ <u><u>10,630</u></u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
PARKS AND OPEN SPACE FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Impact Fees	\$ 315,481	\$ 291,690	\$ (23,791)
Intergovernmental	100,000	103,939	3,939
Donations	-	18,000	18,000
Investment Income	27,973	22,489	(5,484)
	<u>443,454</u>	<u>436,118</u>	<u>(7,336)</u>
TOTAL REVENUES	<u>443,454</u>	<u>436,118</u>	<u>(7,336)</u>
EXPENDITURES			
Parks and Open Space	450,000	168,543	281,457
Capital Outlay	621,600	547,242	74,358
	<u>1,071,600</u>	<u>715,785</u>	<u>355,815</u>
TOTAL EXPENDITURES	<u>1,071,600</u>	<u>715,785</u>	<u>355,815</u>
CHANGE IN FUND BALANCE	(628,146)	(279,667)	348,479
FUND BALANCE, Beginning	629,820	636,816	6,996
FUND BALANCE, Ending	<u>\$ 1,674</u>	<u>\$ 357,149</u>	<u>\$ 355,475</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
POLICE IMPACT FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Impact Fees	\$ 76,030	\$ 66,533	\$ (9,497)
Investment Income	10,808	2,204	(8,604)
	<u>86,838</u>	<u>68,737</u>	<u>(18,101)</u>
TOTAL REVENUES			
EXPENDITURES			
Public Safety	-	36,476	(36,476)
Capital Outlay	77,068	77,132	(64)
Debt Service			
Principal	106,493	96,126	10,367
Interest and Fiscal Charges	-	11,275	(11,275)
	<u>183,561</u>	<u>221,009</u>	<u>(37,448)</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(96,723)</u>	<u>(152,272)</u>	<u>(55,549)</u>
OTHER FINANCING SOURCES			
Lease Proceeds	<u>57,068</u>	<u>77,132</u>	<u>20,064</u>
CHANGE IN FUND BALANCE	(39,655)	(75,140)	(35,485)
FUND BALANCE, Beginning	<u>116,780</u>	<u>109,929</u>	<u>(6,851)</u>
FUND BALANCE, Ending	<u>\$ 77,125</u>	<u>\$ 34,789</u>	<u>\$ (42,336)</u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Investment Income	\$ 150,000	\$ 177,096	\$ 27,096
EXPENDITURES			
Capital Outlay	1,850,000	291,786	1,558,214
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,700,000)	(114,690)	(1,531,118)
OTHER FINANCING SOURCES (USES)			
Transfers In	-	1,390,084	1,390,084
Transfers Out	(1,000,000)	(1,000,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,000,000)	390,084	1,390,084
CHANGE IN FUND BALANCE	(2,700,000)	275,394	(141,034)
FUND BALANCE, Beginning	4,668,764	4,865,577	196,813
FUND BALANCE, Ending	\$ 1,968,764	\$ 5,140,971	\$ 3,172,207

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
ELEVATION 25 GENERAL IMPROVEMENT DISTRICT
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 34,273	\$ 35,038	\$ 765
Specific Ownership Taxes	-	1,388	1,388
Investment Income	200	757	557
	<u>34,473</u>	<u>37,183</u>	<u>2,710</u>
TOTAL REVENUES	<u>34,473</u>	<u>37,183</u>	<u>2,710</u>
EXPENDITURES			
General Government			
Administration	28,015	8,024	19,991
	<u>28,015</u>	<u>8,024</u>	<u>19,991</u>
CHANGE IN FUND BALANCE	6,458	29,159	22,701
FUND BALANCE, Beginning	<u>3,040</u>	<u>10,567</u>	<u>7,527</u>
FUND BALANCE, Ending	\$ <u><u>9,498</u></u>	\$ <u><u>39,726</u></u>	\$ <u><u>30,228</u></u>

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
HIGHWAY 66 & I-25 GENERAL IMPROVEMENT DISTRICT
Year Ended December 31, 2025

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 5,918	\$ 5,918	\$ -
Specific Ownership Taxes	-	482	482
MURA Revenue Sharing	5,968	3,315	(2,653)
Investment Income	50	120	70
TOTAL REVENUES	11,936	9,835	(2,101)
EXPENDITURES			
General Government			
Administration	7,675	7,589	86
CHANGE IN FUND BALANCE	4,261	2,246	(2,015)
FUND BALANCE, Beginning	-	-	-
FUND BALANCE, Ending	\$ 4,261	\$ 2,246	\$ (2,015)

TOWN OF MEAD, COLORADO
BUDGETARY COMPARISON SCHEDULE
SEWER FUND (BUDGETARY BASIS TO GAAP BASIS)
Year Ended December 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
OPERATING REVENUES				
Charges for Services	\$ 1,079,859	\$ 1,079,859	\$ 1,019,611	\$ (60,248)
Miscellaneous	1,061,240	1,061,240	18,710	(1,042,530)
TOTAL OPERATING REVENUES	2,141,099	2,141,099	1,038,321	(1,102,778)
OPERATING EXPENSES				
Administration	414,746	414,746	413,064	1,682
Operations	533,000	533,000	416,314	116,686
Capital Outlay	685,000	965,000	392,065	292,935
TOTAL OPERATING EXPENSES	1,632,746	1,912,746	1,221,443	411,303
NET OPERATING INCOME (LOSS)	508,353	228,353	(183,122)	(691,475)
NONOPERATING REVENUES (EXPENSES)				
Investment Income	71,884	71,884	72,123	239
Contingency	(1,000,000)	(1,000,000)	-	1,000,000
Debt Service				
Principal	(85,193)	(85,193)	(85,194)	(1)
Interest and Fiscal Charges	(47,858)	(47,858)	(44,961)	2,897
TOTAL NONOPERATING REVENUES (EXPENSES)	(1,061,167)	(1,061,167)	(58,032)	1,003,135
NET INCOME (LOSS) BEFORE CAPITAL CHARGES	(552,814)	(832,814)	(241,154)	311,660
CAPITAL CHARGES				
Sewer Tap Fees	226,282	226,282	213,350	(12,932)
CHANGE IN NET POSITION, Budgetary Basis	\$ (326,532)	\$ (606,532)	\$ (27,804)	\$ 298,728
RECONCILIATION TO GAAP BASIS				
Capital Outlay			392,065	
Debt Principal			85,194	
Debt Premium Amortization			3,673	
Change in Accrued Interest			1,239	
Depreciation			(373,881)	
CHANGE IN NET POSITION, GAAP Basis			80,486	

COMPLIANCE SECTION

SINGLE AUDIT

**INDEPENDENT AUDITOR'S 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***

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

We have audited, 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, the financial statements of the governmental activities, each major fund, business-type activities, and the aggregate remaining fund information of the Town of Mead, 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 basic financial statements of the Town and have issued our report thereon dated July 10, 2026.

Report on Internal Control Over Financial Reporting

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

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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Town's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or 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 the 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town'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*.

Honorable Mayor and Board of Trustees
Town of Mead, Colorado

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

DMC Auditing and Consulting, LLC

July 10, 2026
Bailey, Colorado

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
REQUIRED BY THE UNIFORM GUIDANCE**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the Town complied, in all material respects, with the 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's 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 to express an opinion on the Town'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 GAAS, *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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Town's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Town'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 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.

Honorable Mayor and Board of Trustees
Town of Mead, Colorado

Our consideration of the Town's internal control over compliance was for the limited purpose described in the Auditor's 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.

DMC Auditing and Consulting, LLC

July 10, 2026
Bailey, Colorado

TOWN OF MEAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted?

☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

<u>Federal Assistant Listing Number</u>	<u>Name of Federal Cluster/Program</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish Between Type A and Type B programs: \$1,000,000

Auditee qualified as low-risk auditee? ☐ Yes ☒ No

TOWN OF MEAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

SECTION II: FINANCIAL STATEMENT FINDINGS

No findings or questioned costs were reported for the fiscal year ended December 31, 2025.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No findings or questioned costs were reported for the fiscal year ended December 31, 2025.

TOWN OF MEAD, COLORADO
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2025

2024-001: Material Audit Adjusting Journal Entries in the Financial Statements

Criteria: AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

Status: Corrective action was taken, and the prior audit finding has been resolved as of December 31, 2025.

TOWN OF MEAD, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Expenditures
U.S. DEPARTMENT OF JUSTICE			
<i>Passed Through Office of Community Oriented Policing Services</i>			
Public Safety Partnership and Community Policing Grants	16.710	04041-UHPX	\$ <u>54,376</u>
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed Through Colorado Department of Transportation</i>			
Highway Planning and Construction	20.205	23-HA4-XC-00123	<u>2,545,022</u>
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Weld County</i>			
Homeland Security Grant Program	97.067	22SHS23NER-2	<u>40,000</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ <u><u>2,639,398</u></u>

TOWN OF MEAD, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2025

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The Town does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the Town, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the Town.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the Town's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the schedule.

NOTE 3: Indirect Cost Rate

The Town has not elected to use the 15% de minimis cost rate.

NOTE 4: Subrecipients

At December 31, 2025, the Town did not pass-through federal awards to subrecipients.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
THIS INFORMATION FROM THE RECORDS OF: Town of Mead		PREPARED BY: Lorraine Trotter lhtrotter@professionalmanagemer	
		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
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 Assessments	5,918.11	a. Interest on investments	398,290.05
b. Non-property Taxes and Assessments Imposts	10,171,468.47	b. Other Misc. Local Receipts	291,056.81
c. Total (a + b)	\$ 10,177,386.58	c. Total (a + b)	\$ 689,346.86
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user Taxes (from Item I.C.5.)	332,767.46	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	2,416,864.43
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	85,418.82		
c. Total (a + b)	\$ 85,418.82		
4. Total (1 + 2 + 3c)	\$ 418,186.28	3. Total (1 + 2)	\$ 2,416,864.43
III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT		
A.1. Capital outlay:			
a. Right-Of-Way Costs	0.00		
b. Engineering Costs	221,593.86		
c. Construction Costs	11,495,440.57		
d. Total Capital Outlay (a+ b + c)	\$ 11,717,034.43		
Form FHWA-536 (Rev. 02-2025) Page2			

LOCAL HIGHWAY FINANCE REPORT STATE: Colorado REPORT YEAR ENDING DATE(mm/yyyy): 12/2025				
		I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE		
		ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes
1. Amount used for highway purposes				
II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. EXPENDITURES FOR ROAD AND STREET PURPOSES		
ITEM	AMOUNT	ITEM	AMOUNT	
A. Receipts from Local Sources:		A. Local highway expenditures:		
1. Local Highway-user Taxes		1. Capital Outlay (from page 1, Item III.A1.d)	\$ 11,717,034.43	
a. Motor Fuel (from Item I.A.1)		2. Maintenance:	3,057,149.55	
b. Motor Vehicle (from Item I.B.1)		3. Road and Street Services:		
c. Total (a + b)		a. Snow and Ice Removal	163,390.90	
2. General Fund Appropriations	0.00	b. Other & Traffic Control Operations	525,170.55	
3. Other Local Imposts (from page 1, Item II.A3.c)	\$ 10,177,386.58	c. Total (a + b)	\$ 688,561.45	
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	\$ 689,346.86	4. General Administration & Miscellaneous	76,640.77	
5. Transfers from Toll Facilities		5. Highway Law Enforcement and Safety	1,879,959.89	
6. Proceeds of Sale of Bonds and Notes:		6. Total (1 through 5)	\$ 17,419,346.09	
a. Bonds - Original Issues	0.00	B. Debt Service on Local Obligations:		
b. Bonds - Refunding Issues	0.00	1. Bonds:		
c. Notes	0.00	a. Interest	0.00	
d. Total (a + b + c)	\$ -	b. Redemption	0.00	
7. Total (1 through 6)	\$ 10,866,733.44	c. Total (a + b)	\$ -	
B. Private Contributions	0.00	2. Notes:		
C. Receipts from State government (from page 1, Item II.C.4)	\$ 418,186.28	a. Interest	16,155.90	
D. Receipts from Federal government (from page 1, Item II.D.3)	\$ 2,416,864.43	b. Redemption	193,567.58	
E. Total receipts (A.7 + B + C + D)	\$ 13,701,784.15	c. Total (a + b)	\$ 209,723.48	
		3. Total (1c + 2c)	\$ 209,723.48	
		C. Payments to State for Highways	0.00	
		D. Payments to Toll Facilities	0.00	
		E. Total Expenditures (A6 + B3 + C + D)	\$ 17,629,069.57	
IV. LOCAL HIGHWAY DEBT STATUS				
(Show all entries at par)				
ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0.00	\$ -	\$ -	\$ -
1. Bonds (Refunding Portion)		\$ -		
B. Notes (Total)	41,975.00	\$ 712,704.00	\$ 204,865.00	\$ 549,814.00