City of Trinidad, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

City of Trinidad, Colorado
Table of Contents
December 31, 2025

(Continued)

City of Trinidad, Colorado
Table of Contents
December 31, 2025
(Continued)

Supplementary Information

State Compliance

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Honorable Mayor and Members of the City Council
City of Trinidad, Colorado
Trinidad, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the Governmental and business-type activities and each major fund of the City of Trinidad, Colorado (the City) 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 City, 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 and business-type activities and each major fund of the City 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 City 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

The City'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.

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

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 City'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 City'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 City'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, pc

Englewood, Colorado
August 14, 2026

MANAGEMENT'S DISCUSSION AND ANAYLSIS

The following discussion and analysis of the City of Trinidad's (the City) financial performance provide an annual overview of the City's financial activities for the fiscal year ended December 31, 2025.

Financial Highlights

- The assets and deferred outflows of the City exceeded their liabilities and deferred inflows at December 31, 2025, by $137,665,030 (Net Position). Of this amount, $28,309,131 is the Unrestricted Net Position that may be used to meet the government's ongoing obligations to citizens and creditors.

- On December 31, 2025, the City's Governmental Funds reported combined ending fund balances of $25,149,552. Approximately 21.8% of this total amount or $5,474,678 is unassigned.

- The General Fund, presented on a current financial resources' basis, reports a Fund Balance of $12,230,978 at the end of the current fiscal year, or 84% of total General Fund expenditures.

- The City's total bond and capital lease debt was $4,591,251 at the close of 2025.

- The City implemented GASB 68 in 2015 which reports the employer/employee net pension asset and net pension liability in the City's financial statements. Under GASB 68, the City's net pension position of its police and fire employee plans is held by both a Cost Sharing Multiple-Employer Defined Benefit Pension Plan and an Agent Multiple-Employer Defined Benefit Plan. For 2025 the City reported a net pension liability of $427,637.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the financial statements. This report also contains certain other supplementary information.

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

The s*tatement of net position* presents information on all the City's assets, liabilities and deferred flows, with the difference between them reported as N*et Position.* Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's Net Position changed during 2025. 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.

Both of the Government-wide financial statements distinguish *governmental activities* that are functions of the City principally supported by taxes and intergovernmental revenues and payments in-lieu of taxes, from *business-type activities which are* other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

Expenditures for *governmental activities* of the City are categorized generally as general government, public safety, public works, culture and recreation, economic development, tourism and capital projects. Taxes, intergovernmental revenues, and payments-in-lieu of taxes finance most of these activities.

Expenditures for *business-type activities* of the City support the City's water, sewer, gas, and electricity systems. User fees and charges finance most of these activities.

Component Units - The Trinidad Urban Renewal Authority (TURA) is a component unit of the City of Trinidad. Since re-establishment in 2015, 2025 reflects the collection of $31,126 in property taxes and an increase in Net Position of $28,622. In addition, the City Council approved establishment of the La Puerta Business Improvement District in 2018. There has been very little financial activity with the collection of $24,253 in property taxes and an increase in Net Position $26,493. Upon the recognition of significant financial activity, an annual audit will be scheduled.

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 City, like other state and local governments, used fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources,* as well as on balances of *spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities.*

The City maintains several individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the capital projects fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in this report.

The City adopts an annual appropriated budget for its funds, and a budgetary comparison has been provided to demonstrate compliance with the budget.

Proprietary funds – The City maintains one type of proprietary fund: *Enterprise funds* used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses four enterprise funds to account for its Electric, Gas, Water and Wastewater Utility operations. The enterprise funds, all of which are considered to be major funds of the City, are reported separately as proprietary fund financial statements in the basic financial statements. Proprietary fund financial statements provide the same type of information as the government-wide financial statements, but with more detail.

Notes to the financial statements – The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found later in this report.

Other information – In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information and other information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found later in this report. In addition, combining and individual fund statements and schedules as well as statistical and other information can be found later in this report.

Government-wide Financial Analysis

As noted earlier, Net Position may serve over time as a useful indicator of the government's financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by $137,665,030 at the close of 2025 as compared to $120,129,848 at the close of 2024.

The largest portion of the City's Net Position (70%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens. Consequently, these assets are not available for future spending. Although the City's investment in 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 capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects a condensed Statement of Net Position.

Statement of Net Position

	Governmental Activities		Business-type Activites		Total	
	2024	2025	2024	2025	2024	2025
Current & Other Assets	$ 25,906,745	$ 29,104,470	$ 17,925,825	$ 21,716,440	$ 43,832,570	$ 50,820,910
Capital Assets	56,379,880	64,575,575	33,008,835	36,373,242	89,388,715	100,948,817
Total Assets	82,286,625	93,680,045	50,934,660	58,089,682	133,221,285	151,769,727
Deferred Outflows	686,723	563,076	1,364,192	912,622	2,050,915	1,475,698
Long-term Liabilities	3,832,651	3,800,829	3,997,879	4,787,095	7,830,530	8,587,924
Other Liabilities	2,212,610	2,355,422	3,442,429	2,715,086	5,655,039	5,070,508
Total Liabilities	6,045,261	6,156,251	7,440,308	7,502,181	13,485,569	13,658,432
Deferred Inflows	1,656,783	1,921,963	-	-	1,656,783	1,921,963
Invested in Capital Assets, net of related debt	56,245,551	64,484,772	29,326,098	31,872,794	85,571,649	96,357,566
Restricted	8,574,202	12,998,333	-	-	8,574,202	12,998,333
Unrestricted	10,451,551	8,681,802	15,532,446	19,627,329	25,983,997	28,309,131
Total Net Position	$ 75,271,304	$ 86,164,907	$ 44,858,544	$ 51,500,123	$ 120,129,848	$ 137,665,030

The City's combined Net Position was $137,665,030 at December 31, 2025 of which $28,309,131 was unrestricted. However, a certain amount of these unrestricted funds are designated for specific, future purposes. All such designations are disclosed in the notes to the financial statements.

The Net Position of our business-type activities was $51,500,123 at December 31, 2025. The Net Position is used to finance the continuing operations of the utilities.

The following table shows revenues and expenses (Changes in Net Position) for both governmental and business-type activities.

Statement of Net Position

	Governmental Activities		Business-type Activites		Total	
	2024	2025	2024	2025	2024	2025
Revenues:						
Programs Revenues:						
Charges for Services	$ 1,364,478	$ 1,174,010	$ 17,782,153	$ 18,258,753	$ 19,146,631	$ 19,432,763
Operating Grants & Contributions	1,445,290	13,800,513	698,663	3,211,388	2,143,953	17,011,901
General Revenues:						
Property Taxes	1,665,618	1,389,772	-	-	1,665,618	1,389,772
Other Taxes	11,837,501	11,565,106	-	-	11,837,501	11,565,106
Other Revenues	1,115,114	1,127,170	692,601	2,857,610	1,807,715	3,984,780
Investment Earnings	975,370	764,658	403,209	528,676	1,378,579	1,293,334
	18,403,371	29,821,229	19,576,626	24,856,427	37,979,997	54,677,656
Expenses:						
General Government	5,395,688	5,869,377	-	-	5,395,688	5,869,377
Public Safety	6,158,928	7,362,014	-	-	6,158,928	7,362,014
Public Works	4,827,419	4,908,760	-	-	4,827,419	4,908,760
Parks, Culture & Recreation	1,644,012	1,793,092	-	-	1,644,012	1,793,092
Economic Development	329,427	419,527	-	-	329,427	419,527
Business-type	-	-	18,176,032	16,789,704	18,176,032	16,789,704
	18,355,474	20,352,770	18,176,032	16,789,704	36,531,506	37,142,474
Increase in Net Position before Transfers	47,897	9,468,459	1,400,594	8,066,723	1,448,491	17,535,182
Transfers	587,367	1,425,144	(587,367)	(1,425,144)	-	-
Increase in Net Position	635,264	10,893,603	813,227	6,641,579	1,448,491	17,535,182
Net Position - January 1	74,636,040	75,271,304	44,045,317	44,858,544	118,681,357	120,129,848
Net Position - December 31	$ 75,271,304	$ 86,164,907	$ 44,858,544	$ 51,500,123	$ 120,129,848	$ 137,665,030

Total City revenue was $54.7 million and the total cost of all programs and services was $37 million.

Governmental Activities. Revenues for governmental activities increased in 2025 to $29.8 million, an increase of $11.4 million from 2024 and expenses increased to $20.4 million or $2 million more than 2024.

Business-type Activities. Operating revenues for business-type activities increased in 2025 to $24.9 million, an increase of $5.3 million from 2025 and expenses decreased to $16.8 million or $1.4 million less than 2024.

The following table shows the total and net cost of services by function of the governmental activities of the City.

Cost of Services

	2024		2025	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
General Government	$ 5,395,688	$ 3,924,374	$ 5,869,377	$ (8,593,600)
Public Safety	6,158,928	6,098,738	7,362,014	7,297,802
Public Works	4,827,419	4,588,507	4,908,760	4,653,194
Parks, Culture, and Rec	1,644,012	604,660	1,793,092	1,601,324
Economic Development	329,427	329,427	419,527	419,527
Total	$ 18,355,474	$ 15,545,706	$ 20,352,770	$ 5,378,247

Financial Analysis of the Government Funds

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

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

As of the end of 2025, the City's Governmental Funds reported total combined fund balances of $25,149,552 of which approximately 48% ($12,075,434) is restricted for TABOR Emergency Reserve, Parks & Recreation, and Capital Projects. Of the reserve fund balance, 20.2% ($5,088,676) is committed to city projects, compensated absences, economic development land acquisition, fleet and the Library. 6.1% is assigned to Economic Development and Tourism Promotion (Lodging Tax).

The General Fund is the chief operating fund of the City. At the end of 2025, the unassigned fund balance of the General Fund was $5,474,678 while total fund balance was $12,230,978. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents approximately 43.7% of total General Fund expenditures, while total fund balance represents 83.6% of that same amount.

The fund balance of the City's General Fund decreased by nearly $1.3 million in 2025.

Proprietary Funds - The City's Proprietary Funds provide the same type of information found in the Government-wide financial statements, but in more detail. Unrestricted Net Position as of December 31, 2025 for the Proprietary Funds was as follows:

Unrestricted Net Position

	2024	2025	Variance
Gas Utilities	$ 6,303,830	$ 6,782,956	$ 479,126
Electrice Utilities	1,230,673	1,978,458	747,785
Water Utiilties	5,201,648	8,179,150	2,977,502
Sewer Utilities	2,696,295	2,686,765	(9,530)
Total	$ 15,432,446	$ 19,627,329	$ 4,194,883

Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

Budgetary Highlights

The original 2025 appropriation ordinance totaled $87,428,712. General Fund Revenue totals were $586,845 less than the approved 2025 budget. General Fund Expenditure totals were $838,959 under the approved 2025 budget.

Capital Assets and Debt Administration

At the end of 2025, the City had $101,948,817 (net of accumulated depreciation) in a broad range of capital assets and infrastructure. This amount represents a net increase (including additions and deletions) of $11.6 million from 2024.

Capital Assets
Net of Accumulated Depreciation

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Land, Equity, Water Rights	$ 1,709,240	$ 1,709,240	$ 2,069,892	$ 2,041,319	$ 3,779,132	$ 3,750,559
Infrastructure	26,000,903	24,539,487	-	-	26,000,903	24,539,487
Buildings & Systems	18,429,036	17,586,586	29,091,975	28,149,854	47,521,011	45,736,440
Construction in Progress	6,739,940	17,837,540	698,427	4,491,500	7,438,367	22,329,040
Equipment & Vehicles	3,500,761	2,902,722	1,148,541	1,690,569	4,649,302	4,593,291
Total	$ 56,379,880	$ 64,575,575	$ 33,008,835	$ 36,373,242	$ 89,388,715	$ 100,948,817

Additional information on the City’s capital assets can be found in the notes to the financial statements of this report.

The following schedule reflects the debt and long-term liabilities outstanding at the end of the 2025 year.

	Governmental Activities		Business-type Activities		Total	
	2024	2025	2024	2025	2024	2025
Landfill Closure/Postclosure	$ 2,442,921	$ 2,501,498	$ -	$ -	$ 2,442,921	$ 2,501,498
CWRPDA Loan	-	-	-	1,193,609	-	1,193,609
Lease Purchases	134,329	90,803	3,682,737	3,306,839	3,817,066	3,397,642
Compensated Absences	916,133	917,396	767,821	804,478	1,683,954	1,721,874
Total	$ 3,493,383	$ 3,509,697	$ 4,450,558	$ 5,304,926	$ 7,943,941	$ 8,814,623

Net increase in debt for 2025 was $870,682. Debt due within the next year is $654,336. Additional information on the City’s debt can be found in the notes to the financial statements of this report.

Economic Factors and Next Year's Budget and Rates

Local Economy – The City of Trinidad is the major southern gateway into Colorado on Interstate 25. Trinidad is the primary city and shopping destination for western Las Animas County residents for services such as health care, education, arts and entertainment and retail. Trinidad State College has facilities located within the City providing excellent higher education opportunities.

Retail sales tax revenue, a key indicator of consumer spending, and is the primary source of income for the City. Trinidad's sales tax is generated from a variety of business categories including auto sales, tourism, convenience stores, grocery stores, repair shops and other various retail outlets. The City recorded a 2% decrease in general sales tax for 2025 as compared to 2024 and a 9.2% decrease as compared to 2023. These appear to be the result of a significant decline in economic activity coupled with overall reduced spending nationwide due to increased inflation. At the time the 2025 Budget was adopted, it was expected taxes would decrease by 6.5% in 2025.

The City continues to look for ways to diversify its economy, including adding to outdoor tourism with the expected completion of the River Visioning planning phase in 2026. New pickleball courts are scheduled to be completed and will offer the ability to attract tournaments, this along with the improved skate park offer many opportunities for local and tourism related outdoor recreation. With a planned new section of interstate that would be part of the U. S. Ports-to-Plains Corridor, Trinidad will be connected by Interstate 27 in north Texas to Interstate 25 in Raton, New Mexico. As a result of this federally funded investment a number of new fueling stations have cropped up along the route including Maverick and Loves with an expected addition of Pilot in 2026. Additionally, efforts continue to rehabilitate the Fox West Theatre to return it to a performance venue and the Space to Create Commons are active and continually used as a community gathering space.

Private investments will add to the local economy. The Housing Now Incentive Program undertaken by the Trinidad City Council in 2022 has seen great success in developing affordable workforce housing. The City, through this program, infused $1.2 million through incentives to provide for needed housing with a planned addition of new housing units. It focuses on downtown and vacant housing but also supports the creation of new ground-up housing. This investment has been leveraged to generate $65 million dollars in private investment and will result in almost 100 additional affordable housing units by the close of 2026.

Fiscal Year 2026 Budget

In December of 2025, the City adopted the 2026 annual operating budget, which provided $79,636,075 in appropriations. This budget anticipated growth in revenues of $2 million as compared to the budgeted revenue receipts in FY 2025. 2026 General Fund operating expenditures were budgeted with no additional dollars as compared to the approved 2025 budgeted amounts. Capital expenditures include $500,000 for municipal building improvements, continued funding for ADA compliance projects throughout the City and $500,000 budgeted for citywide paving projects. Also, $3.5 million has been budgeted for the DOLA Church & Convent Street Improvements and Holy Trinity Apartments Projects, and $2 million has been budgeted for the CDOT Santa Fe Trail Pedestrian Path Grant Project. Finally, $16 million has been budgeted for the US Department of Transportation Southwest Chief Restoration Grant Project. Major capital expenditures planned for utilities include $4.3 million for the Power & Light 4160 and Substructure Improvements Project, $5.5 million for the Water Department water tank rehabilitation and water main replacement projects, $600,000 for the Gas Department new gate station at Industrial Park. The Sewer Fund has budgeted $250,000 for improvements to the headworks building.

Request for Information

This financial report is designed to provide our citizens, taxpayers, customers, and other interested parties with a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City of Trinidad, Finance Manager, PO Box 880, Trinidad, CO 81082.

Basic Financial Statements

City of Trinidad, Colorado
Statement of Net Position
December 31, 2025

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Component Units
Assets				
Cash and Cash Equivalents	$ 19,312,651	$ 11,279,790	$ 30,592,441	$ 657,627
Restricted Cash and Cash Equivalents	5,960,141	3,451,558	9,411,699	-
Funds Held With Others	-	2,843,506	2,843,506	-
Accounts Receivable	367,098	2,443,353	2,810,451	-
Taxes Receivable	1,679,808	-	1,679,808	-
Property Taxes Receivable	1,738,047	-	1,738,047	-
Inventories	46,725	1,698,233	1,744,958	-
Capital Assets, *Not Being Depreciated*	19,546,780	6,532,819	26,079,599	-
Capital Assets, *Net of Accumulated Depreciation*	45,028,795	29,840,423	74,869,218	-
Total Assets	93,680,045	58,089,682	151,769,727	657,627
Deferred Outflows of Resources				
Deferred Gas Charges	-	912,622	912,622	-
Deferred Outflows Due to Pensions	563,076	-	563,076	-
Total Deferred Outflows of Resources	563,076	912,622	1,475,698	-
Liabilities				
Accounts Payable	1,182,509	1,562,741	2,745,250	-
Retainage Payable	179,288	180,838	360,126	-
Accrued Interest Payable	2,046	38,612	40,658	-
Accrued Expenses	275	55,861	56,136	-
Accrued Salaries	299,137	105,928	405,065	-
Unearned Revenue	555,662	2,399	558,061	-
Deposits	-	250,876	250,876	-
Net Pension Liability	427,637	-	427,637	-
Long-term Liabilities				
Due Within One Year	136,505	517,831	654,336	-
Due In More Than One Year	3,373,192	4,787,095	8,160,287	-
Total Liabilities	6,156,251	7,502,181	13,658,432	-
Deferred Inflows of Resources				
Deferred Inflows Due to Pensions	183,916	-	183,916	-
Unavailable Revenue - Property Taxes	1,738,047	-	1,738,047	-
Total Deferred inflows of Resources	1,921,963	-	1,921,963	-
Net Position				
Net Investment in Capital Assets	64,484,772	31,872,794	96,357,566	-
Restricted for:				
Emergencies (TABOR)	698,000	-	698,000	-
Debt Service	922,899	-	922,899	-
Capital Improvements	11,291,848	-	11,291,848	-
Parks and Recreation	85,586	-	85,586	-
Unrestricted, unreserved	8,681,802	19,627,329	28,309,131	657,627
Total Net Position	$ 86,164,907	$ 51,500,123	$ 137,665,030	$ 657,627

See Notes to the Financial Statements.

City of Trinidad, 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	Net (Expense) Revenue and Change in Net Position — Primary Government: Governmental Activities	Business-Type Activities	Total	Component Units
Primary Government							
Governmental Activities							
General Government	$ 5,869,377	$ 783,798	$ 13,679,179	$ 8,593,600	$ -	$ 8,593,600	$ -
Public Safety	7,362,014	64,212	-	(7,297,802)	-	(7,297,802)	-
Public Works	4,908,760	255,566	-	(4,653,194)	-	(4,653,194)	-
Culture and Recreation	1,793,092	70,434	121,334	(1,601,324)	-	(1,601,324)	-
Economic Development	419,527	-	-	(419,527)	-	(419,527)	-
Total Governmental Activities	20,352,770	1,174,010	13,800,513	(5,378,247)	-	(5,378,247)	-
Business-Type Activities							
Power & Light	7,297,667	8,237,435	165,247	-	1,105,015	1,105,015	-
Water	3,514,585	3,230,718	2,762,890	-	2,479,023	2,479,023	-
Gas	3,795,481	4,305,250	129,597	-	639,366	639,366	-
Sewer	2,181,971	2,485,350	153,654	-	457,033	457,033	-
Total Business-Type Activities	16,789,704	18,258,753	3,211,388	-	4,680,437	4,680,437	-
Total Primary Government	$ 37,142,474	$ 19,432,763	$ 17,011,901	(5,378,247)	4,680,437	(697,810)	-
Total Component Units	$ 39,079	$ -	$ -	-	-	-	(39,079)
General Revenues							
Taxes							
Property				1,389,772	-	1,389,772	55,822
Specific ownership				272,023	-	272,023	-
General sales				10,583,760	-	10,583,760	-
Franchise				88,120	-	88,120	-
Other				621,203	-	621,203	-
Investment Income				764,658	528,675	1,293,333	10,815
Loss on Sale of Assets				-	(49,638)	(49,638)	-
Miscellaneous				1,127,170	2,907,248	4,034,418	28,000
Transfers				1,425,144	(1,425,143)	1	-
Total General Revenues and Transfers				16,271,850	1,961,142	18,232,992	94,637
Change in Net Position				10,893,603	6,641,579	17,535,182	55,558
Net Position, *Beginning of Year*				75,271,304	44,858,544	120,129,848	602,069
Net Position, *End of Year*				$ 86,164,907	$ 51,500,123	$ 137,665,030	$ 657,628

City of Trinidad, Colorado

Balance Sheet
Governmental Funds
December 31, 2025

	Major Funds			
	General	Capital Projects	Non-Major Funds	Total
Assets				
Cash and cash equivalents				
Unrestricted	$ 5,676,862	$ 11,998,622	$ 1,637,167	$ 19,312,651
Restricted	5,960,141	-	-	5,960,141
Property Taxes Receivable	1,738,047	-	-	1,738,047
Other Taxes Receivable	1,279,071	400,737	-	1,679,808
Accounts Receivable	184,244	181,787	1,067	367,098
Inventories	46,725	-	-	46,725
Total Assets	$ 14,885,090	$ 12,581,146	$ 1,638,234	$ 29,104,470
Liabilities				
Accounts Payable	$ 495,205	$ 676,071	$ 11,233	$ 1,182,509
Retainage Payable	-	179,288	-	179,288
Accrued Expenses	-	-	275	275
Accrued Salaries	299,137	-	-	299,137
Unearned Revenue	121,723	433,939	-	555,662
Total Liabilities	916,065	1,289,298	11,508	2,216,871
Deferred Inflows of Resources				
Property Taxes	1,738,047	-	-	1,738,047
Fund Balance				
Nonspendable				
Inventories	46,725	-	-	46,725
Restricted for:				
Emergencies (TABOR)	698,000	-	-	698,000
Debt Service	922,899	-	-	922,899
Capital Improvement	-	11,291,848	-	11,291,848
Parks and Recreation	-	-	85,586	85,586
Committed				
Library	51,435	-	-	51,435
Specific Projects and Uses	5,037,241	-	-	5,037,241
Assigned				
Tourism Promotion	-	-	185,804	185,804
Economic Development	-	-	1,355,336	1,355,336
Unassigned	5,474,678	-	-	5,474,678
Total Fund Balance	12,230,978	11,291,848	1,626,726	25,149,552
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 14,885,090	$ 12,581,146	$ 1,638,234	$ 29,104,470

City of Trinidad, Colorado
Reconciliation of the Balance Sheet of the 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 Balance of Governmental Funds	$ 25,149,552
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	64,575,575
Pension assets and deferred outflows are not current, therefore, are not reported in governmental funds:	
Net Pension Liability	(427,637)
Deferred Outflows, Pensions	563,076
Deferred Inflows, Pensions	(183,916)
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Accrued Interest Payable	(2,046)
Landfill Post-Closure Liability	(2,501,498)
Lease Purchase Liability	(90,803)
Accrued Compensated Absences	(917,396)
Total Net Position of Governmental Activities	$ 86,164,907

City of Trinidad, Colorado

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

	Major Funds			
	General	Capital Projects	Non-Major Funds	Total
Revenues				
Taxes	$ 9,983,456	$ 2,350,219	$ 621,203	$ 12,954,878
Licenses and Permits	266,800	-	-	266,800
Intergovernmental	568,316	13,522,953	110,434	14,201,703
Charges for Services	448,658	-	-	448,658
Fines and Forfeitures	57,362	-	-	57,362
Investment Income	461,436	240,289	62,933	764,658
Miscellaneous	889,036	171,646	66,489	1,127,171
Total Revenues	12,675,064	16,285,107	861,059	29,821,230
Expenditures				
Current				
General Government	3,990,904	1,181,156	98,286	5,270,346
Public Safety	6,632,240	-	-	6,632,240
Public Works	2,833,008	2,084,131	-	4,917,139
Culture and Recreation	923,041	1,414,328	204,038	2,541,407
Economic Development	257,600	7,938,280	161,927	8,357,807
Tourism	-	-	589,330	589,330
Capital Outlay	-	1,425	-	1,425
Total Expenditures	14,636,793	12,619,320	1,053,581	28,309,694
Excess Revenues Over (Under) Expenditures	(1,961,729)	3,665,787	(192,522)	1,511,536
Other Financing Sources (Uses)				
Transfers In	1,634,013	970,000	20,000	2,624,013
Transfers Out	(942,331)	(180,000)	(284,800)	(1,407,131)
Other Financing Sources (Uses)	691,682	790,000	(264,800)	1,216,882
Net Change in Fund Balance	(1,270,047)	4,455,787	(457,322)	2,728,418
Fund Balance, *Beginning of Year*	13,501,025	6,836,061	2,084,048	22,421,134
Fund Balance, *End of Year*	$ 12,230,978	$ 11,291,848	$ 1,626,726	$ 25,149,552

City of Trinidad, Colorado

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

For the Year Ended December 31, 2025

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

Net Change in Fund Balance of Governmental Funds	$ 2,728,418
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 Outlays	11,374,551
Depreciation Expense	(3,130,264)
Disposal of Assets	(48,592)
FPPA Pension liabilities reported in governmental funds as expenditures when contributions are made. However, for governmental activities those costs are reflected as liabilities when incurred.	
Net Pension Liability	46,770
Deferred Outflows of Resources	(123,647)
Deferred Inflows of Resources	61,700
Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.	
Change in Landfill Closure/Post Closure	(58,577)
Change in Accrued Interest	981
Change in Accrued Compensated Absences	(1,263)
Payment of Lease Purchase Liability	43,526
Change in Net Position of Governmental Activities	$ 10,893,603

City of Trinidad, Colorado

Statement of Net Position
Proprietary Fund
December 31, 2025

Assets	Power and Light	Water	Gas	Sewer	Total
Current Assets					
Cash and Investments	$ 1,037,819	$ 2,461,528	$ 5,273,544	$ 2,506,899	$ 11,279,790
Restricted Cash and Investments	558,317	2,551,463	341,778	-	3,451,558
Funds Held by Others	-	2,843,506	-	-	2,843,506
Accounts Receivable	619,322	1,254,829	383,762	185,440	2,443,353
Inventory	753,014	415,429	529,790	-	1,698,233
Total Current Assets	2,968,472	9,526,755	6,528,874	2,692,339	21,716,440
Noncurrent Assets					
Capital Assets, *Not Being Depreciated*	249,615	5,791,250	322,564	169,390	6,532,819
Capital Assets, *Net of Accumulated Depreciation*	3,914,736	15,909,534	2,524,604	7,491,549	29,840,423
Total Noncurrent Assets	4,164,351	21,700,784	2,847,168	7,660,939	36,373,242
Total Assets	7,132,823	31,227,539	9,376,042	10,353,278	58,089,682
Deferred Inflow of Resources	-	-	912,622	-	912,622
Liabilities					
Current Liabilities					
Accounts Payable	487,045	831,759	241,839	2,098	1,562,741
Retainage Payable	-	180,838	-	-	180,838
Accrued Interest Payable	16,955	15,351	6,306	-	38,612
Accrued Expenses	33,230	-	22,631	-	55,861
Accrued Salaries	44,155	36,003	22,294	3,476	105,928
Unearned Revenue	-	2,399	-	-	2,399
Current Portion of Noncurrent Liabilities	203,876	219,046	94,909	-	517,831
Total Current Liabilities	785,261	1,285,396	387,979	5,574	2,464,210
Noncurrent Liabilities					
Deposits	102,152	17,732	130,992	-	250,876
Long-Term Liabilities	1,412,430	2,578,171	796,494	-	4,787,095
Total Noncurrent Liabilities	1,514,582	2,595,903	927,486	-	5,037,971
Total Liabilities	2,299,843	3,881,299	1,315,465	5,574	7,502,181
Net Position					
Net Investment in Capital Assets	2,854,522	19,167,090	2,190,243	7,660,939	31,872,794
Unrestricted	1,978,458	8,179,150	6,782,956	2,686,765	19,627,329
Total Net Position	$ 4,832,980	$ 27,346,240	$ 8,973,199	$ 10,347,704	$ 51,500,123

City of Trinidad, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2025

	Power and Light	Water	Gas	Sewer	Total
Operating Revenues					
Charges for Services	$ 8,237,435	$ 3,230,718	$ 4,305,250	$ 2,485,350	$ 18,258,753
Miscellaneous	165,247	2,762,890	129,597	153,654	3,211,388
Total Operating Revenues	8,402,682	5,993,608	4,434,847	2,639,004	21,470,141
Operating Expenses					
General and Administrative	1,847,386	1,805,994	962,035	309,824	4,925,239
Purchased Services	4,926,072	686	2,489,248	-	7,416,006
Operations	39,896	413,648	-	1,516,239	1,969,783
Distribution / Collection	155,699	442,203	103,762	9,530	711,194
Depreciation	272,681	773,267	213,233	346,378	1,605,559
Total Operating Expenses	7,241,734	3,435,798	3,768,278	2,181,971	16,627,781
Net Operating Income	1,160,948	2,557,810	666,569	457,033	4,842,360
Non-Operating Revenues (Expenses)					
Grant Revenue	-	2,907,248	-	-	2,907,248
Gain on Sale of Assets	-	(49,638)	-	-	(49,638)
Interest Income	56,674	165,455	199,560	106,986	528,675
Interest Expense	(55,933)	(78,787)	(27,203)	-	(161,923)
Net Income (Loss) Before Contributed Capital	1,161,689	5,502,088	838,926	564,019	8,066,722
Contributed Capital and Transfers					
Transfers Out	(548,322)	(348,841)	(378,376)	(149,604)	(1,425,143)
Total Capital Contributions and Transfers	(548,322)	(348,841)	(378,376)	(149,604)	(1,425,143)
Change in Net Position	613,367	5,153,247	460,550	414,415	6,641,579
Net Position, *Beginning of Year*	4,219,613	22,192,993	8,512,649	9,933,289	44,858,544
Net Position, *End of Year*	$ 4,832,980	$ 27,346,240	$ 8,973,199	$ 10,347,704	$ 51,500,123

City of Trinidad, Colorado

Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2025

	Power and Light	Water	Gas	Sewer	Total
Cash Flows From Operating Activities					
Cash Received from Customers	$ 8,189,655	$ 1,177,392	$ 4,810,618	$ 2,462,495	$ 16,640,160
Cash Received from Others	165,247	2,762,890	129,597	153,654	3,211,388
Cash Paid to Suppliers	(6,393,694)	(1,144,065)	(2,939,629)	(1,774,646)	(12,252,034)
Cash Paid to Employees	(1,149,803)	(965,588)	(631,597)	(89,791)	(2,836,779)
Net Cash Provided by Operating Activities	811,405	1,830,629	1,368,989	751,712	4,762,735
Cash Flows From Noncapital Financing Activities					
Grants Received	-	2,907,248	-	-	2,907,248
Transfer to Other Funds	(548,322)	(348,841)	(378,376)	(149,604)	(1,425,143)
Net Cash Provided by Noncapital Financing Activities	(548,322)	2,558,407	(378,376)	(149,604)	1,482,105
Cash Flows From Capital and Related Financing Activities					
Issuance of Debt	-	3,450,000	-	-	3,450,000
Acquisition and Construction of Capital Assets	-	(3,947,785)	(125,851)	(781,736)	(4,855,372)
Sale of Capital Assets	28,571	(23,378)	-	-	5,193
Debt Principal Payments	(166,834)	(2,396,649)	(68,806)	-	(2,632,289)
Debt Interest Payments	(58,859)	(77,647)	(27,864)	-	(164,370)
Net Cash Used by Capital and Related Financing Activities	(197,122)	(2,995,459)	(222,521)	(781,736)	(4,196,838)
Cash Flows From Investing Activities					
Interest received	56,674	165,455	199,560	106,986	528,675
Net Cash Used by Capital and Related Financing Activities	56,674	165,455	199,560	106,986	528,675
Net Change in Cash and Cash Equivalents	122,635	1,559,032	967,652	(72,642)	2,576,677
Cash and Cash Equivalents, *Beginning of Year*	1,473,501	6,297,465	4,647,670	2,579,541	14,998,177
Cash and Cash Equivalents, *End of Year*	$ 1,596,136	$ 7,856,497	$ 5,615,322	$ 2,506,899	$ 17,574,854
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:					
Net Operating Income	$ 1,160,948	$ 2,557,810	$ 666,569	$ 457,033	$ 4,842,360
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities					
Depreciation Expense	272,681	773,267	213,233	346,378	1,605,559
Changes in:					
Accounts Receivable	(32,454)	(985,014)	65,847	(22,855)	(974,476)
Inventory	(119,703)	(81,015)	(38,744)	-	(239,462)
Accounts Payable	(485,131)	613,982	15,100	(30,047)	113,904
Accrued Expenses	324	-	(5,064)	-	(4,740)
Accrued Salaries	8,001	6,837	3,398	1,203	19,439
Accrued Compensated Absences	14,454	13,074	9,129	-	36,657
Purchased Gas	-	-	451,570	-	451,570
Unearned Revenue	-	(1,067,649)	(5,184)	-	(1,072,833)
Deposits	(7,715)	(663)	(6,865)	-	(15,243)
Net Cash Provided by Operating Activities	$ 811,405	$ 1,830,629	$ 1,368,989	$ 751,712	$ 4,762,735
Total Cash and Cash Equivalents					
Unrestricted	$ 1,037,819	$ 2,461,528	$ 5,273,544	$ 2,506,899	$ 11,279,790
Restricted	558,317	5,394,969	341,778	-	6,295,064
	$ 1,596,136	$ 7,856,497	$ 5,615,322	$ 2,506,899	$ 17,574,854

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The City of Trinidad, Colorado (the City) was incorporated under Colorado statutes in 1876 and provides services related to public safety, highways and streets, water, recreation, planning and zoning, and general administration. The City is the lowest level of government having oversight responsibility and control over all activities within the geographical area organized as the City of Trinidad, Colorado. The City operates under a Council-Manager form of government and provides the following services as authorized by its charter: public safety (police and fire), highways and streets, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, and general administrative services.

The City's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. 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 City's accounting policies are described below.

Reporting Entity

In accordance with governmental accounting standards, the City has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The City is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the City officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the City. The City may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Trinidad Urban Renewal Authority (TURA)

TURA was created as a separate legal entity by the City pursuant to the State Urban Renewal Law to acquire, clear, rehabilitate, conserve, develop or redevelop identified blighted areas existing within the City and to prevent future blight from developing. The Council appoints the TURA Board of Directors. Any project undertaken by TURA or amounts contributed by the City to TURA must receive prior approval by the City Council.

La Puerta Business Improvement District (BID)

The BID was created as a separate legal entity by the City pursuant to state statutes. It was created for the purpose of making and maintaining public improvements and planning development activities within the geographic boundaries of the BID. The BID is governed by an appointed board and must have annual approval of the City for its operating plan and budget.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

The statement of net position reports all financial, capital and debt resources of the City. The difference between assets, liabilities and deferred inflows of the City is net position.

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

Fund Financial Statements

Following the government-wide financial statements are separate financial statements for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements. The total fund balances for all governmental funds is reconciled to total net position for governmental activities as shown on the statement of net position. The net change in fund balance for all governmental funds is reconciled to the total change in net position as shown on the statement of activities in the government-wide financial statements.

Fund Accounting

The City uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with self-balancing accounts. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The City has all three categories of funds: governmental, proprietary, and fiduciary.

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, 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 period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

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 proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The City reports the following major Governmental funds:

> *General Fund* - The General Fund is used to account for all financial resources except those required to be accounted for in another fund and is the general operating fund of the City.
>
> *Capital Projects Fund* - The Capital Projects Fund is a special revenue fund that accounts for the use of revenues form a 1% sales tax earmarked for capital improvement projects.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The City also reports the following major enterprise funds:

Power and Light Fund - The Power and Light Fund accounts for all activities necessary for the provision of electrical generation and distribution to the City residents.

Water Fund - The Water Fund accounts for all activities necessary for the provision of water services to the City residents.

Gas Fund - The Gas Fund accounts for all activities necessary for the provision of natural gas services to the City residents.

Sewer Fund - The Sewer Fund accounts for all activities necessary for the provision of sewer services to the City residents.

Natural Gas Cost

The City applies the provisions of standards originally issued under Financial Accounting Standards No. 71, *Accounting for the Effects of Certain Types of Regulation* in the Gas Fund. In accordance with those standards, regulatory assets and liabilities are recorded in the balance sheet. Regulatory assets are the deferral of costs expected to be recovered in future customer rates and regulatory liabilities represent current recovery of expected future costs. If the City was required to terminate the application of this standard, it would have to record the amounts of all regulatory assets and liabilities in the statements of revenues, expenses, and changes in net position.

City Ordinances require the City to adjust a customer's gas bills for charges between estimated and actual costs of gas purchased. An under-recovery of $912,622 for the purchased natural gas adjustment was recorded at December 31, 2025.

Cash and Investments

The City considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. State statutes and City policy authorize the City to invest in obligations of the United States or any agency thereof, time deposit certificates, and repurchase agreements. The Pension Trust Funds are also authorized to invest in corporate common or preferred stocks, bonds, and mortgages, real or personal property, and other evidence of indebtedness or ownership (excluding any debt of the City itself), and individual insurance policies.

Note 1: Summary of Significant Accounting Policies (Continued)

Receivables

The City uses the allowance method for recognizing the uncollectable delinquent accounts receivable. At December 31, 2025, no allowance has been established, as all amounts are considered collectible. Each October, any utility bills more than 60 days old are certified to the County Treasurer for collection with the property taxes to be collected the following year.

Property Taxes

Property taxes are assessed in one year as a lien on the property but not collected by governmental units until the subsequent year. In accordance with GAAP, the assessed, but uncollected, property taxes for calendar year 2025 have been recorded as receivable and as deferred revenue. Property taxes are billed and collected by Las Animas County, Colorado and distributed to the municipalities and special districts within the county the month after collection.

Inventories

Water parts are valued at market values based on current pricing.

Interfund Receivables and Payables

Transfers of resources from a fund receiving revenue to the fund through which the resources are to be expended are recorded as transfers. Such transfers are reported as other financing sources (uses) in the governmental funds and transfers in (out) in the proprietary funds.

Transactions between the City's various funds are accounted for as revenues and expenditures or expenses in the funds involved if they are similar to transactions with organizations external to the City government.

Activity between funds that is representative of borrowing/lending arrangements outstanding at the end of the fiscal year is referred to as either "due to/due from other funds.". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

In the process of aggregating data for the statement of net position and the statement of activities some amounts reported on interfund activity and balances in the funds have been eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the "grossing up" effect on assets and liabilities within the governmental activity’s column.

Note 1: Summary of Significant Accounting Policies (Continued)

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item qualifying for this category: the collective deferred outflows related to the City's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a change of the net pension liability or asset in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The City has two types of items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the City's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants.

Capital Assets

Capital assets, which include property, equipment, and infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City as assets with an initial cost of more than $5,000 and an estimated useful life in excess of one year. Purchased or constructed assets are recorded at historical cost where historical records are available or estimated historical costs where no historical records exist. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that does not add to the value of the asset or materially extend the asset's life is not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital assets (excluding land, water rights, construction in progress and capital assets held for other government) are depreciated using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20 - 30 years
Parks, Recreational and Other	20 - 30 years
Streets and Improvements	25 - 40 years
Vehicles	5 - 20 years
Equipment	3 - 10 years

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets *(Continued)*

Capital assets held for other government represents a sewer line constructed in 2004 and 2005 from several funding sources, including Federal grants. This sewer line will ultimately be conveyed to the City Sanitation District, the government responsible for providing sanitation services within City boundaries. No depreciation is reported by the City for the sewer line as a separate government is the operator of this system and the City does not recognize any associated revenue.

Compensated Absences

Vacation, sick leave, and compensatory time are accrued as earned. Accumulated unpaid vacation, compensatory time, and vested sick leave amounts are recorded in the government-wide financial statements by fund. The City's personnel policy imposes limits on the maximum accrual of accumulated vacation time and sick leave. Upon termination, accrued unpaid vacation and compensatory time will be paid to the employee. Accrued sick leave has a cash value upon termination only if the employee has at least five years of full-time service with the City at termination. Accrued compensated absences are liquidated by the fund that incurred the liability during the employee's employment.

A liability for vested, accrued leave time is reported in the governmental funds only if the amounts due at year end have matured.

Pensions

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

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt is reported as a liability in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

Note 1: Summary of Significant Accounting Policies (Continued)

Long-Term Obligations *(Continued)*

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. 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 on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Balance Classification

In the government-wide and proprietary fund financial statements, net position is displayed in three components as follows:

Net Investment in Capital Assets - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

Nonspendable - This consists of inventories, prepaid expenses, and other similar assets that cannot be used to meet current obligations.

Restricted - This consists of net position legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Committed - This consists of net position that can be used only for the specific purpose determined by a formal action of the City Council.

Assigned - This consists of net position legally restricted by outside parties or by law through constitutional provisions or enabling legislation.

Unrestricted - This consists of net position intended to be used by the government for specific purposes but do not meet the criteria to be classified as restricted or committed.

When an expense is incurred for purposes for which restricted and unrestricted net position is available, the City's policy is to apply restricted net position first.

The City’s Board of Trustees establishes (and modifies or rescinds) fund balance commitments by passage of a resolution or ordinance. Each December the budget is adopted by resolution for the coming year. A fund balance commitment is indicated in the budget by the use of reserves. The budget document will also identify the budgeted use of any restricted funds planned in the budget.

Note 1: Summary of Significant Accounting Policies (Continued)

Fund Balance Classification *(Continued)*

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

Use of Estimates

The preparation of basic financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from those estimates.

Subsequent Events

The City has evaluated subsequent events through August 14, 2026, the date the financial statements were available to be issued.

Note 2: Cash Deposits and Investments

At year end, the City had the following deposits and investments as reported in the financial statements:

Petty Cash	$ 926
Cash Deposits	18,143,710
Investments	21,782,726
Cash held by Others	2,920,284
Total	$ 42,847,646

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible depositories. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Note 2: Cash Deposits and Investments (Continued)

Deposits *(Continued)*

As of December 31, 2025, the City had deposits of $19,707,142. Depositor's insurance (FDIC) covers $250,000 of this amount; the remaining balance of $19,457,142, is covered by PDPA.

Investments

The City's investment policy lists the authorized investment types as defined by Colorado statutes. Authorized investments include direct obligations of the United States, obligations of U.S. government agencies, general or revenue obligations of any state of the United States, any territory, or political subdivision of any state, qualified bankers' acceptances, commercial paper, certificates of participation, repurchase agreements, qualified local government investment pool, money market funds, qualified corporate or bank debt, and certain guaranteed investment contracts. The City held no such investments at December 31, 2025.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Trustees. Such actions are generally associated with a debt service reserve or sinking fund requirements.

State statutes specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following.

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

Local Government Investment Pool - At December 31, 2025, the City had $11,139,767 (fair value) invested in Colorado Local Government Liquid Asset Trust (COLOTRUST) and $10,642,959 invested in Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission’s Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor’s. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian’s internal records identify the investments owned by the participating governments.

Note 2: Cash Deposits and Investments (Continued)

Investments *(Continued)*

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. To minimize credit risk the City requires that U.S. Agency Securities have the highest possible rating. Colorado statutes establish standards for local government investment pools and the City requires the investment pool to maintain the highest possible rating.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. State statute limits investments in U.S. Agency Securities to a maximum five-year maturity. The City seeks to minimize interest rate risk by:

- Structuring investments to meet ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity, and
- Structuring investments to have staggered maturities of less than five years.

Note 3: Capital Assets

Capital assets activity 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	$ 1,573,093	$ -	$ -	$ -	$ 1,573,093
Art	136,147	-	-	-	136,147
Construction in Progress	6,739,940	11,152,220	(6,028)	(48,592)	17,837,540
Total Capital Assets, *Not Being Depreciated*	8,449,180	11,152,220	(6,028)	(48,592)	19,546,780
Capital Assets, *Being Depreciated*					
Buildings	28,891,253	-	6,028	-	28,897,281
Infrastructure	51,797,847	-	-	-	51,797,847
Equipment	6,491,892	64,000	-	(625)	6,555,267
Vehicles	5,316,494	158,331	-	(60,906)	5,413,919
Total Capital Assets, *Being Depreciated*	92,497,486	222,331	6,028	(61,531)	92,664,314
Less Accumulated Depreciation					
Buildings	(10,462,217)	(848,478)	-	-	(11,310,695)
Infrastructure	(25,796,944)	(1,461,416)	-	-	(27,258,360)
Equipment	(4,647,682)	(374,308)	-	625	(5,021,365)
Vehicles	(3,659,943)	(446,062)	-	60,906	(4,045,099)
Total Accumulated Depreciation	(44,566,786)	(3,130,264)	-	61,531	(47,635,519)
Total Capital Assets, *Being Depreciated, Net*	47,930,700	(2,907,933)	6,028	-	45,028,795
Governmental Activities Capital Assets, *Net*	$ 56,379,880	$ 8,244,287	$ -	$ (48,592)	$ 64,575,575

City of Trinidad, Colorado
Notes to Financial Statements
December 31, 2025

Note 3: Capital Assets (Continued)

Depreciation expense was charged to functions/programs of the City as follows:

Governmental Activities	
General Government	$ 666,367
Public Safety	422,737
Public Works	1,461,727
Parks and Recreation	579,433
Total	$ 3,130,264

Capital assets Business-Type activity 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	$ 2,069,891	$ -	$ -	$ (28,572)	$ 2,041,319
Construction in Progress	698,428	4,174,615	(381,543)	-	4,491,500
Total Capital Assets, *Not Being Depreciated*	2,768,319	4,174,615	(381,543)	(28,572)	6,532,819
Capital Assets, *Being Depreciated*					
Building and Improvements	20,517,766	5,638	-	-	20,523,404
Utility Distribution System	40,139,056	7,426	381,543	-	40,528,025
Machinery & Equipment	1,308,827	-	-	-	1,308,827
Heavy Equipment	1,271,415	788,705	-	(153,304)	1,906,816
Vehicles	2,363,734	48,410	-	-	2,412,144
Total Capital Assets, *Being Depreciated*	65,600,798	850,179	381,543	(153,304)	66,679,216
Less: Accumulated depreciation					
Building and Improvements	(12,080,965)	(459,798)	-	-	(12,540,763)
Utility Distribution System	(19,483,882)	(876,930)	-	-	(20,360,812)
Machinery & Equipment	(1,151,662)	(25,645)	-	-	(1,177,307)
Heavy Equipment	(1,083,520)	(48,272)	-	127,058	(1,004,734)
Vehicles	(1,560,263)	(194,914)	-	-	(1,755,177)
	(35,360,292)	(1,605,559)	-	127,058	(36,838,793)
Total Capital Assets, *Being Depreciated, Net*	30,240,506	(755,380)	381,543	(26,246)	29,840,423
Business-Type Activities Capital Assets, *Net*	$ 33,008,825	$ 3,419,235	$ -	$ (54,818)	$ 36,373,242

Note 4: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
Governmental Activities					
Lease Financing	$ 134,329	$ -	$ (43,526)	$ 90,803	$ 44,765
Landfill Closure/Post Closure	2,442,921	58,577	-	2,501,498	-
Compensated Absences	916,133	1,263	-	917,396	91,740
Total	$ 3,493,383	$ 59,840	$ (43,526)	$ 3,509,697	$ 136,505

Accrued Compensated Absences are being paid from resources generated by the General Fund.

The City has one lease financing agreement as of December 31, 2025.

Wheel Loader - The City entered into a lease financing agreement for the acquisition of a wheel loader in March 2022. The required payments are in five annual payments of $47,350 beginning in March 2023 and include interest at a rate of 2.85%.

The future minimum payments under the lease financing agreement is as follows:

Business-Type Activities

Year Ended December 31,	Principal	Interest	Total
2026	$ 44,765	$ 2,585	$ 47,350
2027	46,038	1,311	47,349
Total	$ 90,803	$ 3,896	$ 94,699

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

	Balance 12/31/24	Additions	Deletions	Balance 12/31/25	Due Within One Year
Business-Type Activities					
CWRPDA Loan	$ -	$ 3,450,000	$ (2,256,391)	$ 1,193,609	$ 49,772
Lease Financing	3,682,737	-	(375,898)	3,306,839	387,611
Compensated Absences	767,821	36,657	-	804,478	80,448
Total	$ 4,450,558	$ 3,486,657	$ (2,632,289)	$ 5,304,926	$ 517,831

Accrued Compensated Absences are being paid from resources generated by the Business-Type activities.

Note 4: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

The City has multiple lease financing agreements as of December 31, 2025, including the following.

Meter Project - A project to replace utility meters in the City was funded in late 2018 under a lease financing agreement. $4,750,000 was placed in a construction fund to complete the project and will be repaid by annual payments over 15 years ranging from $222,157 to $515,144. The payments began on October 1, 2019 and include interest at a rate of 3.84%.

Digger Equipment - The City entered into a lease financing agreement for the acquisition of digger equipment in March 2023. The required payments are in five annual payments of $54,661 beginning in March 2024 and include interest at a rate of 4.9%.

The future minimum payments under these lease financing agreements are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 387,610	$ 128,599	$ 516,209
2027	410,002	113,201	523,203
2028	280,801	96,919	377,720
2029	397,595	85,572	483,167
2030	420,506	70,304	490,810
2031-2033	1,410,325	110,293	1,520,618
Total	$ 3,306,839	$ 604,888	$ 3,911,727

During 2025, the City entered into a loan agreement for $3,450,000 for the purpose of replacing or rehabilitating water storage tanks and improving the water distribution system. $2,223,229 of this amount was immediately forgiven. Interest and principal payments are due semi-annually on May 1 and November 1 through 2044. Interest accrues at a rate of 2.5% per annum.

Future debt service requirements for this loan are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 49,772	$ 29,531	$ 79,303
2027	51,024	28,279	79,303
2028	52,308	26,995	79,303
2029	53,624	25,680	79,304
2030	54,972	24,331	79,303
2031-2035	296,314	100,201	396,515
2036-2040	335,508	61,007	396,515
2041-2044	300,087	17,124	317,211
Total	$ 1,193,609	$ 313,147	$ 1,506,756

Note 5: Employee Retirement Plans

The City has four separate retirement plans covering members of the Fire and Police Department. The plans are:

Fire and Police Pension Plan - Statewide Hybrid Defined Benefit Plan (FPPA SWH)

Fire and Police Pension Plan - Statewide Defined Benefit Plan (FPPA SWDB)

For the reporting period ended December 31, 2024, the actuarial report as required by GASB 68 for the FPPA Statewide Hybrid Defined Benefit Plan and the FPPA Statewide Defined Benefit Plan were combined into one actuarial report for the new Statewide Retirement Plan (FPPA SRP). Therefore, the disclosures that follow as well as the Required Supplemental Information (RSI) have been modified to report on the combined plans.

Trinidad Old Hire Fire Pension Fund (Old Hire Fire)

Trinidad Old Hire Police Pension Fund (Old Hire Police)

A summary of the pension liability and related items as of December 31, 2025, is as follows:

Pension Plan	Deferred Outflow	Net Pension Liability	Deferred Inflow
FPPA Statewide Retirement Plan	$ 444,933	$ -	$ 183,916
Trinidad Old Hire Fire	103,643	401,344	-
Trinidad Old Hire Police	14,500	26,293	-
	$ 563,076	$ 427,637	$ 183,916

FPPA Statewide Retirement Plans

Plan Description - The Statewide Retirement Plan (SRP) is a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.fppaco.org. For the year ended December 31, 2024, the FPPA combined its reporting for the Statewide Hybrid plan and the Defined Benefit Plan into one actuarial report.

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

Note 5: Employee Retirement Plans (Continued)

<u>FPPA Statewide Retirement Plans</u> *(Continued)*

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

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

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

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

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

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

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.0 percent.

Note 5: Employee Retirement Plans (Continued)

FPPA Statewide Retirement Plans *(Continued)*

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

The City's contributions to the Plan for the year ended December 31, 2025, were $119,332, equal to the required contributions.

The City and eligible employees are required to contribute to the SRP Plan at rates established by State statutes. Employer contribution rates can only be amended by the State Legislature. Employee contribution rates can be amended by the State Legislature or by election of the membership.

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

At December 31, 2025, the City reported a net pension liability of $0 representing its proportionate share of the net pension asset of the Statewide Retirement Plan.

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

At December 31, 2024, the City's proportion of the Statewide Retirement Plan was 0.10944121%, which was a decrease of 0.00400215% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense for the SRP plan of $9,130.

Note 5: Employee Retirement Plans (Continued)

FPPA Statewide Retirement Plans *(Continued)*

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

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Statewide Retirement Plan		
Differences between expected and actual experience	$ 204,093	$ 6,582
Net difference between projected and actual earnings on plan investments	10,953	-
Changes in assumptions and other inputs	70,215	-
Changes in proportion	37,591	177,334
Contributions subsequent to the measurement date	122,081	-
Total	$ 444,933	$ 183,916

City contributions to the SRP plan subsequent to the measurement date were $122,081 and will be recognized as an increase or decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	
2025	$ 105,778
2026	(41,910)
2027	(4,582)
2028	26,230
2029	27,660
Thereafter	25,760
Total	$ 138,936

Note 5: Employee Retirement Plans (Continued)

<u>FPPA Statewide Retirement Plans</u> *(Continued)*

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> *(Continued)*

Actuarial Assumptions - The actuarial valuation at January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term Investment Rate of Return	7.0%
Projected Salary Increases	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0.0%
Includes Inflation at	2.5%

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

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses 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 2022 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 on their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Note 5: Employee Retirement Plans (Continued)

FPPA Statewide Retirement Plans *(Continued)*

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

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

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

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. 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 in the FPPA Board of Director's funding policy, which establishes the contractually required rates under State statutes. Based on this assumption, the Plans' fiduciary net position was projected to be available to make all projected future benefit payments to current members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as the City's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
City's proportionate share of the net pension (asset) liability	$ 534,063	$ -	$ -

Note 5: Employee Retirement Plans (Continued)

FPPA Statewide Retirement Plans *(Continued)*

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

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

Trinidad Old Hire Fire Pension Plan

Plan Description - The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The plan is amended by statute. The plan provides normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plan is for fire employees hired before April 8, 1978. The plan is accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plan and can be obtained at fppaco.org/toc_frames.html.

Funding Policy - The City is required to contribute to the Old Hire plan at an actuarially determined rate. Modification of the Old Hire plan is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contributions requirements require an affirmative vote of 65% of the active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire plan for the year ended December 31, 2025 were $65,065.

Plan Membership - The plan members of the Old Hire plan as of December 31, 2025 were 3 retirees and beneficiaries.

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

At December 31, 2025, the City reported a net pension liability of $401,344 representing its proportionate share of the net pension liability. The components of the net pension liability of the City as of December 31, 2025, are as follows:

	2025
Total Pension Liability	$ 798,032
Plan Fiduciary Net Position	(396,688)
Net Pension Liability (Asset)	$ 401,344

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Fire Pension Plan *(Continued)*

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

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

For the year ended December 31, 2025, the City recognized pension expense for the Volunteer Plan of $39,980.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Volunteer		
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on plan investments	38,578	-
Changes in assumptions and other inputs	-	-
Changes in proportion	-	-
Contributions subsequent to measurement date	65,065	-
Total	$ 103,643	$ -

City contributions to the Volunteer Plan subsequent to the measurement date of $65,065 will be recognized as an increase or decrease to the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	Volunteer Plan
2026	$ 21,550
2027	16,927
2028	(784)
2029	885
2030	-
Thereafter	-
Total	$ 38,578

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Fire Pension Plan *(Continued)*

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

The changes in net pension liability are as follows:

	Measurement Period Ended December 31, 2024
Service cost	$ -
Interest on the total pension liability	35,935
Benefit changes	-
Difference between expected and actual experience of the Total Pension Liability	-
Changes of assumptions	-
Benefit payments	(72,139)
Net change in total pension liability	(36,204)
Total pension liability - beginning	834,236
Total pension liability - ending	$ 798,032

Actuarial Assumptions - The actuarial valuation at January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	5-Year Smoothed Fair Value
Investment Rate of Return	4.5%
Salary Increases	N/A
Cost of Living Adjustments (COLA)	None
*Includes Inflation at	2.5%

Inputs to the Single 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).

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Fire Pension Plan *(Continued)*

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 4.50%; 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 4.50%.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10.00%	5.50%
Fixed Income - Rates	70.00%	5.40%
Fixed Income - Credit	10.00%	5.90%
Diversifiers	0.00%	7.40%
Long Short	0.00%	7.00%
Global Public Equity	10.00%	8.30%
Private Markets	0.00%	10.20%
	100.00%	

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City’s proportionate share of the net pension liability calculated using the discount rate of 4.5%, as well as the City’s proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate, as follows:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's proportionate share of the net pension liability (asset)	$ 464,068	$ 401,344	$ 346,061

The plan issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Reports are available by contacting Fire and Police Pension Association, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111, www.fppaco.org.

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Police Pension Plan

Plan Description - The Old Hire plans are agent multiple-employer defined benefit pension plans that are administered by the Fire and Police Pension Association (FPPA). Authority for the plans, including benefit and contribution provisions, is derived from Title 31, Articles 30, 30.5, and 31 of the Colorado Revised Statutes. The plan is amended by statute. The plan provides normal, early, vested, or deferred retirement benefits to plan participants. The Old Hire pension plan is for fire employees hired before April 8, 1978. The plan is accounted for using the economic resources measurement focus and the accrual basis of accounting and are closed to new entrants. FPPA issues a publicly available comprehensive annual financial report that includes the old hire plan and can be obtained at fppaco.org/toc_frames.html.

Funding Policy - The City is required to contribute to the Old Hire plan at an actuarially determined rate. Modification of the Old Hire plan is regulated by state law and by FPPA Rules and Regulations as authorized by state law. Changes to contributions requirements require an affirmative vote of 65% of the active members and City Council ordinance. The City's contributions to the FPPA Old Hire Fire plan for the year ended December 31, 2025 were $12,966.

Plan Membership - The plan member of the Old Hire plan as of December 31, 2025 was 1 retiree and beneficiary.

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

At December 31, 2025, the City reported a net pension liability of $26,293 representing its proportionate share of the net pension liability. The components of the net pension liability of the City as of December 31, 2025, are as follows:

	2025
Total Pension Liability	$ 60,959
Plan Fiduciary Net Position	(34,666)
Net Pension Liability (Asset)	$ 26,293

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

For the year ended December 31, 2025, the City recognized pension expense for the Volunteer Plan of $4,966.

Note 5: Employee Retirement Plans (Continued)

<u>Trinidad Old Hire Police Pension Plan</u> *(Continued)*

<u>Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions</u> *(Continued)*

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Volunteer		
Differences between expected and actual experience	$ -	$ -
Net difference between projected and actual earnings on plan investments	1,534	-
Changes in assumptions and other inputs	-	-
Changes in proportion	-	-
Contributions subsequent to measurement date	12,966	-
Total	$ 14,500	$ -

City contributions to the Volunteer Plan subsequent to the measurement date of $12,966 will be recognized as an increase or decrease to the net pension (asset) liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows.

Year Ended December 31,	Volunteer Plan
2026	$ 849
2027	673
2028	(53)
2029	65
2030	-
Thereafter	-
Total	$ 1,534

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Police Pension Plan *(Continued)*

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

The change in net pension liability is as follows:

	Measurement Period Ended December 31, 2024
Service cost	$ -
Interest on the total pension liability	2,737
Benefit changes	-
Difference between expected and actual experience of the Total Pension Liability	-
Changes of assumptions	-
Benefit payments	(5,158)
Net change in total pension liability	(2,421)
Total pension liability - beginning	63,380
Total pension liability - ending	$ 60,959

Actuarial Assumptions - The actuarial valuation at January 1, 2025, determined the total pension liability using the following actuarial assumptions and other inputs, applied to all periods included in the measurement:

Actuarial Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	5-Year Smoothed Fair Value
Investment Rate of Return	4.5%
Projected Salary Increases	N/A
Cost of Living Adjustments (COLA)	None
*Includes Inflation at	2.5%

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Police Pension Plan *(Continued)*

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

Inputs to the Single 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 long-term expected rate of return on pension plan investments is 4.50%; 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 4.50%.

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

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	10.00%	5.50%
Fixed Income - Rates	70.00%	5.40%
Fixed Income - Credit	10.00%	5.90%
Diversifiers	0.00%	7.40%
Long Short	0.00%	7.00%
Global Public Equity	10.00%	8.30%
Private Markets	0.00%	10.20%
	100.00%	

Note 5: Employee Retirement Plans (Continued)

Trinidad Old Hire Police Pension Plan *(Continued)*

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

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the City's proportionate share of the net pension liability calculated using the discount rate of 4.5%, as well as the City's proportionate share of the net pension liability if it were calculated using a discount that is one percentage point lower (3.5%) or one percentage point higher (5.5%) than the current rate, as follows:

	1% Decrease (3.5%)	Current Discount Rate (4.5%)	1% Increase (5.5%)
City's proportionate share of the net pension (asset)	$ 31,785	$ 26,293	$ 21,536

The plan issues a publicly available financial report that includes financial statements and required supplementary information of that plan. Reports are available by contacting Fire and Police Pension Association, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111, www.fppaco.org.

Death and Disability Benefit Plan

Death and disability coverage is provided to full-time police officers through the Statewide Death and Disability Plan, which is administered by the FPPA. During the past year, the City's required contribution rate was 3.6% of base salary for members. City contributions to this plan totaled $102,807 during 2025, with State supplemental contribution of $12,000. Employees are not required to contribute to this plan.

General Employees Retirement Plan - Section 401(a) Plan

For all regular full-time employees, other than fire and police officers, the City contributes to a cost-sharing multiple-employer defined contribution pension plan (the Retirement Plan). The Retirement Plan, which was administered by Colorado County Officials and Employees Retirement Association (CCOERA) through October 1, 2024 and by Edward Jones and Associates through One America starting October 1, 2024, offers employees who have been with the City for six months and that work at least 32 hours per week every month of the year, the opportunity to build retirement savings by pre-tax contributions of 3% of salary, which are matched with City contributions. Employee contributions to the Pension Plan become immediately vested. City contributions are vested at an annual rate of 25%. City contributions become fully vested after four years. The contribution requirements of Retirement Plan participants and the City are established, and may be amended, by the Board of Trustees. Unvested employer contributions are returned to the City when an employee terminates employment and cashes out of the Retirement Plan. The amounts returned are recognized on the financial statements as revenue in the year received.

Note 5: Employee Retirement Plans (Continued)

General Employees Retirement Plan - Section 401(a) Plan *(Continued*

For the year ended December 31, 2025, the City contributed $412,828 to the Retirement Plan on behalf of participating employees. Participants of the Retirement Plan made equal matching contributions in 2025. No unvested contributions were returned to the City in 2025.

CCOERA is also the Trustee of the Retirement Plan and, accordingly, the City has no liability for losses under the plan. Consequently, the Retirement Plan is not part of the City's financial statements.

Note 6: Public Entity Risk Pool

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

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability of loss, to the limit of the financial resources of CIRSA.

It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. CIRSA is a separate legal entity, and the City does not approve budgets, nor does it have the ability to significantly affect the operations of the entity.

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of $500,000 per claim or occurrence for property damage, $600,000 per claim or occurrence for liability, and $150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While the City may be liable for any losses in excess of this coverage, the City does not anticipate losses at December 31, 2025. No settlements of claims against the City in the last three years have exceeded the City's coverage.

Note 6: Public Entity Risk Pool (Continued)

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Board of Directors may credit member municipalities' future contributions in the event of a surplus. Although it has never occurred, CIRSA member municipalities are subject to a supplemental assessment in the event of a deficiency.

For 2025, the City's deductible for property and liability claims per occurrence is $1,000 for each. The auto liability deductible and the auto physical damage deductible are both $1,000 per occurrence.

The City carries no deductible for workers Compensation coverage. CIRSA's coverage for workers' compensation claims are the Colorado statutory limits of $500,000 per occurrence and $1,000,000 for employer liability.

The City also carries accident medical insurance coverage for volunteers through CIRSA. This provides a medical coverage for a minor injury a volunteer receives when serving the City in a volunteer City such as a community service worker, volunteer trail work, or volunteer coaching for recreation. Coverage is $15,000 per occurrence with a $25 deductible.

Note 7: Litigation/Legal Claims

The City may be a defendant in lawsuits pertaining to matters which are incidental to performing routine governmental and other functions. Based on the current status of any legal proceedings, it is the opinion of management that they will not have a material effect on the City's financial position.

Federal and State Grants and Financial Sources

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Such audits could lead to reimbursements to the grantor agencies. It is the opinion of management that such reimbursements, if any, will not have a material effect on the City's financial position.

Note 8: Intergovernmental Agreement

The City is one of five member cities of the Arkansas River Power Authority (ARPA). ARPA exists to provide wholesale power to its members who provide electrical utilities in their communities. ARPA is an independent governmental entity with a governing board appointed by the member cities. The governing board is responsible for hiring management.

Note 8: Intergovernmental Agreement (Continued)

The City is amortizing a generation agreement with ARPA over 35 years. The original amount was $1,000,000. The remaining amount as December 31, 2025 is $228,568.

Note 9: Commitments and Contingencies

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Any revenues earned in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such excess revenue.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish an emergency reserve to be used to declare emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. The reserve is calculated at 3% of fiscal year spending. Fiscal year spending excludes bonded debt service and enterprise spending. The City has reserved $698,000, which is the approximate required reserve at December 31, 2025.

The City's voters approved the following ballot issue on November 6, 2001.

Excluding ad valorem property taxes and rates, and without creating any new taxes, increasing any tax rate, or adding any new taxes of any kind, shall the City, be permitted to collect, retain, and spend, for the fiscal year of 2001 and for each and every year thereafter, the full proceeds of the City's taxes, grants and other revenues for expenditure on lawful municipal purposes, notwithstanding any State of Colorado restrictions on spending including the restrictions of Article X, Section 20 of the Constitution of the State of Colorado, and that these shall each constitute a voter approval revenue change.

The City's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Required Supplementary Information

City of Trinidad, Colorado

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Contributions
Fire and Police Pension Association of Colorado Statewide Combined Plan
December 31, 2025

	12/31/2024	12/31/2023
Proportionate Share of the Net Pension Asset (Liability)		
City's Proportion of the Net Pension Liability (Asset)	0.10944121%	0.11344336%
City's Proportionate Share of the Net Pension Liability (Asset)	$ -	$ -
City's Covered-employee Payroll	$ 1,111,175	$ 1,035,126
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	0.0%	0.0%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%	100.0%

	12/31/2025	12/31/2024
City Contributions		
Statutorily Required Contribution	$ 122,081	$ 114,910
Contributions in Relation to the Statutorily Required Contribution	(122,081)	(114,910)
Contribution Deficiency (Excess)	$ -	$ -
City's Covered-employee Payroll	$ 1,119,314	$ 1,111,175
Contributions as a Percentage of Covered-employee Payroll	10.91%	10.34%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

City of Trinidad, Colorado

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Contributions
Fire and Police Pension Association of Colorado Statewide Defined Benefit Plan
December 31, 2025

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Proportionate Share of the Net Pension Asset (Liability)				
City's Proportion of the Net Pension Liability (Asset)	0.11259100%	0.10614000%	0.11514000%	0.12084000%
City's Proportionate Share of the Net Pension Liability (Asset)	$ 99,937	$ (575,222)	$ (249,965)	$ (68,345)
City's Covered-employee Payroll	$ 895,605	$ 786,793	$ 765,029	$ 735,157
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	11.2%	-73.1%	-32.7%	-9.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	97.6%	116.2%	106.7%	101.9%

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
City Contributions				
Statutorily Required Contribution	$ 80,745	$ 86,447	$ 73,810	$ 67,990
Contributions in Relation to the Statutorily Required Contribution	(80,745)	(86,447)	(73,810)	(67,990)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered-employee Payroll	$ 858,492	$ 895,605	$ 786,793	$ 765,029
Contributions as a Percentage of Covered-employee Payroll	9.41%	9.65%	9.38%	8.89%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

City of Trinidad, Colorado
Schedule of Proportionate Share of the Net Pension (Asset) Liability and Contributions
Fire and Police Pension Association of Colorado Statewide Defined Benefit Plan
December 31, 2025
(Continued)

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Proportionate Share of the Net Pension Asset (Liability)				
City's Proportion of the Net Pension Liability (Asset)	0.11160700%	0.11951000%	0.15260000%	0.14680000%
City's Proportionate Share of the Net Pension Liability (Asset)	$ 141,093	$ (171,940)	$ 55,142	$ (2,589)
City's Covered-employee Payroll	$ 609,801	$ 568,978	$ 621,778	$ 568,414
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	23.1%	-30.2%	8.9%	-0.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	95.2%	106.3%	98.2%	100.1%

	12/31/2019	12/31/2018	12/31/2017	12/31/2016
City Contributions				
Statutorily Required Contribution	$ 65,313	$ 54,397	$ 50,868	$ 56,950
Contributions in Relation to the Statutorily Required Contribution	(65,313)	(54,397)	(50,868)	(56,950)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered-employee Payroll	$ 735,157	$ 609,801	$ 568,978	$ 621,778
Contributions as a Percentage of Covered-employee Payroll	8.88%	8.92%	8.94%	9.16%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

City of Trinidad, Colorado

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Contributions
Fire and Police Pension Association of Colorado Statewide Hybrid Plan
December 31, 2025

	12/31/2022	12/31/2021	12/31/2020	12/31/2019
Proportionate Share of the Net Pension Asset (Liability)				
City's Proportion of the Net Pension Liability (Asset)	0.63117000%	0.13800000%	0.12560000%	0.13040000%
City's Proportionate Share of the Net Pension Liability (Asset)	$ (9,205)	$ (523,334)	$ (345,550)	$ (253,970)
City's Covered-employee Payroll	$ 112,271	$ 222,533	$ 203,218	$ 198,207
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	-8.2%	-235.2%	-170.0%	-128.1%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	101.4%	149.0%	138.0%	130.1%

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
City Contributions				
Statutorily Required Contribution	$ 21,163	$ 11,619	$ 23,366	$ 21,338
Contributions in Relation to the Statutorily Required Contribution	(21,163)	(11,619)	(23,366)	(21,338)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered-employee Payroll	$ 176,634	$ 112,271	$ 222,533	$ 203,218
Contributions as a Percentage of Covered-employee Payroll	11.98%	10.35%	10.50%	10.50%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

City of Trinidad, Colorado

Schedule of Proportionate Share of the Net Pension (Asset) Liability and Contributions
Fire and Police Pension Association of Colorado Statewide Hybrid Plan
December 31, 2025
(Continued)

	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Proportionate Share of the Net Pension Asset (Liability)				
City's Proportion of the Net Pension Liability (Asset)	0.11711000%	0.11290000%	0.13955000%	0.13724000%
City's Proportionate Share of the Net Pension Liability (Asset)	$ (161,646)	$ (220,754)	$ (151,899)	$ (139,809)
City's Covered-employee Payroll	$ 177,757	$ 164,407	$ 166,476	$ 161,572
City's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of Covered-employee Payroll	-90.9%	-134.3%	-91.2%	-86.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	123.5%	138.9%	125.8%	129.4%

	12/31/2019	12/31/2018	12/31/2017	12/31/2016
City Contributions				
Statutorily Required Contribution	$ 20,812	$ 18,664	$ 17,263	$ 17,480
Contributions in Relation to the Statutorily Required Contribution	(20,812)	(18,664)	(17,263)	(17,480)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -
City's Covered-employee Payroll	$ 198,207	$ 177,757	$ 164,407	$ 166,476
Contributions as a Percentage of Covered-employee Payroll	10.50%	10.50%	10.50%	10.50%

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

City of Trinidad, Colorado
Schedule of Changes in Net Pension Liability (Asset), Related Ratios (Multiyear) and Contributions
Old Hire Fire Pension Plan
December 31, 2025

	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Measurement Period Ending December 31,					
Total Pension Liability					
Service Cost	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	35,935	52,977	55,439	49,535	51,762
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	-	(336,972)	-	191,011	-
Assumption Changes	-	(4,325)	-	-	-
Benefit Payments	(72,139)	(108,210)	(112,054)	(106,716)	(95,912)
Net Change in Total Pension Liability	(36,204)	(396,530)	(56,615)	133,830	(44,150)
Total Pension Liability - Beginning of Year	834,236	1,230,766	1,287,381	1,153,551	1,197,701
Total Pension Liability - End of Year	$ 798,032	$ 834,236	$ 1,230,766	$ 1,287,381	$ 1,153,551
Plan Fiduciary Net Pension					
Employer Contributions	$ 65,065	$ 65,065	$ 48,033	$ 48,033	$ 35,720
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	13,085	25,962	(65,448)	2,737	45,624
Benefit Payments	(72,139)	(108,210)	(112,054)	(106,716)	(95,912)
Pension Plan Administrative Expense	(3,812)	(2,122)	(3,594)	(1,679)	(3,186)
Net Change in Plan Fiduciary Net Position	2,199	(19,305)	(133,063)	(57,625)	(17,754)
Plan Fiduciary Net Position - Beginning of Year	394,489	413,794	546,857	604,482	622,236
Plan Fiduciary Net Position - End of Year	$ 396,688	$ 394,489	$ 413,794	$ 546,857	$ 604,482
Net Pension Liability (Asset)	$ 401,344	$ 439,747	$ 816,972	$ 740,524	$ 549,069
Plan Fiduciary Net Pension as a Percentage of Total Pension Liability	49.7%	47.3%	33.6%	42.5%	52.4%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
City Contributions					
Actuarially Determined Contribution	$ 65,065	$ 65,065	$ 48,033	$ 48,033	$ 35,720
Actual Contributions	(65,065)	(65,065)	(48,033)	(48,033)	(35,720)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

City of Trinidad, Colorado

Schedule of Changes in Net Pension Liability (Asset), Related Ratios (Multiyear) and Contributions
Old Hire Fire Pension Plan
December 31, 2025
(Continued)

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Measurement Period Ending December 31,					
Total Pension Liability					
Service Cost	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	66,020	68,458	88,397	89,671	89,327
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	65,140	-	(251,600)	-	(57,783)
Assumption Changes	237,654	-	-	-	89,102
Benefit Payments	(100,941)	(100,986)	(104,242)	(108,992)	(122,872)
Net Change in Total Pension Liability	267,873	(32,528)	(267,445)	(19,321)	(2,226)
Total Pension Liability - Beginning of Year	929,828	962,356	1,229,801	1,249,122	1,251,348
Total Pension Liability - End of Year	$ 1,197,701	$ 929,828	$ 962,356	$ 1,229,801	$ 1,249,122
Plan Fiduciary Net Pension					
Employer Contributions	$ 35,720	$ 72,529	$ 72,529	$ 72,428	$ 78,695
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	71,657	512	85,284	31,425	11,624
Benefit Payments	(100,941)	(100,986)	(104,242)	(108,992)	(122,872)
Pension Plan Administrative Expense	(2,002)	(4,081)	(1,628)	(3,062)	(1,255)
Net Change in Plan Fiduciary Net Position	4,434	(32,026)	51,943	(8,201)	(33,808)
Plan Fiduciary Net Position - Beginning of Year	617,802	649,828	597,885	606,086	639,894
Plan Fiduciary Net Position - End of Year	$ 622,236	$ 617,802	$ 649,828	$ 597,885	$ 606,086
Net Pension Liability (Asset)	$ 575,465	$ 312,026	$ 312,528	$ 631,916	$ 643,036
Plan Fiduciary Net Pension as a Percentage of Total Pension Liability	52.0%	66.4%	67.5%	48.6%	48.5%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
City Contributions					
Actuarially Determined Contribution	$ 35,720	$ 72,529	$ 72,529	$ 72,529	$ 72,428
Actual Contributions	(35,720)	(72,529)	(72,529)	(72,529)	(72,428)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

City of Trinidad, Colorado
Schedule of Changes in Net Pension Liability (Asset), Related Ratios (Multiyear) and Contributions
Old Hire Police Pension Plan
December 31, 2025

	12/31/2024	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Measurement Period Ending December 31,					
Total Pension Liability					
Service Cost	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	2,737	3,820	3,928	4,083	4,541
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	-	(23,026)	-	3,525	-
Assumption Changes	-	298	-	-	-
Benefit Payments	(5,158)	(5,158)	(7,480)	(14,517)	(14,919)
Net Change in Total Pension Liability	(2,421)	(24,066)	(3,552)	(6,909)	(10,378)
Total Pension Liability - Beginning of Year	63,380	87,446	90,998	97,907	108,285
Total Pension Liability - End of Year	$ 60,959	$ 63,380	$ 87,446	$ 90,998	$ 97,907
Plan Fiduciary Net Pension					
Employer Contributions	$ 12,966	$ 12,966	$ 12,966	$ 12,966	$ 10,986
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	1,076	1,649	(2,630)	99	1,933
Benefit Payments	(5,158)	(5,158)	(7,480)	(14,517)	(14,919)
Pension Plan Administrative Expense	(2,938)	(1,141)	(3,074)	(1,679)	(2,935)
Net Change in Plan Fiduciary Net Position	5,946	8,316	(218)	(3,131)	(4,935)
Plan Fiduciary Net Position - Beginning of Year	28,720	20,404	20,622	23,753	28,688
Plan Fiduciary Net Position - End of Year	$ 34,666	$ 28,720	$ 20,404	$ 20,622	$ 23,753
Net Pension Liability (Asset)	$ 26,293	$ 34,660	$ 67,042	$ 70,376	$ 74,154
Plan Fiduciary Net Pension as a Percentage of Total Pension Liability	56.9%	45.3%	23.3%	22.7%	24.3%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
City Contributions					
Actuarially Determined Contribution	$ 12,966	$ 12,966	$ 12,966	$ 12,966	$ 10,986
Actual Contributions	(12,966)	(12,966)	(12,966)	(12,966)	(10,986)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years it is available.

(Continued)

City of Trinidad, Colorado

Schedule of Changes in Net Pension Liability (Asset), Related Ratios (Multiyear) and Contributions
Old Hire Police Pension Plan
December 31, 2025
(Continued)

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015
Measurement Period Ending December 31,					
Total Pension Liability					
Service Cost	$ -	$ -	$ -	$ -	$ -
Interest on the Total Pension Liability	6,095	6,711	7,783	8,501	7,877
Benefit Changes	-	-	-	-	-
Difference between Expected and Actual Experience	11,168	-	(5,778)	-	13,012
Assumption Changes	17,347	-	-	-	5,956
Benefit Payments	(14,919)	(14,919)	(17,624)	(18,525)	(18,525)
Net Change in Total Pension Liability	19,691	(8,208)	(15,619)	(10,024)	8,320
Total Pension Liability - Beginning of Year	88,594	96,802	112,421	122,445	114,125
Total Pension Liability - End of Year	$ 108,285	$ 88,594	$ 96,802	$ 112,421	$ 122,445
Plan Fiduciary Net Pension					
Employer Contributions	$ 10,986	$ 13,070	$ 13,070	$ 8,031	$ 8,566
Employee Contributions	-	-	-	-	-
Pension Plan Net Investment Income	3,475	99	4,984	2,079	1,049
Benefit Payments	(14,919)	(14,919)	(17,624)	(18,525)	(18,525)
Pension Plan Administrative Expense	(1,794)	(3,616)	(1,440)	(1,941)	(443)
Net Change in Plan Fiduciary Net Position	(2,252)	(5,366)	(1,010)	(10,356)	(9,353)
Plan Fiduciary Net Position - Beginning of Year	30,940	36,306	37,316	47,672	57,025
Plan Fiduciary Net Position - End of Year	$ 28,688	$ 30,940	$ 36,306	$ 37,316	$ 47,672
Net Pension Liability (Asset)	$ 79,597	$ 57,654	$ 60,496	$ 75,105	$ 74,773
Plan Fiduciary Net Pension as a Percentage of Total Pension Liability	26.5%	34.9%	37.5%	33.2%	38.9%
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A
City Contributions					
Actuarially Determined Contribution	$ 10,986	$ 13,070	$ 13,070	$ 13,070	$ 8,031
Actual Contributions	(10,986)	(13,070)	(13,070)	(13,070)	(8,566)
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ (535)
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Contribution as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years.
Information will be presented for the years it is available.

City of Trinidad, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes				
Property	$ 1,386,000	$ 1,386,000	$ 1,389,772	$ 3,772
Specific Ownership	255,000	255,000	272,023	17,023
General Sales and Use	7,200,000	7,200,000	7,050,657	(149,343)
Specific Sales and Use	1,424,500	1,424,500	1,182,884	(241,616)
Franchise	85,000	85,000	88,120	3,120
	10,350,500	10,350,500	9,983,456	(367,044)
Licenses and Permits				
Business	96,600	98,600	92,391	(6,209)
Building, Zoning and Paving Permits	125,000	125,000	172,720	47,720
Pet Licenses	-	1,500	1,689	189
	221,600	225,100	266,800	41,700
Intergovernmental				
State Shared Revenues	461,475	461,475	388,118	(73,357)
Grants	400,948	400,948	180,198	(220,750)
	862,423	862,423	568,316	(294,107)
Charges for Services				
Delinquent Assessments	65,000	65,000	70,300	5,300
Culture and Recreation	105,000	105,000	64,212	(40,788)
Security	200,000	200,000	255,566	55,566
Other	140,000	140,000	58,580	(81,420)
	510,000	510,000	448,658	(61,342)
Fines & Forfeits				
Court	36,750	36,750	57,362	20,612
Miscellaneous/Other				
Earnings and Investments	300,000	300,000	461,436	161,436
Other	990,636	977,136	889,036	(88,100)
	1,290,636	1,277,136	1,350,472	73,336
Total Revenues	$ 13,271,909	$ 13,261,909	$ 12,675,064	$ (586,845)

(Continued)

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

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Expenditures				
Current				
General Government				
City Council	$ 94,882	$ 94,882	$ 93,060	$ 1,822
City Attorney	105,715	105,715	105,919	(204)
Municipal Court	72,562	72,562	110,429	(37,867)
City Manager	568,324	568,324	534,391	33,933
Information Technology	592,459	592,459	595,856	(3,397)
Elections	7,500	7,500	11,572	(4,072)
Finance	370,275	370,275	332,590	37,685
5% Tax Revenue Projects	52,000	52,000	93,989	(41,989)
Development Services	519,791	519,791	405,545	114,246
Other General and Administrative	1,112,449	1,112,449	1,056,165	56,284
Local Agencies Support	92,600	92,600	62,592	30,008
Facilities Services	505,000	505,000	588,796	(83,796)
	4,093,557	4,093,557	3,990,904	102,653
Public Safety				
Police	3,553,983	3,553,983	3,417,612	136,371
Dispatch	605,135	605,135	505,108	100,027
Fire	2,061,265	2,061,265	2,116,244	(54,979)
Animal Shelter	573,074	573,074	593,276	(20,202)
	6,793,457	6,793,457	6,632,240	161,217
Public Works				
Engineering	391,495	391,495	386,271	5,224
Fleet Maintenance	385,584	385,584	378,357	7,227
Public Works	1,449,620	1,449,620	1,454,806	(5,186)
Landfill	576,370	576,370	613,337	(36,967)
	2,803,069	2,803,069	2,832,771	(29,702)
Culture and Recreation				
Parks, Sports and Recreation	567,268	567,268	584,586	(17,318)
Public Library	370,323	370,323	338,455	31,868
	937,591	937,591	923,041	14,550
Economic Development	244,178	244,178	257,600	(13,422)
Capital Outlays	603,900	603,900	237	603,663
Total Expenditures	15,475,752	15,475,752	14,636,793	838,959
Excess Revenues Over (Under) Expenditures	(2,203,843)	(2,213,843)	(1,961,729)	252,114
Other Financing Sources (Uses)				
Transfers In	1,619,943	1,619,943	1,634,013	14,070
Transfers Out	(720,000)	(720,000)	(942,331)	(222,331)
Net Change in Fund Balance	(1,303,900)	(1,313,900)	(1,270,047)	43,853
Fund Balance, *Beginning of Year*	11,652,072	11,652,072	13,501,025	1,848,953
Fund Balance, *End of Year*	$ 10,348,172	$ 10,338,172	$ 12,230,978	$ 1,892,806

City of Trinidad, Colorado
Budgetary Comparison Schedule
Capital Projects Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 2,400,000	$ 2,350,219	$ (49,781)
Intergovernmental	29,379,081	13,522,953	(15,856,128)
Interest	300,000	240,289	(59,711)
Other	10,000	171,646	161,646
Total Revenues	32,089,081	16,285,107	(15,803,974)
Expenditures			
Capital Outlay	37,870,232	12,619,320	25,250,912
Total Expenditures	37,870,232	12,619,320	25,250,912
Excess Revenues Over (Under) Expenditures	(5,781,151)	3,665,787	9,446,938
Other Financing Sources (Uses)			
Transfers In	1,530,000	970,000	(560,000)
Transfers Out	(180,000)	(180,000)	-
Net Change in Fund Balance	(4,431,151)	4,455,787	8,886,938
Fund Balance, *Beginning of Year*	6,371,809	6,836,061	464,252
Fund Balance, *End of Year*	$ 1,940,658	$ 11,291,848	$ 9,351,190

Note 1: Stewardship, Compliance, and Accountability

Budgets

Budgets are legally adopted for all funds of the City. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons for the proprietary fund are presented on a non-GAAP budgetary basis, whereby capital outlay and debt principal are budgeted as expenditures.

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

- Management submits to the City's Board of Trustees a proposed budget for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the City's Board of Trustees.
- All appropriations lapse at year end.

Supplementary Information

City of Trinidad, Colorado
Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Economic Development	Tourism	Lottery	Total
Assets				
Cash and Cash Equivalents	$ 1,355,336	$ 193,113	$ 88,718	$ 1,637,167
Accounts Receivables	-	1,067	-	1,067
Total Assets	$ 1,355,336	$ 194,180	$ 88,718	$ 1,638,234
Liabilities				
Accounts Payable	$ -	$ 8,101	$ 3,132	$ 11,233
Accrued Expenses	-	275	-	275
Total Liabilities	-	8,376	3,132	11,508
Fund Balance				
Restricted				
Parks and Recreation	-	-	85,586	85,586
Assigned				
Tourism Promotion	-	185,804	-	185,804
Economic Development	1,355,336	-	-	1,355,336
Total Fund Balance	1,355,336	185,804	85,586	1,626,726
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 1,355,336	$ 194,180	$ 88,718	$ 1,638,234

City of Trinidad, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Nonmajor Governmental Funds
For the Year Ended December 31, 2025

	Economic Development	Tourism	Lottery	Total
Revenues				
Taxes	$ -	$ 621,203	$ -	$ 621,203
Intergovernmental	-	40,000	70,434	110,434
Investment Income	29,735	4,264	28,934	62,933
Other Revenue	-	66,489	-	66,489
Total Revenues	29,735	731,956	99,368	861,059
Expenditures				
General Government	-	98,286	-	98,286
Culture and Recreation	-	-	204,038	204,038
Economic Development	161,927	-	-	161,927
Tourism	-	589,330	-	589,330
Total Expenditures	161,927	687,616	204,038	1,053,581
Excess Revenues Over (Under) Expenditures	(132,192)	44,340	(104,670)	(192,522)
Other Financing Sources (Uses)				
Transfers In	20,000	-	-	20,000
Transfers Out	(270,000)	(14,800)	-	(284,800)
Other Financing Sources (Uses)	(250,000)	(14,800)	-	(264,800)
Net Change in Fund Balance	(382,192)	29,540	(104,670)	(457,322)
Fund Balance, *Beginning of Year*	1,737,528	156,264	190,256	2,084,048
Fund Balance, *End of Year*	$ 1,355,336	$ 185,804	$ 85,586	$ 1,626,726

City of Trinidad, Colorado
Budgetary Comparison Schedule
Economic Development Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Interest	$ 30,000	$ 29,735	$ (265)
Total Revenues	30,000	29,735	(265)
Expenditures			
Economic Development	730,000	161,927	568,073
Total Expenditures	730,000	161,927	568,073
Excess Revenues Over (Under) Expenditures	(700,000)	(132,192)	567,808
Other Financing Sources (Uses)			
Transfers In	20,000	20,000	-
Transfers Out	(270,000)	(270,000)	-
Net Change in Fund Balance	(950,000)	(382,192)	567,808
Fund Balance, *Beginning of Year*	1,737,215	1,737,528	313
Fund Balance, *End of Year*	$ 787,215	$ 1,355,336	$ 568,121

City of Trinidad, Colorado
Budgetary Comparison Schedule
Tourism Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes	$ 740,000	$ 621,203	$ (118,797)
Intergovernmental	40,000	40,000	-
Interest	4,500	4,264	(236)
Miscellaneous	18,055	66,489	48,434
Total Revenues	802,555	731,956	(70,599)
Expenditures			
General Government			
Visitor Welcome Center	146,651	98,286	48,365
Tourism			
General	610,200	573,032	37,168
Trolley	30,254	16,298	13,956
Total Expenditures	787,105	687,616	99,489
Excess Revenues Over (Under) Expenditures	15,450	44,340	28,890
Other Financing Sources (Uses)			
Transfers Out	(14,800)	(14,800)	-
Net Change in Fund Balance	650	29,540	28,890
Fund Balance, *Beginning of Year*	105,116	156,264	51,148
Fund Balance, *End of Year*	$ 105,766	$ 185,804	$ 80,038

City of Trinidad, Colorado
Budgetary Comparison Schedule
Lottery Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 110,000	$ 70,434	$ (39,566)
Interest	150	28,934	28,784
Total Revenues	110,150	99,368	(10,782)
Expenditures			
Culture and Recreation	234,600	204,038	30,562
Total Expenditures	234,600	204,038	30,562
Net Change in Fund Balance	(124,450)	(104,670)	19,780
Fund Balance, *Beginning of Year*	171,085	190,256	19,171
Fund Balance, *End of Year*	$ 46,635	$ 85,586	$ 38,951

City of Trinidad, Colorado
Budgetary Comparison Schedule
Power and Light Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services			
Commercial Sales	$ 4,106,500	$ 3,938,552	$ (167,948)
Residential Sales	4,144,400	4,004,903	(139,497)
Dusk to Dawn Security Lites	129,000	128,752	(248)
Street Lighting	130,000	133,930	3,930
Water Heaters	22,000	19,943	(2,057)
Meter Connect Fees	11,000	11,355	355
Intergovernmental	4,000,000	-	(4,000,000)
Interest Income	30,000	56,674	26,674
Other	124,000	165,247	41,247
Total Revenues	12,696,900	8,459,356	(4,237,544)
Expenditures			
Operating Expenses	1,893,077	1,847,386	45,691
Power Purchases	5,283,500	4,926,072	357,428
Plant Operations	41,350	39,896	1,454
Distribution Operations	315,225	155,699	159,526
Capital Outlay	4,286,180	-	4,286,180
Debt Service			
Principal	176,275	166,834	9,441
Interest	58,810	55,933	2,877
Transfers Out	548,322	548,322	-
Total Expenditures	12,602,739	7,740,142	4,862,597
Change in Net Position, *Budgetary Basis*	$ 94,161	719,214	$ 625,053
Reconciliation to GAAP Basis			
Principal Payments		166,834	
Capital Outlay		-	
Depreciation		(272,681)	
Change in Net Position, *GAAP Basis*		$ 613,367	

City of Trinidad, Colorado

Budgetary Comparison Schedule
Water Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services			
Commercial Sales	$ 1,815,890	$ 1,705,788	$ (110,102)
Residential Sales	1,596,500	1,519,160	(77,340)
Meter Connect Fees	6,000	5,770	(230)
Intergovernmental	3,291,649	2,907,248	(384,401)
Interest Income	140,000	165,455	25,455
Other	3,827,000	2,713,252	(1,113,748)
Total Revenues	10,677,039	9,016,673	(1,660,366)
Expenditures			
Operating Expenses	8,099,435	1,868,805	6,230,630
Water Transmission	56,250	53,624	2,626
Water Distribution	520,025	442,203	77,822
Madrid Chlorination	600	686	(86)
Water Filtration	180,000	152,752	27,248
North Lake	51,000	33,412	17,588
Monument Lake	116,000	111,049	4,951
Capital Outlay	5,946,650	4,128,623	1,818,027
Debt Service			
Principal	140,375	2,396,649	(2,256,274)
Interest	56,850	78,787	(21,937)
Transfers Out	348,841	348,841	-
Total Expenditures	15,516,026	9,615,431	5,900,595
Change in Net Position, *Budgetary Basis*	$ (4,838,987)	(598,758)	$ 4,240,229
Reconciliation to GAAP Basis			
Principal Payments		2,396,649	
Capital Outlay		4,128,623	
Depreciation		(773,267)	
Change in Net Position, *GAAP Basis*		$ 5,153,247	

See Accompanying Independent Auditor's Report.

City of Trinidad, Colorado
Budgetary Comparison Schedule
Gas Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services			
Commercial Sales	$ 1,600,000	$ 1,721,003	$ 121,003
Residential Sales	2,400,000	2,575,617	175,617
Meter Connect Fees	10,000	8,630	(1,370)
Interest Income	150,000	199,560	49,560
Other	48,000	129,597	81,597
Total Revenues	4,208,000	4,634,407	426,407
Expenditures			
Operating Expenses	1,010,193	962,035	48,158
Regulating Station	6,000	-	6,000
Gas Distribution	183,600	103,762	79,838
Gas Purchase	2,350,000	2,489,248	(139,248)
Capital Outlay	752,300	125,851	626,449
Debt Service			
Principal	68,817	68,806	11
Interest	27,869	27,203	666
Transfers Out	378,376	378,376	-
Total Expenditures	4,777,155	4,155,281	621,874
Change in Net Position, *Budgetary Basis*	$ (569,155)	479,126	$ 1,048,281
Reconciliation to GAAP Basis			
Principal Payments		68,806	
Capital Outlay		125,851	
Depreciation		(213,233)	
Change in Net Position, *GAAP Basis*		$ 460,550	

City of Trinidad, Colorado

Budgetary Comparison Schedule
Sewer Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services			
Commercial Sales	$ 698,927	$ 687,600	$ (11,327)
Residential Sales	1,872,527	1,797,750	(74,777)
Interest Income	15,000	106,986	91,986
Other	43,000	153,654	110,654
Total Revenues	2,629,454	2,745,990	116,536
Expenditures			
Operating Expenses	320,352	309,824	10,528
Sewage Treatment Plant	1,443,850	1,516,239	(72,389)
Sewage Collection	1,500	9,530	(8,030)
Capital Outlay	800,000	770,323	29,677
Transfers Out	149,604	149,604	-
Total Expenditures	2,715,306	2,755,520	(40,214)
Change in Net Position, *Budgetary Basis*	$ (85,852)	(9,530)	$ 76,322
Reconciliation to GAAP Basis			
Capital Outlay		770,323	
Depreciation		(346,378)	
Change in Net Position, *GAAP Basis*		$ 414,415	

State Compliance

LOCAL HIGHWAY FINANCE REPORT

LOCAL HIGHWAY FINANCE REPORT		**STATE:** COLORADO
THIS INFORMATION FROM THE RECORDS OF: City of Trinidad	**PREPARED BY:** Sierra Kirkpatrick sierra.kirkpatrick<@trinidJJ-11...c..Q..gQ.IL	**REPORT YEAR ENDING DATE(mm/yyyy):** 12/2025

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

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

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	401,061.15	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	1,422,874.00	b. Other Misc. Local Receipts	55,905.00
c. Total (a + b)	$ 1,823,935.15	**c. Total (a+ b)**	$ ss,905.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.) .	380,090.00	1. FHWA (from Item I.D.5.)	[redacted]
2. State General Funds	[redacted]	2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds	[redacted]		
b. Non-State Bond Proceeds	0.00		
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 380,090.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	16,443.00
c. Construction Costs	563,191.00
d. Total Capital Outlay (a+ b + c)	$ 579,E;i34.00

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

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

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	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	1,002,077.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,823,935.15
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 55,905.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 2,881,917.15
B. Private Contributions	
C. Receipts from State government (from page 1, Item 11.C.4)	
D. Receipts from Federal government (from page 1, Item I1.D.3)	$ -
E. **Total receipts (A.7 + B + C + D)**	$ 2,881,917.15

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 579,634.00
2. Maintenance:	889,296.00
3. Road and Street Services:	
a. Snow and Ice Removal	355,719.00
b. Other & Traffic Control Operations	177,859.00
c. Total (a + b)	$ 533,578.oo
4. General Administration & Miscellaneous	25,978.00
5. Highway Law Enforcement and Safety	853,431.00
6. Total (1 through 5)	$ 2,881,917.00
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 (AS + B3 + C + D)	$ 2,881,917.00

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)		$ -	$ -	$ -