Annual Financial Report

# Town of Nunn

Nunn, Colorado

For the Year Ended December 31, 2025

Tim Chavies & Associates, Inc.

*Certified Public Accountants*
*1707 61st Avenue, Suite 101*
*Greeley, Colorado 80634*
*(970) 356-2284 / Fax (970) 353-9701*

**TOWN OF NUNN, COLORADO**

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December 31, 2025

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Town of Nunn
Nunn, Colorado

**Opinions**

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

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

**Basis for Opinions**

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

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Nunn, State of Colorado'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 Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Nunn, State of Colorado'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 of Nunn, State of Colorado'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 on pages 4-8 and budgetary comparison information on pages 37-42, and the Schedule of Proportionate Share of Pension Liability and Schedule of Contributions on page 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, 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 of Nunn, State of Colorado's basic financial statements. The budgetary comparisons on pages 44-46 and the local highway finance report on pages 47-48 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparisons on pages 44-46 and the local highway finance report on pages 47-48 are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Tim Chavies & Associates, Inc

Greeley, Colorado
July 3, 2026

Tim Chavies & Associates, Inc.
Certified Public Accountants

**P.O. Box 171**
**Nunn, Colorado 80648**
**(970) 897-2385**

# Management's Discussion and Analysis
December 31, 2025

This section of Town of Nunn, State of Colorado's (the "Town") 2025 annual financial report presents management's discussion and analysis of the Town's financial performance for the year ended December 31, 2025. The Management Discussion and Analysis ("MD&A") should be read in conjunction with the Town's financial statements, including the notes to financial statements and supplemental information that immediately follow this section. When available, the Town has included comparative analysis of such data.

## Financial Highlights

- The Town's assets plus deferred outflows exceeded its liabilities plus deferred inflows by $8,608,227 in 2025 compared to $8,600,484 in 2024 (net position), an increase of $7,743 or 0.01%.

- Total revenues for the governmental funds were $1,098,172 in 2025 compared to $1,316,981 in 2024, a decrease of $218,809 or 16.61%. Total expenditures were $1,100,378 in 2025 compared to $1,054,289 in 2024, an increase of $46,089 or 4.37%.

- Total operating revenues for the proprietary funds were $284,448 in 2025 compared to $240,267 in 2024, an increase of $44,181 or 18.39%. Total operating expenditures were $350,270 in 2025 compared to $325,455 in 2024, an increase of $24,815 or 7.62%.

- The Town of Nunn was awarded the Safer Streets 4 all Grant to create a Comprehensive Safety Plan for the Town of Nunn with the completion in 2026. In addition, the FEMA BRIC grant was awarded to create a Master Drainage Plan for the Town of Nunn with completion in 2027.

- The Nunn Police Department was awarded a POST hiring grant to be utilized in 2025 and 2026.The Edward Byrne Memorial Justice Grant for upgrading the Body Worn Cameras. Closed grants in 2025 consisted of POST training grant, and Leadership training grants.

## Overview of the Financial Statements

The Town's financial statements are comprised of three components, government-wide financial statements, fund financial statements, and notes to the financial statements. This report also contains other supplementary information in addition to the financial statements themselves.

**Government-Wide Financial Statements** are comprised of the Statement of Net Position and the Statement of Activities. These two statements are designed to provide readers with a broad overview of the Town's finances utilizing the full accrual method of accounting.

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

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

Both government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The Governmental activities of the Town include the General Fund and Conservation Trust Fund. The Business-Type activities of the Town include the Water Fund. The Town does not have any component units.

**Fund Financial Statements** focus on current available resources and are organized and operated on the basis of funds. 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. All of the funds of the Town can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

**Governmental Funds** are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, the governmental funds financial statements utilize the modified accrual basis of accounting, which focuses on near-term inflow and outflow of spendable resources, as well as on balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements. The Town maintains two governmental funds (General and Conservation Trust).

**Proprietary Funds** provide the same type of information as the government-wide financial statements, only in more detail. These funds are used to account for services in which the Town charges customers a fee. The Town maintains one proprietary fund (Water).

The Town does not have any **Fiduciary Funds.**

**Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide, business-type activities and fund financial statements.

**Other Information** includes certain required supplementary information containing budgetary comparison schedules of revenues, expenditures and changes in fund balances for all funds.

**Government-Wide Financial Analysis**
Condensed financial information from the **Statement of Net Position** at December 31, 2025:

| **Assets** | **Governmental Activities** | **Business-Type Activities** | **Total** |
|---|---|---|---|
| Current assets | $ 3,112,826 | $ (247,410) | $ 2,865,416 |
| Noncurrent assets | 574,946 | 5,966,490 | 6,541,436 |
| **Total Assets** | 3,687,772 | 5,719,080 | 9,406,852 |
| **Deferred Outflows** | 94,675 | - | 94,675 |
| **Liabilities** | | | |
| Current liabilities | 210,252 | 65,216 | 275,468 |
| Noncurrent liabilities | 14,208 | 237,700 | 251,908 |
| **Total Liabilities** | 224,460 | 302,916 | 527,376 |
| **Deferred Inflows** | 365,924 | - | 365,924 |
| **Net Position** | | | |
| Net investment in capital assets | 413,294 | 5,605,668 | 6,018,962 |
| Restricted | 56,599 | 108,598 | 165,197 |
| Unrestricted | 2,722,170 | (298,102) | 2,424,068 |
| **Total Net Position** | $ 3,192,063 | $ 5,416,164 | $ 8,608,227 |

Net position increase was attributed to increases in taxes, tap fees, and contribution and decreases in earnings on investments due to lower interest rates and building permits.

Condensed financial information from the **Statement of Activities** at December 31, 2025:

| **Revenues** | **Governmental Activities** | **Business-Type Activities** | **Total** |
|---|---|---|---|
| Program Revenues: | | | |
| Charges for services | $ 57,994 | $ 284,448 | $ 342,442 |
| General Revenues: | | | |
| Taxes | 849,164 | - | 849,164 |
| Intergovernmental | 72,225 | - | 72,225 |
| Other | 151,586 | 15,601 | 167,187 |
| Contributions | - | 60,000 | 60,000 |
| **Total Revenues** | 1,130,969 | 360,049 | 1,491,018 |
| **Expenses** | | | |
| General government | (259,936) | - | (259,936) |
| Public safety | (472,747) | - | (472,747) |
| Public works | (302,855) | - | (302,855) |
| Health and welfare | (19,648) | - | (19,648) |
| Culture - recreation | (65,127) | - | (65,127) |
| Water | - | (350,270) | (350,270) |
| Interest on long-term debt | (10,092) | (2,600) | (12,692) |
| **Total Expenses** | (1,130,405) | (352,870) | (1,483,275) |
| **Changes in net position** | 564 | 7,179 | 7,743 |
| Net Position - beginning | 3,191,499 | 5,408,985 | 8,600,484 |
| **Net Position - ending** | $ 3,192,063 | $ 5,416,164 | $ 8,608,227 |

The change in net position of the Town increased $7,743 during 2025.

### Financial Analysis of the Governmental Funds

**Governmental funds:** The Town's functions are reported in the General Fund and Conservation Trust Fund. The focus of these funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the Town's net resources available for spending at the end of its fiscal year.

As of December 31, 2025, the Town's governmental funds reported combined ending fund balances of $2,699,801, a decrease of $11,907 in comparison with 2024. Approximately 95.84% of this total amount ($2,587,367) constitutes *unrestricted* fund balance, which is available for spending at the government's discretion. The reminder of the fund balance is *restricted* to indicate that it is not available for new spending because it has already been committed for encumbrances or Tabor.

**Proprietary funds:** The Town's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

**Fiduciary funds:** As mentioned earlier, the Town does not have any of these types of funds.

### Budgetary Highlights

The budgets are prepared in accordance with accounting principles generally accepted in the United States of America. Budget and actual comparison schedules are provided in the other supplementary information section of this report. The budget and actual comparison schedules show the original adopted budget, the final revised budget, actual results, and variance between the final budget and actual results for all funds.

### Capital Assets and Debt Administration

**Capital Assets (Net of Depreciation and Amortization)**

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Land | $ 3,929 | $ 29,656 | $ 33,585 |
| Water rights | - | 3,097,500 | 3,097,500 |
| Construction in progress | - | 57,500 | 57,500 |
| Water system | - | 4,131,446 | 4,131,446 |
| Buildings and improvements | 405,496 | - | 405,496 |
| Land improvements | 374,746 | - | 374,746 |
| Machinery and equipment | 656,229 | 77,506 | 733,735 |
| Leased assets | 320,907 | - | 320,907 |
| Total Capital Assets | 1,761,307 | 7,393,608 | 9,154,915 |
| Less: accumulated depreciation and amortization | (1,186,361) | (1,535,716) | (2,722,077) |
| **Net Capital Assets** | $ 574,946 | $ 5,857,892 | $ 6,432,838 |

Net Capital assets increased $79,012 or 1.24% during 2025 due to capital outlay of $293,368 (assets acquired) less depreciation of $214,356 and sales of $0 (See Note 5 for further discussion).

**Debt Administration**
The Town has one outstanding debt obligation with the Colorado Water Resources and Power Development Authority. As of December 31, 2025, the debt was $251,810 compared to $265,780 in 2024, a decrease of $13,970. (See Note 7 for further discussion)

The Town has a lease-purchase agreement expiring on December 21, 2026. As of December 31, 2025, the lease obligations were $161,652 compared to $186,286 in 2024, a decrease of $24,634. (See Note 7 for further discussion).

**Economic Factors**
The Nunn Community Center continues to provide space for the Neighbor-to-Neighbor Share House which is the local outreach program for food and clothing. The Nunn Community Center also provides facilities for basketball and volleyball leagues of the Highland Recreational Association. Senior Lunches continue on a weekly basis at the Nunn Senior Center. The Town of Nunn Board applied for CDBG grants for both the Nunn Community Center and the Nunn Senior Center, in order to provide improvements for these facilities.

**Financial Contact**
This financial report is designed to provide a general overview of the Town's finances for those who have an interest in the Town. If you have any questions about the report or need additional financial information, please contact Town Clerk at 185 Lincoln Avenue, Nunn, Colorado 80648. Phone (970) 897-2385.

## *BASIC FINANCIAL STATEMENTS*

**TOWN OF NUNN, COLORADO**

*Statement of Net Position*

***Government-Wide***

December 31, 2025

| ASSETS | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| **Current Assets:** | | | |
| Cash and cash equivalents | $ 631,764 | $ - | $ **631,764** |
| Cash on deposit - Weld County Treasurer | 3,489 | - | **3,489** |
| Cash in savings | 54,052 | - | **54,052** |
| Local government investment pools | 1,593,390 | 14,995 | **1,608,385** |
| Property taxes receivable | 364,425 | - | **364,425** |
| Accounts receivable | 172,649 | 27,394 | **200,043** |
| Prepaid items | - | 3,258 | **3,258** |
| Internal balances | 293,057 | (293,057) | **-** |
| **Total Current Assets** | 3,112,826 | (247,410) | **2,865,416** |
| **Noncurrent Assets:** | | | |
| **Net pension asset** | - | - | **-** |
| **Restricted assets:** | | | |
| Cash and cash equivalents | - | - | **-** |
| Local government investment pools | - | 108,598 | **108,598** |
| **Total Restricted Assets** | - | 108,598 | **108,598** |
| **Capital Assets:** | | | |
| Capital assets, not being depreciated | 3,929 | 3,184,656 | **3,188,585** |
| Capital assets, being depreciated - net | 402,542 | 2,673,236 | **3,075,778** |
| Right-to-use assets, being amortized - net | 168,475 | - | **168,475** |
| **Net Capital Assets** | 574,946 | 5,857,892 | **6,432,838** |
| **Total Noncurrent Assets** | 574,946 | 5,966,490 | **6,541,436** |
| **Total Assets** | 3,687,772 | 5,719,080 | **9,406,852** |
| **DEFERRED OUTFLOWS** | | | |
| Deferred outflows related to pensions | 94,675 | - | **94,675** |
| **LIABILITIES** | | | |
| **Current Liabilities:** | | | |
| Accounts payable | 30,048 | 50,692 | **80,740** |
| Payroll taxes payable | 18,552 | - | **18,552** |
| Accrued interest payable | - | 414 | **414** |
| Current portion of long-term obligations | 161,652 | 14,110 | **175,762** |
| **Total Current Liabilities** | 210,252 | 65,216 | **275,468** |
| **Noncurrent Liabilities:** | | | |
| Compensated absences | 14,208 | - | **14,208** |
| Lease liability | 161,652 | - | **161,652** |
| Note payable - CWRPDA loan | - | 251,810 | **251,810** |
| Less: portion due within one year | (161,652) | (14,110) | **(175,762)** |
| Net pension liability | - | - | **-** |
| **Total Noncurrent Liabilities** | 14,208 | 237,700 | **251,908** |
| **Total Liabilities** | 224,460 | 302,916 | **527,376** |
| **DEFERRED INFLOWS** | | | |
| Unearned revenue - property taxes | 364,425 | - | **364,425** |
| Deferred inflows related to pensions | 1,499 | - | **1,499** |
| **Total Deferred Inflows** | 365,924 | - | **365,924** |
| **NET POSITION** | | | |
| Net investment in capital assets | 413,294 | 5,605,668 | **6,018,962** |
| Restricted | 56,599 | 108,598 | **165,197** |
| Unrestricted | 2,722,170 | (298,102) | **2,424,068** |
| **Total Net Position** | **$ 3,192,063** | **$ 5,416,164** | **$ 8,608,227** |

See accompanying notes to the basic financial statements

**TOWN OF NUNN, COLORADO**

*Statement of Activities*

***Government-Wide***

Year Ended December 31, 2025

| Functions / Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Capital Contributions | Net (Expense) Revenue and Changes in Net Position — Primary Government: Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|---|---|---|
| **Primary Government** | | | | | | |
| **Governmental Activities:** | | | | | | |
| General government | $ (259,936) | $ - | $ - | $ (259,936) | $ - | **$ (259,936)** |
| Public safety | (472,747) | - | - | (472,747) | - | **(472,747)** |
| Public works | (302,855) | 57,994 | - | (244,861) | - | **(244,861)** |
| Health and welfare | (19,648) | - | - | (19,648) | - | **(19,648)** |
| Culture and recreation | (65,127) | - | - | (65,127) | - | **(65,127)** |
| Interest on long-term debt | (10,092) | - | - | (10,092) | - | **(10,092)** |
| **Total Governmental Activities** | (1,130,405) | 57,994 | - | (1,072,411) | - | **(1,072,411)** |
| **Business-Type Activities:** | | | | | | |
| Water fund | (352,870) | 284,448 | 60,000 | - | (8,422) | **(8,422)** |
| **Total Business-Type Activities** | (352,870) | 284,448 | 60,000 | - | (8,422) | **(8,422)** |
| **Total Primary Government** | $ (1,483,275) | $ 342,442 | $ 60,000 | (1,072,411) | (8,422) | **(1,080,833)** |
| | | | | | | |
| **General Revenues:** | | | | | | |
| Taxes | | | | 849,164 | - | **849,164** |
| Licenses and permits | | | | 12,794 | - | **12,794** |
| Intergovernmental revenue | | | | 72,225 | - | **72,225** |
| Fines and forfeitures | | | | 29,764 | - | **29,764** |
| Miscellaneous income | | | | 8,579 | - | **8,579** |
| Sale of assets | | | | 2,250 | - | **2,250** |
| Grants | | | | 22,775 | 10,483 | **33,258** |
| Insurance proceeds | | | | - | - | **-** |
| Earnings on investments | | | | 67,652 | 5,118 | **72,770** |
| Transfers | | | | - | - | **-** |
| Contributions | | | | - | - | **-** |
| Pension net increase (decrease) | | | | 7,772 | - | **7,772** |
| **Total General Revenues** | | | | 1,072,975 | 15,601 | **1,088,576** |
| **Change in Net Position** | | | | 564 | 7,179 | **7,743** |
| **Net Position-Beginning of Year** | | | | 3,191,499 | 5,408,985 | **8,600,484** |
| **Net Position-End of Year** | | | | **$ 3,192,063** | **$ 5,416,164** | **$ 8,608,227** |

See accompanying notes to the basic financial statements

## TOWN OF NUNN, COLORADO

*Balance Sheet*

***Governmental Funds***

December 31, 2025

| | General | Conservation Trust | Total |
|---|---|---|---|
| **ASSETS** | | | |
| **Current Assets:** | | | |
| Cash and cash equivalents | $ 631,764 | $ - | $ 631,764 |
| Cash on deposit - Weld County Treasurer | 3,489 | - | 3,489 |
| Cash in savings | 54,052 | - | 54,052 |
| Local government investment pools | 1,515,453 | 77,937 | 1,593,390 |
| Property taxes receivable | 364,425 | - | 364,425 |
| Accounts receivable | 172,649 | - | 172,649 |
| Prepaid items | - | - | - |
| Due from other funds | 293,057 | - | 293,057 |
| **Total Current Assets** | 3,034,889 | 77,937 | 3,112,826 |
| **Noncurrent Assets:** | | | |
| Restricted cash on hand and in checking | - | - | - |
| **Total Noncurrent Assets** | - | - | - |
| **Total Assets** | **$ 3,034,889** | **$ 77,937** | **$ 3,112,826** |
| **LIABILITIES** | | | |
| **Current Liabilities:** | | | |
| Accounts payable | $ 30,048 | $ - | $ 30,048 |
| Payroll taxes payable | 18,552 | - | 18,552 |
| **Total Current Liabilities** | 48,600 | - | 48,600 |
| **Total Liabilities** | 48,600 | - | 48,600 |
| **DEFERRED INFLOWS** | | | |
| Unearned revenue - property taxes | 364,425 | - | 364,425 |
| **Total Liabilities & Deferred Inflows** | 413,025 | - | 413,025 |
| **FUND BALANCE** | | | |
| Nonspendable - Prepaid | - | - | - |
| Restricted: | | | |
| Tabor | 34,497 | - | 34,497 |
| Parks and recreation | - | 22,102 | 22,102 |
| Committed - subsequent year's expenditures | - | 55,835 | 55,835 |
| Assigned | - | - | - |
| Unassigned | 2,587,367 | - | 2,587,367 |
| **Total Fund Balance** | 2,621,864 | 77,937 | 2,699,801 |
| **Total Fund Balance, Liabilities and Deferred Inflows** | **$ 3,034,889** | **$ 77,937** | **$ 3,112,826** |

| | |
|---|---|
| ***Reconciliation of the Balance Sheet to the Statement of Net Position*** | |
| Total Governmental Fund Balance | $ 2,699,801 |
| *Amounts reported for governmental activities in the statement of net position are different because:* | |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds: | |
| Capital assets, net of depreciation and amortization | 574,946 |
| Long-term liabilities, including capital leases, are not due and payable in the current period, therefore, they are not reported in the funds: | |
| Compensated absences | (14,208) |
| Lease obligations | (161,652) |
| Net pension liability and deferred outflows/inflows of resources related to pension plan is not recorded in the governmental funds but is recorded in the statement of net position | 93,176 |
| **Net Position of Governmental Activities** | **$ 3,192,063** |

**TOWN OF NUNN, COLORADO**

*Statement of Revenues, Expenditures, and Changes in Fund Balances*

***Governmental Funds***

Year Ended December 31, 2025

| | General | Conservation Trust | Total |
|---|---|---|---|
| **Revenues:** | | | |
| Taxes | $ 849,164 | $ - | **$ 849,164** |
| Licenses and permits | 12,794 | - | **12,794** |
| Intergovernmental revenue | 65,850 | 6,375 | **72,225** |
| Charges for services | 57,994 | - | **57,994** |
| Fines and forfeitures | 29,764 | - | **29,764** |
| Miscellaneous revenues | 8,579 | - | **8,579** |
| Earnings on investments | 64,519 | 3,133 | **67,652** |
| **Total Revenues** | 1,088,664 | 9,508 | **1,098,172** |
| **Expenditures:** | | | |
| General government | 254,716 | - | **254,716** |
| Public safety | 434,487 | - | **434,487** |
| Public works | 242,348 | - | **242,348** |
| Health and welfare | 19,648 | - | **19,648** |
| Culture and recreation | 58,894 | - | **58,894** |
| Capital outlay | 90,285 | - | **90,285** |
| **Total Expenditures** | 1,100,378 | - | **1,100,378** |
| **Excess (Deficiency) of Revenues over Expenditures** | (11,714) | 9,508 | **(2,206)** |
| **Other Financing Sources (Uses):** | | | |
| Sale of assets | 2,250 | - | **2,250** |
| Contributions | - | - | **-** |
| Debt service | (34,726) | - | **(34,726)** |
| Insurance proceeds | - | - | **-** |
| Grants | 22,775 | - | **22,775** |
| Transfers in (out) | - | - | **-** |
| **Total Other Financing Sources (Uses)** | (9,701) | - | **(9,701)** |
| **Net Change in Fund Balance** | (21,415) | 9,508 | **(11,907)** |
| Fund Balance - Beginning of Year | 2,643,279 | 68,429 | **2,711,708** |
| **Fund Balance - End of Year** | **$ 2,621,864** | **$ 77,937** | **$ 2,699,801** |

| | |
|---|---|
| ***<u>Reconciliation of Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities:</u>*** | |
| **Net Change in Fund Balance - Total Governmental Funds** | **$ (11,907)** |
| *Amounts reported for governmental activities in the statement of activities are different because:* | |
| Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate to those expenditures over the life of the assets: | |
| Capital assets sold | **-** |
| Capital asset purchases capitalized | **90,285** |
| Depreciation expense | **(82,018)** |
| Amortization expense | **(32,091)** |
| Loan proceeds provide current financial resources to the governmental fund and repayment of debt principal is an expenditure in the governmental funds, but the proceeds increase and repayment reduces long-term liabilities in the statement of net position: | |
| Lease obligations | **24,634** |
| Net pension asset and deferred outflows/inflows of resources related to pension plan is not recorded in the governmental funds but is recorded in the statement of net position | **7,772** |
| Some expenses reported in statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds: | |
| Change in compensated absences | **3,889** |
| **Change in Net Position of Governmental Activities** | **$ 564** |

**TOWN OF NUNN, COLORADO**

*Statement of Net Position*

***Proprietary Funds***

Year Ended December 31, 2025

| | Business-Type Activities | |
|---|---|---|
| | **Water** | **Total** |
| **ASSETS** | | |
| **Current Assets:** | | |
| Local government investment pools | $ 14,995 | **$ 14,995** |
| Accounts receivable | 27,394 | **27,394** |
| Other receivables | - | **-** |
| Prepaid items | 3,258 | **3,258** |
| **Total Current Assets** | 45,647 | **45,647** |
| **Noncurrent Assets:** | | |
| Restricted assets: | | |
| Local government investment pools | 108,598 | **108,598** |
| **Total Noncurrent Assets** | 108,598 | **108,598** |
| **Capital Assets:** | | |
| Capital assets, not being depreciated | 3,184,656 | **3,184,656** |
| Capital assets, being depreciated - net | 2,673,236 | **2,673,236** |
| Right-to-use assets, being amortized - net | - | **-** |
| **Net Capital Assets** | 5,857,892 | **5,857,892** |
| **Total Assets** | 6,012,137 | **6,012,137** |
| **LIABILITIES** | | |
| **Current Liabilities:** | | |
| Accounts payable | 50,692 | **50,692** |
| Accrued interest payable | 414 | **414** |
| Due to other funds | 293,057 | **293,057** |
| Current portion of long-term debt | 14,110 | **14,110** |
| **Total Current Liabilities** | 358,273 | **358,273** |
| **Long Term Liabilities:** | | |
| Note payable - CWRPDA loan | 251,810 | **251,810** |
| Less: portion due within one year | (14,110) | **(14,110)** |
| **Total Long Term Liabilities** | 237,700 | **237,700** |
| **Total Liabilities** | 595,973 | **595,973** |
| **NET POSITION** | | |
| Net investment in capital assets | 5,605,668 | **5,605,668** |
| Restricted for revenue bond operations and maintenance | 108,598 | **108,598** |
| Unrestricted: | | |
| Designated for subsequent year's expenditures | - | **-** |
| Undesignated | (298,102) | **(298,102)** |
| **Total Net Position** | **$ 5,416,164** | **$ 5,416,164** |

See accompanying notes to the basic financial statements

**TOWN OF NUNN, COLORADO**

*Statement of Revenues, Expenses, and Changes in Net Position*

***Proprietary Funds***

Year Ended December 31, 2025

| | Business-Type Activities | |
|---|---|---|
| | Water | Total |
| **Operating Revenues:** | | |
| Charges for services | $ 228,934 | **$ 228,934** |
| Other operating revenues | 55,514 | **55,514** |
| **Total Operating Revenues** | 284,448 | **284,448** |
| **Operating Expenses:** | | |
| Administrative | 80,419 | **80,419** |
| System operations and maintenance | 169,604 | **169,604** |
| Depreciation | 100,247 | **100,247** |
| **Total Operating Expenses** | 350,270 | **350,270** |
| **Operating Income (Loss)** | (65,822) | **(65,822)** |
| **Non-operating Revenues (Expenses)** | | |
| Earnings on investments | 5,118 | **5,118** |
| Interest expense | (2,600) | **(2,600)** |
| Sale of assets | - | - |
| Insurance proceeds | - | - |
| Grants | 10,483 | **10,483** |
| **Total Non-operating Revenues (Expenses)** | 13,001 | **13,001** |
| **Income (Loss) before contributions** | (52,821) | **(52,821)** |
| **Contributions** | 60,000 | **60,000** |
| **Change in Net Position** | 7,179 | **7,179** |
| Total Net Position - Beginning of Year | 5,408,985 | **5,408,985** |
| **Total Net Position - End of Year** | **$ 5,416,164** | **$ 5,416,164** |

**TOWN OF NUNN, COLORADO**

*Statement of Cash Flows*

***Proprietary Funds***

Year Ended December 31, 2025

| | Business-Type Activities | |
|---|---|---|
| | Water | Total |
| **Cash Flows From Operating Activities:** | | |
| Cash received from customers | $ 285,839 | **$ 285,839** |
| Cash payments to employees | (37,730) | **(37,730)** |
| Cash payments to suppliers | (172,360) | **(172,360)** |
| Internal activity - payments to other funds | 73,422 | **73,422** |
| **Net Cash flows From Operating Activities** | 149,171 | **149,171** |
| | | |
| **Cash Flows From Non-capital Financing Activities:** | | |
| Operating transfers in | - | **-** |
| Operating transfers out | - | **-** |
| Insurance proceeds | - | **-** |
| Other non-operating revenue | 10,483 | **10,483** |
| **Net Cash Flows from Non-capital Financing Activities** | 10,483 | **10,483** |
| | | |
| **Cash Flows From Capital and Related Financing Activities:** | | |
| Acquisition of capital assets | (203,083) | **(203,083)** |
| Disposition of capital assets | - | **-** |
| Contributions | 60,000 | **60,000** |
| Principal payments on long-term debt | (13,970) | **(13,970)** |
| Interest payments on long-term debt | (2,600) | **(2,600)** |
| **Net Cash Flows from Capital and Related Financing Activities** | (159,653) | **(159,653)** |
| | | |
| **Cash Flows From Investing Activities:** | | |
| Interest on investments | 5,118 | **5,118** |
| **Net Cash Flows from Investing Activities** | 5,118 | **5,118** |
| | | |
| **Net Increase (Decrease) in Cash and Cash Equivalents** | 5,119 | **5,119** |
| Cash and Cash Equivalents - January 1 | 118,474 | **118,474** |
| **Cash and Cash Equivalents - December 31** | **$ 123,593** | **$ 123,593** |
| | | |
| **Reconciliation of Operating Loss to Net Cash Used for Operating Activities:** | | |
| Operating loss | $ (65,822) | **$ (65,822)** |
| Adjustments to reconcile operating loss to net cash used for operating activities: | | |
| Depreciation | 100,247 | **100,247** |
| Changes in assets and liabilities: | | |
| Receivables | 1,391 | **1,391** |
| Prepaid expenses | (146) | **(146)** |
| Payables and other accrued expenses | 40,079 | **40,079** |
| Due to other funds | 73,422 | **73,422** |
| **Net Cash Flows from Operating Activities** | **$ 149,171** | **$ 149,171** |

*NOTES TO THE BASIC FINANCIAL STATEMENTS*

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Town of Nunn, Colorado, was incorporated in 1908, as a statutory town as defined by Colorado Revised Statutes. The statutes provide that the mayor is the chief administrative officer and that the Board of Trustees shall be the policy-making authority. The following services are currently offered by the Town: General government, public safety, public works, health, recreation and water.

The financial statements of the Town have been prepared in conformity with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the acknowledged standard setting body for establishing governmental accounting and financial reporting standards followed by governmental entities.

### Reporting Entity

The reporting entity consists of only the Town, a primary government that is a general-purpose local government. This primary government has a separately elected governing body and it is legally separate, as well as financially independent of other state and local governments. A component unit may be a financial benefit or burden to the primary government and is a legally separate organization of which the elected officials of the primary government are financially accountable. The Town does not have any component units.

### New Accounting Pronouncements

GASB Statement No 102, *Certain Risk Disclosures*. This statement establishes and addresses financial reporting regarding certain concentrations or constraints and related events that have a substantial impact and negatively affect the level of service a government provides. Implementation had no impact to the Town's financial statements.

### Basic Financial Statements

**Government-Wide Financial Statements** consist of Statement of Net Position and Statement of Activities; these statements report information about the reporting entity as a whole. These statements are presented on an "*economic resources*" measurement focus and the accrual basis of accounting. Accordingly, the assets, deferred outflows of resources, liabilities, and deferred inflows of resources, including capital assets, infrastructure assets, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period earned while expenses are recognized in the period the liability is incurred, regardless of the timing of the related cash flows.

**Governmental Fund Financial Statements** consist of Balance Sheet and Statement of Revenue, Expenditures and Changes in Fund Balance for all major governmental funds and non-major funds aggregated. These statements are presented on the "*current financial resources*" measurement focus and the modified accrual basis of accounting. Accordingly, revenues are recognized in the accounting period in which they become both measurable and available to finance expenditures of the current period. Revenues are recognized when received in cash, except for revenues subject to accrual (generally 60 days after year-end) are recognized when due.

The Town reports the following major **Governmental Funds**:

- The **General Fund** is the general operating fund of the Town. It is used to account for all financial resources except those required to be accounted for in another fund. When both committed and unassigned resources are available for use, it is the Town's policy to use the committed resources first, then the unassigned resources as they are needed.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Basic Financial Statements (continued)**

- The **Conservation Trust Fund** is a special revenue fund used to account for revenues derived primarily from intergovernmental revenues (Colorado Lottery) and earnings on investments. The use of these funds is legally restricted to the following activities: acquisition, development and maintenance of new conservation sites or for capital improvements or maintenance for recreation purposes on any public site (parks, trails, sports facilities, arenas or community centers).

The Town reports the following major **Proprietary Fund**:

- **Water Fund** is used to account for the water use fees and the expenses associated with providing water services to Town residents.

The Town does not report any **Fiduciary Funds.**

Required supplementary information includes Management's Discussion and Analysis which includes an analytical overview of the Town's financial activities and budgetary comparison schedules are presented for all funds that compare the adopted and modified budget with actual results.

**Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent a consumption or acquisition of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) or an inflow of resources (revenue) until that time.

Lease-related amounts are recognized at the inception of the lease. The right of use asset is initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less incentives, and ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the lease term.

**Leases**

The Town recognizes and measures its leases in accordance with GASB Statement No 87, *Leases*. The Town is a lessee of multiple pieces of equipment subject to mutual covenants and conditions. The Town determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Town recognizes a right-to-use asset and lease liability at the commencement date of the lease.

The Town has elected, for all underlying classes of assets, to not recognize right-to-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less at lease commencement, and do not include an option to purchase the underlying asset that the Town is reasonably certain to exercise. The Town recognize lease cost association with short-term leases on a straight-line basis over the lease term.

**Budgets and Budgetary Accounting**

An annual budget and appropriation resolutions is adopted by the Town in accordance with the Colorado State Statutes. The budget for all funds is prepared on a basis consistent with GAAP, except that for proprietary fund, bond and loan proceeds are treated as other financing sources and debt service principal payments and capital outlays are treated as expenditures.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Budgets and Budgetary Accounting (continued)

Budgeted amounts are as originally adopted or as increased by supplemental appropriations. Budget appropriations lapse at year-end. Budgetary comparisons with actual revenues and expenditures are included as required supplemental information for the General and Conservation Trust funds and as other supplemental information for the Water Fund. The following is a summary of the original, total revisions and revised budgets for those funds with amended budgets in year 2025:

| Governmental Funds | Original Budget | Total Revisions | Revised Budget |
|---|---|---|---|
| General Fund | $ 2,749,195 | $ - | $ 2,749,195 |
| Conservation Trust Fund | 55,000 | - | 55,000 |
| **Business-Type:** | | | |
| Water Fund | 499,897 | - | 499,897 |
| **Total** | **$ 3,304,092** | **$ -** | **$ 3,304,092** |

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

- On or before August 25, the Weld County Assessor submits to the Town the new assessed valuation and other amounts needed to compute the statutory property tax revenue limit.
- On or before October 15, the Budget Committee submits to the Town Board of Trustees a proposed operating budget for the following fiscal year commencing January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- On or before December 15, the Town certifies the mill levy to the Board of County Commissioners.
- On or before December 22, the Board of County Commissioners certifies the levy against the assessed valuation on all taxable properties.
- Prior to December 31, the Town legally adopts the budget.

### Designated for Subsequent Year's Expenditures

Designated fund balance/net position is the portion of the fund balance/net position that is appropriated in the succeeding year's budget.

### Compensated Absences

The Town reports compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. The Town allows employees to accumulate unused vacation and sick benefits up to certain maximum hours. A liability is accrued for compensated absences as the benefits are earned if the leave is more likely than not be used for time off or settled in cash. Accrued compensated absences are recognized as expenses when earned by the employees for the government-wide financial statements and the proprietary fund financial statements. Compensated absences are recognized as expenditures when paid in the governmental fund financial statements. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation time at their current rate of pay, there is no payment for sick leave upon termination.

Compensated absences liabilities are computed using the regular pay and termination pay rates, as applicable, in effect at year end plus an additional amount for salary-related payments such as Social Security and Medicare taxes and Statewide Retirement Plan contributions computed using rates in effect at that date. The Town has recorded a liability of $14,208 at December 31, 2025.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Cash and Cash Equivalents

The Town considers all highly liquid financial instruments with maturities of three months or less to be cash equivalents.

The Town pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the Town's investments.

### Restricted Cash and Investments

The Town is required to set aside certain resources for the repayment of the Water Fund bonded debt. (See Note 9 for further discussion)

### Investments

Investments are carried at fair value plus accrued interest with net appreciation or depreciation on investments included in earnings on investments. (See Note 3 for further discussion)

### Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

### Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and infrastructure assets, are reported in the governmental-wide financial statements. The Town records its property and equipment at historical cost. Contributed capital assets are valued at their estimated fair value on the date donated. Maintenance and repairs are charged to current period operating expenses, whereas additions and improvements are capitalized. Upon retirement or other disposition of property and equipment, the costs and related accumulated depreciation are removed from the respective accounts and any gains or losses are included in operations. Interest costs relating to construction are capitalized. During year ended December 31, 2025, no interest was capitalized. The Town's capitalization level is $2,500 for capital assets with a useful life greater than one year.

Depreciation is computed using the straight-line method over the following estimated useful lives:

| | Years |
|---|---|
| Buildings and improvements | 20 to 40 |
| Furniture and equipment | 5 to 10 |
| Utility systems | 15 to 50 |
| Land improvements | 20 to 40 |

### Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

### Receivables

Receivables are considered fully collectible and therefore are reported at their gross value.

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Equity - Net Position

For government-wide presentation purposes, when both restricted and unrestricted resources are available for use, it is the Town's practice to use restricted resources first, then unrestricted resources as they are needed.

### Equity - Fund Balance

In the governmental funds, fund balances should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, or unassigned. The following classifications describe the relative strength of spending constraints:

(1) ***Nonspendable Fund Balance*** – the portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

(2) ***Restricted Fund Balance*** – the portion of fund balance that is constrained to be used for a specific purpose by external parties (creditors, grantors, or contributors), enabling legislation or constitutional provisions.

(3) ***Committed Fund Balance*** – the portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making, the Town Board. The constraint may be removed or changed only through formal action of the Town's Board through approval of resolutions.

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

(5) ***Unassigned Fund Balance*** – the residual portion of fund balance that does not meet any of the criteria described above. Negative unassigned fund balance in other governmental funds represents excess expenditures incurred over the amounts restricted, committed, or assigned to those purposes.

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

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Article X, Section 20, of the Colorado Constitution Amendment contains several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Town believes that it is in compliance with the requirements of the Amendment. However, the Town has made certain interpretations of the Amendment's language in order to determine its compliance.

The Amendment excludes from its provision enterprises. Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than ten percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

## NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. On April 5, 1994, voters approved a referendum regarding the Town's retention of revenues collected in excess of the fiscal spending limits for 1993, also to be effective for all years thereafter.

On November 4, 2008, voters approved to allow the Town to maintain its operating mill levy at 13.810 mills in 2008 (for 2009 collection) and all years thereafter, qualifying as a TABOR voter approved revenue change and, if applicable, an authorized exception to the statutory 5.5% tax revenue growth limitation. Considering the above interpretation of TABOR, the governing board believes that it is in compliance with its fiscal requirements for the years December 31, 2025.

The Amendment requires that emergency reserves be established. The reserves must be at least three percent of the fiscal year spending (excluding bonded debt service). The Town is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The Town has restricted $34,497 for this purpose.

## NOTE 3 - CASH DEPOSITS AND INVESTMENTS

Cash deposits and investments are reported in the financial statements as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Cash and cash equivalents | $ 631,764 | $ - | $ 631,764 |
| Cash with county treasurer | 3,489 | - | 3,489 |
| Cash in savings | 54,052 | - | 54,052 |
| Investments: | | | |
| Local government investment pools | 1,593,390 | 14,995 | 1,608,385 |
| Restricted: | | | |
| Cash and cash equivalents | - | - | - |
| Local government investment pools | - | 108,598 | 108,598 |
| **Total** | **$ 2,282,695** | **$ 123,593** | **$ 2,406,288** |

Cash deposits and investments consist of the following:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Cash on hand and deposit | $ 3,489 | $ - | $ 3,489 |
| Bank accounts | 685,816 | - | 685,816 |
| Investments | 1,593,390 | 123,593 | 1,716,983 |
| **Total** | **$ 2,282,695** | **$ 123,593** | **$ 2,406,288** |

### Cash Deposits

As of December 31, 2025, the carrying amount of the Town's deposits was $685,816 and the corresponding bank balance was $705,141.

## NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

**Custodial Credit Risk** is the risk that, in the event of the failure of a bank failure, the government's deposits may not be returned to it. Town bank accounts at year-end were entirely covered by federal depository insurance or by eligible collateral maintained by another financial institution or held by the Town's custodial banks in its name under provisions of the Colorado Public Deposit Protection Act (CPDPA). The CPDPA requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate uninsured deposits.

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

### Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which a political subdivision may invest, which include:

- Obligations of the United States and certain U.S. government 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

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

| | S&P | Investment Maturities in Years | | | | |
|---|---|---|---|---|---|---|
| | Rating | Less than 1 | 1 to 5 | 6 to 10 | More than 10 | Total |
| Local govt investment pools | AAAm | $ 1,716,983 | $ - | $ - | $ - | $ 1,716,983 |
| **Total** | | **$ 1,716,983** | **$ -** | **$ -** | **$ -** | **$ 1,716,983** |

The Town's policy is to hold investments until maturity and to invest its funds in a manner which will provide for the highest investment return consistent with the preservation of principal and provision of the liquidity necessary for daily cash flow demands.

**Interest Rate Risk** is the risk that changes in interest rate will adversely affect the fair value of an investment. The Town investment portfolio does not contain investments that exceed the five-year limitation imposed by Colorado Statutes.

**Credit Risk** is the risk that an issuer or other counterparts to an investment in debt securities will not fulfill its obligations to the Town. The Town's investment policy follows Colorado Revised Statues.

**Concentration of Credit Risk** is the risk of loss attributed to the magnitude of a Town's investment in a single issuer. The Town has no such policy limiting how much can be with one financial institution.

## NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

### Investments (continued)

**Custodial Credit Risk** is the risk that, in the event of the failure of the issuer or counterparty, the Town will not be able to recover the value of its investment or related collateral securities that are in the possession of an outside party. The Town had custodial credit risk for its investments at December 31, 2025.

**Local Governmental Investment Pools,** the Town had investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment pool, comprised of two funds: COLOTRUST PRIME and COLOTRUST PLUS+. Prime invests only in U.S. Treasury and government agencies, while Plus invests in U.S. Treasury, government agencies and in the highest-rated commercial paper. Both investment pools are rated AAAm by S&P Global Ratings and operate similar to a money market fund with a share value equal to $1.00 and a maximum weighted average maturity of 60 days. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. For more information on COLOTRUST call (303) 864-7474 or go to www.colotrust.com.

**Fair Value of Investments**, the Town categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There are three levels of inputs that may be used to measure fair value, as follows:

> *Level 1*: Observable inputs that reflect quoted prices (unadjusted) for identical assets or liabilities in active markets.
>
> *Level 2*: Inputs other than quoted prices in Level 1 that are observable for the asset or liability either directly or indirectly.
>
> *Level 3*: Unobservable inputs that cannot be corroborated by observable market data.

The Town's investment in COLOTRUST is measured at net asset value, equal to $1.00 per share. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period. There is not an investment component to be valued under GASB Statement 72, *Fair Value Measurement and Application*.

## NOTE 3 - CASH DEPOSITS AND INVESTMENTS (CONTINUED)

**Investment Income**

Investment income, is reported in the financial statements as follows:

| | Governmental Activities | Business-Type Activities | Total |
|---|---|---|---|
| Interest income | $ 67,652 | $ 5,118 | $ 72,770 |
| Net increase (decrease) in the fair value of investments | - | - | - |
| **Total** | **$ 67,652** | **$ 5,118** | **$ 72,770** |

The net increase (decrease) in the fair value of investments represents the difference in fair value from one year to the next.

## NOTE 4 - PROPERTY TAXES RECEIVABLE

Under Colorado law, all property taxes become due and payable in the calendar year following that in which they are levied. Property taxes levied by the General Fund in the current year, 2025, to be collected in the subsequent year, 2026, are accrued as a receivable as of December 31, 2025 and offset by deferred revenue account.

The Town's property tax calendar is as follows:

| | |
|---|---|
| Lien Date | January 1, 2025 |
| Levy Date | November 1, 2025 |
| Tax bills mailed | January 1, 2026 |
| First installment due | February 28, 2026 |
| Second installment due | June 15, 2026 |
| If paid in full, due | April 30, 2026 |
| Tax sale – 2025 delinquent property tax | November 15, 2026 |

## NOTE 5 – CAPITAL ASSETS

The following is a summary of capital assets for the Governmental Activities as of December 31, 2025:

| Governmental Activities | Beg Balance | Additions | Retirements | End Balance |
|---|---|---|---|---|
| Capital Assets, not being depreciated: | | | | |
| Land | $ 3,929 | $ - | $ - | $ 3,929 |
| Construction in progress | - | - | - | - |
| **Total Capital Assets, not being depreciated** | **3,929** | **-** | **-** | **3,929** |
| Capital Assets, being depreciated: | | | | |
| Buildings and improvements | 393,096 | 12,400 | - | 405,496 |
| Land improvements | 374,746 | - | - | 374,746 |
| Machinery and equipment | 580,223 | 77,885 | (1,879) | 656,229 |
| **Total Capital Assets, being depreciated** | **1,348,065** | **90,285** | **(1,879)** | **1,436,471** |
| Less: Accumulated Depreciation for: | | | | |
| Buildings and improvements | (249,626) | (15,383) | - | (265,009) |
| Land improvements | (258,246) | (17,869) | - | (276,115) |
| Machinery and equipment | (445,918) | (48,766) | 1,879 | (492,805) |
| Total Accumulated Depreciation | (953,790) | (82,018) | 1,879 | (1,033,929) |
| **Total Capital Assets, being depreciated - Net** | **394,275** | **8,267** | **-** | **402,542** |
| Right-to-Use Assets, being amortized | | | | |
| Machinery and equipment | 320,907 | - | - | 320,907 |
| **Total Right-to-Use Assets, being amortized** | **320,907** | **-** | **-** | **320,907** |
| Less: Accumulated Amortizationfor: | | | | |
| Machinery and equipment | (120,341) | (32,091) | - | (152,432) |
| Total Accumulated Amortization | (120,341) | (32,091) | - | (152,432) |
| **Total Right-to-Use Assets, being amortized - Net** | **200,566** | **(32,091)** | **-** | **168,475** |
| **Capital Assets - Net** | **$ 598,770** | **$ (23,824)** | **$ -** | **$ 574,946** |

| | |
|---|---|
| **Depreciation expense was charged to governmental activities as follows:** | |
| General government | $ 9,109 |
| Public safety | 38,260 |
| Public works | 28,416 |
| Health and welfare | - |
| Culture and recreation | 6,233 |
| **Total Depreciation Expense** | **$ 82,018** |
| **Amortization expense was charged to governmental activities as follows:** | |
| General government | $ - |
| Public safety | - |
| Public works | 32,091 |
| Health and welfare | - |
| Culture and recreation | - |
| **Total Amortization Expense** | **$ 32,091** |

## NOTE 5 – CAPITAL ASSETS (CONTINUED)

The following is a summary of capital assets for the Business-Type Activities as of December 31, 2025:

| **Business-Type Activities** | Beg Balance | Additions | Retirements | End Balance |
|---|---|---|---|---|
| Capital Assets, not being depreciated: | | | | |
| Land | $ 29,656 | $ - | $ - | $ 29,656 |
| Water rights | 3,037,500 | 60,000 | - | 3,097,500 |
| Construction in progress | - | 57,500 | - | 57,500 |
| **Total Capital Assets, not being depreciated** | **3,067,156** | **117,500** | **-** | **3,184,656** |
| Capital Assets, being depreciated: | | | | |
| Water system | 4,045,863 | 85,583 | - | 4,131,446 |
| Machinery and equipment | 77,506 | - | - | 77,506 |
| **Total Capital Assets, being depreciated** | **4,123,369** | **85,583** | **-** | **4,208,952** |
| Less: Accumulated Depreciation for: | | | | |
| Water system | (1,377,851) | (92,449) | - | (1,470,300) |
| Machinery and equipment | (57,618) | (7,798) | - | (65,416) |
| Total Accumulated Depreciation | (1,435,469) | (100,247) | - | (1,535,716) |
| **Total Capital Assets, being depreciated - Net** | **2,687,900** | **(14,664)** | **-** | **2,673,236** |
| Right-to-Use Assets, being amortized | | | | |
| Machinery and equipment | - | - | - | - |
| **Total Right-to-Use Assets, being amortized** | **-** | **-** | **-** | **-** |
| Less: Accumulated Amortization for: | | | | |
| Machinery and equipment | - | - | - | - |
| Total Accumulated Amortization | - | - | - | - |
| **Total Right-to-Use Assets, being amortized - Net** | **-** | **-** | **-** | **-** |
| **Capital Assets - Net** | **$ 5,755,056** | **$ 102,836** | **$ -** | **$ 5,857,892** |

| | |
|---|---|
| **Depreciation expense was charged to Business-Type Activities as follows:** | |
| Water fund | $ 100,247 |
| **Total Depreciation Expense** | **$ 100,247** |
| **Amortization expense was charged to Business-Type Activities as follows:** | |
| Water fund | $ - |
| **Total Amortization Expense** | **$ -** |

## NOTE 6 - INTERFUND RECEIVABLES AND PAYABLES AND INTERFUND TRANSFERS

A summary of inter-fund activities at December 31, 2025 and for the year end ended is as follows:

| | Interfund Receivable | Interfund Payable | Transfers In | Transfers Out |
|---|---|---|---|---|
| **Governmental Activities** | | | | |
| General Fund | $ 293,057 | $ - | $ - | $ - |
| Conservation Trust Fund | - | - | - | - |
| Total Governmental Activities | 293,057 | - | - | - |
| **Business-Type Activities** | | | | |
| Water Fund | - | 293,057 | - | - |
| Total Business-Type Activities | - | 293,057 | - | - |
| **Total** | **$ 293,057** | **$ 293,057** | **$ -** | **$ -** |

## NOTE 7 – LONG-TERM OBLIGATIONS

### Direct Borrowings - Note Payable – CWRPDA

On December 9, 2011, the Town executed a loan through the Drinking Water Revolving Fund Disadvantaged Communities Program with the Colorado Water Resources and Power Development Authority (CWRPDA) in the amount of $2,424,000 with $2,000,000 being in the form of Principal Forgiveness. The loan proceeds will be used for upgrades to the water system. The terms of the loan require a payment of $1,366 on November 1, 2012, which include interest from December 9, 2011. Beginning May 1, 2013, bi-annual payments of $8,296 are required, including interest at a 1.00% annual rate, with final payment due May 1, 2042. Both the principal and interest thereon are payable solely from net revenues (gross revenues less operations and maintenance expenses) of the water distribution system.

The Town irrevocably pledged and granted a lien upon the source of repayment of this loan; Net Revenue, meaning the Gross Revenue after deducting the Operation and Maintenance expenses for the punctual payment of the principal and the interest on the loan, and all other amounts due under this Loan Agreement and the Governmental Agency Bond according to their respective terms. The loan may be prepaid in whole or in part without penalty upon prior written notice of not less than thirty (30) days to the Authority. Prepayments shall be applied to principal on the loan. The Authority will amend loan repayment schedule to reflect any prepayment of principal amount of the loan.

The Note shall be in default under this agreement upon certain events or conditions. Upon such default, the outstanding principal and interest, at the option of CWRPDA and the Governmental Agency Bond, may at once, become due and payable and said collateral be sold in the same manner and with the same effect as if said indebtedness had matured.

The balance due on direct borrowings from Colorado Water Resources and Power Development Authority as of December 31, 2025 is $251,810.

### Lease Obligations

The Town leases machinery and equipment under non-cancelable leases expiring at various dates that meet the criteria for capitalization. These lease obligations are financed with General Fund resources.

## NOTE 7 – LONG-TERM OBLIGATIONS (CONTINUED)

### Lease Obligations (continued)

- **John Deere Motor Grader -** On April 14, 2021, the Town entered into a lease-purchase agreement for a 2021 John Deere 672GP Motor Grader and V plow. The agreement provides for a five-year lease in the principal amount of $177,334 at an annual effective interest rate of 5.86%, with a purchase option of $150,955 at the end of the lease term. The first payment of $2,956 is due on January 21, 2022, with monthly lease payment thereafter until December 21, 2026. (See Note 15 for further discussion).

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2025 are as follows:

| Year Ending | Principal | Interest | Total |
|---|---|---|---|
| 2026 | $ 161,652 | $ 3,772 | $ 165,424 |
| 2027 | - | - | - |
| 2028 | - | - | - |
| 2029 | - | - | - |
| 2030 | - | - | - |
| Thereafter | - | - | - |
| **Total** | **$ 161,652** | **$ 3,772** | **$ 165,424** |

### Other Debt and Line of Credit

The Town has no other debt or unused lines of credit.

### Changes in Long-Term Obligations

| | Beg Balance | Additions | Reductions | End Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Compensated absences | $ 18,097 | $ - * | $ (3,889) | $ 14,208 | $ - |
| Lease liability | 186,286 | - | (24,634) | 161,652 | 161,652 |
| Total Governmental Activities | 204,383 | - | (28,523) | 175,860 | 161,652 |
| **Business-Type Activities:** | | | | | |
| DWRF 2011 loan payable | 265,780 | - | (13,970) | 251,810 | 14,110 |
| Total Business-Type Activities | 265,780 | - | (13,970) | 251,810 | 14,110 |
| **Total** | **$ 470,163** | **$ -** | **$ (42,493)** | **$ 427,670** | **$ 175,762** |

*The change in the compensated absences is presented as a net change. The Town believes that the current portion of compensated absences is negligible and is therefore not reported.

## NOTE 8 – DEBT SERVICE REQUIREMENTS

Summary of debt service requirements with principal and interest to maturity:

| Payment Dates | CWRPDA Loan 2011 Principal | CWRPDA Loan 2011 Interest | Annual Principal & Interest |
|---|---|---|---|
| 2026 | $ 14,110 | $ 2,483 | $ 16,593 |
| 2027 | 14,251 | 2,342 | 16,593 |
| 2028 | 14,394 | 2,199 | 16,593 |
| 2029 | 14,539 | 2,054 | 16,593 |
| 2030 | 14,684 | 1,909 | 16,593 |
| 2031-2035 | 75,660 | 7,305 | 82,965 |
| 2036-2040 | 79,529 | 3,436 | 82,965 |
| 2041-2042 | 24,643 | 288 | 24,931 |
| **Total** | **$ 251,810** | **$ 22,016** | **$ 273,826** |

## NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY

### Restricted Assets and Net Position

Certain resources set aside for the repayment of Water Fund bonded debt are classified as "restricted" on the Statement of Net Position because their use is limited by applicable bond covenants. The "revenue bond operations and maintenance" account is used to report resources set aside to subsidize potential deficiencies from the Town's operation that could adversely affect debt service payments. The "revenue bond payment" account is used to segregate resources accumulated for debt service payments as they come due.

The Town's bond covenants require certain restrictions of the Water Fund net position. The restricted portions as of December 31, 2025:

| | |
|---|---|
| Restricted for revenue bond operations and maintenance | $ 45,424 |
| Restricted for revenue bond payment | 63,174 |
| **Total Restricted Net Position** | **$ 108,598** |

The balance of the Town's restricted asset accounts as of December 31, 2025:

| | |
|---|---|
| Restricted for revenue bond operations and maintenance | $ 45,424 |
| Restricted for revenue bond payment | 63,174 |
| **Total Restricted Assets** | **$ 108,598** |

### Rate Maintenance

The Town is required to establish, maintain and enforce rates and charges for services rendered by the water distribution system to create revenue sufficient to pay maintenance and operations expenses of the system and to cover 1.10 times the annual debt service of the existing Water Fund revenue debt. The calculation for system payment requirements due in 2025 is computed as follows:

**NOTE 9 – DEBT SERVICE COMPLIANCE AND ACCOUNTABILITY (CONTINUED)**
**Rate Maintenance (continued)**

| | | | |
|---|---|---|---|
| Net Revenues: | | | |
| Operating revenue | | $ | 284,448 |
| Earnings on investments | | | 5,118 |
| Total Revenues | | | 289,566 |
| Less: Operating expenses (excluding depreciation) | | | (250,023) |
| Net Revenues | | | 39,543 |
| Debt Service Requirements: | | | |
| Colorado Water Resources and Power Development Authority | | | 16,593 |
| Debt service requirements times 1.10 | x | | 1.10 |
| Total Debt Service Requirements | | | 18,252 |
| **Net Revenues over Requirements** | | **$** | **21,291** |

The Town was in compliance with the debt service requirements in 2025.

**NOTE 10 - 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 subcontractors; and natural disasters.

For risks related to property and liability and worker's compensation, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity form by intergovernmental agreement by member municipalities pursuant to the provision of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2). The purposes of CIRSA are to provide members defined liability and property coverage and to assist members to prevent and reduce losses and injuries to municipal property and to persons or property which might result in claims being made against members of CIRSA, their employees or officers.

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of losses, 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 coverage at reasonable costs.

All income and assets of CIRSA shall be at all time 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 ability to significantly affect the operations of the unit. The Town has not significantly changed its insurance coverage over the past three years, nor have any settlements exceeded coverage during the same period.

The Town purchases commercial insurance for all items not covered by CIRSA. Settled claims for these risks have not exceeded insurance coverage the past three years.

**NOTE 11 – CONTINGENCIES**
In the opinion of the Town's management and counsel, there is no material pending or threatened litigation, claims, and assessments. Furthermore, the Town's management and counsel are unaware of any unasserted possible claims or assessments that are probable of assertion and must be disclosed as of December 31, 2025.

## NOTE 12 – STATEWIDE RETIREMENT PLAN

### Plan Description

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

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

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

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

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

The Plan is administered by the Fire and Police Pension Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at: http:/www.fppaco.org. The Town enrolls all full-time police officers in the Plan.

### Description of Benefits

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

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

## NOTE 12 – STATEWIDE RETIREMENT PLAN (CONTINUED)

**Benefits (continued)**

The annual retirement benefit for the Defined benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the members' highest three years' base salary for each year of service thereafter.

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

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

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost-of-living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

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

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

### Contributions

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

Contribution rates at December 31, 2024 are as follows:

| | Member | Employer | Total |
|---|---|---|---|
| Defined Benefit Component | 12.00% | 10.00% | 22.00% |
| Statewide Death and Disability Plan (SWD&D) | 1.70% | 1.70% | 3.40% |
| | 13.70% | 11.70% | 25.40% |

Member contributions will increase 0.5% annually through 2022 to a total of 12.0% of base salary. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13.0% of base salary.

## NOTE 12 – STATEWIDE RETIREMENT PLAN (CONTINUED)

### Plan Contributions (continued)

Contribution rates for members and employers of affiliated social security employers:

| | Member | Employer | Total |
|---|---|---|---|
| Statewide Defined Benefit Plan (SWBD) | 6.00% | 5.00% | 11.00% |
| Statewide Death and Disability Plan (SWD&D) | 1.70% | 1.70% | 3.40% |
| | 7.70% | 6.70% | 14.40% |

Member contributions to SWBD will increase 0.25% annually through 2022 to a total of 6.0% of base salary. Employer contributions to SWBD will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of base salary.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employers and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent by 2030. In 2024, the total minimum combined member and employer contribution rate was 17.00 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

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

### Pension Liability (Asset)

At December 31, 2025, the Town reported $0 for its proportionate share of the net pension liability (asset). The net pension liability was measured as of December 31, 2024, and the total net pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Town's proportion of the net pension liability was based on the Town's share of contributions relative to the contributions of all participants.

### Deferred Outflows/Inflows of Resources by Source

| | Deferred Outflows of Resources | Deferred Inflows of Resources | Net Deferred Outflows/ (Inflows) of Resources |
|---|---|---|---|
| Pension contributions subsequent to measurement date | $ 22,774 | $ - | $ 22,774 |
| Difference between expected and actual experiences | 47,935 | 1,499 | 46,436 |
| Assumption changes | 6,810 | - | 6,810 |
| Net difference between projected and actual earnings on pension plan investments | 17,156 | - | 17,156 |
| **Total** | **$ 94,675** | **$ 1,499** | **$ 93,176** |

The $22,774 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

## NOTE 12 – STATEWIDE RETIREMENT PLAN (CONTINUED)

### Deferred Outflows/Inflows of Resources by Year to be recognized in Future

| Year Ending December 31 | | Net Deferred Outflows/ (Inflows) of Resources |
|---|---|---|
| 2025 | $ | 19,605 |
| 2026 | | 28,968 |
| 2027 | | 2,049 |
| 2028 | | 3,039 |
| 2029 | | 6,678 |
| Thereafter | | 10,063 |
| **Total** | **$** | **70,402** |

### Actuarial Assumptions

The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability (asset) and actuarially determined contributions for the fiscal year ending December 31, 2024. The valuations used the following actuarial assumption and other inputs:

| | Total Pension Liability | Actuarial Determined Contributions |
|---|---|---|
| Actuarial Valuation Date | January 1, 2025 | January 1, 2024 |
| Actuarial method | Entry Age Normal | Entry Age Normal |
| Amortization method | N/A | Level % of Payroll, Open |
| Amortization period | N/A | 30 Years |
| Long-term investment rate of return * | 7.00% | 7.00% |
| Projected salary increases * | 4.25% - 11.75% | 4.25% - 11.75% |
| Cost of living adjustments (COLA) | 0.00% | 0.00% |
| * Includes inflation at | 2.50% | 2.50% |

For determining the total pension liability, the post-retirement mortality tables for non-disabled retires uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected with the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

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

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

## NOTE 12 – STATEWIDE RETIREMENT PLAN (CONTINUED)

### Actuarial Assumptions (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 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Global Equity | 33.0% | 7.00% |
| Equity Long/Short | 6.0% | 6.20% |
| Private Markets | 34.0% | 8.80% |
| Fixed Income - Rates | 7.0% | 5.00% |
| Fixed Income - Credit | 7.0% | 6.50% |
| Absolute Return | 9.0% | 5.70% |
| Cash | 4.0% | 4.20% |
| **Total** | **100.0%** | |

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

The COLA assumption reflects the true nature of Board's Benefits 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 plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities, using the COLA assumption of greater than 0.00%, than a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

### Discount Rate

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

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

## NOTE 12 – STATEWIDE RETIREMENT PLAN (CONTINUED)

**Discount Rate (continued)**

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

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). The long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

| | 1% Decrease **6.00%** | Current Rate **7.00%** | 1% Increase **8.00%** |
|---|---|---|---|
| **Pension Plan's Net Pension Liability / (Asset)** | **$ 97,345** | **$ -** | **$ -** |

**Pension Plan Fiduciary Net Position**

Detailed information about FPPA's plan fiduciary net position is available in the separately issued comprehensive annual financial report of the FPPA plan.

## NOTE 13 – SHORT-TERM DEBT

The Town had no short-term debt obligations and had no borrowing during the year ending December 31, 2025.

| | Beg Balance | Additions | Reductions | End Balance |
|---|---|---|---|---|
| Short-Term Debt | $ - | $ - | $ - | $ - |
| **Total** | **$ -** | **$ -** | **$ -** | **$ -** |

**Other Debt and Line of Credit**

The Town has no other debt or unused lines of credit.

## NOTE 14 – RELATED PARTY TRANSACTIONS

The Town does business with an employees' company. The employee is the owner of Moonlight Welding, LLC. The Town rented the company's skid steer for cremation digs until the Town purchased its own skid steer in 2025. The amounts paid to Moonlight Welding, LLC was $1,570 and $795 in 2025 and 2024, respectively. There were no balances due to Moonlight Welding, LLC at December 31, 2025 or 2024.

## NOTE 15 – SUBSEQUENT EVENTS

The Town has evaluated events and transactions occurring subsequent to the end of the fiscal year for potential recognition or disclosure through July 3, 2026, the date on which the financial statements were issued, and did identify events or transactions that would have a material impact on the financial statements.

On June 10, 2026, the Town purchased the previously leased John Deere 672G Motor Grader through John Deere Financial for a purchase price of $151,405. The purchase was financed over 60 monthly payments of $3,016 starting July 10, 2026.

## *REQUIRED SUPPLEMENTAL INFORMATION*

**TOWN OF NUNN, COLORADO**

*Schedule of Revenues*

*Budget to Actual - **General Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Taxes:** | | | | | |
| General property taxes | $ 265,719 | $ 265,719 | **$ 264,304** | $ (1,415) | $ 281,034 |
| Senior/veterans property taxes | 2,100 | 2,100 | **1,964** | (136) | 1,976 |
| General sales taxes | 314,472 | 314,472 | **352,813** | 38,341 | 387,673 |
| Specific ownership taxes | 11,045 | 11,045 | **10,765** | (280) | 9,181 |
| General Use taxes | 53,000 | 53,000 | **78,187** | 25,187 | 64,203 |
| Other building use taxes | 36,872 | 36,872 | **7,670** | (29,202) | 65,399 |
| Franchise taxes | 35,672 | 35,672 | **29,806** | (5,866) | 30,474 |
| Interest on delinquent taxes | 1,600 | 1,600 | **1,614** | 14 | 932 |
| Cultivation excise tax | 173,790 | 173,790 | **102,041** | (71,749) | 144,580 |
| **Total Taxes** | 894,270 | 894,270 | **849,164** | (45,106) | 985,452 |
| **Licenses and Permits:** | | | | | |
| Business | 1,500 | 1,500 | **800** | (700) | 1,325 |
| Building permits | 40,000 | 40,000 | **7,004** | (32,996) | 38,879 |
| Dog licenses and other permits | 800 | 800 | **1,490** | 690 | 895 |
| Cultivation license | 2,500 | 2,500 | **3,500** | 1,000 | 4,500 |
| Manufacturing license | 500 | 500 | **-** | (500) | - |
| Liquor license | - | - | **-** | - | - |
| **Total Licenses and Permits** | 45,300 | 45,300 | **12,794** | (32,506) | 45,599 |
| **Intergovernmental Revenues:** | | | | | |
| Highway user's tax | 43,200 | 43,200 | **45,288** | 2,088 | 44,575 |
| Motor vehicle registration fees | 3,975 | 3,975 | **3,962** | (13) | 3,926 |
| Cigarette taxes | 935 | 935 | **978** | 43 | 979 |
| Severance tax | 40,322 | 40,322 | **8,118** | (32,204) | 33,696 |
| Weld county road and bridge apportionment | 9,578 | 9,578 | **7,504** | (2,074) | 5,729 |
| **Total Intergovernmental Revenues** | 98,010 | 98,010 | **65,850** | (32,160) | 88,905 |
| **Charges for Services:** | | | | | |
| Cemetery opening/closing fees | 925 | 925 | **2,025** | 1,100 | 1,900 |
| Cemetery lot sales | 1,500 | 1,500 | **4,500** | 3,000 | 3,000 |
| Zoning fees | - | - | **-** | - | - |
| Trash removal charges | 55,000 | 55,000 | **51,469** | (3,531) | 50,152 |
| Mowing and property cleaning | - | - | **-** | - | - |
| Park impact fee | 400 | 400 | **-** | (400) | - |
| **Total Charges for Services** | 57,825 | 57,825 | **57,994** | 169 | 55,052 |
| **Fines and Forfeitures:** | | | | | |
| Court fines | 25,000 | 25,000 | **21,941** | (3,059) | 22,349 |
| Citation surcharge | 6,050 | 6,050 | **6,323** | 273 | 5,602 |
| VIN inspections | 850 | 850 | **1,500** | 650 | 1,150 |
| Certified VIN inspections | - | - | **-** | - | 408 |
| **Total Fines and Forfeitures** | 31,900 | 31,900 | **29,764** | (2,136) | 29,509 |
| **Miscellaneous Revenues:** | | | | | |
| Earnings on investments | 75,000 | 75,000 | **64,519** | (10,481) | 75,201 |
| Other income | 6,890 | 6,890 | **8,579** | 1,689 | 27,455 |
| Contributions | - | - | **-** | - | 10 |
| Insurance proceeds | - | - | **-** | - | - |
| Debt service | - | - | **-** | - | - |
| Grants | 1,485,000 | 1,485,000 | **22,775** | (1,462,225) | 4,475 |
| Sale of assets | - | - | **2,250** | 2,250 | 6,000 |
| **Total Miscellaneous Revenues** | 1,566,890 | 1,566,890 | **98,123** | (1,468,767) | 113,141 |
| **Total Revenues** | **$ 2,694,195** | **$ 2,694,195** | **$ 1,113,689** | **$(1,580,506)** | **$ 1,317,658** |

*Schedule of Expenditures*

*Budget to Actual - **General Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **General Government:** | | | | | |
| **Legislative:** | | | | | |
| Legal | $ 13,000 | $ 13,000 | **$ 5,173** | $ 7,827 | $ 13,758 |
| Publishing | 250 | 250 | **86** | 164 | 54 |
| **Total Legislative** | 13,250 | 13,250 | **5,259** | 7,991 | 13,812 |
| **Judicial:** | | | | | |
| Legal | 5,500 | 5,500 | **3,300** | 2,200 | 3,500 |
| Municipal judge | 3,000 | 3,000 | **2,856** | 144 | 3,008 |
| Miscellaneous | 250 | 250 | **135** | 115 | 172 |
| **Total Judicial** | 8,750 | 8,750 | **6,291** | 2,459 | 6,680 |
| **Elections:** | | | | | |
| Elections | - | - | **-** | - | - |
| Election supplies | - | - | **-** | - | 1,455 |
| **Total Elections** | - | - | **-** | - | 1,455 |
| **Administration:** | | | | | |
| Salaries | 110,650 | 110,650 | **103,240** | 7,410 | 99,726 |
| Health insurance | 16,000 | 16,000 | **10,506** | 5,494 | 10,368 |
| Payroll taxes | 26,500 | 26,500 | **23,157** | 3,343 | 24,257 |
| Payorll expenses | 2,600 | 2,600 | **3,182** | (582) | 2,181 |
| Workers' compensation | 1,025 | 1,025 | **1,215** | (190) | 614 |
| Conferences and training | 2,750 | 2,750 | **250** | 2,500 | 1,760 |
| Audit | 10,700 | 10,700 | **10,225** | 475 | 9,725 |
| Insurance and bonds | 8,000 | 8,000 | **3,873** | 4,127 | 11,765 |
| Telephone | 2,300 | 2,300 | **2,316** | (16) | 2,278 |
| Vehicle expense | - | - | **302** | (302) | - |
| Supplies | 7,500 | 7,500 | **5,234** | 2,266 | 8,350 |
| Board pay | 7,982 | 7,982 | **4,700** | 3,282 | 5,350 |
| Postage | 900 | 900 | **673** | 227 | 730 |
| Office equipment | 1,500 | 1,500 | **4,226** | (2,726) | 1,309 |
| Computer support/maintenance | 1,800 | 1,800 | **9,319** | (7,519) | 1,555 |
| Bank service charges | 8,000 | 8,000 | **5,668** | 2,332 | 9,857 |
| Dues and subscriptions | 3,000 | 3,000 | **3,228** | (228) | 1,396 |
| Treasurer's fees | 3,800 | 3,800 | **2,671** | 1,129 | 2,839 |
| Capital outlay | - | - | **-** | - | - |
| **Total Administration** | 215,007 | 215,007 | **193,985** | 21,022 | 194,060 |
| **Planning and Zoning:** | | | | | |
| Ordinance codification | 1,500 | 1,500 | **-** | 1,500 | 1,206 |
| Planning | 980,000 | 980,000 | **137** | 979,863 | - |
| Engineering services | 3,000 | 3,000 | **169** | 2,831 | 311 |
| **Total Planning and Zoning** | 984,500 | 984,500 | **306** | 984,194 | 1,517 |
| **Building:** | | | | | |
| Salaries | 16,250 | 16,250 | **14,993** | 1,257 | 14,048 |
| Health insurance | 1,800 | 1,800 | **984** | 816 | 960 |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | 1,100 | 1,100 | **101** | 999 | - |
| Repairs and maintenance | 6,500 | 6,500 | **15,135** | (8,635) | 8,880 |
| Insurance and bonds | 8,000 | 8,000 | **11,151** | (3,151) | 10,619 |
| Utilities | 13,500 | 13,500 | **6,511** | 6,989 | 6,266 |
| Professional services | - | - | **-** | - | - |
| Capital outlay | 175,000 | 175,000 | **12,400** | 162,600 | 5,176 |
| **Total Building** | 222,150 | 222,150 | **61,275** | 160,875 | 45,949 |
| **Total General Government** | 1,443,657 | 1,443,657 | **267,116** | 1,176,541 | 263,473 |

**(continued on next page)**

**TOWN OF NUNN, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - **General Fund (continued)***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Public Safety:** | | | | | |
| **Police:** | | | | | |
| Salaries | $ 295,000 | $ 295,000 | **$ 267,047** | $ 27,953 | $ 245,141 |
| Health insurance | 42,000 | 42,000 | **24,514** | 17,486 | 36,038 |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | 9,800 | 9,800 | **4,552** | 5,248 | 3,374 |
| Retirement | 28,045 | 28,045 | **27,712** | 333 | 24,485 |
| Police protection fees | 2,830 | 2,830 | **2,622** | 208 | 1,004 |
| Conferences | 1,500 | 1,500 | **1,145** | 355 | 1,868 |
| Training | 5,000 | 5,000 | **4,684** | 316 | 1,111 |
| Investigations | 1,500 | 1,500 | **669** | 831 | - |
| Insurance and bonds | 23,707 | 23,707 | **35,813** | (12,106) | 27,987 |
| Telephone | 38,555 | 38,555 | **23,636** | 14,919 | 27,920 |
| Gas, oil and service | 15,000 | 15,000 | **9,634** | 5,366 | 13,775 |
| Supplies | 13,000 | 13,000 | **11,128** | 1,872 | 11,806 |
| Miscellaneous | 800 | 800 | **-** | 800 | 112 |
| JAG expenditures | 125,000 | 125,000 | **17,392** | 107,608 | 11,615 |
| Emergenty management | 205,000 | 205,000 | **-** | 205,000 | - |
| Capital outlay | 24,000 | 24,000 | **41,747** | (17,747) | 30,000 |
| **Total Police** | 830,737 | 830,737 | **472,295** | 358,442 | 436,236 |
| **Building Inspections:** | | | | | |
| Professional services | 30,000 | 30,000 | **3,939** | 26,061 | 28,474 |
| **Total Building Inspections** | 30,000 | 30,000 | **3,939** | 26,061 | 28,474 |
| **Total Public Safety** | 860,737 | 860,737 | **476,234** | 384,503 | 464,710 |
| **Public Works:** | | | | | |
| **Highways and Streets:** | | | | | |
| Salaries | 101,500 | 101,500 | **87,964** | 13,536 | 85,555 |
| Health insurance | 11,500 | 11,500 | **9,438** | 2,062 | 9,333 |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | 10,000 | 10,000 | **9,988** | 12 | 1,843 |
| Equipment maintenance | 3,500 | 3,500 | **11,154** | (7,654) | 2,976 |
| Insurance and bonds | 11,000 | 11,000 | **6,248** | 4,752 | 6,224 |
| Gas, oil and service | 8,500 | 8,500 | **3,786** | 4,714 | 4,075 |
| Tools | 1,500 | 1,500 | **440** | 1,060 | 661 |
| Supplies | 5,000 | 5,000 | **6,059** | (1,059) | 8,409 |
| Miscellaneous | 500 | 500 | **1,721** | (1,221) | - |
| Street lighting | 15,000 | 15,000 | **11,440** | 3,560 | 12,131 |
| Dust suppressant | 36,000 | 36,000 | **35,291** | 709 | 51,117 |
| Road base | 35,000 | 35,000 | **1,000** | 34,000 | 18,024 |
| Capital outlay | - | - | **36,138** | (36,138) | - |
| **Total Highways and Streets** | 239,000 | 239,000 | **220,667** | 18,333 | 200,348 |
| **Sanitation:** | | | | | |
| Trash removal | 63,625 | 63,625 | **57,819** | 5,806 | 63,108 |
| **Total Sanitation** | 63,625 | 63,625 | **57,819** | 5,806 | 63,108 |
| **Total Public Works** | 302,625 | 302,625 | **278,486** | 24,139 | 263,456 |
| **Health and Welfare:** | | | | | |
| **Cemetery:** | | | | | |
| Salaries | 17,600 | 17,600 | **14,993** | 2,607 | 14,037 |
| Health insurance | - | - | **-** | - | - |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | - | - | **80** | (80) | - |
| Supplies | 1,400 | 1,400 | **4,575** | (3,175) | 2,081 |
| Capital outlay | - | - | **-** | - | - |
| **Total Cemetery** | 19,000 | 19,000 | **19,648** | (648) | 16,118 |
| **Total Health and Welfare** | 19,000 | 19,000 | **19,648** | (648) | 16,118 |

**(continued on next page)**

**TOWN OF NUNN, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - **General Fund (continued)***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Culture and Recreation:** | | | | | |
| **Parks:** | | | | | |
| Salaries | $ 16,000 | $ 16,000 | **$ 19,882** | $ (3,882) | $ 14,032 |
| Health insurance | 1,750 | 1,750 | **-** | 1,750 | - |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | - | - | **-** | - | - |
| Repairs and maintenance | 8,400 | 8,400 | **2,643** | 5,757 | 7,424 |
| Insurance and bonds | 7,500 | 7,500 | **-** | 7,500 | - |
| Gas, oil and service | 2,750 | 2,750 | **-** | 2,750 | - |
| Supplies | 6,400 | 6,400 | **14,938** | (8,538) | 6,593 |
| Lighting | 1,500 | 1,500 | **250** | 1,250 | 510 |
| Miscellaneous | 4,150 | 4,150 | **5,912** | (1,762) | 4,093 |
| Capital outlay | 30,000 | 30,000 | **-** | 30,000 | - |
| **Total Parks** | 78,450 | 78,450 | **43,625** | 34,825 | 32,652 |
| **Recreation:** | | | | | |
| Nunn harvest festival | 10,000 | 10,000 | **15,269** | (5,269) | 13,880 |
| Supplies | - | - | **-** | - | - |
| **Total Recreation** | 10,000 | 10,000 | **15,269** | (5,269) | 13,880 |
| **Total Culture and Recreation** | 88,450 | 88,450 | **58,894** | 29,556 | 46,532 |
| **Debt Service:** | | | | | |
| Lease payments | 34,726 | 34,726 | **24,634** | 10,092 | 23,235 |
| Interest expense | - | - | **10,092** | (10,092) | 11,491 |
| **Total Debt Service** | 34,726 | 34,726 | **34,726** | - | 34,726 |
| **Total Expenditures** | **$ 2,749,195** | **$ 2,749,195** | **$ 1,135,104** | **$ 1,614,091** | **$ 1,089,015** |

**TOWN OF NUNN, COLORADO**

*Reconciliation of Budgetary Basis to GAAP Basis*

*Budget to Actual -* ***General Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Revenues:** | | | | | |
| Taxes | $ 894,270 | $ 894,270 | **$ 849,164** | $ (45,106) | $ 985,452 |
| Licenses and permits | 45,300 | 45,300 | **12,794** | (32,506) | 45,599 |
| Intergovernmental revenues | 98,010 | 98,010 | **65,850** | (32,160) | 88,905 |
| Charges for services | 57,825 | 57,825 | **57,994** | 169 | 55,052 |
| Fines and forfeitures | 31,900 | 31,900 | **29,764** | (2,136) | 29,509 |
| Miscellaneous revenues | 1,566,890 | 1,566,890 | **98,123** | (1,468,767) | 113,141 |
| **Total Revenues** | 2,694,195 | 2,694,195 | **1,113,689** | (1,580,506) | 1,317,658 |
| **Transfers In:** | | | | | |
| Conservation Trust Fund | 55,000 | 55,000 | - | (55,000) | - |
| **Total Transfers In** | 55,000 | 55,000 | - | (55,000) | - |
| **Total Revenues and Transfers** | 2,749,195 | 2,749,195 | **1,113,689** | (1,635,506) | 1,317,658 |
| **Expenditures:** | | | | | |
| General government | 1,443,657 | 1,443,657 | **267,116** | 1,176,541 | 263,473 |
| Public safety | 860,737 | 860,737 | **476,234** | 384,503 | 464,710 |
| Public works | 302,625 | 302,625 | **278,486** | 24,139 | 263,456 |
| Health and welfare | 19,000 | 19,000 | **19,648** | (648) | 16,118 |
| Culture and recreation | 88,450 | 88,450 | **58,894** | 29,556 | 46,532 |
| Debt service | 34,726 | 34,726 | **34,726** | - | 34,726 |
| **Total Expenditures** | 2,749,195 | 2,749,195 | **1,135,104** | 1,614,091 | 1,089,015 |
| **Excess (Deficit) of Revenues over Expenditures** | $ - | $ - | **(21,415)** | $ (3,249,597) | $ 228,643 |
| **Reconciliation of Budgetary Basis to GAAP Basis:** | | | | | |
| Capital asset purchases capitalized | | | **90,285** | | |
| Capital assets sold | | | **-** | | |
| Depreciation on capital assets | | | **(82,018)** | | |
| Amortization on capital assets | | | **(32,091)** | | |
| Lease obligations | | | **24,634** | | |
| Compensated absences | | | **3,889** | | |
| Net pension asset (liability) | | | **7,772** | | |
| **Net Change in Net Position** | | | **$ (8,944)** | | |

**TOWN OF NUNN, COLORADO**

*Budgetary Comparison Schedule*

*Budget to Actual - **Conservation Trust Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Revenues:** | | | | | |
| **Intergovernmental Revenue:** | | | | | |
| State Grants: | | | | | |
| Conservation Trust Fund Apportionment | $ 6,887 | $ 6,887 | **$ 6,375** | $ (512) | $ 6,475 |
| **Total Intergovernmental Revenue** | 6,887 | 6,887 | **6,375** | (512) | 6,475 |
| **Miscellaneous Revenues:** | | | | | |
| Earnings on investments | 3,042 | 3,042 | **3,133** | 91 | 3,333 |
| Other revenue | - | - | **-** | - | - |
| **Total Revenues** | 9,929 | 9,929 | **9,508** | (421) | 9,808 |
| **Expenditures:** | | | | | |
| General Government: | | | | | |
| Culture and recreation | - | - | **-** | - | - |
| **Total Expenditures** | - | - | **-** | - | - |
| **Transfers Out:** | | | | | |
| General Fund | 55,000 | 55,000 | **-** | 55,000 | - |
| **Total Transfers Out** | 55,000 | 55,000 | **-** | 55,000 | - |
| **Total Expenditures and Transfers** | 55,000 | 55,000 | **-** | 55,000 | - |
| **Excess (Deficit) of Revenues Over Expenditures and Transfers** | $ (45,071) | $ (45,071) | **9,508** | $ 54,579 | $ 9,808 |
| **Reconciliation of Budgetary Basis to GAAP Basis:** | | | | | |
| Capital asset purchases capitalized | | | - | | |
| Depreciation expense | | | - | | |
| **Change in Net Position** | | | **$ 9,508** | | |

## TOWN OF NUNN, COLORADO

*Schedule of Proportionate Share of the Net Pension Liability and Schedule of Contributions*

Fire and Police Pension Association of Colorado (FPPA)

For The Last 10 Years (to be built prospectively)

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**

| Fiscal Year Ending December 31 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Town's proportion of the net pension liability (asset) | 0.0019950% | 0.0150900% | 0.0187300% | 0.0001666% | 0.0001762% | 0.0001300% | 0.0001186% | 0.0000783% | 0.0000807% | N/A |
| Town's proportionate share of the net pension liability (asset) | $ - | $ - | $ 16,626 | $ (90,303) | $ (38,243) | $ (7,352) | $ 15,000 | $ (11,262) | $ 2,916 | N/A |
| Town's covered payroll | $ 207,923 | $ 148,888 | $ 162,967 | $ 134,141 | $ 141,491 | $ 99,889 | $ 79,472 | $ 45,787 | $ 41,300 | N/A |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll | 0.00% | 0.00% | 10.20% | -67.32% | -27.03% | -7.36% | 18.87% | -24.60% | 7.06% | N/A |
| Plan fiduciary net position as a percentage of total pension liability (asset) | 100.00% | 100.00% | 97.60% | 116.20% | 106.70% | 101.90% | 95.20% | 106.30% | 98.21% | N/A |

**SCHEDULE OF CONTRIBUTIONS**

| Fiscal Year Ending December 31 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | 20,751 | 14,083 | 14,667 | 11,402 | 11,319 | 7,991 | 6,358 | 3,663 | 3,304 | N/A |
| Contribution in relation to the contractually required contribution | (20,751) | (14,083) | (14,667) | (11,402) | (11,319) | (7,991) | (6,358) | (3,663) | (3,304) | N/A |
| Contribution deficiency (excess) | - | - | - | - | - | - | - | - | - | - |
| Town's covered payroll | $ 207,923 | $ 148,888 | $ 162,967 | $ 134,141 | $ 141,491 | $ 99,889 | $ 79,472 | $ 45,787 | $ 41,300 | N/A |
| Contributions as a percentage of covered payroll | 10.00% | 9.50% | 9.00% | 8.50% | 8.00% | 8.00% | 8.00% | 8.00% | 8.00% | N/A |

## *SUPPLEMENTAL INFORMATION*

**TOWN OF NUNN, COLORADO**

*Schedule of Revenues*

*Budget to Actual - **Water Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Operating Revenues:** | | | | | |
| Water sales | $ 220,000 | $ 220,000 | **$ 228,934** | $ 8,934 | $ 230,531 |
| Tap fees | 81,500 | 81,500 | **50,500** | (31,000) | - |
| Penalty on utility billings | 4,500 | 4,500 | **4,288** | (212) | 5,476 |
| Return check charge | 700 | 700 | **142** | (558) | 646 |
| Miscellaneous income | - | - | **584** | 584 | 3,614 |
| **Total Operating Revenues** | 306,700 | 306,700 | **284,448** | (22,252) | 240,267 |
| **Non-Operating Revenues:** | | | | | |
| Earnings on investments | 6,200 | 6,200 | **5,118** | (1,082) | 5,975 |
| Sale of assets | - | - | - | - | - |
| Contributions from customers | - | - | **60,000** | 60,000 | - |
| Grants | 187,000 | 187,000 | **10,483** | (176,517) | - |
| Transfer from other funds | - | - | - | - | - |
| **Total Non-Operating Revenues** | 193,200 | 193,200 | **75,601** | (117,599) | 5,975 |
| **Total Revenues** | **$ 499,900** | **$ 499,900** | **$ 360,049** | **$ (139,851)** | **$ 246,242** |

**TOWN OF NUNN, COLORADO**

*Schedule of Expenditures*

*Budget to Actual - **Water Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| ***Non-GAAP Budgetary Basis*** | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Operating Expenditures:** | | | | | |
| **Administrative** | | | | | |
| Salaries | $ 26,400 | $ 26,400 | **$ 22,715** | $ 3,685 | $ 22,662 |
| Health insurance | 11,191 | 11,191 | **9,306** | 1,885 | 9,168 |
| Payroll taxes | 1,133 | 1,133 | **1,111** | 22 | 1,011 |
| Workers' compensation | - | - | **11** | (11) | - |
| Conferences and training | 200 | 200 | **430** | (230) | 125 |
| Audit | 10,700 | 10,700 | **10,225** | 475 | 9,725 |
| Legal | 2,850 | 2,850 | **7,291** | (4,441) | 1,839 |
| Insurance and bonds | 8,000 | 8,000 | **-** | 8,000 | - |
| Telephone | 4,785 | 4,785 | **3,987** | 798 | 4,056 |
| Publishing | - | - | **-** | - | - |
| Vehicle expense | 1,320 | 1,320 | **793** | 527 | 1,808 |
| Supplies | 100 | 100 | **155** | (55) | 49 |
| Postage | 3,650 | 3,650 | **2,413** | 1,237 | 2,817 |
| Office equipment | 650 | 650 | **2,180** | (1,530) | 530 |
| Computer support/maintenance | 4,500 | 4,500 | **7,188** | (2,688) | 2,230 |
| Bank service charges | 1,500 | 1,500 | **10,153** | (8,653) | 2,913 |
| Dues and subscriptions | 3,340 | 3,340 | **807** | 2,533 | 699 |
| Utilities | 2,500 | 2,500 | **1,654** | 846 | 1,537 |
| **Total Administrative** | 82,819 | 82,819 | **80,419** | 2,400 | 61,169 |
| **System Operation & Maintenance:** | | | | | |
| Salaries | 18,000 | 18,000 | **15,015** | 2,985 | 14,033 |
| Health insurance | 11,225 | 11,225 | **9,306** | 1,919 | 9,171 |
| Payroll taxes | - | - | **-** | - | - |
| Workers' compensation | 4,000 | 4,000 | **70** | 3,930 | - |
| Conferences and training | 2,500 | 2,500 | **-** | 2,500 | - |
| Water sampling and testing | 2,130 | 2,130 | **1,618** | 512 | 1,809 |
| Drinking water program fee | 200 | 200 | - | 200 | 114 |
| Water treatment and distribution | 96,000 | 96,000 | **88,832** | 7,168 | 80,904 |
| Plant investment | 150,000 | 150,000 | **-** | 150,000 | - |
| Repairs and maintenance | 25,000 | 25,000 | **22,896** | 2,104 | 16,747 |
| Insurance and bonds | 2,000 | 2,000 | - | 2,000 | 541 |
| Gas, oil and service | 1,500 | 1,500 | - | 1,500 | - |
| Repairs and maintenance - equip | 12,500 | 12,500 | **3,468** | 9,032 | 302 |
| Supplies | 11,700 | 11,700 | **4,317** | 7,383 | 4,197 |
| Utilities | 21,230 | 21,230 | **10,725** | 10,505 | 13,118 |
| Water share assessments | 15,400 | 15,400 | **7,612** | 7,788 | 10,978 |
| Engineer | 12,600 | 12,600 | **4,545** | 8,055 | 9,518 |
| Professional services | 2,500 | 2,500 | **1,200** | 1,300 | 4,875 |
| **Total System Operation & Maintenance** | 388,485 | 388,485 | **169,604** | 218,881 | 166,307 |
| **Total Operating Expenditures** | 471,304 | 471,304 | **250,023** | 221,281 | 227,476 |
| **Non-Operating Expenditures:** | | | | | |
| **Capital Outlay** | 12,000 | 12,000 | **203,083** | (191,083) | 28,434 |
| **Debt Service:** | | | | | |
| Principal | 13,558 | 13,558 | **13,970** | (412) | 13,831 |
| Interest | 3,035 | 3,035 | **2,600** | 435 | 2,739 |
| **Total Non-Operating Expenditures** | 28,593 | 28,593 | **219,653** | (191,060) | 45,004 |
| **Total Expenditures** | **$ 499,897** | **$ 499,897** | **$ 469,676** | **$ 30,221** | **$ 272,480** |

**TOWN OF NUNN, COLORADO**

*Reconciliation of Budgetary Basis to GAAP Basis*

*Budget to Actual -* ***Water Fund***

Year Ended December 31, 2025

With Comparative Actual Amounts For the Year Ended December 31, 2024

| | 2025 | | | | |
|---|---|---|---|---|---|
| ***Non-GAAP Budgetary Basis*** | Original Budget | Final Budget | **Actual** | Variance - Favorable (Unfavorable) | **2024** Actual |
| **Revenues:** | | | | | |
| Operating revenues | $ 306,700 | $ 306,700 | **$ 284,448** | $ (22,252) | $ 240,267 |
| Non-operating revenues | 193,200 | 193,200 | **75,601** | (117,599) | 5,975 |
| **Total Revenues** | 499,900 | 499,900 | **360,049** | (139,851) | 246,242 |
| **Expenditures:** | | | | | |
| Administrative | 82,819 | 82,819 | **80,419** | 2,400 | 61,169 |
| System operation & maintenance | 388,485 | 388,485 | **169,604** | 218,881 | 166,307 |
| Non-operating expenditures | 28,593 | 28,593 | **219,653** | (191,060) | 45,004 |
| **Total Expenditures** | 499,897 | 499,897 | **469,676** | 30,221 | 272,480 |
| **Excess (Deficiency) of Revenues over Expenditures** | $ 3 | $ 3 | **(109,627)** | $ (109,630) | $ (26,238) |
| **Reconciliation of Budgetary Basis to GAAP Basis:** | | | | | |
| Capital assets purchases capitalized | | | **203,083** | | |
| Depreciation on capital assets | | | **(100,247)** | | |
| Amortization on capital assets | | | **-** | | |
| Long-term debt payments | | | **13,970** | | |
| **Net Change in Net Position** | | | **$ 7,179** | | |

| LOCAL HIGHWAY FINANCE REPORT | | STATE: COLORADO |
|---|---|---|
| THIS INFORMATION FROM THE RECORDS OF: Town of Nunn | PREPARED BY: Cathy Payne townofnunn.clerk@ezlink.com | REPORT YEAR ENDING DATE(mm/yyyy): 12/2025 |

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

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

***II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL***

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **A.3. Other Local Imposts:** | | **A.4. Miscellaneous Local Receipts:** | |
| a. Property Taxes and Assesments | | a. Interest on investments | |
| b. Non-property Taxes and Assessments Imposts | 95,724.95 | b. Other Misc. Local Receipts | |
| **c. Total (a + b)** | $ 95,724.95 | **c. Total (a + b)** | $ - |

| ITEM | AMOUNT | ITEM | AMOUNT |
|---|---|---|---|
| **C. Receipts from State Government** | | **D. Receipts from Federal Government** | |
| 1. Highway-user Taxes (from Item I.C.5.) | 44,966.00 | 1. FHWA (from Item I.D.5.) | |
| 2. State General Funds | | 2. Other Federal Agencies: | |
| 3. Other State funds: | | | |
| a. State Bond Proceeds | | | |
| b. Non-State Bond Proceeds | 4,235.49 | | |
| **c. Total (a + b)** | $ 4,235.49 | | |
| **4. Total (1 + 2 + 3c)** | $ 49,201.49 | **3. Total (1 + 2)** | $ - |

***III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL***

| ITEM | AMOUNT | |
|---|---|---|
| **A.1. Capital outlay:** | | |
| a. Right-Of-Way Costs | | |
| b. Engineering Costs | | |
| c. Construction Costs | 106,085.94 | |
| **d. Total Capital Outlay (a+ b + c)** | $ 106,085.94 | Preservation:Suppressant 35,041.50, Road grader-35,906.43, skid steer-36,138.01 |

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

| LOCAL HIGHWAY FINANCE REPORT | STATE:<br>COLORADO<br>REPORT YEAR ENDING DATE(mm/yyyy):<br>12/2025 |
|---|---|

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

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

## II. RECEIPTS FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Receipts from Local Sources:** | |
| 1. Local Highway-user Taxes | |
| a. Motor Fuel (from Item I.A.1) | |
| b. Motor Vehicle (from Item I.B.1) | |
| **c. Total (a + b)** | |
| 2. General Fund Appropriations | 109,189.60 |
| 3. Other Local Imposts (from page 1, Item II.A3.c) | $ 95,724.95 |
| 4. Miscellaneous Local Receipts (from page 1, Item II.A4.c) | $ - |
| 5. Transfers from Toll Facilities | |
| 6. Proceeds of Sale of Bonds and Notes: | |
| a. Bonds - Original Issues | |
| b. Bonds - Refunding Issues | |
| c. Notes | |
| **d. Total (a + b + c)** | $ - |
| **7. Total (1 through 6)** | $ 204,914.55 |
| B. Private Contributions | |
| C. Receipts from State government (from page 1, Item II.C.4) | $ 49,201.49 |
| D. Receipts from Federal government (from page 1, Item II.D.3) | $ - |
| **E. Total receipts (A.7 + B + C + D)** | $ 254,116.04 |

## III. EXPENDITURES FOR ROAD AND STREET PURPOSES

| ITEM | AMOUNT |
|---|---|
| **A. Local highway expenditures:** | |
| 1. Capital Outlay (from page 1, Item III.A1.d) | $ 106,085.94 |
| 2. Maintenance: | 148,030.10 |
| 3. Road and Street Services: | |
| a. Snow and Ice Removal | |
| b. Other & Traffic Control Operations | |
| **c. Total (a + b)** | $ - |
| 4. General Administration & Miscellaneous | |
| 5. Highway Law Enforcement and Safety | |
| **6. Total (1 through 5)** | $ 254,116.04 |
| **B. Debt Service on Local Obligations:** | |
| 1. Bonds: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| 2. Notes: | |
| a. Interest | |
| b. Redemption | |
| **c. Total (a + b)** | $ - |
| **3. Total (1c + 2c)** | $ - |
| C. Payments to State for Highways | |
| D. Payments to Toll Facilities | |
| **E. Total Expenditures (A6 + B3 + C + D)** | $ 254,116.04 |

## IV. LOCAL HIGHWAY DEBT STATUS

*(Show all entries at par)*

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