

TOWN OF LAKE CITY, COLORADO

FINANCIAL STATEMENTS

December 31, 2025

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Green & Associates LLC

Certified Public Accountants & Business Consultants

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Town of Lake City, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Lake City, Colorado's basic financial statements. The budgetary comparison schedules for the Conservation Trust Fund, Capital Projects Fund, and the Enterprise Fund, and the Local Highway Finance Report, as 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Budgetary Comparison Schedules for the Conservation Trust Fund, Capital Projects Fund, and the Enterprise Fund, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Fort Collins, Colorado
June 4, 2026

Management's Discussion and Analysis

Management's Discussion and Analysis

As management of the Town of Lake City (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the Town's financial statements.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the Town exceeded its liabilities and deferred inflows of resources at the close of 2025 by \$11,446,592 (*net position*). Of this amount, \$5,630,306 (*unrestricted net position*) may be used to meet the Town's ongoing obligations to citizens and creditors.
- The Town's total net position increased by \$458,999.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,606,957.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

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

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

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. All of the funds

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

Governmental funds. All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The governmental funds statements provide a detailed short-term view of governmental fund operations and the basic services it provides. These statements help you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The differences between governmental activities reported in the statement of net position and the statement of activities and governmental funds are described in the accompanying reconciliations.

Proprietary funds. The Town maintains one type of proprietary fund, enterprise fund. The Town uses the enterprise fund to account for its water and sewer operations.

The proprietary fund is prepared using the economic resources measurement focus and the accrual basis of accounting. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operating of the Town are included in the statement of net position.

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

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required and other supplementary information concerning the Town's combining financial statements for non-major funds, the budget comparison statements for non-major and enterprise funds.

This foregoing information is a summary of the financial information contained in the Town's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 5.

Discussion of Financial Position and Operating Activities Net position at the end of December 2025 was \$4,619,330 for the governmental activities, \$6,827,262 for the business-type activities and \$11,446,592 for the primary government. This increase is from revenues that exceeded expenses by \$1,301,336 for the primary government. The primary driver of the change was increased taxes and grant revenue.

The restricted portion of net position represents resources that are subject to external restrictions on how they may be used. The unrestricted net position may be used to meet the Town's ongoing obligations to citizens and creditors.

Condensed Statement of Net Position

	Governmental Activities		Business-type Activities		Primary Government	
	2025	2024	2025	2024	2025	2024
Current and Other Assets	\$ 2,228,851	\$ 2,083,493	\$ 5,051,878	\$ 4,887,985	\$ 7,280,729	\$ 6,971,478
Noncurrent assets	2,672,176	2,646,530	6,691,914	5,430,375	9,364,090	8,076,905
Total Assets	<u>4,901,027</u>	<u>4,730,023</u>	<u>11,743,792</u>	<u>10,318,360</u>	<u>16,644,819</u>	<u>15,048,383</u>
Deferred Outflows of Resources	80,353	109,076	54,363	82,487	134,716	191,563
Current Liabilities	108,411	150,788	278,470	211,474	386,881	362,262
Long Term Liabilities	180,615	212,268	3,697,640	3,029,160	3,878,255	3,241,428
Total Liabilities	<u>289,026</u>	<u>363,056</u>	<u>3,976,110</u>	<u>3,240,634</u>	<u>4,265,136</u>	<u>3,603,690</u>
Deferred Inflows of Resources	73,024	67,110	994,783	1,423,890	1,067,807	1,491,000
Net Position						
Net investment in capital assets	2,672,176	2,646,530	2,945,563	2,431,286	5,617,739	5,077,816
Restricted	57,953	52,913	140,594	140,594	198,547	193,507
Unrestricted	1,889,201	1,709,490	3,741,105	3,164,443	5,630,306	4,873,933
Total Net Position	<u>\$ 4,619,330</u>	<u>\$ 4,408,933</u>	<u>\$ 6,827,262</u>	<u>\$ 5,736,323</u>	<u>\$ 11,446,592</u>	<u>\$ 10,145,256</u>

Condensed Statement of Activities

Statement of Activities	Governmental Activities		Business-type Activities		Primary Government	
	2025	2024	2025	2024	2025	2024
Program Expenses	\$ 1,218,598	\$ 1,043,874	\$ 766,290	\$ 796,262	\$ 1,984,888	\$ 1,840,136
Program Revenues	369,184	151,510	1,759,995	1,023,233	2,129,179	1,174,743
Net Program (Revenue) Expense	<u>849,414</u>	<u>892,364</u>	<u>(993,705)</u>	<u>(226,971)</u>	<u>(144,291)</u>	<u>665,393</u>
General Revenues and transfers	1,059,811	1,081,578	97,234	42,814	1,157,045	1,124,392
Change in Net Position	210,397	189,214	1,090,939	269,785	1,301,336	458,999
Net Position, Beginning of Year	4,408,933	4,219,719	5,736,323	5,466,538	10,145,256	9,686,257
Net Position, End of Year	<u>\$ 4,619,330</u>	<u>\$ 4,408,933</u>	<u>\$ 6,827,262</u>	<u>\$ 5,736,323</u>	<u>\$ 11,446,592</u>	<u>\$ 10,145,256</u>

The Town restricted three percent (3%) of its general revenues for emergencies in accordance with TABOR requirements. The Town had a TABOR reserve of \$43,831 at December 31, 2025. The Town's total assets are comprised primarily cash and equivalents, receivables for utility services and tax revenues, and long-term capital assets. The Town's total liabilities are comprised primarily of accounts payable relating to ongoing operations, long-term debt and pension related liabilities.

In 2025, program revenues exceeded program expenses by \$144,291 for the primary government. In addition, net general revenues of \$1,157,045 increased net position. See page 6 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

Governmental Funds

The General Fund balance increased from \$1,715,387 in 2024 to \$2,056,353 in 2025. The primary reason for these changes were increased taxes. The fund balance includes \$43,831 of restricted amounts. The assets and liabilities are comprised primarily of cash and receivables to be collected in 2026. As of December 31, 2025, the Town's combined fund balance for all governmental funds was \$2,070,475.

General Fund Budgetary Discussion

Actual revenues for 2025 were \$700,145 more than the final budget. Actual expenditures for 2025 were \$170,282 less than the final budget. The general fund budget was amended in 2025.

Other Governmental Funds

The capital projects fund budgeted revenues were \$734,898 less than the final budget due to smaller grants and transfers. The Expenditures were \$609,170 below budget due to lower capital outlay. The fund was terminated in 2025. The conservation trust fund had revenues that were \$1,146 more than budgeted. The expenditures were \$8,500 under budget due to lower capital outlay.

Proprietary Fund

The Water and Sewer Fund balance increased by \$1,090,939. This is a result of grants used to construct capital outlay. Deferred inflows of resources, and deferred outflows of resources fluctuated due to changes in pension related amounts. The assets and liabilities are comprised primarily of cash; utility accounts receivable, other receivables, and capital assets. Actual revenues for 2025 were \$4,070,112 less than the final budgeted amount due to lower than expected loan proceeds. Actual expenditures for 2025 were \$4,427,869 less than the final budgeted amount due to lower than anticipated capital outlay.

Capital Assets and Long-term Obligations

Capital Assets. At the end of 2025 the Town had \$9,364,090 invested in a broad range of capital assets including major infrastructure such as buildings, roads, bridges, storm water drainage, parks and recreation facilities and water lines and distribution systems, net of depreciation. More detailed information on the Town's capital assets is presented in detail in the notes to the financial statements.

Long-term Debt. The Town began to draw down on the loan they entered into in 2023 and entered into a new loan for \$900,000 for the WWTP project. The only other changes to long-term debt were the scheduled payment of principal and draws on the previously issued loans.

ECONOMIC FACTORS AND BUDGET OVERVIEW

Sales tax collections for the Town of Lake City increased from 2025 to 2026. This increase is attributed to newly taxable internet sales and increased visitation. This trend is expected to continue in 2026. The mill levy for the year is unchanged and property taxes are expected to remain flat. The Town issued additional long-term debt in 2026 related to the sewer collection improvements.

Contacting the Town

This financial report is designed to provide a general overview of the Town's finances for all those with an interest in the Town's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town of Lake City, P. O. Box 544, Lake City, CO 81235.

Basic Financial Statements

Town of Lake City, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities	Business- Type Activities	Total
Assets			
Current Assets			
Cash and cash equivalents	\$ 1,971,891	\$ 1,444,920	\$ 3,416,811
Accounts receivable - service charges (net of allowance)	-	148,250	148,250
Prepaid expenses	11,154	-	11,154
Other receivables	26,544	3,163	29,707
Intergovernmental receivables	137,558	27,864	165,422
Property taxes receivable	66,073	-	66,073
Loan proceeds receivable	-	3,287,087	3,287,087
Cash and cash equivalents - Restricted	15,631	140,594	156,225
Total Current Assets	<u>2,228,851</u>	<u>5,051,878</u>	<u>7,280,729</u>
Noncurrent Assets			
Capital assets			
Nondepreciable	396,281	2,191,269	2,587,550
Depreciable	3,437,004	8,119,295	11,556,299
Total Capital Assets	<u>3,833,285</u>	<u>10,310,564</u>	<u>14,143,849</u>
Less accumulated depreciation	<u>(1,161,109)</u>	<u>(3,618,650)</u>	<u>(4,779,759)</u>
Net Capital Assets	<u>2,672,176</u>	<u>6,691,914</u>	<u>9,364,090</u>
Total Noncurrent Assets	<u>2,672,176</u>	<u>6,691,914</u>	<u>9,364,090</u>
Total Assets	<u>4,901,027</u>	<u>11,743,792</u>	<u>16,644,819</u>
Deferred Outflows of Resources			
OPEB	4,452	3,012	7,464
Pension	75,901	51,351	127,252
Total Deferred Outflows of Resources	<u>80,353</u>	<u>54,363</u>	<u>134,716</u>
Liabilities			
Current Liabilities			
Accounts payable	66,208	66,057	132,265
Intergovernmental payables	1,509	-	1,509
Accrued wages	9,864	4,010	13,874
Deposit liability	14,500	18,128	32,628
Other accrued liabilities	222	-	222
Compensated absences	16,108	7,207	23,315
Accrued interest	-	12,163	12,163
Long-term debt - current portion	-	170,905	170,905
Total Current Liabilities	<u>108,411</u>	<u>278,470</u>	<u>386,881</u>
Noncurrent Liabilities			
Long-term debt	-	3,575,446	3,575,446
Net OPEB liability	10,538	7,129	17,667
Net pension liability	170,077	115,065	285,142
Total Long Term Liabilities	<u>180,615</u>	<u>3,697,640</u>	<u>3,878,255</u>
Total Liabilities	<u>289,026</u>	<u>3,976,110</u>	<u>4,265,136</u>
Deferred Inflows of Resources			
Deferred property taxes	66,073	-	66,073
Deferred grants	-	990,081	990,081
OPEB	5,956	4,029	9,985
Pension - PERA	995	673	1,668
Total Deferred Inflows of Resources	<u>73,024</u>	<u>994,783</u>	<u>1,067,807</u>
Net Position			
Investment in capital assets	2,672,176	2,945,563	5,617,739
Restricted for emergencies (TABOR)	43,831	-	43,831
Restricted - other	14,122	140,594	154,716
Unrestricted	1,889,201	3,741,105	5,630,306
Total Net Position	<u>\$ 4,619,330</u>	<u>\$ 6,827,262</u>	<u>\$ 11,446,592</u>

The accompanying notes are an integral part of these financial statements

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

Functions / Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities:							
General government	608,504	66,643	60,195	-	\$ (481,666)	\$ -	\$ (481,666)
Public works	196,061	-	-	-	(196,061)	-	(196,061)
Public safety	111,380	-	-	-	(111,380)	-	(111,380)
Culture, parks and recreation	302,653	-	242,346	-	(60,307)	-	(60,307)
Total Governmental Activities	1,218,598	66,643	302,541	-	(849,414)	-	(849,414)
Business-type activities:							
Water and sewer operations	766,290	1,040,686	-	719,309	-	993,705	993,705
Total Business-Type Activities	766,290	1,040,686	-	719,309	-	993,705	993,705
TOTAL PRIMARY GOVERNMENT	1,984,888	1,107,329	302,541	719,309	(849,414)	993,705	144,291
General Revenues							
Property taxes					62,741	-	62,741
Specific ownership taxes					5,438	-	5,438
Other taxes and franchise fees					953,837	-	953,837
Investment income					40,994	36,788	77,782
Tap fees					-	26,000	26,000
Other					41,247	-	41,247
Transfers					(44,446)	44,446	-
Total General Revenues and Transfers					1,059,811	97,234	1,157,045
					210,397	1,090,939	1,301,336
					4,408,933	5,736,323	10,145,256
					4,619,330	6,827,262	11,446,592

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

Town of Lake City, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	Major Fund	Non-Major Funds		
	General	Capital Projects	Conservation Trust	Total
Assets				
Cash and cash equivalents - unrestricted	\$ 1,971,891	\$ -	\$ -	\$ 1,971,891
Due from other governments	137,558	-	-	137,558
Property taxes receivable	66,073	-	-	66,073
Prepaid expenses	11,154	-	-	11,154
Other receivables	26,544	-	-	26,544
Cash and cash equivalents - restricted	-	-	15,631	15,631
Total Assets	<u><u>\$ 2,213,220</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,631</u></u>	<u><u>\$ 2,228,851</u></u>
Liabilities				
Accounts payable	\$ 66,208	\$ -	\$ -	\$ 66,208
Due to other governments	-	-	1,509	1,509
Accrued wages	9,864	-	-	9,864
Deposit liability	14,500	-	-	14,500
Other accrued liabilities	222	-	-	222
Total Liabilities	<u><u>90,794</u></u>	<u><u>-</u></u>	<u><u>1,509</u></u>	<u><u>92,303</u></u>
Deferred Inflows of Resources				
Deferred property taxes	66,073	-	-	66,073
Total Deferred Inflows of Resources	<u><u>66,073</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>66,073</u></u>
Fund Balance				
Nonspendable	11,154	-	-	11,154
Restricted	43,831	-	14,122	57,953
Assigned	394,411	-	-	394,411
Unassigned	1,606,957	-	-	1,606,957
Total Fund Balance	<u><u>2,056,353</u></u>	<u><u>-</u></u>	<u><u>14,122</u></u>	<u><u>2,070,475</u></u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u><u>\$ 2,213,220</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 15,631</u></u>	<u><u>\$ 2,228,851</u></u>

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

Total fund balances - governmental funds \$ 2,070,475

Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements (16,108)

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.

Capital assets 3,833,285

Accumulated depreciation (1,161,109)

Long-term liabilities, deferred inflows of resources and deferred outflows of resources are not due and payable in the current year and, therefore, are not reported in the funds.

Net OPEB liabilities (10,538)

Deferred outflows - OPEB 4,452

Deferred inflows - OPEB (5,956)

Net pension asset (170,077)

Deferred outflows - pension 75,901

Deferred inflows - pension (995)

Net position of governmental activities \$ 4,619,330

The accompanying notes are an integral part of these financial statements

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

	Major Fund	Non-Major Funds		
	General	Capital Projects	Conservation Trust	Total
Revenues				
Property taxes	\$ 62,741	\$ -	\$ -	\$ 62,741
Specific ownership taxes	5,438	-	-	5,438
Other taxes and franchise fees	953,837	-	-	953,837
Intergovernmental	-	-	5,124	5,124
Grants	237,222	-	-	237,222
Donations	60,195	-	-	60,195
Licenses and permits	39,938	-	-	39,938
Fees for services	26,705	-	-	26,705
Penalties and fines	827	-	-	827
Rental income	9,087	-	-	9,087
Investment income	33,708	7,244	42	40,994
Other	31,333	-	-	31,333
Total Revenues	1,461,031	7,244	5,166	1,473,441
Expenditures				
Current				
General government	555,268	-	-	555,268
Public works	123,358	-	-	123,358
Public safety	110,806	-	-	110,806
Culture, parks and recreation	292,309	-	-	292,309
Capital outlay	156,660	-	7,500	164,160
Total Expenditures	1,238,401	-	7,500	1,245,901
Excess (deficiency) of revenues over expenditures	222,630	7,244	(2,334)	227,540
Other Financing Sources and (Uses)				
Transfers	118,336	(162,782)	-	(44,446)
Total Other Financing Sources and (Uses)	118,336	(162,782)	-	(44,446)
Net Change in Fund Balance	340,966	(155,538)	(2,334)	183,094
Fund Balance, Beginning	1,715,387	155,538	16,456	1,887,381
Fund Balance, Ending	\$ 2,056,353	\$ -	\$ 14,122	\$ 2,070,475

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

Net change in Fund Balances - total governmental funds	\$ 183,094
Accrued vacation does not require the use of current financial resources and therefore is not reported in the fund financial statements.	240
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities	
Capital outlay	164,160
Assets are depreciated over time and charged to expense on the government-wide statements but are recognized as an expenditure in full in the fund statements.	(138,514)
Changes in pension related assets, liabilities, deferred inflows and deferred outflows of resources and other accrued liabilities which do not utilize current resources and are not reported in the governmental funds.	1,417
Change in net position - governmental activities	\$ 210,397

The accompanying notes are an integral part of these financial statements

Town of Lake City, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2025

	<u>Water and Sewer Fund</u>
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,444,920
Cash and cash equivalents - restricted	140,594
Receivables - service charges	148,250
Intergovernmental receivable	27,864
Prepaid expenses	3,163
Loan proceeds receivable	<u>3,287,087</u>
Total Current Assets	<u>5,051,878</u>
Noncurrent Assets	
Capital Assets	
Nondepreciable	2,191,269
Depreciable	<u>8,119,295</u>
Total Capital Assets	<u>10,310,564</u>
Less accumulated depreciation	<u>(3,618,650)</u>
Net Capital Assets	<u>6,691,914</u>
Total Noncurrent Assets	<u>6,691,914</u>
Total Assets	<u>11,743,792</u>
Deferred Outflows of Resources	
OPEB	3,012
Pension	<u>51,351</u>
Total Deferred Outflows of Resources	<u>54,363</u>
Liabilities	
Current Liabilities	
Accounts payable	66,057
Accrued wages	4,010
Deposit liability	18,128
Compensated absences	7,207
Accrued interest	12,163
Long term debt - current portion	<u>170,905</u>
Total Current Liabilities	<u>278,470</u>
Long Term Liabilities	
Long term debt	3,575,446
Net OPEB liability	7,129
Net pension liability	<u>115,065</u>
Total Long Term Liabilities	<u>3,697,640</u>
Total Liabilities	<u>3,976,110</u>
Deferred Inflows of Resources	
OPEB	4,029
Pension - PERA	673
Grants	<u>990,081</u>
Total Deferred Inflows of Resources	<u>994,783</u>
Net Position	
Investment in capital assets	2,945,563
Restricted	140,594
Unrestricted	<u>3,741,105</u>
Total Net Position	<u>\$ 6,827,262</u>

The accompanying notes are an integral part of these financial statements

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

	Water and Sewer Fund
Operating Revenues	
Charges for services	\$ 1,000,415
Miscellaneous revenue	40,271
Total Operating Revenues	<u>1,040,686</u>
Operating Expenses	
General and administration	326,752
Operations	169,212
Depreciation expense	213,447
Total Operating Expenses	<u>709,411</u>
Operating Income	<u>331,275</u>
Nonoperating Revenues (Expenses)	
Tap fees	26,000
Grants	719,309
Interest income	36,788
Debt issuance costs	(10,000)
Interest expense	(56,879)
Total Nonoperating Revenues (Expenses)	<u>715,218</u>
Income Before Capital Contributions and Transfers	<u>1,046,493</u>
Transfers in	44,446
CHANGE IN NET POSITION	<u>1,090,939</u>
Net Position, Beginning	<u>5,736,323</u>
Net Position, Ending	<u><u>6,827,262</u></u>

The accompanying notes are an integral part of these financial statements

Town of Lake City, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2025

	<u>Water and Sewer Fund</u>
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,024,297
Cash paid to suppliers	(294,609)
Cash paid to employees	(195,011)
Net Cash Provided by Operating Activities	<u>534,677</u>
Cash Flows From Non-Capital Financing Activities	
Tap fees collected	26,000
Transfers to other funds	44,446
Net cash provided by non-capital financing activities	<u>70,446</u>
Cash Flows From Capital And Related Financing Activities	
Acquisitions and construction of capital assets	(1,474,986)
Debt issuance costs	(10,000)
Grant proceeds	691,445
Principal paid on long-term debt	(152,738)
Loan proceeds	606,302
Interest paid on long-term debt	(56,879)
Net cash used by capital and related financing activities	<u>(396,856)</u>
Cash Flows From Investing Activities	
Investment income	<u>36,788</u>
Net Cash Provided by Noncapital Financing Activities	<u>36,788</u>
Net Change in Cash	245,055
Cash and cash equivalents, Beginning	1,340,459
Cash and cash equivalents, ending	<u><u>\$ 1,585,514</u></u>
Unrestricted Cash and Cash Equivalents	1,444,920
Restricted Cash and Cash Equivalents	140,594
Total Cash and Cash Equivalents	<u><u>\$ 1,585,514</u></u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities	
Net Operating Income	\$ 331,275
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities	
Depreciation expense	213,447
Increase (decrease) in pension related items	(6,128)
Increase (decrease) in OPEB related items	(3,487)
(Increase) decrease in current assets	
Accounts receivable	(23,810)
Prepaid expenses	(3,163)
Increase (decrease) in current liabilities	
Accounts payable	27,447
Accrued wages	(963)
Customer deposits	7,421
Compensated absences	(7,362)
Net Cash Provided by Operating Activities	<u><u>\$ 534,677</u></u>

The accompanying notes are an integral part of these financial statements

Town of Lake City, Colorado
Notes to Financial Statements
December 31, 2025

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

The Town of Lake City, Colorado (the "Town") was incorporated on August 16, 1875 as a statutory town. The Town is governed by a Board of Trustees elected by eligible voters of the Town. The Town provides the following services: Public Safety, Highways and Streets, Culture and Recreation, Planning and Zoning and General Administration Services. In addition, the Town provides Water and Sewer services for its residents through the proprietary fund.

The Governmental Accounting Standards Board (GASB) is the authoritative body and the Town follows all GASB accounting pronouncements, which provides guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency. The Town is not financially accountable for any other organization, nor is the Town a component unit of any other primary governmental entity.

Basis of Presentation

The Town's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The statement of net position and the statement of activities display information about the Town as a whole. These statements include the financial activities of the primary government.

The statement of net position presents the financial position of the governmental and proprietary fund activities at the end of the year. The statement of activities presents a comparison between program expenses and the program revenue for each program or function of the primary government activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the Town, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each function is self-financing or draws from the general revenue of the Town.

Fund Accounting

During the year the Town segregates transactions related to certain Town functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Town at this more detailed level. The focus of governmental fund financial statements is on major funds.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

The accounts of the Town are organized on the basis of funds each of which is considered a separate accounting entity. In the fund financial statements, the Town reports the following major governmental funds:

General Fund – The General Fund is the general operating fund of the Town. It is used to account for all financial activities except those required to be accounted for in another fund.

The Town's remaining governmental funds are; conservation trust fund and Capital Projects Fund which are presented as non-major funds.

Enterprise Funds are used to account for operations that are financed in a manner similar to private business enterprises where the intent of the governing body is that the costs of providing goods or services to the general public be recovered primarily through user charges. The Town reports the following major enterprise fund:

Water and Sewer Fund – The Water and Sewer Fund accounts for the costs related to providing water and sewer services to the Town.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the Town are included in the statement of net position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance.

The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources (revenue and other financing sources) and uses (expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Proprietary funds, which include enterprise funds, are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when they are earned and expenses are recorded when incurred. Depreciation is computed and recorded as an operating expense. Expenditures for capital outlay are recognized as increases in capital assets.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures of the fiscal period, which is typically within sixty days of realization.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Non-exchange transactions, in which the Town receives value without directly giving value in return, include sales taxes, grants, entitlements and donations. Revenue from sales tax is recognized in the fiscal year for which the taxes are collected by the vendor. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. Program revenues consist of revenues that are associated with the governmental services such as licenses, permits and water sales.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Property Taxes

Property taxes attach an enforceable lien on property as of January 1st. Taxes are levied on January 1st and are payable either in one installment on or before April 30th, or in two installments due on or before February 28th and June 15th of each year. The collections and assessments are done by Hinsdale County and are remitted to the Town monthly. Property taxes, which are due to be paid in the next period and representing an enforceable lien at January 1st of the next year, have been recorded as a receivable and a deferred inflow of resources in the year in which they are levied. Property tax revenues are recognized when they are collected by Hinsdale County.

Assets and Liabilities

Cash and cash equivalents- The Town follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based on each fund's average equity balance in total cash. The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with maturities of 90 days or less at the date of their acquisition for the financial statements including the statement of cash flows.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Substantially all revenues of the enterprise funds originate from charges to the users, and the Town has the ability to place liens on the property.

Management has reviewed the collectability of accounts receivable and has determined the collectability of accounts. Accordingly, the Town has determined that no allowance for doubtful accounts is required as the town has the right to put a lien on the property.

Capital assets - are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capitalized assets are defined by the Town as assets that have a useful life of more than one year and exceed \$5,000:

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

	Governmental Activities	Business-type Activities
	Estimated Lives	Estimated Lives
Land and water rights	N/A	N/A
Buildings	20-50 years	N/A
Improvements other than buildings	10-50 years	10-50 years
Equipment	5-10 years	5-10 years
Utility systems	N/A	25-50 years
Infrastructure	35 years	N/A

Capital assets are recorded at cost except for those assets which have been contributed, which are stated at estimated fair market value at the date of contribution or at developer's cost. Depreciation is computed using the straight-line method over the asset's estimated economic useful life. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

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

Impairment of Capital Assets

GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, ("GASB No 42"), establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The Town is required to evaluate prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. Management of the Town has determined that there are no indications of impairment of capital assets as of December 31, 2025.

Long-Term Obligations

In the government-wide financial statements and enterprise fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable government activities, business-type activities or enterprise fund type statement of net position. Bond issuance costs are expensed during the current period. Bond premiums and discounts are amortized over the term of the related debt.

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 and discounts are reported as other financing sources. The issuance costs related to the debt is reported as an expenditure in the current period.

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the governmental funds.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Compensated absences – The Town reports compensated absences in accordance with the provisions of GASB Statement No. 101, *Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Town will compensate the employees for the benefits earned. Upon termination of employment from the Town, an employee will be compensated for all accrued vacation, holiday and compensatory time at their current rate of pay, sick leave is paid out at 25% upon termination. Amounts of vested or accumulated vacation and holiday pay that are not expected to be liquidated with expendable available financial resources are reported on the government-wide financial statements. The net change in compensated absences was \$7,602 for the year ended.

Deferred outflows of resources- In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is a consumption of net position by the Town that is applicable to a future reporting period. The Town has two items that qualify as a deferred outflow of resources. A deferred outflow of resources related to GASB Statement No. 68 and 75 has been recorded as of December 31, 2025 which consists of four components: 1) contributions subsequent to the measurement date 2) change in proportionate share; 3) change in experience; and 4) change in assumptions.

Deferred inflow of resources- In addition to liabilities, the statement of net position will sometimes report separate sections for deferred inflows of resources. A deferred inflow of resources is an acquisition of net position by the Town that is applicable to a future reporting period. The Town has three items that qualify for reporting as deferred inflows of resources. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected. A deferred inflow related to GASB Statement No. 68 and 75 has been recorded as of December 31, 2025 which consists of four components: 1) change in experience, 2) change in proportionate share, and 3) change in assumptions 4) change in investment earnings.

Net Position

Equity is classified as net position and displayed in three components:

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

Restricted net position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The Town utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes

Unrestricted net position – all other net position that do not meet the definition of “restricted” or “net investment in capital assets.” The net position is available for future operations or distributions.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was \$11,154 relating to prepaid expenses as of December 31, 2025.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the Town to establish Emergency reserves (see Note 4). A reservation of \$43,831 of the General Fund balance has been made in compliance with this requirement. Additionally, the Town has \$14,122 restricted for parks and other items related to the conservation trust fund to be used for parks and open space.

Committed- Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. Those committed amounts cannot be used for any other purpose unless the Board of Trustees formally removes or changes the specified uses. The Town had a committed fund balance of \$0 as of December 31, 2025.

Assigned – Includes all amounts that are constrained by the Town's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Trustees. As of December 31, 2025, the assigned fund balance was \$394,411 for budgeted 2026 expenditures.

Unassigned- consists of the residual classification for each fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes.

The Town has not adopted fund balance policies; therefore, the Town follows the guidance in accordance with GASB 54 and apply resources in the following order: restricted, committed, assigned and unassigned. The Road and Bridge fund had a deficit fund balance at year end.

Interfund Transactions

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. At year-end outstanding balances are reported as due to / due from other funds. All interfund transfers are reported as transfers. Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as internal balances. The effect of interfund activity has been eliminated from the government-wide financial statements except for charges between the enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. The interfund transfers for the purposes of funding operations and future capital outlay. The Town transferred \$44,446 between governmental funds and enterprise funds for the purpose of capital outlay for the year ending December 31, 2025.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices and utility billings. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 1 Summary of Significant Accounting Policies (Continued)

The Town adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Prior to December 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The Town Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the Town Board or revised by the Town Board.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

The Town maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on the combined balance sheet as "Cash and Cash equivalents". As of December 31, 2025, the Town's cash deposits had a carrying balance of \$145,706 with corresponding bank balance of \$181,769, all of which is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The Town had \$0 collateralized under PDPA.

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

A summary of cash and cash equivalents at December 31, 2025 is as follows:

Cash deposits	\$ 145,706
Money market accounts	1,641,320
Colotrust	1,785,654
Cash on hand	356
Total cash and cash equivalents	<u>\$ 3,573,036</u>
Unrestricted cash and cash equivalents	\$ 3,416,811
Restricted cash and cash equivalents	156,225
Total cash and cash equivalents	<u>\$ 3,573,036</u>

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 2 Cash and Investments (Continued)

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a deposit policy for custodial credit risk. As of December 31, 2025, none of the Town's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

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

At December 31, 2025, the Town had \$1,785,654 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

The Town's investment policy is to hold investments until maturity and mirrors State statute.

At December 31, 2025 the Town had \$31,115 invested in a certificate of deposit with Community Banks of Colorado. The Certificate of Deposit has an initial maturity of twelve months and renews annually. The interest rate on the certificate at December 31, 2025 was .15%. The certificate of deposit was not rated. The certificate is presented using amortized cost.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 2 Cash and Investments (Continued)

The Town had \$1,641,320 invested in money markets at December 31, 2025, which were not rated. The Town has restricted cash in the amount of \$140,594 relating to the operating and maintenance reserve as required by the loans with the Colorado Water and Power Authority and \$15,631 as required by the conservation trust program through the State of Colorado.

Note 3 Receivables

Management has evaluated the collectability of accounts receivable and have determined that all receivables are fully collectible as of December 31, 2025. In addition, the Town has the right to place a lien on the property of delinquent receivables. Accounts receivable consisted of the following at December 31, 2025.

Receivables	Governmental Activities	Business - type Activities	Total
Trade accounts receivable	-	148,250	148,250
Less: Allowance for doubtful accounts	-	-	-
Total	<u>\$ -</u>	<u>\$ 148,250</u>	<u>\$ 148,250</u>

Note 4 Capital Assets

A summary of changes to capital assets for 2025 is as follows:

	Balance at 12/31/2024	Additions	Disposals	Balance at 12/31/2025
Governmental Activities				
Nondepreciable Capital Assets				
Land	284,078	-	-	284,078
Construction in progress	92,703	80,470	(60,970)	112,203
Total Non-Depreciable Capital Assets	<u>376,781</u>	<u>80,470</u>	<u>(60,970)</u>	<u>396,281</u>
Depreciable Capital Assets				
Buildings and improvements	3,113,230	135,310	-	3,248,540
Machinery and equipment	248,318	9,350	(69,204)	188,464
Total Depreciable Capital Assets	<u>3,361,548</u>	<u>144,660</u>	<u>(69,204)</u>	<u>3,437,004</u>
Less Accumulated Depreciation				
Buildings and improvements	(940,838)	(123,122)	-	(1,063,960)
Machinery and equipment	(150,961)	(15,392)	69,204	(97,149)
Total Accumulated Depreciation	<u>(1,091,799)</u>	<u>(138,514)</u>	<u>69,204</u>	<u>(1,161,109)</u>
Net Capital Assets	<u>\$ 2,646,530</u>	<u>\$ 86,616</u>	<u>\$ (60,970)</u>	<u>\$ 2,672,176</u>
Depreciation Expense By Function				
General Government		\$ 54,893		
Public Works		72,703		
Public Safety		574		
Culture, Parks, and Recreation		10,344		
Total Depreciation Expense		<u>\$ 138,514</u>		

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 4 Capital Assets (Continued)

Business-type Activities	Balance at 12/31/2024	Additions	Disposals	Balance at 12/31/2025
Nondepreciable Capital Assets				
Land and water rights	\$ 76,697	\$ -	\$ -	\$ 76,697
Construction in progress	654,383	1,460,189	-	2,114,572
Total Non-Depreciable Capital Assets	731,080	1,460,189	-	2,191,269
Depreciable Capital Assets				
Building and improvements	235,913	6,432	-	242,345
Utility plant and systems	7,437,802	-	-	7,437,802
Machinery & Equipment	430,783	8,365	-	439,148
Total Depreciable Capital Assets	8,104,498	14,797	-	8,119,295
Less Accumulated Depreciation				
Building and improvements	(63,515)	(4,166)	-	(67,681)
Utility plant and systems	(3,100,899)	(179,044)	-	(3,279,943)
Machinery & Equipment	(240,789)	(30,237)	-	(271,026)
Total Accumulated Depreciation	(3,405,203)	(213,447)	-	(3,618,650)
Net Capital Assets	\$ 5,430,375	\$ 1,261,539	\$ -	\$ 6,691,914

Note 5 Long-Term Debt

The following is an analysis of changes in long-term debt for the year ended December 31, 2025 for the business-type activities:

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Amounts Due Within One Year
2015 CWRPDA Note	\$ 341,665	\$ -	\$ 16,667	\$ 324,998	\$ 16,667
2019 CWRPDA Note	637,561	-	22,567	614,994	22,793
2023 CWRPDA Note	2,019,863	-	91,218	1,928,645	93,053
2025 CWRPDA Note	-	900,000	22,286	877,714	38,392
Total Long-term Debt	\$ 2,999,089	\$ 900,000	\$ 152,738	\$ 3,746,351	\$ 170,905

2015 CWRPDA Note Payable

In July 2015, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (CWRPDA) in the amount of \$500,000 to be used towards water system improvements. The loan is federally subsidized and bears no interest. Principal payments of \$8,333 are due semiannually beginning in November 2015 for a period of 30 years.

The note contains restrictive covenants related to rates, a pledge of water and sewer revenues and the requirement establishing a three-month operations and maintenance reserve. The Town has established a reserve and has restricted net position in the Water and Sewer Fund, accordingly.

2019 CWRPDA Note Payable

In March 2019, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (CWRPDA) in the amount of \$900,000 to be used towards sewer collection system improvements. The loan bears interest at 1%. Normal principal and interest payments of \$17,610 are due semiannually beginning in November 2021 through November

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 5 Long-Term Debt

2049. Effective July 2021, the Town determined that \$157,106 of the loan was no longer required and was returned to CWRPDA. CWRPDA issued an updated loan amortization schedule for the revised amount of \$742,894. The new amortization still requires semi-annual loan payments through November 2049 with the first loan payment being \$14,436 in November 2021 and the remaining payments being \$14,443.

2023 CWRPDA Note Payable

In June 2023, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (CWRPDA) in the amount of \$3,616,500 to be used towards sewer collection system improvements. The loan bears interest at 2% and contains a forgiveness amount of \$1,500,000. Normal principal and interest payments of \$65,581 are due semi-annually beginning in November 2023 through May 2043. The Town had \$2,387,087 available to be drawn as of December 31, 2025. Per the terms of the note, the full amount of the loan was recorded as a payable upon signing, therefore the Town has recorded the total amount of the note as a payable and the undrawn proceeds as a receivable. The Town has recorded the forgiveness of the loan as a deferred inflow of resources to be recognized as the proceeds are drawn.

2025 CWRPDA Note Payable

In March 2025, the Town entered into a loan agreement with the Colorado Water Resource and Power Development Authority (CWRPDA) in the amount of \$900,000 to be used towards sewer collection system improvements. The loan bears interest at 2% Normal principal and interest payments of \$55,755 are due semi-annually beginning in May 2025 through November 2044. The Town had \$900,000 available to be drawn as of December 31, 2025. Per the terms of the note, the full amount of the loan was recorded as a payable upon signing, therefore the Town has recorded the total amount of the note as a payable and the undrawn proceeds as a receivable.

All of the CWRPDA loan agreements contains restrictive covenants related to rates, a pledge of water and sewer revenues and the requirement establishing a three-month operations and maintenance reserve. The Town was in compliance with all loan covenants at December 31, 2025.

The following principal and interest payments are required:

Year ending December 31,	Principal	Interest	Total
2026	\$ 170,905	\$ 61,565	\$ 176,715
2027	173,774	58,696	176,715
2028	176,700	55,770	176,715
2029	179,684	52,786	176,715
2030	182,723	49,747	232,470
2031-2035	961,311	201,039	1,162,350
2036-2040	1,046,631	115,719	1,162,350
2041-2045	741,634	28,713	770,347
2046-2049	112,989	2,555	115,544
Total	<u>\$3,746,351</u>	<u>\$ 626,590</u>	<u>\$ 4,372,941</u>

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits
Summary of Significant Accounting Policies

Pensions. Town of Lake City participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Public Employees' Retirement Association of Colorado (PERA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position (FNP) and additions to/deductions from the FNP of the LGDTF 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.

General Information about the Pension Plan

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

Benefits provided as of December 31, 2024. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

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

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

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

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

Upon meeting certain criteria, benefit recipients who elect to receive a lifetime retirement benefit generally receive post-retirement cost-of-living adjustments, referred to as annual increases in the C.R.S. Subject to the automatic adjustment provision (AAP) under C.R.S. § 24-51-413,

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

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

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. For Safety Officers whose disability is caused by an on- the-job injury, the five-year service requirement is waived and they are immediately eligible to apply for disability benefits. The disability benefit amount is based on the lifetime retirement benefit formula(s) shown above considering a minimum 20 years of service credit, if deemed disabled.

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

Contributions provisions as of December 31, 2025 : Eligible employees of, Town of Lake City and the State are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements for the LGDTF are established under C.R.S. § 24-51-401, *et seq.* and § 24-51-413. Employee contribution rates for the period are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees other than Safety Officers)	9.00%	9.00%
Safety Officers	13.00%	13.00%

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

The employer contribution requirements for all employees other than Safety Officers are summarized in the following table:

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

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

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

The employer contribution requirements for Safety Officers are summarized in the following table:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employer contribution rate	14.10%	14.10%
Amount of employer contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)	(1.02%)
Amount apportioned to the LGDTF	13.08%	13.08%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%	1.50%
Defined Contribution Supplement as specified in C.R.S. § 24-51-415	0.08%	0.11%
Total employer contribution rate to the LGDTF	16.86%	16.89%

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

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Authority were \$70,487 for the year ended December 31, 2025.

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

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

At December 31, 2025 the Town of Lake City reported a liability of \$285,142 for its proportionate share of the net pension liability. At December 31, 2024, the Town of Lake City proportion was .0464704482%, which was a decrease of .0006715075% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the Town of Lake City recognized pension expense of \$66,312. At December 31, 2025, The Town of Lake City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$21,516	\$0
Changes of assumptions or other inputs	8,415	0
Net difference between projected and actual earnings on pension plan investments	26,834	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	0	1,668
Contributions subsequent to the measurement date	70,487	N/A
Total	\$127,252	\$1,668

\$70,487 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Year ended December 31, 2025	
2026	\$50,618
2027	67,875
2028	(45,418)
2029	(17,978)
2030	0
Thereafter	0

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than Safety Officers	3.20%-11.30%
Safety Officers	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Post-retirement benefit increases:	
PERA benefit structure hired prior to 1/1/07 and DPS benefit structure (compounded annually)	1.00%
PERA benefit structure hired after 12/31/06 ¹	Financed by the AIR

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

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

All mortality assumptions are developed on a benefit-weighted basis and apply generational mortality. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
	PubG-2010 Retiree	Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 99% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

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

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

Salary increases, including wage inflation:

Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

Salary scale assumptions were altered to better reflect actual experience.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. All mortality assumptions are developed on a benefit-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using the 2024 adjusted MP-2021 projection scale.

Pre-Retirement	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubG-2010 Retiree	Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 95% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

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

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

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

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

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

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

Discount rate. The discount rate used to measure the TPL was 7.25%. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the required adjustments resulting from the 2018 and 2020 AAP assessments. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103%, at which point the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

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

Sensitivity of the Town of Lake City proportionate *share of the net pension liability to changes in the discount rate*. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension	\$624,118	\$285,142	\$363

Pension plan fiduciary net position. Detailed information about the LGDTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Notes to the Required Supplementary Information

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provisions Since 2023

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the Local Government Division reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer,

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

effective December 31, 2022. The additional employer disaffiliation payment allocations to the Local Government Division Trust Fund and HCTF were \$0.486 million and \$0.020 million, respectively.

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

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The Pub-2010 Public Retirement Plans Mortality base tables were retained for purposes of active, retired, disabled, and beneficiary lives, with revised adjustments for credibility and gender, where applicable. In addition, the applied generational projection scale was updated to the 2024 adjusted scale MP-2021.
- The estimated administrative expense as a percentage of covered payroll was increased from 0.40% to 0.45%.

Defined Contribution Pension Plans

Voluntary Investment Program (PERAPlus 401(k) Plan)

Plan Description - Employees of the Town of Lake City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program (PERAPlus 401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Town of Lake City has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed \$0 and Town of Lake City recognized pension expense and a liability of \$0 and \$0, respectively, for the PERAPlus 401(k) Plan. An Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available ACFR which includes additional information on the PERAPlus 401(k) Plan. That report can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Funding Policy - The PERAPlus 401(k) Plan is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. In addition, the Town of Lake City has agreed to match employee contributions up to 0% of covered salary as determined by the Internal Revenue

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Service. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2025, program members contributed \$0 and Town of Lake City recognized pension expense and a liability of \$0 and \$0, respectively, for the PERAPlus 401(k) Plan.

Summary of Significant Accounting Policies

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

General Information about the OPEB Plan

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

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

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

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

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

PERA Benefit Structure

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

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

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

At December 31, 2025, the Town of Lake City reported a liability of \$9,985 for its proportionate share of the net OPEB liability. The net OPEB liability for the HCTF was measured as of December 31, 2024, and the total OPEB liability (TOL) used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. Standard update procedures were used to roll-forward the TOL to December 31, 2024. The Town of Lake City proportion of the net OPEB liability was based on Town of Lake City contributions to the HCTF for the calendar year 2024 relative to the total contributions of participating employers to the HCTF.

At December 31, 2024, the Town of Lake City proportion was .0036947901%, which was a decrease of .0000530211% from its proportion measured as of December 31, 2023. For the year ended December 31, 2025, the Town of Lake City recognized OPEB expense of \$4,804. At December 31, 2025, the Town of Lake City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

	Deferred Outflows of	Deferred Inflows of
Difference between expected and actual experience	\$0	\$3,897
Changes of assumptions or other inputs	203	5,647
Net difference between projected and actual earnings on OPEB plan investments	60	0
Changes in proportion and differences between contributions recognized and proportionate share of contributions	2,000	441
Contributions subsequent to the measurement date	5,201	N/A
Total	\$7,464	\$9,985

\$5,201 reported as deferred outflows of resources related to OPEB, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31, 2025:	
2026	\$(2,095)
2027	(953)
2028	(1,836)
2029	(1,191)
2030	(908)
Thereafter	(739)

Actuarial assumptions. The December 31, 2023, actuarial valuation used the following actuarial cost method and key actuarial assumptions and other inputs:

	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry age			
Price inflation	2.30%			
Real wage growth	0.70%			
Wage inflation	3.00%			
Salary increases, including wage inflation				
Members other than Safety Officers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
Safety Officers	3.20%-12.40%	N/A	3.20%-12.40%	N/A

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Long-term investment rate of return, net of 7.25%
 OPEB plan investment expenses, including
 price inflation

Discount rate 7.25%

Health care cost trend rates

PERA benefit structure:

Service-based premium subsidy 0.00%

PERACare Medicare plans 16.00% in 2024, then 6.75% in 2025,
 gradually decreasing to 4.50% in 2034

MAPD PPO #2 105.00% in 2024, then 8.55% in 2025,
 gradually decreasing to 4.50% in 2034

Medicare Part A premiums 3.50% in 2024, gradually increasing to 4.50% in 2033

DPS benefit structure:

Service-based premium subsidy 0.00%

PERACare Medicare plans N/A

Medicare Part A premiums N/A

As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Each year the per capita health care costs are developed by plan option. As of the December 31, 2023, actuarial valuation, costs are based on 2024 premium rates for the UnitedHealthcare Medicare Advantage Prescription Drug (MAPD) PPO plan #1, the UnitedHealthcare MAPD PPO plan #2, and the Kaiser Permanente MAPD HMO plan. Actuarial morbidity factors were then applied to estimate individual retiree and spouse costs by age, gender, and health care cost trend. This approach applies for all members and is adjusted accordingly for those not eligible for premium-free Medicare Part A for the PERA benefit structure.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Age-Related Morbidity Assumptions

Participant Age	Annual Increase	Annual Increase
65-68	2.2%	2.3%
69	2.8%	2.2%
70	2.7%	1.6%
71	3.1%	0.5%
72	2.3%	0.7%
73	1.2%	0.8%
74	0.9%	1.5%
75-85	0.9%	1.3%
86 and older	0.0%	0.0%

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

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

The 2024 Medicare Part A premium is \$505 per month. All costs are subject to the health care cost trend rates, discussed as follows. Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models, and industry methods developed by health plan actuaries and administrators. In addition, projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services are referenced in the development of these rates. PERACare Medicare plan rates are applied where members have no premium-free Part A and where those premiums are already exceeding the maximum subsidy. MAPD PPO #2 has a separate trend because the first year rates are still below the maximum subsidy and to reflect the estimated impact of the Inflation Reduction Act for that plan option.

The PERA benefit structure health care cost trend rates used to measure the TOL are summarized in the following table:

Year	PERACare Medicare Plans¹	MAPD PPO #21	Medicare Part A Premiums
2024	16.00%	105.00%	3.50%
2025	6.75%	8.55%	3.75%
2026	6.50%	8.10%	3.75%
2027	6.25%	7.65%	4.00%
2028	6.00%	7.20%	4.00%
2029	5.75%	6.75%	4.25%
2030	5.50%	6.30%	4.25%
2031	5.25%	5.85%	4.25%
2032	5.00%	5.40%	4.25%
2033	4.75%	4.95%	4.50%
2034+	4.50%	4.50%	4.50%

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

Mortality assumptions used in the December 31, 2023, valuation for the Division Trust Funds as shown in the following table, reflect generational mortality and were applied, as applicable, in the December 31, 2023, valuation for the HCTF, but developed using a headcount-weighted basis. Note that in all categories, displayed as follows, the mortality tables are generationally projected using scale MP-2019. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Retiree	Healthy Males: 94% of the rates prior to age 80/ 90% of the rates age 80 and older Females: 87% of the rates prior to age 80/ 107% of the rates age 80 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
School Division	PubT-2010 Retiree	Healthy Males: 112% of the rates prior to age 80/ 94% of the rates age 80 and older Females: 83% of the rates prior to age 80/ 106% of the rates age 80 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 97% of the rates for all ages Females: 105% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 99% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

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

- Per capita health care costs in effect as of the December 31, 2023, valuation date for those PERACare enrollees under the PERA benefit structure who are expected to be age 65 and older and are not eligible for premium-free Medicare Part A benefits were updated to reflect costs for the 2024 plan year.
- The health care cost trend rates applicable to health care premiums were revised to reflect the current expectation of future increases in those premiums. A separate trend rate assumption set was added for MAPD PPO #2 as the first-year rate is still below the maximum subsidy and also the assumption set reflects the estimated impact of the Inflation Reduction Act for that plan option.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

- The Medicare health care plan election rate assumptions were updated effective as of the December 31, 2023, valuation date based on an experience analysis of recent data.

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

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

	State Division	School Division	Local Government Division	Judicial Division
Salary increases, including wage inflation:				
Members other than Safety Officers	2.70%-13.30%	4.00%-13.40%	3.40%-13.00%	2.30%-4.70%
Safety Officers	3.20%-16.30%	N/A	3.20%-16.30%	N/A

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

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Plan	With Medicare Part A	Without Medicare Part A
MAPD PPO #1	\$1,824	\$6,972
MAPD PPO #2	624	4,524
MAPD HMO (Kaiser)	2,040	7,596

The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on the experience. Note that in all categories, the mortality tables are generationally projected using the 2024 adjusted MP-2021 project scale.

These assumptions updated for the Division Trust Funds, were also applied in the roll forward calculations for the HCTF using a headcount-weighted basis. Affiliated employers of the State, School, Local Government, and Judicial Divisions participate in the HCTF.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

Pre-Retirement	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Employee	N/A
Safety Officers	PubS-2010 Employee	N/A
School Division	PubT-2010 Employee	N/A
Judicial Division	PubG-2010(A) Above-Median Employee	N/A
Post-Retirement (Retiree), Non-Disabled	Mortality Table	Adjustments, as Applicable
State and Local Government Divisions (members other than Safety Officers)	PubG-2010 Retiree	Healthy Males: 90% of the rates for all ages Females: 85% of the rates prior to age 85/ 105% of the rates age 85 and older
Safety Officers	PubS-2010 Retiree	Healthy N/A
School Division	PubT-2010 Retiree	Healthy Males: 106% of the rates for all ages Females: 86% of the rates prior to age 85/ 115% of the rates age 85 and older
Judicial Division	PubG-2010(A) Above-Median Healthy Retiree	N/A
Post-Retirement (Beneficiary), Non-Disabled	Mortality Table	Adjustments, as Applicable
All Beneficiaries	Pub-2010 Survivor	Contingent Males: 92% of the rates for all ages Females: 100% of the rates for all ages
Disabled	Mortality Table	Adjustments, as Applicable
Members other than Safety Officers	PubNS-2010 Retiree	Disabled 95% of the rates for all ages
Safety Officers	PubS-2010 Retiree	Disabled N/A

The actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed annually and updated, as appropriate, by the PERA Board's actuary. The long-term expected return on plan assets is monitored on an ongoing basis and reviewed as part of periodic experience studies prepared every four years, and asset/liability studies, performed every three to five years for PERA. The most recent analyses were outlined in the 2024 Experience Study report dated January 3, 2025.

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

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

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

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

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

Sensitivity of the Town of Lake City proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates. The following table presents the net OPEB liability using the current health care cost trend rates applicable to the PERA benefit structure, as well as if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current rates:

	1% Decrease in Trend Rates	Current Trend Rates	1% Increase in Trend Rates
Initial PERACare Medicare trend rate ¹	5.75%	6.75%	7.75%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial MAPD PPO#2 trend rate ¹	7.55%	8.55%	9.55%
Ultimate MAPD PPO#2 trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate ¹	2.75%	3.75%	4.75%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Net OPEB Liability	\$17,191	\$17,667	\$18,206

¹For the January 1, 2025, plan year.

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

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2024, measurement date.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00%.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the HCTF representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.
- As of the December 31, 2024, measurement date, the FNP and related disclosure components for the HCTF reflect additional payments related to the disaffiliation of Tri-County Health as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

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

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

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net OPEB	\$21,652	\$17,667	\$14,232

OPEB plan fiduciary net position. Detailed information about the HCTF's FNP is available in PERA's ACFR which can be obtained at www.copera.org/forms-resources/financial-reports-and-studies.

Notes to the Required Supplementary Information

Note 1—Significant Changes in Plan Provisions Affecting Trends in Actuarial Information
2024 Changes in Plan Provisions Since 2023

- As of the December 31, 2024, measurement date, the FNP and related disclosure components for HCTF reflect additional payments related to the disaffiliation of Tri-County Health Department as a PERA-affiliated employer, effective December 31, 2022. The additional employer disaffiliation payment allocations to the HCTF and Local Government Division Trust Fund were \$0.020 million and \$0.486 million, respectively.

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 6 Defined Benefit Pension Plan and Other Post Employee Benefits (Continued)

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

2024 Changes in Assumptions or Other Inputs Since 2023

- Salary scale assumptions were altered to better reflect actual experience.
- Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.
- The adjustments for credibility applied to the Pub-2010 mortality tables for active and retired lives, including beneficiaries, were updated based on experience. In addition, the mortality projection scale was updated to the 2024 adjusted scale MP-2021 to reflect future improvements in mortality for all groups.
- Participation rates were reduced.
- MAPD premium costs are no longer age graded.

Note 7 Risk Management

Risk Management Insurance Pool

The Town is self-insured for property and liability insurance. In order to mitigate risk, the Town is a member of the Colorado Intergovernmental Risk Sharing Agency ("CIRSA"). CIRSA has a legal obligation for claims against their members to the extent that funds are available in their annually established loss fund and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the years such excess occurs, although they are not legally required to do so. Additionally, the Town may receive credit on future contributions in the event of a surplus.

CIRSA has entered into various excess insurance contracts to limit large losses and minimize exposure on large risks. Excess of loss contracts in effect during 2024 limit CIRSA's per occurrence exposure to 100% of \$5,000,000 in excess of \$1,000,000 per claim for property coverage, and 100% of \$500,500,000 in excess of \$500,000 per claim for excess property coverage and provide coverage to specified upper limits. The excess of loss contract for workers' compensation coverage limits CIRSA's per occurrence exposure to \$500,000 for 2025 and provides coverage to statutory limits for the State of Colorado. The ultimate liability to the Town resulting from claims not covered by CIRSA is not presently determinable. Management is of the opinion that the final outcome of such claims, if any, will not have a material adverse effect on the Town's financial statements.

Note 8 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR.

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

Town of Lake City, Colorado
Notes to Financial Statements (Continued)
December 31, 2025

Note 8 Tax, Spending, and Debt Limitation (Continued)

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This Town has established an emergency reserve under this requirement.

In November 1994, the voters within the Town approved the collection, retention and expenditure of the full revenues generated by the existing 4% sales and use tax. The voters of the Town of Lake City, Colorado passed a second ballot issue in 1999 authorizing the Town to collect and

expend the full revenues generated during 1998 and each subsequent year, from its existing tax rates, to receive and expend state grants and funds from other sources and to receive and expend all sales and property tax revenues without limitations or condition and without limiting the collection or spending of any other revenues or funds under Article X, Section 20 of the Colorado Constitution or any other law.

Required Supplemental Information

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

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 61,672	\$ 61,672	\$ 62,741	\$ 1,069
Specific ownership taxes	5,000	5,000	5,438	438
Other taxes and franchise fees	731,900	731,900	953,837	221,937
Grants	-	-	237,222	237,222
Donations	5,000	5,000	60,195	55,195
Licenses and permits	23,350	23,350	39,938	16,588
Fees for services	31,000	31,000	26,705	(4,295)
Penalties and fines	5,200	5,200	827	(4,373)
Rental income	5,100	5,100	9,087	3,987
Investment income	10,000	10,000	33,708	23,708
Other	1,000	1,000	31,333	30,333
Transfers In	-	-	118,336	118,336
Total Revenues	<u>879,222</u>	<u>879,222</u>	<u>1,579,367</u>	<u>700,145</u>
Expenditures				
Current				
General government	398,805	633,805	555,268	78,537
Public works	189,341	189,341	123,358	65,983
Public safety	130,806	130,806	110,806	20,000
Culture, parks and recreation	340,931	340,931	292,309	48,622
Capital outlay	-	-	156,660	(156,660)
Transfers out	113,800	113,800	-	113,800
Total Expenditures	<u>1,173,683</u>	<u>1,408,683</u>	<u>1,238,401</u>	<u>170,282</u>
Net Change in Fund Balance	<u>\$ (294,461)</u>	<u>\$ (529,461)</u>	<u>340,966</u>	<u>\$ 870,427</u>
Fund Balance, Beginning			1,715,387	
Fund Balance, End			<u>\$ 2,056,353</u>	

See the accompanying Independent Auditor's report

Town of Lake City, Colorado
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net Pension Liability - PERA
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town's proportion of the net pension liability / asset	0.0464704482%	0.0471419557%	0.0449429228%	0.0455092601%	0.0440115621%	0.0438135014%	0.0463913391%	0.0450910000%	0.0473040000%	0.0476620000%
Town's proportional share of the net pension liability (asset)	\$ 285,142	\$ 346,042	\$ 450,581	\$ (39,018)	\$ 229,356	\$ 320,448	\$ 583,238	\$ 502,061	\$ 638,763	\$ 525,038
Town's percentage of net pension liability as a percent of covered payroll	63.94%	84.19%	137.98%	-11.57%	73.15%	105.31%	205.04%	175.10%	235.98%	202.76%
Town's covered payroll	445,934	411,013	326,549	337,367	313,541	304,278	284,456	286,720	270,686	258,943
Total pension liability	6,426,530,000	6,131,113,000	5,895,159,000	5,758,380,000	5,715,765,000	5,324,353,000	5,228,602,000	5,396,516,000	5,123,847,000	4,762,090,000
Plan fiduciary net position	5,812,932,000	5,397,072,000	4,892,596,000	5,844,117,000	5,194,638,000	4,592,962,000	3,971,389,000	4,283,086,000	3,773,506,000	3,660,509,000
Net pension liability (asset)	\$ 613,598,000	\$ 734,041,000	\$ 1,002,563,000	\$ (85,737,000)	\$ 521,127,000	\$ 731,391,000	\$ 1,257,213,000	\$ 1,113,430,000	\$ 1,350,341,000	\$ 1,101,581,000
Plan fiduciary net position as a percentage of the total pension liability	90%	88%	83%	101%	91%	86%	76%	79%	74%	77%

Town of Lake City, Colorado
Schedule of Pension Contributions Multiyear - PERA
Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2015	32,834	32,834	-	258,943	12.68%
2016	34,323	34,323	-	270,686	12.68%
2017	36,356	36,356	-	286,720	12.68%
2018	36,069	36,069	-	284,456	12.68%
2019	38,582	38,582	-	304,278	12.68%
2020	39,757	39,757	-	313,541	12.68%
2021	42,778	42,778	-	337,367	12.68%
2022	49,955	49,955	-	326,549	15.30%
2023	56,936	56,936	-	411,013	13.85%
2024	61,361	61,361	-	445,934	13.76%

The schedule is intended to show ten years of data. The remaining years will be shown as the data becomes available.

Town of Lake City, Colorado
Required Supplementary Information
Schedule of the Town's Proportionate Share of the Net OPEB Liability - PERA
Last 10 Fiscal Years *

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability / asset	0.0036947901%	0.0037478112%	0.0036285420%	0.0035377375%	0.0033559354%	0.0033556760%	0.0035976359%	0.0035038000%	0.0036312000%
Town's proportional share of the net pension liability (asset)	\$ 17,667	\$ 26,749	\$ 29,008	\$ 30,506	\$ 31,922	\$ 37,717	\$ 48,947	\$ 45,536	\$ 47,070
Town's percentage of net pension liability as a percent of covered payroll	3.96%	6.51%	8.88%	9.04%	10.18%	12.40%	17.21%	15.88%	17.39%
Town's covered payroll	445,934	411,013	326,549	337,367	313,541	304,278	284,456	286,720	270,686
Total pension liability	1,190,476,000	1,325,637,000	1,329,183,000	1,423,054,000	1,413,526,000	1,488,508,000	1,639,734,000	1,575,822,000	1,556,762,000
Plan fiduciary net position	712,309,000	611,911,000	512,704,000	560,749,000	463,301,000	364,510,000	279,192,000	276,222,000	260,228,000
Net pension liability (asset)	\$ 478,167,000	\$ 713,726,000	\$ 816,479,000	\$ 862,305,000	\$ 950,225,000	\$ 1,123,998,000	\$ 1,360,542,000	\$ 1,299,600,000	\$ 1,296,534,000
Plan fiduciary net position as a percentage of the total pension liability	60%	46%	39%	39%	33%	24%	17%	18%	17%

* This report is intended to show 10 years of data. Additional years will be presented as they become available.

Town of Lake City, Colorado
Schedule of OPEB Contributions Multiyear - PERA
Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2016	\$ 2,761	\$ 2,761	\$ -	270,686	1.02%
2017	2,925	2,925	-	286,720	1.02%
2018	2,901	2,901	-	284,456	1.02%
2019	3,104	3,104	-	304,278	1.02%
2020	3,198	3,198	-	313,541	1.02%
2021	3,331	3,331	-	326,549	1.02%
2022	3,331	3,331	-	326,549	1.02%
2023	4,192	4,192	-	411,013	1.02%
2024	4,548	4,548	-	445,934	1.02%

The schedule is intended to show ten years of data. The remaining years will be shown as the data becomes available.

Other Supplemental Information

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

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Intergovernmental	\$ 4,000	\$ 5,124	\$ 1,124
Investment income	20	42	22
Total Revenues	<u>4,020</u>	<u>5,166</u>	<u>1,146</u>
Expenditures			
Culture, parks and recreation	<u>16,000</u>	<u>7,500</u>	<u>8,500</u>
Total Expenditures	<u>16,000</u>	<u>7,500</u>	<u>8,500</u>
Net Change in Fund Balance	<u>\$ (11,980)</u>	<u>(2,334)</u>	<u>\$ 9,646</u>
Fund Balance, Beginning		<u>16,456</u>	
Fund Balance, Ending		<u>\$ 14,122</u>	

See the accompanying Independent Auditor's report

Town of Lake City, Colorado
Budgetary Comparison Schedule
Water and Sewer Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Charges for services	\$ 1,000,150	\$ 1,000,415	\$ 265
Tap fees	-	26,000	26,000
Grants	1,125,000	719,309	(405,691)
Investment income	10,000	36,788	26,788
Loan proceeds	4,401,193	606,302	(3,794,891)
Other	7,300	40,271	32,971
Transfers	-	44,446	44,446
Total Revenues	<u>6,543,643</u>	<u>2,473,531</u>	<u>(4,070,112)</u>
Expenditures			
Current			
General and Administrative	95,070	326,752	(231,682)
Operations	563,911	169,212	394,699
Debt service	232,955	209,617	23,338
Debt issuance costs	-	10,000	(10,000)
Capital outlay	5,641,500	1,474,986	4,166,514
Transfers	85,000	-	85,000
Total Expenditures	<u>6,618,436</u>	<u>2,190,567</u>	<u>4,427,869</u>
Net Change in Fund Balance	<u>\$ (74,793)</u>	<u>282,964</u>	<u>\$ 357,757</u>

Reconciliation to Change in Net Position

Less: Depreciation expense	(213,447)
Loan proceeds	(606,302)
Add: Capital outlay	1,474,986
Principal paid on long-term debt	152,738
Change in Net Position	<u><u>\$ 1,090,939</u></u>

See the accompanying Independent Auditor's report

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

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Transfers	\$ 198,800	\$ -	\$ (198,800)
Grants and donations	541,842	-	(541,842)
Investment income	1,500	7,244	5,744
Total Revenues	<u>742,142</u>	<u>7,244</u>	<u>(734,898)</u>
Expenditures			
Capital outlay	771,952	-	771,952
Transfers	-	162,782	(162,782)
Total Expenditures	<u>771,952</u>	<u>162,782</u>	<u>609,170</u>
Net Change in Fund Balance	<u>\$ (29,810)</u>	<u>(155,538)</u>	<u>\$ (125,728)</u>
Beginning Fund Balance		155,538	
Ending Fund Balance		<u>\$ -</u>	

See the accompanying Independent Auditor's report

Special Reports

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO		
THIS INFORMATION FROM THE RECORDS OF: Town of Lake City	PREPARED BY: Alexander Muthall townmanager@townoflakecity.co	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025		
I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE				
ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Total (1 - (2 through 4))				
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL				
ITEM	AMOUNT	ITEM	AMOUNT	
A.3. Other Local Imposts:		A.4. Miscellaneous Local Receipts:		
a. Property Taxes and Assessments	62,741.45	a. Interest on investments	33,708.07	
b. Non-property Taxes and Assessments Imposts	959,275.00	b. Other Misc. Local Receipts	0.00	
c. Total (a + b)	\$ 1,022,016.45	c. Total (a + b)	\$ 33,708.07	
ITEM	AMOUNT	ITEM	AMOUNT	
C. Receipts from State Government		D. Receipts from Federal Government		
1. Highway-user Taxes (from Item I.C.5.)	35,291.62	1. FHWA (from Item I.D.5.)	0.00	
2. State General Funds		2. Other Federal Agencies:	0.00	
3. Other State funds:				
a. State Bond Proceeds				
b. Non-State Bond Proceeds	0.00			
c. Total (a + b)	\$ -			
4. Total (1 + 2 + 3c)	\$ 35,291.62	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	0.00			
c. Construction Costs	0.00			
d. Total Capital Outlay (a+ b + c)	\$ -			
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
3. Other Local Imposts (from page 1, Item II.A3.c)
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)
5. Transfers from Toll Facilities
6. Proceeds of Sale of Bonds and Notes:

a. Bonds - Original Issues
b. Bonds - Refunding Issues
c. Notes
d. Total (a + b + c)

7. Total (1 through 6)

B. Private Contributions
C. Receipts from State government (from page 1, Item II.C.4)
D. Receipts from Federal government (from page 1, Item II.D.3)
E. Total receipts (A.7 + B + C + D)

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM

AMOUNT

A. Local highway expenditures:

1. Capital Outlay (from page 1, Item III.A1.d)
2. Maintenance:
3. Road and Street Services:

a. Snow and Ice Removal
b. Other & Traffic Control Operations

c. Total (a + b)
4. General Administration & Miscellaneous
5. Highway Law Enforcement and Safety
6. Total (1 through 5)

B. Debt Service on Local Obligations:

1. Bonds:

a. Interest
b. Redemption

c. Total (a + b)
2. Notes:

a. Interest
b. Redemption

c. Total (a + b)
3. Total (1c + 2c)
C. Payments to State for Highways
D. Payments to Toll Facilities
E. Total Expenditures (A6 + B3 + C + D)

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)