Town of Wellington, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

Town of Wellington, Colorado

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

We draw attention to Note 9 to the financial statements, which describes the restatement of the Water and Sewer Fund Balances as of December 31, 2024, to correct a material misstatement. Our opinion is not modified with respect to this matter.

Office Locations:
Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:
750 W. Hampden Avenue,
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Required Supplementary Information

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

Other Information

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

Hinkle & Company, P.C.

Englewood, Colorado
August 20, 2026

Town of Wellington, Colorado

Management's Discussion and Analysis

December 31, 2025

The management team of the Town of Wellington (the Town) is pleased to present this narrative overview and analysis of the financial position and activities of the Town for the fiscal year ending December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with the information furnished in the Basic Financial Statements, Notes to the Basic Financial Statements, and Supplementary Information.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets of the Town of Wellington exceeded its liabilities (also referred to in these financial statements as the Town's Net Position) at the close of 2025 by $112.7 million, an increase of $2.9 million from 2024 (Governmental Funds -$0.1 million; Proprietary Funds +$3.0 million).
    - Current assets across all funds total $35.9 million, including $32.0 million in pooled cash and investments (Governmental Funds $17.2 million; Proprietary Funds $14.9 million).
    - Capital assets include $142.1 million in net fixed assets such as buildings, equipment, and road, storm, water, and sewer infrastructure (Governmental Funds $17.2 million; Proprietary Funds $124.8 million).
    - Of the $112.7 million total net position, $81.0 million represents net investment in capital assets (all fixed assets less accumulated depreciation and related debt so it is not in a form that is available and spendable to the Town. Another $25.0 million is classifies as "unrestricted", consisting of cash and other current assets, less current liabilities and may be used to meet the Town's ongoing obligations to citizens and creditor (Governmental Funds $10.0 million; Proprietary Funds $14.9 million).
- The Town retired approximately $2.6 million of long-term debt (excluding compensated absences) during the fiscal year due to semi-annual and annual principal payments made on the Town's outstanding obligations, including $266,076 in Governmental Funds and $2.4 million in Proprietary Funds (see Note 4). The 2014 Park Fund Loan was paid in full.

Governmental Funds

- At the end of the calendar year 2025, fund balance in the General Fund was $8.9 million, an increase of $2.2 million. Revenue exceeded expenditure, including transfers to the Water and Sewer Funds, by $2.1 million during the year, largely reflecting the receipt of property tax payments that had been delayed from previous years.

- Street Fund revenue exceeded expenditures, including capital outlay, exceeded by $386,538 in 2025, increasing fund balance to $4.9 million.

- Park Fund expenditures exceeded revenue by $425,521, including debt service, decreasing fund balance to $1.6 million.

- The Conservation Trust Fund reported an increase in fund balance of $524,736 in 2025 and no expenditure, bringing ending fund balance to $1.6 million.

Proprietary Funds

- The Water Fund operating expenses exceeded operating revenue by $412,713 in 2024. Nonoperating expenses added $14,258, generating a net loss before capital contributions and transfers of $426,971. With capital contributions and transfers, including $690,000 from the General Fund, the change in net position was $1.7 million. The net position of the Water Fund for 2025 including a restatement of $2.6 million to the net position for the beginning of year, was $53.7 million.

- The Sewer Fund had an operating loss of $1.5 million, and a net expense before capital contributions and transfers of $2.5 million, including $2.3 million in depreciation and $1.3 million in interest expense. After plant investment fees and a $330,000 transfer from the General Fund are factored in, the Sewer Fund's change in net position in 2025 decreased by $1.8 million. Including a restatement of $1.0 million to the net position for the beginning of year, the net position of the Sewer Fund end of year was $21.3 million.

- The Drainage Fund net operating expense in 2025 was $597,014. Including nonoperating revenues, the fund's net position decreased by $493,866 to $3.6 million.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serve as an introduction to the Town of Wellington's basic financial statements, which are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information that supports the basic financial statements.

Government-wide financial statements. The government-wide financial statements provide a broad overview of the Town's finances using the accrual basis of accounting and economic resources measurement focus.

Statement of Net Position. The Statement of Net Position presents information on all the Town of Wellington's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the categories 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 of Wellington is improving or deteriorating.

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

Both government-wide financial statements distinguish the functions of the Town of Wellington 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 of Wellington include general government, public safety, public works, planning, library, parks, and recreation. The business-type activities of the Town of Wellington include water, sewer, and storm drainage operations.

The government-wide financial statements include only the Town of Wellington itself (known as the *primary government)* and can be found on pages 4 and 5 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Wellington, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal

requirements. All funds of the Town of Wellington can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Most of the Town's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending. The funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations, and the basic services it provides. These statements help one determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are described in reconciliations on pages 7 and 9. The basic governmental fund financial statements can be found on pages 6 to 9 of this report.

Proprietary funds. The Town of Wellington currently maintains one type of proprietary fund, called enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Wellington uses enterprise funds to account for its sewer, water, and storm drainage operations.

Business-type activities are reported providing the same type of information as the government-wide financial statements, only in more detail. The business-type financial statements provide separate information for sewer, water and storm drainage operations, which are major enterprise funds of the Town of Wellington. The basic proprietary fund financial statements detailing the business-type activities can be found on pages 10 to 12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the Town. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town of Wellington's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Additional information on the Town's Fiduciary Fund (Library Trust Fund) can be found on pages 13 and 14 of this report.

Notes to the financial statements. The notes provide significant additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 to 27 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required and certain other supplementary information concerning the Town of Wellington's budget comparison statements for the General Fund, non-major Conservation Trust Fund and the Town's three major enterprise funds Water, Sewer and Storm Drainage. The other supplementary information can be found on pages 28 to 39 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

A significant portion of the Town's net position (60.9%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related outstanding debt used to acquire those assets, and accumulated depreciation. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. Unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors. Below is condensed financial information for fiscal year 2025 compared with 2024 totals.

Condensed Statement of Net Position

	2025			
	Governmental Activities	Business-Type Activities	Totals	2024 Totals
ASSETS				
Current Assets	$20,177,675	$15,686,199	$35,863,874	$41,220,640
Capital Assets	17,276,941	124,832,608	142,109,549	142,800,928
Total Assets	**37,454,616**	**140,518,807**	**177,973,423**	**184,021,568**
DEFERRED OUTFLOWS OF FINANCIAL RESOURCES	**-**	**838**	**838**	**838**
LIABILITIES				
Current Liabilities	1,033,539	1,553,168	2,586,707	6,404,402
Noncurrent Liabilities	289,421	60,323,024	60,612,445	63,080,142
Total Liabilities	**1,322,960**	**61,876,192**	**63,199,152**	**69,484,544**
DEFERRED INFLOWS OF FINANCIAL RESOURCES	**2,112,290**	**-**	**2,112,290**	**4,735,627**
NET POSITION				
Net Investment in Capital Assets	17,276,941	63,720,631	80,997,572	77,313,128
Restricted for:				
Emergencies	190,000	-	190,000	190,000
Other Purposes	6,522,167	-	6,522,167	4,378,344
Unrestricted	10,030,258	14,922,822	24,953,080	27,920,763
Total Net Position	**$34,019,366**	**$78,643,453**	**$112,662,819**	**$109,802,235**

The restricted portion of net position (4.2%) represents resources that are subject to external restrictions on how they may be used, such as street paving, capital construction, and open space and parks. The remaining balance of unrestricted net position of $27.9 million may be used to meet the Town's ongoing obligations to citizens and creditors.

The table and discussion continued below focuses on changes in net position of the Town's governmental and business-type activities.

Condensed Statement of Activities

	2025			
	Governmental Activities	**Business-Type Activities**	**Totals**	**2024 Totals**
REVENUES				
Program Revenues				
Charges for Services	$702,631	$8,429,510	$9,132,141	$8,770,867
Operating Grants and Contributions	1,304,030	-	1,304,030	272,427
Capital Grants and Contributions	-	1,787,660	1,787,660	1,729,737
General Revenues				
Property Taxes	2,172,859	55,200	2,228,059	2,500,439
Sales and Use Taxes	6,264,314	-	6,264,314	5,680,113
Franchise Taxes	261,981	-	261,981	246,473
Investment Income	558,413	638,869	1,197,282	1,846,632
Other	193,683	1,097	194,780	215,447
Transfers	(1,020,000)	1,020,000	-	-
Total Revenues and Transfers	**10,437,911**	**11,932,336**	**22,370,247**	**21,262,135**
EXPENSES				
General Government	6,137,314	-	6,137,314	6,383,246
Public Safety	2,157,923	-	2,157,923	2,053,303
Public Works	2,145,436	-	2,145,436	2,079,935
Parks and Recreation	146,141	-	146,141	337,915
Water Utility	-	5,769,864	5,769,864	5,474,434
Wastewater Utility	-	5,467,467	5,467,467	4,511,198
Stormwater Utility	-	1,312,535	1,312,535	845,584
Total Expenses	**10,586,814**	**12,549,866**	**23,136,680**	**21,685,615**
Change in Net Position	(148,903)	(617,530)	(766,433)	(423,480)
Net Position, *Beginning of Year*	34,168,269	75,633,966	109,802,235	110,225,715
Prior Period Restatement	-	3,627,017	3,627,017	-
Net Position, *Beginning (as restated)*	34,168,269	79,260,983	113,429,252	110,225,715
Net Position, *End of Year*	**$34,019,366**	**$78,643,453**	**$112,662,819**	**$109,802,235**

FINANCIAL ANALYSIS OF THE TOWN'S FUNDS

Governmental funds. The focus of the Town of Wellington's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Wellington's financing requirements. Unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of 2025, the Town of Wellington's governmental funds (General, Streets, Parks, and Conservation Trust Funds) reported combined ending fund balances of $17.0 million, an increase of $2.7 million in the combined governmental fund balances of the previous year. Approximately 51% of this combined fund balance constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is otherwise has been restricted to specific purposes (e.g. streets and parks) as follows:

Restricted	$8,354,315
Unassigned	8,677,531
Total	**$17,031,846**

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund accounts for all the general services provided by the Town. At the end of 2025, the fund balance of the General Fund totaled $8.9 million, an increase of $2.2 million from the fund balance at the end of 2024. The General Fund's primary source of revenue is property and sales taxes and to a lesser degree, fees for franchise agreements and services such as building permits and plan checking.

Previously delayed, due audited financial statements, property tax revenue was received in 2025, thus coming in over budget estimates for 2025. Sales and use taxes came in nearly at projected budget estimates of $3.4 million for the year, a shortage of $39,370. These two revenue sources accounted for 96.5% of all General Fund revenues, which totaled $8.3 million in 2025. Charges for services exceeded estimates for the year, coming in at $59,754, while investment income came in below estimates at $310,220.

In 2025, expenditures in the General Fund totaled $6.2 million. This is $652,156 under budgeted expenses in large part due to variances in professional fees in general government of $165,034 and personnel services of $284,792 in public works.

Overhead allocation transfers from the Street, Water, Sewer, Drainage, and Park Funds accounted for administrative services provided by the General Fund. As such, Street, Water, Sewer, Drainage, and Park Funds allocations for personnel services were reduced in the 2025 budget.

CAPITAL ASSET ADMINISTRATION

Capital assets. The Town of Wellington's net investment in capital assets for its governmental and business type activities as of December 31, 2025 and 2024, amounted to $142.1 million (net of accumulated depreciation and debt) and $142.8 million, respectively. This investment in capital assets includes land, buildings and improvements, machinery and equipment, park facilities, and roads.

Town of Wellington
Capital Assets at Year End

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and Water Rights:	$2,073,796	$2,073,796	$8,432,324	$8,432,324	$10,506,120	$10,506,120
Buildings and Improvements:	1,704,511	1,732,065	-	-	1,704,511	1,732,065
Infrastructure:	4,417,612	4,407,322	-	-	4,417,612	4,407,322
Streets and Improvements:	8,979,239	9,474,095	-	-	8,979,239	9,474,095
Equipment:	101,783	32,585	-	-	101,783	32,585
Utility Systems and Equipment:	-	-	114,189,304	76,006,348	114,189,304	76,006,348
Construction in Progress:	-	-	2,210,980	40,642,393	2,210,980	40,642,393
TOTAL	**$17,276,941**	**$17,719,863**	**$124,832,608**	**$125,081,065**	**$142,109,549**	**$142,800,928**

Additional information on the Town's capital assets can be found on pages 21 and 22 of this report.

DEBT ADMINISTRATION

Long-term debt. At the end of 2025, the Town of Wellington had total debt outstanding of $60.3 million, compared with $62.9 million in 2024 (not including $227,669 in accrued compensated absences at year end). The Town's debt represents bonds and loans secured solely by specified revenue sources, such as Water and Sewer Fund user fees.

Town of Wellington
Outstanding Debt at Year End

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
2014 Park Fund Loan:	-	$266,076	-	-	-	$266,076
2019 CWRPDA – Water:	-	-	$17,662,523	$18,772,073	$17,662,523	18,772,073
- **Premium:**	-	-	242,714	342,223	242,714	342,223
2022 WWTP – Loan Payable:	-	-	40,088,058	41,056,782	40,088,058	41,056,782
- **Premium:**	-	-	2,282,071	2,451,828	2,282,071	2,451,828
TOTAL	**-**	**$266,076**	**$60,275,366**	**$62,622,906**	**$60,275,366**	**$62,888,982**

Additional information on the Town's long-term debt can be found on pages 22 to 25.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Annual Budget guides the efficient and effective use of Town resources, focusing on the highest priorities of the Town's citizens as represented by the Board of Trustees (the Board). Through the Budget process, the Board establishes priorities and allocates resources to meet their goals. With the approval of the 2025 Budget, the Board appropriated $36.0 million for expenditure in that year (not including transfers), a 45.4% decrease over the budget in 2024. This amount was made up of $22.6 million for operations and debt service in all funds and $13.4 million for capital projects. The largest share of the capital projects budget went to the Cleveland Avenue Improvement project in the Street Fund, funded largely by grant proceeds.

CONTACTING THE TOWN'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Town of Wellington's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Town of Wellington Finance Department, 8225 Third Street (PO Box 127), Wellington, Colorado 80549.

Basic Financial Statements

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

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and Investments	$ 17,165,269	$ 14,858,847	$ 32,024,116
Property Taxes Receivable	2,112,290	-	2,112,290
Accounts Receivable	91,054	770,284	861,338
Other Receivables	809,062	(10,848)	798,214
Cash with Fiscal Agent	-	-	-
Inventory	-	67,916	67,916
Capital Assets, *Not Being Depreciated*	2,073,796	10,643,304	12,717,100
Capital Assets, *Net of Accumulated Depreciation*	15,203,145	114,189,304	129,392,449
Total Assets	37,454,616	140,518,807	177,973,423
Deferred Outflows of Resources			
Loss on Debt Refunding, *Net of Accumulated Amortization*	-	838	838
Liabilities			
Accounts Payable	887,315	788,953	1,676,268
Retainage Payable	-	-	-
Accrued Salaries and Benefits	74,470	-	74,470
Accrued Interest Payable	-	760,715	760,715
Deposits and Escrows	71,754	3,500	75,254
Noncurrent Liabilities			
Due Within One Year	180,011	2,130,352	2,310,363
Due in More Than One Year	109,410	58,192,672	58,302,082
Total Liabilities	1,322,960	61,876,192	63,199,152
Deferred Inflows of Resources			
Deferred Property Taxes	2,112,290	-	2,112,290
Unearned Revenue	-	-	-
Deferred Inflows of Resources	2,112,290	-	2,112,290
Net Positions			
Net Investment in Capital Assets	17,276,941	63,720,631	80,997,572
Restricted for:			
Street Paving and Maintenance	4,949,287	-	4,949,287
Open Space and Parks	1,572,880	-	1,572,880
Emergencies	190,000	-	190,000
Unrestricted	10,030,258	14,922,822	24,953,080
Total Net Position	$ 34,019,366	$ 78,643,453	$ 112,662,819

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Totals
Primary Government							
Governmental Activities							
General Government	$ 6,137,314	$ 332,386	$ 258,400	$ -	$ (5,546,528)	$ -	$ (5,546,528)
Public Safety	2,157,923	20,360	-	-	(2,137,563)	-	(2,137,563)
Public Works	2,145,436	160,559	536,802	-	(1,448,075)	-	(1,448,075)
Parks and Recreation	146,141	189,326	508,828	-	552,013	-	552,013
Total Governmental Activities	10,586,814	702,631	1,304,030	-	(8,580,153)	-	(8,580,153)
Business-Type Activities							
Water Utility	5,769,864	5,104,194	-	1,448,318	-	782,648	782,648
Wastewater Utility	5,467,467	2,609,895	-	339,342	-	(2,518,230)	(2,518,230)
Storm Water Utility	1,312,535	715,421	-	-	-	(597,114)	(597,114)
Total Business-Type Activities	12,549,866	8,429,510	-	1,787,660	-	(2,332,696)	(2,332,696)
Total Primary Government	$ 23,136,680	$ 9,132,141	$ 1,304,030	$ 1,787,660	(8,580,153)	(2,332,696)	(10,912,849)
	General Revenues						
	Property Taxes				2,172,859	55,200	2,228,059
	Sales and Use Taxes				6,264,314	-	6,264,314
	Other Taxes				4,067	-	4,067
	Impact Taxes				116,351	-	116,351
	Cigarette Taxes				7,097	-	7,097
	Franchise Taxes				261,981	-	261,981
	Investment Income				558,413	638,869	1,197,282
	Other Revenues				60,139	-	60,139
	Gain (Loss) on Disposal of Assets				6,029	1,097	7,126
	Transfers				(1,020,000)	1,020,000	-
	Total General Revenues and Transfers				8,431,250	1,715,166	10,146,416
	Change in Net Position				(148,903)	(617,530)	(766,433)
	Net Position, *Beginning of Year, as Previously Stated*				34,168,269	75,633,966	109,802,235
	Restatement				-	3,627,017	3,627,017
	Net Position, *Beginning of Year*, as Restated				34,168,269	79,260,983	113,429,252
	Net Position, *End of Year*				$ 34,019,366	$ 78,643,453	$ 112,662,819

See Notes to the Financial Statements.

Town of Wellington, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Street	Park	*(Nonmajor)* Conservation Trust	Totals
Assets					
Cash and Investments	$ 9,129,766	$ 4,986,894	$ 1,475,729	$ 1,572,880	$ 17,165,269
Property Taxes Receivable	2,112,290	-	-	-	2,112,290
Accounts Receivable	14,066	63,900	13,088	-	91,054
Other Receivable	512,216	155,674	141,172	-	809,062
Total Assets	$ 11,768,338	$ 5,206,468	$ 1,629,989	$ 1,572,880	$ 20,177,675
Liabilities					
Accounts Payable	$ 597,039	$ 257,181	$ 33,095	$ -	$ 887,315
Retainage Payable	-	-	-	-	-
Accrued Salaries and Benefits	74,470	-	-	-	74,470
Deposits and Escrow	71,754	-	-	-	71,754
Total Liabilities	743,263	257,181	33,095	-	1,033,539
Deferred Inflows of Resources					
Deferred Property Taxes	2,112,290	-	-	-	2,112,290
Deferred Inflows of Resources	2,112,290	-	-	-	2,112,290
Fund Balances					
Restricted					
Emergencies	190,000	-	-	-	190,000
Capital Improvements	45,254	4,949,287	1,596,894	-	6,591,435
Open Space	-	-	-	1,572,880	1,572,880
Unrestricted, Unassigned	8,677,531	-	-	-	8,677,531
Total Fund Balances	8,912,785	4,949,287	1,596,894	1,572,880	17,031,846
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 11,768,338	$ 5,206,468	$ 1,629,989	$ 1,572,880	$ 20,177,675

See Notes to the Financial Statements.

Town of Wellington, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	$	17,031,846
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds		17,276,941
Amounts receivable not collected within a short period of time after the year are not reflected as receivables on the governmental funds statements.		-
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Park Loan Payable		-
Compensated Absences Payable		(289,421)
Total Net Position of Governmental Activities	$	34,019,366

See Notes to the Financial Statements.

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

	General	Street	Park	*(Nonmajor)* Conservation Trust	Totals
Revenues					
Taxes	$ 8,295,685	$ 1,604,526	$ 1,276,106	$ -	$ 11,176,317
Licenses and Permits	388,983	536,802	-	508,828	1,434,613
Intergovernmental	258,400	160,559	45,600	-	464,559
Charges for Services	20,360	-	-	-	20,360
Fines and Forfeitures	59,754	-	143,726	-	203,480
Investment Income	310,220	87,695	126,590	33,908	558,413
Miscellaneous	15,829	1,872	48,467	-	66,168
Total Revenues	9,349,231	2,391,454	1,640,489	542,736	13,923,910
Expenditures					
Current					
General Government	3,005,667	-	-	-	3,005,667
Public Safety	2,157,923	-	-	-	2,157,923
Public Works	1,093,169	1,400,660	-	-	2,493,829
Parks and Recreation	12,465	-	1,664,174	-	1,676,639
Capital Outlay	(107,071)	604,256	154,795	-	651,980
Debt Service					
Principal	-	-	244,173	-	244,173
Interest and Fees	-	-	2,868	-	2,868
Total Expenditures	6,162,153	2,004,916	2,066,010	-	10,233,079
Excess of Revenues Over (Under) Expenditures	3,187,078	386,538	(425,521)	542,736	3,690,831
Other Financing Sources (Uses)					
Transfers Out	(1,020,000)	-	-	-	(1,020,000)
Total Other Financing Sources (Uses)	(1,020,000)	-	-	-	(1,020,000)
Net Change in Fund Balances	2,167,078	386,538	(425,521)	542,736	2,670,831
Fund Balances, *Beginning of Year*	6,745,707	4,562,749	2,022,415	1,030,144	14,361,015
Fund Balances, *End of Year*	$ 8,912,785	$ 4,949,287	$ 1,596,894	$ 1,572,880	$ 17,031,846

See Notes to the Financial Statements.

Town of Wellington, Colorado

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

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	$	2,670,831
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay		729,270
Disposal of Capital Assets		(137,071)
Depreciation Expense		(1,035,121)
Amounts receivable not collected within a short period of time after the year are not reflected as revenue on the governmental funds statements.		(2,465,999)
Repayments of debt principal are expenditures in governmental funds, but the repayments reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Park Loan Payable		266,076
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Accrued Interest Payable		(176,889)
Change in Net Position of Governmental Activities	$	(148,903)

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Water	Sewer	Drainage	Totals
Assets				
Current Assets				
Cash and Investments	$ 11,818,335	$ 1,353,815	$ 1,686,697	$ 14,858,847
Accounts Receivable	505,550	184,057	69,829	759,436
Cash with Fiscal Agent	-	1,882,179	-	1,882,179
Due To/From Other Funds	1,882,179	(1,882,179)	-	-
Inventory	54,722	13,194	-	67,916
Total Current Assets	14,260,786	1,551,066	1,756,526	17,568,378
Noncurrent Assets				
Capital Assets, *Not Being Depreciated*	8,584,247	1,978,569	80,488	10,643,304
Capital Assets, *Net of Accumulated Depreciation*	48,927,163	62,984,767	2,277,374	114,189,304
Total Noncurrent Assets	57,511,410	64,963,336	2,357,862	124,832,608
Total Assets	71,772,196	66,514,402	4,114,388	142,400,986
Deferred Outflows of Resources				
Loss on Debt Refunding, *Net of Accumulated Amortization*	838	-	-	838
Liabilities				
Current Liabilities				
Accounts Payable	-	2,205,155	465,977	2,671,132
Retainage Payable	-	-	-	-
Deposits and Escrow	3,500	-	-	3,500
Accrued Interest Payable	154,212	606,503	-	760,715
Current Portion of Noncurrent Liabilities	1,129,785	1,000,567	-	2,130,352
Total Current Liabilities	1,287,497	3,812,225	465,977	5,565,699
Noncurrent Liabilities				
Accrued Compensated Absences	14,808	18,744	14,106	47,658
Bonds Payable	16,775,452	41,369,562	-	58,145,014
Total Noncurrent Liabilities	16,790,260	41,388,306	14,106	58,192,672
Total Liabilities	18,077,757	45,200,531	480,083	63,758,371
Deferred Inflows of Resources				
Unearned Revenue	-	-	-	-
Net Position				
Net Investment in Capital Assets	39,591,365	22,251,487	1,877,779	63,720,631
Restricted	9,603,123	-	481,063	10,084,186
Unrestricted	4,500,789	(937,616)	1,275,463	4,838,636
Total Net Position	$ 53,695,277	$ 21,313,871	$ 3,634,305	$ 78,643,453

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2025

	Water	Sewer	Drainage	Totals
Operating Revenues				
Charges for Services	$ 5,104,194	$ 2,609,895	$ 715,521	$ 8,429,610
Total Operating Revenues	5,104,194	2,609,895	715,521	8,429,610
Operating Expenses				
Management Fees	1,151,608	-	-	1,151,608
Personnel Service	448,394	422,243	122,846	993,483
Operations and Maintenance	1,536,048	1,379,216	975,303	3,890,567
Capital Outlay	376,527	45,789	93,534	515,850
Depreciation	2,004,330	2,289,051	120,852	4,414,233
Total Operating Expenses	5,516,907	4,136,299	1,312,535	10,965,741
Net Operating Income	(412,713)	(1,526,404)	(597,014)	(2,536,131)
Nonoperating Revenues (Expenses)				
Tax Revenue and Impact Fees	-	-	55,200	55,200
Loan Proceeds	-	-	-	-
Investment Income	237,917	353,004	47,948	638,869
Interest Expense	(252,957)	(1,331,168)	-	(1,584,125)
Gain (Loss) on Disposal of Assets	782	215	-	997
Total Nonoperating Revenues (Expenses)	(14,258)	(977,949)	103,148	(889,059)
Net Income Before Capital Contributions and Transfers	(426,971)	(2,504,353)	(493,866)	(3,425,190)
Capital Contributions and Transfers				
Plant Investment Fees	385,480	339,342	-	724,822
Cash in Lieu of Fees	1,062,838	-	-	1,062,838
Transfers In	690,000	330,000	-	1,020,000
Change in Net Position	1,711,347	(1,835,011)	(493,866)	(617,530)
Net Position, *Beginning of Year*, as Originally Stated	49,360,593	22,145,202	4,128,171	75,633,966
Restatement	2,623,337	1,003,680	-	3,627,017
Net Position, *Beginning of Year*, as Restated	51,983,930	23,148,882	4,128,171	79,260,983
Net Position, *End of Year*	$ 53,695,277	$ 21,313,871	$ 3,634,305	$ 78,643,453

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2025

	Water	Sewer	Drainage	Totals
Cash Flows From Operating Activities				
Cash Received from Customers	$ 8,397,800	$ 4,791,320	$ 716,485	$ 13,905,605
Cash Payments to Employees	(491,795)	(560,805)	5,302	(1,047,298)
Cash Payments to Vendors and Suppliers	(3,037,192)	(3,499,659)	(727,972)	(7,264,823)
Net Cash Provided by Operating Activities	4,868,813	730,856	(6,185)	5,593,484
Cash Flows From Noncapital Financing Activities				
Transfers to Other Funds, Net	690,000	330,000	-	1,020,000
Net Cash Used in Noncapital Financing Activities	690,000	330,000	-	1,020,000
Cash Flows From Capital and Related Financing Activities				
Proceeds from Fiscal Agent	-	1,002,086	55,200	1,057,286
Payments to / from Other Funds	(3,344,408)	3,344,408	-	-
Intergovernmental Receipts	(1,485)	-	-	(1,485)
Plant Investment Fees	385,480	339,342	-	724,822
Cash Received in Lieu of Fees	1,062,838	-	-	1,062,838
Purchase of Capital Assets	(53,983)	(4,263,529)	-	(4,317,512)
Debt Principal Payments	(939,793)	(968,724)	-	(1,908,517)
Debt Interest Payments	(252,957)	(1,500,925)	-	(1,753,882)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(3,144,308)	(2,047,342)	55,200	(5,136,450)
Cash Flows From Investing Activities				
Issuance Proceeds	-	-	-	-
Interest Received	(31,349)	353,004	47,948	369,603
Gain/Loss	782	215	-	997
Net Cash Provided by (Used in) Capital and Related Financing Activities	(30,567)	353,219	47,948	370,600
Net Increase In Cash	2,383,938	(633,267)	96,963	1,847,634
Cash, *Beginning of Year*	9,434,397	1,987,082	1,589,734	13,011,213
Cash, *End of Year*	$ 11,818,335	$ 1,353,815	$ 1,686,697	$ 14,858,847
Reconciliation of Net Operating Income to Net Cash Provided by (Used in) Operating Activities				
Net Operating Income	$ (412,713)	$ (1,526,404)	$ (597,014)	$ (2,536,131)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by (Used in) Operating Activities				
Depreciation	2,004,330	2,289,051	120,852	4,414,233
Changes in Assets and Liabilities				
Accounts Receivable	3,293,606	2,181,425	964	5,475,995
Accounts Payable and Accrued Expenses	-	(2,192,665)	463,711	(1,728,954)
Compensated Absences	(16,410)	(20,551)	5,302	(31,659)
Net Cash Provided by (Used in) Operating Activities	$ 4,868,813	$ 730,856	$ (6,185)	$ 5,593,484

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Net Position
Fiduciary Funds
December 31, 2025

	Library Custodial Trust
Assets	
Cash and Investments	$ 595,980
Total Assets	$ 595,980
Net Position	
Restricted Net Position	$ 595,980
Total Net Position	$ 595,980

See Notes to the Financial Statements.

Town of Wellington, Colorado
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended December 31, 2025

	Library Custodial Trust
Revenues	
Impact Fees	$ 7,000
Investment Earnings	21,225
Total Revenues	28,225
Net Change in Fund Balances	28,225
Fund Balances, *Beginning of Year*	567,755
Fund Balances, *End of Year*	$ 595,980

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The Town of Wellington, Colorado (the Town) was founded on November 10, 1905 as a statutory town. The Town's major operations include general government, public safety, public works, parks and recreation, economic development, and the library.

The financial statements of the Town have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Town's accounting policies are described below.

Reporting Entity

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

Based on the application of this criteria, the Town does not include additional organizations in its reporting entity.

Government-wide and Fund Financial Statements

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The *Street Fund* is a special revenue fund. It accounts for motor vehicle ownership taxes, motor vehicle registration taxes and highway user taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's streets and alleys.

The *Park Fund* is a special revenue fund. It accounts for sales taxes, use taxes, motor vehicle use taxes, and open space sales taxes. In addition, this fund accounts for impact fees relating to new construction from building permits. Amounts collected are disbursed for the maintenance of the Town's parks and open spaces.

In addition, the Town reports the following major proprietary funds:

The *Water Fund* accounts for the financial activities associated with the provision of water services to the Town residents.

The *Sewer Fund* accounts for the financial activities associated with the operation and maintenance of the sewer system.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents include investment with original maturities of three months or less.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses using the consumption method.

Capital Assets - Capital assets, which include land, buildings, utility systems, equipment, and all infrastructure owned by the Town, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

Buildings and Improvements	10 - 40 years
Improvements Other than Buildings	5 - 50 years
Infrastructure	20 - 40 years
Machinery and Equipment	5 - 20 years
Utility Systems	50 years

Deferred Inflows of Resources - Property taxes earned but levied for a subsequent year are reported as deferred inflows of resources in the financial statements.

Compensated Absences - Employees of the Town are allowed to accumulate unused vacation and sick leave up to a maximum based on years of service. Upon termination of employment from the Town, employees with at least ten years of service will be paid for one-third of their accumulated sick leave up to a maximum of 320 hours, and for all accumulated vacation leave up to a maximum of 240 hours, at their current pay rate.

A liability for these compensated absences is reported when earned in the proprietary funds and when due in the governmental funds. A long-term liability has been reported in the government-wide financial statement for the accrued compensated absences.

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

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

Net Position/Fund Balances - In the government-wide and fund financial statements, net position and fund balances are restricted when constraints placed on the use of resources are externally imposed. In the fund financial statements, governmental funds report committed fund balances when the Board of Trustees approves an ordinance that places constraints on the use of resources for a specific purpose. Assigned fund balances arise from an informal action of the Board of Trustees.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent calendar year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the Town on a monthly basis. Since property tax revenues are collected in arrears during the succeeding year, receivables and corresponding deferred inflows of resources are reported at year end.

Subsequent Events

We have evaluated subsequent events through August 20, 2026. The date the financial statements were available to be issued.

Note 2: Cash and Investments

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

		Total
Petty Cash	$	500
Cash in Bank		7,629,435
Cash Held in COLOTRUST		24,990,161
Total	$	32,620,096

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the Town had bank deposits of $7,615,621 collateralized with securities held by the financial institution's agent but not in the Town's name.

Note 2: Cash and Investments (Continued)

Investments

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

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

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

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

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

Local Government Investment Pools - At December 31, 2025, the Town had $24,990,161 invested in the Colorado Liquid Asset Trust (COLOTRUST). The pool is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pool is measured at the net asset value per share, with each share valued at $1. The pool is rated AAAm by Standard and Poor's. Investments of the pool are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 3: Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2025, is summarized below.

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Governmental Activities					
Capital Assets, *Not Being Depreciated*					
Land and Water Rights	$ 2,073,796	$ -	$ -	$ -	$ 2,073,796
Total Capital Assets, *Not Being Depreciated*	2,073,796	-	-	-	2,073,796
Capital Assets, *Being Depreciated*					
Buildings and Improvements	2,165,670	-	-	-	2,165,670
Infrastructure	6,948,848	232,510	-	-	7,181,358
Streets and Improvements	25,956,083	393,471	-	(137,071)	26,212,483
Equipment	606,297	103,289	-	-	709,586
Total Capital Assets, *Being Depreciated*	35,676,898	729,270	-	(137,071)	36,269,097
Less Accumulated Depreciation					
Buildings and Improvements	(433,605)	(27,554)	-	-	(461,159)
Infrastructure	(2,541,526)	(222,220)	-	-	(2,763,746)
Streets and Improvements	(16,481,988)	(751,256)	-	-	(17,233,244)
Equipment	(573,712)	(34,091)	-	-	(607,803)
Total Accumulated Depreciation	(20,030,831)	(1,035,121)	-	-	(21,065,952)
Total Capital Assets, *Being Depreciated, Net*	15,646,067	(305,851)	-	(137,071)	15,203,145
Governmental Activities Capital Assets, N*et*	$ 17,719,863	$ (305,851)	$ -	$ (137,071)	$ 17,276,941

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

Governmental Activities	Total
Public Safety	$ 44,791
Public Works	751,256
Parks and Recreation	239,074
Total	$ 1,035,121

Note 3: Capital Assets (Continued)

Capital asset activity for business-type activities for the year ended December 31, 2025, is summarized below.

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Business-Type Activities					
Capital Assets, *Not Being Depreciated*					
Land and Water Rights	$ 8,432,324	$ -	$ -	$ -	$ 8,432,324
Construction in Progress	40,642,393	3,899,605	(42,179,284)	(151,734)	2,210,980
Total Capital Assets, *Not Being Depreciated*	49,074,717	3,899,605	(42,179,284)	(151,734)	10,643,304
Capital Assets, *Being Depreciated*					
Utilities Systems	98,000,095	417,905	42,179,284	-	140,597,284
Machinery and Equipment	2,653,861	-	-	-	2,653,861
Total Capital Assets, *Being Depreciated*	100,653,956	417,905	42,179,284	-	143,251,145
Less Accumulated Depreciation					
Utilities Systems	(22,749,230)	(4,251,512)	-	-	(27,000,742)
Machinery and Equipment	(1,898,378)	(162,721)	-	-	(2,061,099)
Total Accumulated Depreciation	(24,647,608)	(4,414,233)	-	-	(29,061,841)
Total Capital Assets, *Being Depreciated, Net*	76,006,348	(3,996,328)	42,179,284	-	114,189,304
Business-Type Activities Capital Assets, Net	$ 125,081,065	$ (96,723)	$ -	$ (151,734)	$ 124,832,608

Depreciation expense was charged to various business-type activities of the Town as follows:

Business-Type Activities	Total
Water	$ 2,004,330
Sewer	2,289,051
Drainage	120,852
Total	$ 4,414,233

Note 4: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Governmental Activities					
2014 Park Fund Loan	$ 266,076	$ -	$ (266,076)	$ -	$ -
Compensated Absences	112,532	176,889	-	289,421	180,011
Total	$ 378,608	$ 176,889	$ (266,076)	$ 289,421	$ 180,011

Note 4: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

In 2014, the Town borrowed $2,400,000 from First National Bank, with monthly principal and interest payments beginning in 2016 and maturing in 2029. The loan required monthly payments of $22,455 with interest fixed at 2.31%. The Park Fund was required to maintain a coverage ratio of 1.25% of the required debt service. During the year ended December 31, 2025, the Town repaid the remaining balance of the loan.

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

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2025:

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Business-Type Activities					
2019 CWRPDA - Water	$ 18,772,073	$ -	$ (1,109,550)	$ 17,662,523	$ 1,129,785
Premium	342,223	-	(99,509)	242,714	-
2022 WWTP Loan Payable	41,056,782	-	(968,724)	40,088,058	1,000,567
Premium	2,451,828	-	(169,757)	2,282,071	-
Compensated Absences	79,317	-	(31,659)	47,658	-
Total	$ 62,702,223	$ -	$ (2,379,199)	$ 60,323,024	$ 2,130,352

1984 General Obligation Water Bond

During 1984, the Town entered into a General Obligation (GO) water bond in the amount of $500,000. The bond is due in escalating installments and matures on December 1, 2023. Interest is fixed at 5.0%. The bond was paid in full during 2023.

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

2019 Colorado Water Resource and Power Development Authority (CWRPDA) Note Payable

In 2019, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority. The 20-year loan requires varying semi-annual principal and interest payments, with interest ranging from 3.0% to 5.0%, through August 1, 2039. The loan is a special revenue obligation of the Water Fund payable from water rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system. As of December 31, 2022, the Town had remaining funds of $21,662,025 to be received and is reflected as cash held with fiscal agent in the accompanying financial statements.

Annual debt service requirements for the outstanding bond at December 31, 2025, were as follows.

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,129,785	$ 141,050	$ 1,270,835
2027	1,148,102	122,550	1,270,652
2028	1,168,578	105,050	1,273,628
2029	1,183,462	88,550	1,272,012
2030	1,195,304	73,300	1,268,604
2031-2035	6,274,647	221,900	6,496,547
2036-2039	5,562,645	53,250	5,615,895
Total	$ 17,662,523	$ 805,650	$ 18,468,173

2022 Wastewater Treatment Plant (WWTP)

In 2022, the Town entered into a loan payable with the Colorado Water Resource and Power Development Authority (CWRPDA). The 30-year loan requires varying semi-annual principal and interest payments, with interest ranging from 2.0% to 2.5%, through August 1, 2052. The loan is a special revenue obligation of the Sewer Fund payable from sewer rates, fees, standby charges, and charges from the use and operation of the system and from such other funds legally available after the payment of operation and maintenance expenses of the system. As of December 31, 2022, the Town had remaining funds of $21,662,025 to be received and is reflected as cash held with fiscal agent in the accompanying financial statements.

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

Annual debt service requirements for the outstanding bond at December 31, 2025, were as follows.

Year Ended December 31,	Principal	Interest	Total
2026	$ 1,000,567	$ 1,002,750	$ 2,003,317
2027	1,028,709	971,000	1,999,709
2028	1,065,269	938,750	2,004,019
2029	1,094,128	905,750	1,999,878
2030	1,130,941	872,250	2,003,191
2031-2035	6,169,619	3,836,750	10,006,369
2036-2040	7,090,147	2,918,000	10,008,147
2041-2045	8,040,981	1,961,500	10,002,481
2046-2050	9,146,648	1,016,750	10,163,398
2051-2052	4,321,049	134,250	4,455,299
Total	$ 40,088,058	$ 14,557,750	$ 54,645,808

Note 5: Interfund Transactions

Interfund transfers for the year ended December 31, 2025, were comprised of the following:

Transfers In	Transfers Out	Amount
Water Fund	General Fund	$ 690,000
Sewer Fund	General Fund	330,000
Total		$ 1,020,000

During 2022, the Board of Trustees authorized an annual transfer of funds between the General Fund and the Water and Sewer Funds. The purpose of the transfer is to support the operations of those funds.

Note 6: Risk Management

Public Entity Risk Pool

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

The purposes of CIRSA are to provide members with defined liability, property, and workers compensation coverages and to assist members 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 and officers.

Note 6: Risk Management (Continued)

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

Note 7: Retirement Commitments

Defined Contribution Retirement Plan

The Town contributes to a single-employer defined contribution retirement plan on behalf of its employees. All employees are enrolled in the Plan upon hire. The Town is required to contribute at least 4% of each employee's compensation. The Town may contribute up to 6% of each employee's compensation based on the employee's tenure and/or the employee's optional additional contributions. No employee contributions are required. Employees become vested in the Town's contributions at 25% annually after one year of service. Employees become fully vested after four years of service. The contribution requirements of the Town and eligible employees are established and may be amended by the Board of Trustees. For the year ended December 31, 2025, the Town contributed $277,554 to the Plan, equal to the required contributions.

Note 8: Commitments and Contingencies

Litigation

The Town is from time to time involved in various threatened and pending litigation. However, the outcome of this litigation cannot be determined at this time.

TABOR Amendment

In November 1992, Colorado voters passed the TABOR Amendment to the State Constitution which limits state and local government taxing powers and imposes spending limitations. The Town is subject to the TABOR Amendment. Fiscal year 1992 provides the basis for limits in future years, to which may be applied allowable increases for inflation and property valuation. Revenue received in excess of the limitations may be required to be refunded unless the Town's electorate vote to retain the revenue. The TABOR Amendment is subject to many interpretations, but the Town believes it is in substantial compliance with the Amendment.

In November 1994, voters permitted the Town, without increasing or adding any taxes of any kind, to collect, retain or expend revenues generated from all sources during 1994 and each subsequent year for trails, parks, and open space, storm water facilities and drainage, street, curb and sidewalk construction, repair and maintenance, police services, and for other basic municipal services and lawful purposes, without limitation.

Note 8: Commitments and Contingencies (Continued)

The Town has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve was reported as restricted fund balance in the General Fund, in the amount of $190,000.

Note 9: Restatement

The 2024 fund balances have been restated for the correction of errors reported in the 2024 financial statements as follows:

In 2024, the Water Fund reported $2,633,337 in deferred revenue in relation to the American Rescue Plan Act (ARPA), which should have been reported as earned revenue.

In 2024 and prior, the Sewer Fund did not properly report the investment earnings totaling $1,003,680 from the bond funds held in trust, which should have been reported as revenue as the investment earnings were earned.

The effect of these restatements was to increase the reported Net Position of the Water Fund and the Sewer Fund by $2,633,337 and $1,003,680, respectively.

Required Supplementary Information

Town of Wellington, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
Property Taxes	$ 2,112,290	$ 2,112,290	$ 4,638,858	$ 2,526,568
Sales and Use Taxes	3,423,052	3,423,052	3,383,682	(39,370)
Cigarette Taxes	6,484	6,484	7,097	613
Severance Taxes	25,000	25,000	14,930	(10,070)
Franchise Taxes	218,801	218,801	261,981	43,180
Other Taxes	5,885	5,885	4,067	(1,818)
Total Taxes	5,791,512	5,791,512	8,310,615	2,519,103
Licenses and Permits				
Liquor Licenses	-	-	3,582	3,582
Building Permits	542,000	542,000	339,632	(202,368)
Business Licenses	20,000	20,000	37,500	17,500
Other	2,400	2,400	8,269	5,869
Total Licenses and Permits	564,400	564,400	388,983	(175,417)
Intergovernmental				
Other Intergovernmental	85,700	85,700	243,470	157,770
Total Intergovernmental	85,700	85,700	243,470	157,770
Charges for Services				
Recreation/Community Center	8,000	8,000	10,725	2,725
Sales of Goods	9,500	9,500	5,812	(3,688)
Other Charges for Services	32,120	32,120	43,217	11,097
Total Charges for Services	49,620	49,620	59,754	10,134
Fines and Forfeitures	20,000	20,000	20,360	360
Investment Income	316,500	316,500	310,220	(6,280)
Other Revenue	6,000	6,000	15,829	9,829
Total Revenues	6,833,732	6,833,732	9,349,231	2,515,499

(Continued)

Town of Wellington, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025
(Continued)

Expenditures	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Current				
General Government				
Personnel Services	$ 3,239,135	$ 3,219,635	$ 3,059,752	$ 159,883
Insurance	246,240	246,240	276,047	(29,807)
Professional Fees	596,980	596,980	431,946	165,034
Repairs and Maintenance	92,193	111,693	189,357	(77,664)
Supplies	53,670	53,670	43,329	10,341
Telephone and Utilities	158,600	158,600	127,526	31,074
Travel and Training	59,180	59,180	33,171	26,009
Equipment Rental	40,000	40,000	40,000	-
Fuel	4,875	4,875	759	4,116
Other Expense	649,402	649,402	469,124	180,278
Overhead Allocation	(1,946,437)	(1,946,437)	(1,665,344)	(281,093)
Total General Government	3,193,838	3,193,838	3,005,667	188,171
Public Safety				
Personnel Services	2,159,717	2,159,717	2,157,923	1,794
Repairs and Maintenance	-	-	-	-
Total Public Safety	2,159,717	2,159,717	2,157,923	1,794
Public Works				
Personnel Services	1,221,770	1,221,770	936,978	284,792
Fuel and Automotive	28,000	28,000	20,235	7,765
Professional Fees	30,000	30,000	19,540	10,460
Repairs and Maintenance	92,714	92,714	79,348	13,366
Supplies	18,770	18,770	5,058	13,712
Travel and Training	10,500	10,500	6,735	3,765
Other Expense	22,000	22,000	25,275	(3,275)
Total Public Works	1,423,754	1,423,754	1,093,169	330,585
Parks and Recreation				
Cemetery	17,000	17,000	-	17,000
Other Expense	20,000	20,000	12,465	7,535
Total Parks and Recreation	37,000	37,000	12,465	24,535
Capital Outlay	-	-	(107,071)	107,071
Total Expenditures	6,814,309	6,814,309	6,162,153	652,156

(Continued)

Town of Wellington, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025
(Continued)

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Excess of Revenues Over (Under) Expenditures	19,423	19,423	3,187,078	3,167,655
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Transfers Out	(1,277,500)	(1,277,500)	(1,020,000)	257,500
Total Other Financing Sources (Uses)	(1,277,500)	(1,277,500)	(1,020,000)	257,500
Net Change in Fund Balance	(1,258,077)	(1,258,077)	2,167,078	3,425,155
Fund Balance, *Beginning of Year*	7,905,918	7,905,918	6,745,707	(1,160,211)
Fund Balance, *End of Year*	$ 6,647,841	$ 6,647,841	$ 8,912,785	$ 2,264,944

Town of Wellington, Colorado
Budgetary Comparison Schedule
Street Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
Sales and Use Tax	$ 1,615,157	$ 1,615,157	$ 1,604,526	$ (10,631)
Total Tax Revenue	1,615,157	1,615,157	1,604,526	(10,631)
Licenses and Permits				
Impact Fees	159,600	159,600	75,751	(83,849)
Other Licenses	39,000	39,000	84,808	45,808
Total Licenses and Permits	198,600	198,600	160,559	(38,041)
Intergovernmental Revenues				
Grants	3,580,269	3,580,269	-	(3,580,269)
Highway Users	376,552	376,552	536,802	160,250
Total Intergovernmental	3,956,821	3,956,821	536,802	(3,420,019)
Investment Income	65,000	65,000	87,695	22,695
Other Revenue	1,000	1,000	1,872	872
Total Revenues	5,836,578	5,836,578	2,391,454	(3,445,124)
Expenditures				
Public Works				
Personnel Services	675,617	675,617	675,281	336
Equipment Rental	3,000	3,000	2,185	815
Fuel and Automotive	-	-	5,836	(5,836)
Repairs and Maintenance	43,567	43,567	51,060	(7,493)
Supplies	56,900	56,900	24,455	32,445
Telephone and Utilities	225,000	225,000	206,313	18,687
Overhead Allocation	455,501	455,501	434,774	20,727
Other Expense	6,000	6,000	756	5,244
Capital Outlays	50,000	50,000	604,256	(554,256)
Total Expenditures	1,515,585	1,515,585	2,004,916	(489,331)

(Continued)

Town of Wellington, Colorado
Budgetary Comparison Schedule
Street Fund
For the Year Ended December 31, 2025
(Continued)

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Excess Revenues Over (Under) Expenditures	4,320,993	4,320,993	386,538	(3,934,455)
Other Financing Sources (Uses)				
Transfers Out	-	-	-	-
Net Changes in Fund Balance	4,320,993	4,320,993	386,538	(3,934,455)
Fund Balance, *Beginning of Year*	4,471,215	4,471,215	4,562,749	91,534
Fund Balance, *End of Year*	$ 8,792,208	$ 8,792,208	$ 4,949,287	$ (3,842,921)

Town of Wellington, Colorado
Budgetary Comparison Schedule
Park Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
Sales and Use Tax	$ 1,326,632	$ 1,326,632	$ 1,276,106	$ (50,526)
Licenses and Permits				
Impact Fees	156,600	156,600	40,600	(116,000)
Other Licenses	-	-	5,000	5,000
Total Licenses and Permits	156,600	156,600	45,600	(111,000)
Charges for Services				
Recreation/Community Center Charges	108,600	108,600	133,476	24,876
Rents	-	-	10,250	10,250
Total Charges for Services	108,600	108,600	143,726	35,126
Investment Income	95,000	95,000	126,590	31,590
Other Revenues				
Donations	-	-	3,561	3,561
Insurance Proceeds	-	-	42,473	42,473
Sale of Capital Assets	-	-	2,433	2,433
Total Other Revenues	-	-	48,467	48,467
Total Revenues	1,686,832	1,686,832	1,640,489	(46,343)
Expenditures				
Public Works				
Personnel Services	888,192	888,192	887,410	782
Equipment Rental	27,730	27,730	27,086	644
Fuel and Automotive	9,000	9,000	14,346	(5,346)
Professional Fees	40,000	40,000	33,262	6,738
Repairs and Maintenance	289,813	289,813	250,780	39,033
Supplies	42,650	42,650	38,168	4,482
Telephone and Utilities	73,250	73,250	64,344	8,906
Travel and Training	10,000	10,000	9,572	428
Overhead Allocation	262,796	262,796	244,896	17,900
Other Expense	107,465	107,465	94,310	13,155
Debt Service				
Principal	253,000	253,000	244,173	8,827
Interest	16,500	16,500	2,868	13,632
Capital Outlay	-	-	154,795	(154,795)
Total Public Works	2,020,396	2,020,396	2,066,010	(45,614)
Total Expenditures	2,020,396	2,020,396	2,066,010	(45,614)

(Continued)

Town of Wellington, Colorado
Budgetary Comparison Schedule
Park Fund
For the Year Ended December 31, 2025
(Continued)

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Excess Revenues Over (Under) Expenditures	(333,564)	(333,564)	(425,521)	(91,957)
Other Financing Sources (Uses)				
Transfers In	-	-	-	-
Net Changes in Fund Balance	(333,564)	(333,564)	(425,521)	(91,957)
Fund Balance, *Beginning of Year*	2,164,588	2,164,588	2,022,415	(142,173)
Fund Balance, *End of Year*	$ 1,831,024	$ 1,831,024	$ 1,596,894	$ (234,130)

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

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

The Town follows these procedures to establish the budgetary information reflected in the financial statements:

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

Supplementary Information

Town of Wellington, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Intergovernmental	$ -	$ -	$ 508,828	$ 508,828
Investment Income	51,500	51,500	33,908	(17,592)
Total Revenues	51,500	51,500	542,736	491,236
Other Financing Sources (Uses)				
Transfer In	-	-	-	-
Net Changes in Fund Balance	51,500	51,500	542,736	491,236
Fund Balance, *Beginning of Year*	1,616,676	1,616,676	1,030,144	(586,532)
Fund Balance, *End of Year*	$ 1,668,176	$ 1,668,176	$ 1,572,880	$ (95,296)

Town of Wellington, Colorado
Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Utility Charges	$ 5,500,968	$ 5,500,968	$ 5,008,591	$ (492,377)
Other Charges for Services	51,800	51,800	95,603	43,803
Plant Investment Fees	1,242,734	1,242,734	385,480	(857,254)
Cash in Lieu of Fees	3,350,000	3,350,000	1,062,838	(2,287,162)
Gain on Sale of Assets	1,000	1,000	782	(218)
Investment Income	178,078	178,078	237,917	59,839
Transfers In	(3,380,000)	(3,380,000)	690,000	4,070,000
Total Revenues	6,944,580	6,944,580	7,481,211	536,631
Expenditures				
Operating Expenses				
Raw Water Purchases	2,929,000	2,929,000	1,151,608	1,777,392
Management Fees	527,394	527,394	448,394	79,000
Personnel Services	764,618	764,618	646,355	118,263
Operating Supplies	71,750	71,750	49,718	22,032
Professional Fees	173,000	173,000	129,665	43,335
Repairs and Maintenance	234,463	234,463	233,079	1,384
Travel and Training	12,000	12,000	7,261	4,739
Treatment	300,000	300,000	219,121	80,879
Telephone and Utilities	230,425	230,425	260,015	(29,590)
Other Operating Expenses	-	-	(9,166)	9,166
Capital Outlay	186,500	186,500	430,510	(244,010)
Debt Services				
Principal	1,109,550	1,109,550	(1,109,550)	2,219,100
Interest	352,466	352,466	252,957	99,509
Transfers Out	-	-	-	-
Total Expenditures	6,891,166	6,891,166	2,709,967	4,181,199
Change in Net Position, *Budgetary Basis*	$ 53,414	$ 53,414	4,771,244	$ 4,717,830
Adjustments to GAAP Basis				
Depreciation			(2,004,330)	
Capital Outlay			53,983	
Debt Principal			(1,109,550)	
Change in Net Position, *GAAP Basis*			$ 1,711,347	

Town of Wellington, Colorado
Budgetary Comparison Schedule
Sewer Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Utility Charges	$ 2,426,231	$ 2,426,231	$ 2,609,895	$ 183,664
Intergovernmental Revenues	-	-	-	-
Plant Investment Fees	1,129,400	1,129,400	339,342	(790,058)
Insurance Proceeds	-	-	-	-
Loan Proceeds	1,130,005	1,130,005	215	(1,129,790)
Investment Income	250,000	250,000	353,004	103,004
Transfers In	380,000	380,000	330,000	(50,000)
Total Revenues	5,315,636	5,315,636	3,632,456	(1,683,180)
Expenditures				
Operating Expenses				
Management Fees	527,394	527,394	422,243	105,151
Personnel Services	691,810	691,810	726,422	(34,612)
Operating Supplies	102,370	102,370	55,332	47,038
Professional Fees	70,000	70,000	84,823	(14,823)
Repairs and Maintenance	177,118	177,118	124,930	52,188
Travel and Training	11,500	11,500	6,502	4,998
Treatment	35,000	35,000	35,237	(237)
Telephone and Utilities	425,500	425,500	342,506	82,994
Other Operating Expenses	5,000	5,000	3,464	1,536
Capital Outlay	62,500	62,500	16,485,363	(16,422,863)
Debt Services				
Principal	968,724	968,724	968,724	-
Interest	1,500,925	1,500,925	1,331,168	169,757
Transfers Out	2,177,500	2,177,500	-	2,177,500
Total Expenditures	6,755,341	6,755,341	20,586,714	(13,831,373)
Change in Net Position, *Budgetary Basis*	$ (1,439,705)	$ (1,439,705)	(16,954,258)	$ (15,514,553)
Adjustments to GAAP Basis				
Depreciation			(2,289,051)	
Capital Outlay			16,439,574	
Debt Principal			968,724	
Change in Net Position, *GAAP Basis*			$ (1,835,011)	

Town of Wellington, Colorado
Budgetary Comparison Schedule
Drainage Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Utility Charges	$ 686,917	$ 686,917	$ 715,421	$ 28,504
Tax Revenue & Impact Fees	90,720	90,720	55,300	(35,420)
Intergovernmental Revenues	888,817	888,817	-	(888,817)
Investment Income	35,000	35,000	47,948	12,948
Total Revenues	1,701,454	1,701,454	818,669	(882,785)
Expenditures				
Operating Expenses				
Management Fees	177,352	177,352	128,148	49,204
Professional Fees	67,520	67,520	86,238	(18,718)
Repairs and Maintenance	32,600	32,600	15,446	17,154
Telephone and Utilities	428,879	428,879	868,317	(439,438)
Capital Outlay	1,000	1,000	93,534	(92,534)
Transfers Out	1,158,534	1,158,534	-	1,158,534
Total Expenditures	1,865,885	1,865,885	1,191,683	674,202
Change in Net Position, *Budgetary Basis*	$ (164,431)	$ (164,431)	(373,014)	$ (208,583)
Adjustments to GAAP Basis				
Depreciation			(120,852)	
Capital Outlay			-	
Change in Net Position, *GAAP Basis*			$ (493,866)	

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	redavidni@	REPORT YEAR ENDING DATE(mm/yyyy):
Town of Wellington, Colorado	Nic Redavid	wellingtoncolorado.gov	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 Assessments		a. Interest on investments	87,695.79
b. Non-property Taxes and Assessments Imposts	978,940.26	b. Other Misc. Local Receipts	1,871.86
c. Total (a + b)	$ 978,940.26	**c. Total (a + b)**	$ 89,567.65

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	536,801.95	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	778,742.83		
c. Total (a + b)	$ 778,742.83		
4. Total (1 + 2 + 3c)	$ 1,315,544.78	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	146,670.00
b. Engineering Costs	301,225.48
c. Construction Costs	158,961.00
d. Total Capital Outlay (a+ b + c)	$ 606,856.48

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LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 978,940.26
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 89,567.65
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 1,068,507.91
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 1,315,544.78
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 2,384,052.69

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 606,856.48
2. Maintenance:	17,951.43
3. Road and Street Services:	
a. Snow and Ice Removal	15,442.33
b. Other & Traffic Control Operations	215,308.41
c. Total (a + b)	$ 230,750.74
4. General Administration & Miscellaneous	1,128,151.33
5. Highway Law Enforcement and Safety	5,788.19
6. Total (1 through 5)	$ 1,989,498.17
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)	$ 1,989,498.17

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)		$ -	$ -	$ -