City of Castle Pines, Colorado

Financial Statements and
Independent Auditors' Report

December 31, 2025

Haynie

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Independent Auditors' Report

Honorable Mayor and the City Council
City of Castle Pines, Colorado

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado (the "City"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City'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 City as of December 31, 2025, and the respective changes in financial position 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter
As discussed in Note 11 to the financial statements, the City restated beginning net position to recognize capital assets that had been conveyed to the City in prior years and were not previously recorded in the financial statements. Our opinion is not modified with respect to this matter.

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 City'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.

Auditors' 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 auditors' 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 and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information for the general fund and all major special revenue funds, and the retirement plan information as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 City's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, budgetary comparison schedules, the local highway finance report, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards
In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2026, on our consideration of the City of Castle Pines, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of Castle Pines, Colorado's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of Castle Pines, Colorado's internal control over financial reporting and compliance.

Haynie

Littleton, Colorado
July 31, 2026

City of Castle Pines, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2025

As management of the City of Castle Pines, Colorado (the “City”), we offer readers of the City’s financial statements this narrative overview and analysis of the City’s financial activities for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here together with the basic financial statements and the accompanying notes, which follow this section.

Fiscal year 2025 was not an ordinary year for the City, and the reader who compares 2025 to 2024 without context will draw the wrong conclusions. Two events dominate the statements. First, the Castle Pines North Metropolitan District (the “District”) conveyed the community’s parks, trails, and open space to the City, completing most of a multi-year transition of recreation operations from the District to the City. Second, the City identified and corrected an error in its capital asset records, restating beginning net position upward by $22.1 million. Together these items increased reported net position by $63.8 million without a corresponding change in the City’s cash position, tax base, or service capacity. Each is explained in the analysis that follows.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City’s basic financial statements, which comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to present a broad overview of the City’s finances in a manner similar to a private-sector business. They are prepared using the economic resources measurement focus and the accrual basis of accounting, meaning revenues are recorded when earned and expenses when incurred, regardless of when the related cash moves.

The Statement of Net Position presents all of the City’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference 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 City is improving or deteriorating. The Statement of Activities presents information showing how the City’s net position changed during the year, with all changes reported as soon as the underlying event occurs.

Both statements distinguish between governmental activities — general government, public safety, public works, parks and recreation, and community development — which are principally supported by taxes and intergovernmental revenues, and business-type activities, consisting of the City’s Stormwater Utility, which is intended to recover all or a significant portion of its costs through user charges. The government-wide statements include the Castle Pines Urban Renewal Authority, a legally separate entity for which the City is financially accountable and which is reported as a blended component unit.

Fund financial statements

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the City’s funds are divided into two categories: governmental funds and proprietary funds.

Governmental funds account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide statements, governmental fund statements focus on near-term inflows and outflows of spendable resources and on the balances of spendable resources available at year end. This information is useful in evaluating the City's near-term financing requirements. Because the focus of the governmental funds is narrower than that of the government-wide statements, reconciliations between the two are presented on pages 4 and 6 of this report.

The City maintains six major governmental funds — the General Fund, the Parks and Recreation Fund, the Parks and Recreation North Fund, the Roads Fund, the Community Capital Investment Fund, and the Capital Improvements Fund — each of which is presented in a separate column. The Conservation Trust Fund, the Grants and Restricted Revenue Fund, and the Castle Pines Urban Renewal Authority are aggregated in a single Other Governmental Funds column and presented individually in the combining statements.

The City maintains one proprietary fund, the Stormwater Utility Fund, an enterprise fund used to report the same functions presented as business-type activities in the government-wide statements.

Notes and supplementary information

The notes to the financial statements provide additional information essential to a full understanding of the data provided in the government-wide and fund financial statements. Following the basic financial statements, this report presents required supplementary information consisting of budgetary comparison schedules for the General Fund and each major special revenue fund and schedules relating to the City's participation in the Colorado Public Employees' Retirement Association pension and other postemployment benefit plans. Other supplementary information includes budgetary comparison schedules for the remaining funds, combining statements for the nonmajor governmental funds, and the Local Highway Finance Report.

Financial Summary

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at December 31, 2025 by $169,128,484 (net position). Of this amount, $142,468,173 is net investment in capital assets and $14,816,738 is restricted for specific purposes, leaving $11,843,573 of unrestricted net position available to meet ongoing obligations.
- Net position increased $48,173,668 during 2025. Of that increase, $41,724,351 is a non-cash special item representing capital assets acquired at no cost — $39,474,170 conveyed by the District in connection with the transfer of recreation operations, and $2,250,181 of infrastructure dedicated to the City by developers. Excluding the special item, net position increased $6,449,317, of which $5,909,811 relates to governmental activities and $539,506 to business-type activities.
- Beginning net position was restated upward by $22,089,828 to record capital assets conveyed to the City in prior years that had not been captured in the City's capital asset records at the time of conveyance. This is a correction of an error, not a change in the City's underlying financial condition.
- At the close of 2025, the City's governmental funds reported combined ending fund balances of $25,040,472, an increase of $2,818,743 from the prior year. Of that amount, $5,990,756 is unassigned and available for spending at the City's discretion — approximately 77 percent of 2025 General Fund expenditures, well in excess of the City's 25 percent reserve policy.
- The City has no bonded debt, notes payable, or certificates of participation. Total long-term obligations at year end were $294,733, consisting of a right-to-use lease liability of $227,281 for the City's offices and $67,452 of compensated absences.

- The emergency reserve required by Article X, Section 20 of the Colorado Constitution was $772,760 at December 31, 2025 and is reported as restricted fund balance in the General Fund.

Condensed Statement of Net Position

The condensed statements that follow present December 31, 2024 amounts as restated. The 2024 columns agree to the City's issued 2024 financial statements, adjusted for the $22,089,828 correction of an error described in Note 11 and discussed under "Correction of Errors" below. Amounts as originally reported for 2024 are presented in the condensed statement of changes in net position that follows.

	Governmental Activities		**Business-Type Activities**		**Total Primary Government**	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Current and other assets	36,155,159	32,170,343	2,369,491	1,884,740	38,524,650	34,055,083
Capital assets, net	142,520,498	97,769,708	174,956	78,206	142,695,454	97,847,914
Total assets	**178,675,657**	**129,940,051**	**2,544,447**	**1,962,946**	**181,220,104**	**131,902,997**
Deferred outflows of resources	388,546	642,530	41,119	65,397	429,665	707,927
Total assets and deferred outflows	**179,064,203**	**130,582,581**	**2,585,566**	**2,028,343**	**181,649,769**	**132,610,924**
Long-term liabilities	1,175,970	1,496,625	90,942	110,224	1,266,912	1,606,849
Other liabilities	4,325,161	3,434,668	111,144	74,339	4,436,305	3,509,007
Total liabilities	**5,501,131**	**4,931,293**	**202,086**	**184,563**	**5,703,217**	**5,115,856**
Deferred inflows of resources	6,815,444	6,537,822	2,624	2,430	6,818,068	6,540,252
Total liabilities and deferred inflows	**12,316,575**	**11,469,115**	**204,710**	**186,993**	**12,521,285**	**11,656,108**
Net position:						
Net investment in capital assets	142,293,217	97,769,708	174,956	78,206	142,468,173	97,847,914
Restricted	14,805,964	12,891,994	10,774	9,543	14,816,738	12,901,537
Unrestricted	9,648,447	8,451,764	2,195,126	1,753,601	11,843,573	10,205,365
Total net position	**166,747,628**	**119,113,466**	**2,380,856**	**1,841,350**	**169,128,484**	**120,954,816**

Net position serves over time as a useful indicator of a government's financial position. By far the largest portion of the City's net position — $142,468,173, or 84 percent — reflects its investment in capital assets such as streets, drainage, park land, park improvements, buildings, and equipment. The City uses these assets to provide services to residents; they are not available for future spending. It should also be noted that, although the City's investment in capital assets is reported net of any related debt, the resources needed to repay that debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate the liabilities. The City has issued no debt to finance capital assets; this amount is reduced only by the remaining right-to-use lease liability on the City's offices.

An additional $14,816,738 of net position is subject to external restrictions on how it may be used, principally the City's voter-approved parks and recreation property tax ($12,092,388 of restricted net position) and its dedicated road sales and use tax ($1,912,929 of restricted net position). The remaining balance of $11,843,573 is unrestricted and may be used to meet the City's ongoing obligations to residents and creditors.

Condensed Changes in Net Position

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	3,393,631	2,725,022	697,019	666,845	4,090,650	3,391,867
Operating grants and contributions	2,123,991	434,394	—	—	2,123,991	434,394
Capital grants and contributions	2,431,912	2,600,000	127,594	—	2,559,506	2,600,000
General revenues:						
Property taxes	6,505,668	6,222,245	—	—	6,505,668	6,222,245
Specific ownership taxes	500,987	461,068	—	—	500,987	461,068
Sales taxes	6,421,502	6,409,934	—	—	6,421,502	6,409,934
Use taxes	4,822,216	4,543,126	—	—	4,822,216	4,543,126
Tax increment revenue	16,736	—	—	—	16,736	—
Franchise fees	705,628	776,014	—	—	705,628	776,014
Intergovernmental	193,474	1,702,105	—	—	193,474	1,702,105
Investment income	1,460,546	834,377	74,029	56,227	1,534,575	890,604
Miscellaneous	1,111	487,968	—	32,095	1,111	520,063
Special item	41,724,351	1,381,405	—	—	41,724,351	1,381,405
Total revenues	**70,301,753**	**28,577,658**	**898,642**	**755,167**	**71,200,395**	**29,332,825**
Expenses:						
General government	2,636,659	2,452,461	—	—	2,636,659	2,452,461
Public safety	1,981,546	1,869,112	—	—	1,981,546	1,869,112
Public works	9,663,875	7,640,871	—	—	9,663,875	7,640,871
Parks and recreation	5,560,893	4,104,797	—	—	5,560,893	4,104,797
Community development	2,824,618	2,529,452	—	—	2,824,618	2,529,452
Stormwater	—	—	359,136	318,094	359,136	318,094
Total expenses	**22,667,591**	**18,596,693**	**359,136**	**318,094**	**23,026,727**	**18,914,787**
Change in net position	**47,634,162**	**9,980,965**	**539,506**	**437,073**	**48,173,668**	**10,418,038**
Net position, beginning of year, as restated	119,113,466	87,120,879	1,841,350	1,326,071	120,954,816	88,446,950
Net position, end of year, as previously reported	**—**	**97,101,844**	**—**	**1,763,144**	**169,128,484**	**98,864,988**
Correction of an error (Note 11)	—	22,011,622	—	78,206	—	22,089,828
Net position, end of year	**166,747,628**	**119,113,466**	**2,380,856**	**1,841,350**	**169,128,484**	**120,954,816**

Detailed Analyses

Governmental activities

Governmental activities increased the City's net position by $47,634,162 in 2025. Excluding the $41,724,351 special item discussed below, the increase was $5,909,811.

Total expenses of governmental activities were $22,667,591. Public works, at $9,663,875, represented 43 percent of that total and reflects both the City's road maintenance program and the depreciation of its street and drainage network, which is the largest single class of capital asset the City owns. Parks and recreation expenses of $5,560,893 represent the first full year in which the City operated the recreation properties conveyed by the District, and are the principal reason for the year-over-year change in this function.

Community development expenses of $2,824,618 are substantially offset by $2,236,329 of charges for services, reflecting a cost-recovery approach to development review and permitting. General government and public safety expenses were $2,636,659 and $1,981,546, respectively; public safety consists principally of the City's contract for law enforcement services.

Program revenues of $7,949,534 offset 35 percent of the cost of governmental activities, leaving $14,718,057 to be funded from general revenues. Charges for services totaled $3,393,631, operating grants and contributions $2,123,991, and capital grants and contributions $2,431,912, the latter driven by federal-aid and state transportation funding received through the Colorado Department of Transportation for road projects.

General revenues other than the special item totaled $20,627,868. Taxes accounted for $18,250,373, or 88 percent of that amount, and remain the City's dominant funding source. Property taxes of $6,505,668 and sales taxes of $6,421,502 are the two largest components, followed by use taxes of $4,822,216. Investment income of $1,460,546 was earned on an average portfolio balance sustained by fund balances accumulated for capital projects that had not yet been expended; the City holds its investments to maturity and reports them at fair value.

Special item. The $41,724,351 special item reported in general revenues consists of two non-exchange capital acquisitions. The first, $39,474,170, is the transfer of operations from the District. Because the conveyance is a transfer of operations between governments rather than an exchange transaction, the City recognized the assets received at the District's carrying value as of the transfer date rather than at fair value. The second, $2,250,181, is infrastructure dedicated to the City by developers upon final acceptance of subdivision improvements. Neither component involved payment or receipt of cash, nor increased the resources available to the City for operations; each increases the capital assets the City must maintain, and the resulting depreciation will be reflected in future years' expenses. The transaction is described further in Note 10.

Business-type activities

Business-type activities — the City's Stormwater Utility — increased net position by $539,506 in 2025, bringing ending net position to $2,380,856. Charges for services of $697,019 exceeded total operating expenses of $359,136, producing operating income of $337,883. The utility also recognized $74,029 of investment earnings and $127,594 of capital contributions from a developer, the latter representing the buyout of a letter of credit securing public improvements the developer was obligated to construct.

The most significant stormwater activity of the year does not appear as an expense. Under an intergovernmental agreement with the Mile High Flood District, the City contributed its full $1,050,000 share of the Happy Canyon Creek at Monarch Boulevard drainage and flood control project. Of that amount, $100,866 had been expended on the City's behalf and is reported as construction in progress; the remaining $949,134 is reported as an advance to the Mile High Flood District and is expected to be expended on project activities in 2026. This is the reason cash and investments in the Stormwater Utility decreased $354,000 during a year in which the fund reported positive results of operations.

Governmental funds

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use.

As of December 31, 2025, the City's governmental funds reported combined ending fund balances of $25,040,472, an increase of $2,818,743 over the prior year. Of this total, $5,990,756 is unassigned;

$14,799,151 is restricted for parks, recreation and open space, roads, emergencies, economic development, and waste diversion; $4,178,937 is assigned for future capital purposes; and $71,628 is nonspendable.

Fund	Fund Balance 12/31/2025	Fund Balance 12/31/2024	Increase (Decrease)
General Fund	6,828,331	1,512,940	5,315,391
Parks and Recreation Fund	7,266,238	4,408,391	2,857,847
Parks and Recreation North Fund	3,642,538	5,875,149	(2,232,611)
Roads Fund	1,911,887	897,385	1,014,502
Community Capital Investment Fund	3,352,427	3,352,427	—
Capital Improvements Fund	826,510	5,196,794	(4,370,284)
Nonmajor governmental funds	1,212,541	978,643	233,898
Total governmental funds	**25,040,472**	**22,221,729**	**2,818,743**

The General Fund is the chief operating fund of the City. Fund balance increased $5,315,391 to $6,828,331. The increase is not the result of an operating surplus of that magnitude; it is principally a matter of timing. The General Fund transferred $1,763,658 to other funds during 2025 against $6,666,600 of transfers appropriated for the year, because capital projects budgeted in the Capital Improvements Fund did not proceed on the schedule contemplated when the budget was adopted. Resources budgeted to be moved to capital funds therefore remained in the General Fund at year end and are expected to be transferred as those projects advance.

The Parks and Recreation Fund increased fund balance $2,857,847 to $7,266,238, principally because $2,378,600 of budgeted capital outlay was not expended during the year. The Parks and Recreation North Fund decreased $2,232,611 to $3,642,538 as the City continued to expend the funds remitted by the District for maintenance and improvement of the recreation properties; this fund has no recurring revenue source other than investment earnings, and its balance is expected to continue to decline as those resources are deployed.

The Roads Fund increased $1,014,502 to $1,911,887 after transferring $1,810,000 to the Capital Improvements Fund. Revenues of $5,435,657 consist principally of the City's dedicated one percent road sales and use tax, County road shareback revenue, and state highway users trust fund distributions.

The Community Capital Investment Fund had no activity during 2025 and retained a fund balance of $3,352,427 assigned by Council for future capital purposes.

The Capital Improvements Fund decreased $4,370,284 to $826,510, reflecting $10,138,504 of project spending against $2,207,719 of intergovernmental revenue (federal grants and a county contribution for major road projects) and $3,560,501 of transfers in from the General and Roads Funds. This fund is the City's primary vehicle for street improvements and is funded almost entirely by transfers, grants, and contributions.

General Fund budgetary highlights

The City did not amend the 2025 General Fund budget; the original and final budgets are the same. Actual revenues of $14,872,383 exceeded the budget by $464,983. Within that total, tax revenues came in $913,523 below budget, while investment income exceeded budget by $572,695, other income by $405,325, charges for services by $307,260, and fines and forfeitures by $115,915. The favorable investment income variance reflects both higher balances than assumed and interest rates that remained above the level used in preparing the budget.

Actual expenditures of $7,793,334 exceeded the expenditure line of the adopted budget by $172,634, driven primarily by community development ($161,631), city events ($114,788), public safety ($82,146), capital outlay ($71,020), and non-departmental costs ($58,983), offset by favorable variances in the city clerk, human resources, and economic development departments. Under Resolution No. 24-69, the City's 2025 appropriation is made at the total fund expenditures and other financing uses level. Measured against that appropriation, General Fund expenditures and transfers out of $9,556,992 were $4,730,308 below the $14,287,300 appropriated for the year.

Actual ending General Fund balance of $6,828,331 exceeded the budgeted ending balance of $1,883,100 by $4,945,231, substantially all of which is attributable to the transfers not made during the year.

Capital Asset and Long-Term Financing Activity

Capital assets

The City's investment in capital assets as of December 31, 2025 was $142,695,454, net of accumulated depreciation and amortization. This investment includes land and land improvements, infrastructure (streets, curbs and sidewalks, and drainage and traffic systems), park improvements, buildings and improvements, vehicles and equipment, construction in progress, and a right-to-use lease asset.

	Governmental Activities	Business-Type Activities	Total
Balance, January 1, 2025 (as restated)	97,769,709	78,206	97,847,914
Additions:			
Transfer of operations from the District	39,474,170	—	39,474,170
Developer-dedicated infrastructure	2,250,181	—	2,250,181
City capital outlay and construction	8,267,905	100,866	8,368,771
Depreciation and amortization	(5,241,466)	(4,116)	(5,245,582)
Balance, December 31, 2025	**142,520,498**	**174,956**	**142,695,454**

Capital asset activity in 2025 was dominated by assets the City acquired without spending money. Of the $49,992,256 of governmental additions, $39,474,170 was conveyed by the District and $2,250,181 was dedicated by developers, leaving $8,267,905 of City-funded capital outlay. The District conveyance consisted of $37,644,282 of land and land improvements not subject to depreciation, $1,371,278 of depreciable assets, and $458,610 of District-funded construction costs for park improvements completed by the City.

Depreciation and amortization expense of $5,241,466 was charged to programs as follows: public works $4,831,233, parks and recreation $314,621, and general government $95,612. The concentration in public works reflects the City's street and drainage network, which the City does not currently pay for through debt service and which will require continued reinvestment as it ages.

Construction in progress of $1,100,987 carried at the beginning of the year was completed and placed in service during 2025, and $569,845 of new construction in progress was in place at year end. Certain facilities conveyed by the District, including the District's offices, were simultaneously leased back to the District for its continued use in providing water and wastewater services; because the District retains control of the present service capacity of those facilities, the City has not recognized them as capital assets.

The City is a lessee under one right-to-use lease for its offices, recorded under GASB Statement No. 87. The lease asset had a gross carrying value of $537,407 and accumulated amortization of $343,748 at year end, and amortization expense of $90,427 was recognized during 2025. The City has no subscription-based information technology arrangements requiring recognition under GASB Statement No. 96.

Additional information on the City's capital assets is presented in Note 5.

Long-term obligations

The City has no bonded debt, notes payable, certificates of participation, or other borrowings, and no debt issued to finance capital assets. Accordingly, net investment in capital assets is reduced only by the right-to-use lease liability.

Total long-term obligations decreased $118,932 during 2025, from $413,665 to $294,733. The right-to-use lease liability for the City's offices decreased $101,625 to $227,281 through scheduled principal payments; the lease carries an implicit rate of 1.55 percent and remaining payments extend through 2028.

Compensated absences decreased $17,307 to $67,452. Effective January 1, 2025 the City implemented an unlimited paid time off policy under which employees do not accrue leave balances and are not entitled to payment for unused leave upon separation; the remaining liability consists of vacation leave accrued under the City's prior policy together with leave payable to the City Manager under his employment agreement.

The City also reports a net pension liability of $919,355 and a net other postemployment benefit liability of $52,824 representing its proportionate share of the Colorado PERA Local Government Division Trust Fund and Health Care Trust Fund, respectively. The net pension liability decreased from $1,112,270 as the plan's fiduciary net position improved to 90.45 percent of the total pension liability from 88.03 percent a year earlier. These amounts are measured as of December 31, 2024 and are described in Notes 7 and 8.

Correction of an error and restatement of beginning net position

During 2025, the City identified capital assets that had been conveyed to it in prior years but were not recorded at the time of conveyance. The assets consist principally of rights-of-way and related infrastructure dedicated to the City by developers upon final acceptance of subdivision improvements between 2022 and 2024, together with construction in progress that had not been carried on the capital asset records. Public Works had tracked these acceptances; however, they had not been integrated into the City's capital asset accounting process.

The City recorded the correction as a restatement of beginning net position rather than as current-year activity, in accordance with GASB Statement No. 100. Beginning net position of governmental activities was restated from $97,101,844 to $119,113,466, an increase of $22,011,622, and beginning net position of business-type activities was restated from $1,763,144 to $1,841,350, an increase of $78,206. The restatement corrects the City's reported capital asset balances; it does not affect cash, fund balance, or the City's ability to fund operations.

In response, the City rebuilt its fixed asset register, established a documented methodology for measuring the acquisition value of developer-dedicated infrastructure, and integrated the Public Works right-of-way acceptance schedule into the annual capital asset closing process so that future dedications are captured in the year accepted. The correction is described in Note 11.

Currently Known Facts, Decisions, and Conditions

The following matters were known to management at the time these financial statements were prepared and are expected to affect the City's financial position or results of operations in 2026 and beyond.

Completion of the transfer from the District. A number of parcels remain to be conveyed from the District to the City. As those conveyances occur, the City will record additional land and improvements at the District's carrying value and will assume the associated maintenance obligation. The District has agreed to amend its service plan to remove its authority to provide parks, trails, and open space and to permanently reduce its authorized mill levy to seven mills.

Developer dedications expected in 2026. Two subdivision dedications are pending final acceptance, including one with an estimated value of approximately $4.0 million scheduled for acceptance in August 2026. When accepted, these assets will be added to the City's infrastructure and will increase future depreciation expense and maintenance requirements without any corresponding revenue.

Happy Canyon Creek at Monarch Boulevard. The $949,134 advance to the Mile High Flood District reported at year end is expected to be expended on project activities during 2026. Total project funding under the amended intergovernmental agreement is $2,100,000, shared equally by the City and the District, with ownership and maintenance of the completed improvements residing with the City.

Castle Pines Urban Renewal Authority. Tax increment was first generated in 2025 and totaled $16,736. The Authority has no outstanding debt and no redevelopment agreements obligating future increment revenue. The tax allocation provisions of the plan expire February 13, 2049.

The Canyons annexation and development agreement. Under the 2009 agreement, the City grants sales and use tax credits to retailers and building permit applicants within the development, which collects public improvement fees in lieu of those taxes to finance infrastructure. Use tax credits of $822,713 were granted in 2025. Credits will continue to reduce the City's reported tax collections as the development builds out.

Revenue concentration. Sales, use, and property taxes provided 88 percent of the City's general revenues in 2025 excluding the special item. Use tax in particular is tied to construction activity and is inherently variable; a slowdown in residential and commercial construction would reduce this revenue faster than the City's expenditure base can adjust.

Upcoming accounting standards. GASB Statement No. 103, Financial Reporting Model Improvements, and GASB Statement No. 104, Disclosure of Certain Capital Assets, are effective for the City's fiscal year ending December 31, 2026. Statement No. 103 revises the required content and structure of this discussion and analysis, replaces the reporting of special and extraordinary items with unusual or infrequent items, and requires additional variance information and discussion in the budgetary comparison schedules. Statement No. 104 requires certain capital assets, including lease assets and other intangible assets, to be disclosed separately. Neither statement is expected to change the City's reported net position.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered by City Council in adopting the 2026 Annual Budget on December 9, 2025, Resolution No. 25-59.

General Fund revenues for 2026 are budgeted at $14.16 million, approximately 5 percent below 2025 estimated revenues of $14.84 million. The decline is concentrated in charges for services, budgeted at $1.63 million compared to $2.16 million estimated for 2025, reflecting a slowdown in new residential construction and a corresponding reduction in building permit fees. Because the City contracts for building department services and the contractor receives 60 percent of permit fee revenue, the revenue decline is largely offset by a proportionate reduction in expenditures. Tax revenues are budgeted at $10.86 million, a decrease of approximately 1 percent, driven principally by lower construction materials use tax collections. Franchise fees, licenses and permits, and intergovernmental revenues are budgeted at modest increases. Revenue assumptions include population growth of 2.7 percent and an inflationary adjustment of 1.2 percent.

General Fund expenditures are budgeted at $7.72 million, an increase of approximately 1 percent over the 2025 budget. The most significant increase is in contracted law enforcement services, budgeted at $2.01 million, reflecting expanded traffic management services and the addition of an automated license plate recognition system. The 2026 budget provides for a 4.5 percent compensation adjustment and compa-ratio adjustments for years-of-service milestones, consistent with the compensation philosophy adopted by City Council in 2022, along with a 13.5 percent increase in health benefit costs. Total compensation adjustments across all funds are budgeted at $180,000. Authorized staffing remains unchanged at 17.25 full-time equivalents.

After operating expenditures and a $6.50 million transfer to the Capital Improvements Fund, the General Fund is budgeted to end 2026 with a fund balance of $1,997,209, or 26 percent of operating expenditures, in compliance with the City Council's 25 percent reserve policy.

2026 is the first year in which all parks, recreation, trails, and open space operations, maintenance, and capital activity are accounted for in the Parks and Recreation Fund and supported entirely by the voter-approved 12-mill property tax, following the full use in 2025 of proceeds transferred from the Castle Pines North Metro District. Parks and Recreation Fund revenues are budgeted at $5.46 million against expenditures of $8.48 million, including $3.20 million in capital improvements, with the resulting drawdown leaving a budgeted ending fund balance of $1.85 million.

The 2026 budget provides approximately $18.35 million of capital expenditures in the Capital Improvements Fund, the largest single-year capital program in the City's history. Principal projects include $10.00 million for the initial construction phase of the Happy Canyon Road/I-25 interchange, a multi-year project with a total estimated cost of $44 million; $4.00 million for the pavement maintenance program, consistent with a citywide pavement condition index target of 80; $1.75 million for improvements to westbound Castle Pines Parkway; and $1.20 million for gateway monumentation. Capital funding sources include a $16.75 million contribution from Douglas County toward the interchange project, together with transfers of $6.50 million from the General Fund, $2.00 million from the Roads Fund, and $908,000 from the Community Capital Investment Fund.

The City's property tax mill levies are unchanged for 2026 at 4.5 mills for law enforcement services and 12.0 mills for parks and recreation. Effective in 2026, the monthly residential stormwater utility fee increases from $105 to $110 based on the Denver-Aurora-Lakewood Consumer Price Index — the first adjustment since the fee was established in 2023. Stormwater Utility Fund revenues are budgeted at $746,000 against expenditures of $1.11 million, including a $500,000 partnership contribution to the Mile High Flood District for improvements to the Happy Canyon Tributary and $225,000 for local drainage and pond repairs.

Requests for Information

This financial report is designed to provide a general overview of the City of Castle Pines' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Finance Director, City of Castle Pines, 7437 Village Square Lane, Suite 200, Castle Pines, Colorado 80108.

Basic Financial Statements

City of Castle Pines, Colorado
Statement of Net Position
December 31, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and investments	$ 26,589,407	$ 1,334,401	$ 27,923,808
Accounts receivable	2,571,713	79,028	2,650,741
Property taxes receivable	6,647,717	-	6,647,717
Interest receivable	131,754	6,786	138,540
Lease receivable	138,017	-	138,017
Advance to Mile High Flood District	-	949,134	949,134
Prepaid expenses	71,628	142	71,770
Other assets	4,923	-	4,923
Capital assets, not being depreciated	40,251,554	100,866	40,352,420
Capital assets, net of accumulated depreciation	102,268,944	74,090	102,343,034
Total assets	178,675,657	2,544,447	181,220,104
Deferred Outflows of Resources			
Deferred outflows related to pension	355,699	37,696	393,395
Deferred outflows related to OPEB	32,847	3,423	36,270
Total deferred outflows of resources	388,546	41,119	429,665
Total assets and deferred outflows of resources	$ 179,064,203	$ 2,585,566	$ 181,649,769
Liabilities			
Current Liabilities			
Accounts payable	$ 3,149,005	$ 11,838	$ 3,160,843
Accrued liabilities	1,086,501	-	1,086,501
Deposits held	89,655	99,306	188,961
Total current liabilities	4,325,161	111,144	4,436,305
Noncurrent Liabilities			
Net pension liability	833,437	85,918	919,355
Net OPEB liability	47,800	5,024	52,824
Long-term Obligations			
Due in one year	164,526	-	164,526
Due in more than one year	130,207	-	130,207
Total noncurrent liabilities	1,175,970	90,942	1,266,912
Total liabilities	5,501,131	202,086	5,703,217
Deferred Inflows of Resources			
Property tax revenue	6,647,717	-	6,647,717
Deferred inflows related to pension	-	6	6
Deferred inflows related to OPEB	25,918	2,618	28,536
Leases	141,809	-	141,809
Total deferred inflows of resources	6,815,444	2,624	6,818,068
Net Position			
Net investment in capital assets	142,293,217	174,956	142,468,173
Restricted for:			
Emergencies	772,760	10,774	783,534
Parks, recreation, and open spaces	12,092,388	-	12,092,388
Roads	1,912,929	-	1,912,929
Economic development	16,485	-	16,485
Waste diversion	11,402	-	11,402
Unrestricted	9,648,447	2,195,126	11,843,573
Total net position	166,747,628	2,380,856	169,128,484
Total liabilities, deferred inflows of resources and net position	$ 179,064,203	$ 2,585,566	$ 181,649,769

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado
Statement of Activities
For the Year Ended December 31, 2025

		Primary Government					
		Program Revenues			Net (Expense) Revenue and Change in Net Position		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**	**Business-Type Activities**	**Governmental Total**
Primary Government:							
Governmental Activities:							
General government	$ 2,636,659	$ 129,029	$ 61,354	$ -	$ (2,446,276)	$ -	$ (2,446,276)
Public safety	1,981,546	324,815	-	-	(1,656,731)	-	(1,656,731)
Public works	9,663,875	568,410	1,803,185	2,431,912	(4,860,368)	-	(4,860,368)
Parks and recreation	5,560,893	135,048	259,452	-	(5,166,393)	-	(5,166,393)
Community development	2,824,618	2,236,329	-	-	(588,289)	-	(588,289)
Total Governmental Activities	22,667,591	3,393,631	2,123,991	2,431,912	(14,718,057)	-	(14,718,057)
Business-Type Activities:							
Stormwater	359,136	697,019	-	127,594	-	465,477	465,477
Total Business-Type Activities	359,136	697,019	-	127,594	-	465,477	465,477
Total Primary Government	$ 23,026,727	$ 4,090,650	$ 2,123,991	$ 2,559,506	$ (14,718,057)	$ 465,477	$ (14,252,580)
			General Revenues:				
			Property taxes		6,505,668	-	6,505,668
			Specific ownership taxes		500,987	-	500,987
			Sales taxes		6,421,502	-	6,421,502
			Use taxes		4,822,216	-	4,822,216
			Intergovernmental		193,474	-	193,474
			Franchise fees		705,628	-	705,628
			Interest income		1,460,546	74,029	1,534,575
			Special item		41,724,351	-	41,724,351
			TIF revenue		16,736	-	16,736
			Miscellaneous		1,111	-	1,111
			Total General Revenues		62,352,219	74,029	62,426,248
			Change in net position		47,634,162	539,506	48,173,668
			Net position - beginning of year, as restated		119,113,466	1,841,350	120,954,816
			Net position - end of year		$ 166,747,628	$ 2,380,856	$ 169,128,484

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

		Special Revenue			Capital Project			
	General	Parks and Recreation	Parks and Recreation North	Roads	Community Capital Investment	Capital Improvements	Other Governmental Funds	Total
Assets								
Cash and investments	$ 6,838,732	$ 7,835,523	$ 3,803,118	$ 1,763,505	$ 3,352,427	$ 1,820,931	$ 1,175,171	$ 26,589,407
Due from other funds	7,329	-	-	-	-	-	-	7,329
Prepaid expenses	64,815	-	-	6,813	-	-	-	71,628
Other assets	4,923	-	-	-	-	-	-	4,923
Accounts receivable	961,650	30,438	-	421,192	-	1,109,555	48,878	2,571,713
Lease receivable	138,017	-	-	-	-	-	-	138,017
Interest receivable	51,702	39,965	19,497	18,329	-	-	2,261	131,754
Property tax receivable	1,813,014	4,834,703	-	-	-	-	-	6,647,717
Total assets	$ 9,880,182	$ 12,740,629	$ 3,822,615	$ 2,209,839	$ 3,352,427	$ 2,930,486	$ 1,226,310	$ 36,162,488
Liabilities, Deferred Inflows of Resources and Fund Balances								
Liabilities								
Accounts payable	$ 360,215	$ 639,688	$ 180,077	$ 197,380	$ -	$ 1,765,205	$ 6,440	$ 3,149,005
Accrued liabilities	667,158	-	-	80,572	-	338,771	-	1,086,501
Due to other funds	-	-	-	-	-	-	7,329	7,329
Deposits held	69,655	-	-	20,000	-	-	-	89,655
Total Liabilities	1,097,028	639,688	180,077	297,952	-	2,103,976	13,769	4,332,490
Deferred Inflows of Resources								
Property taxes	1,813,014	4,834,703	-	-	-	-	-	6,647,717
Lease	141,809	-	-	-	-	-	-	141,809
Total deferred inflows of resources	1,954,823	4,834,703	-	-	-	-	-	6,789,526
Fund Balances								
Nonspendable:								
Prepaid expenses	64,815	-	-	6,813	-	-	-	71,628
Restricted:								
Emergency reserve	772,760	-	-	-	-	-	-	772,760
Parks, recreation, and open spaces	-	7,266,238	3,642,538	-	-	-	1,183,612	12,092,388
Roads	-	-	-	1,905,074	-	-	1,042	1,906,116
Economic development	-	-	-	-	-	-	16,485	16,485
Waste diversion	-	-	-	-	-	-	11,402	11,402
Assigned	-	-	-	-	3,352,427	826,510	-	4,178,937
Unassigned	5,990,756	-	-	-	-	-	-	5,990,756
Total Fund Balances	6,828,331	7,266,238	3,642,538	1,911,887	3,352,427	826,510	1,212,541	25,040,472
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 9,880,182	$ 12,740,629	$ 3,822,615	$ 2,209,839	$ 3,352,427	$ 2,930,486	$ 1,226,310	$ 36,162,488

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balances - governmental funds	$ 25,040,472
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds.	142,520,498
Deferred outflows are not current assets or financial resources; and deferred inflows are not due and payable in the current period and therefore are not reported in governmental funds.	
Deferred outflows related to pension	355,699
Deferred outflows related to OPEB	32,847
Deferred inflows related to OPEB	(25,918)
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet. Long-term liabilities at year end consist of:	
Lease liability	(227,281)
Net pension liability	(833,437)
Net OPEB liability	(47,800)
Accrued compensated absences	(67,452)
Total net position - governmental activities	$ 166,747,628

The accompanying notes are an integral part of these financial statements.

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

		Special Revenue			Capital Project			
	General	Parks and Recreation	Parks and Recreation North	Roads	Community Capital Investment	Capital Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:								
Taxes	$ 10,161,277	$ 5,095,749	$ -	$ 2,993,347	$ -	$ -	$ 16,736	$ 18,267,109
Franchise fees	705,628	-	-	-	-	-	-	705,628
Licenses and permits	55,175	-	-	315,618	-	-	-	370,793
Charges for services	2,277,960	96,124	-	252,792	-	-	-	2,626,876
Fines and forfeitures	324,815	-	-	-	-	-	-	324,815
Intergovernmental	63,508	-	99,000	1,776,877	-	2,207,719	210,405	4,357,509
Investment income	831,295	285,633	201,035	97,023	-	-	45,560	1,460,546
Other	452,725	-	-	-	-	-	11,401	464,126
Total Revenues	14,872,383	5,477,506	300,035	5,435,657	-	2,207,719	284,102	28,577,402
Expenditures:								
General government	2,638,258	-	-	-	-	-	-	2,638,258
Public safety	1,981,546	-	-	-	-	-	-	1,981,546
Public works	-	-	-	2,373,312	-	2,446,297	-	4,819,609
Parks, recreation, and open spaces	568,788	2,619,659	2,046,421	-	-	-	-	5,234,868
Community and economic development	2,533,722	-	-	219,390	-	-	63,361	2,816,473
Capital Outlay	71,020	-	486,225	18,453	-	7,692,207	-	8,267,905
Total Expenditures	7,793,334	2,619,659	2,532,646	2,611,155	-	10,138,504	63,361	25,758,659
Transfers in (out):								
General Fund	-	-	-	-	-	1,750,501	13,157	1,763,658
Grants and Restricted Revenue Fund	(13,157)	-	-	-	-	-	-	(13,157)
Capital Improvements Fund	(1,750,501)	-	-	(1,810,000)	-	-	-	(3,560,501)
Roads Fund	-	-	-	-	-	1,810,000	-	1,810,000
Total Transfers	(1,763,658)	-	-	(1,810,000)	-	3,560,501	13,157	-
Net change in fund balances	5,315,391	2,857,847	(2,232,611)	1,014,502	-	(4,370,284)	233,898	2,818,743
Fund balances:								
Beginning of the year	1,512,940	4,408,391	5,875,149	897,385	3,352,427	5,196,794	978,643	22,221,729
End of the year	$ 6,828,331	$ 7,266,238	$ 3,642,538	$ 1,911,887	$ 3,352,427	$ 826,510	$ 1,212,541	$ 25,040,472

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado

Reconciliation of the Changes in Fund Balances of the Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2025

Amounts reported for governmental activities in the statement of net position are different because:	
Net changes in fund balances of governmental funds	$ 2,818,743
Capital outlays to purchase, lease, or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation and amortization expense in the statement of activities. Additionally, when capital assets are sold or disposed of, the proceeds from the sale are reported in the governmental funds as other financing sources. In contrast, only the gain or loss on the sale is reported in the statement of activities, and the net book value of the asset is removed from capital assets. In cases where the proceeds equal the asset's net book value, no gain or loss is recognized.	
Capital outlay	8,267,905
Depreciation/amortization expense	(5,241,466)
Conveyances from other entities	2,250,181
Transfer of Operations from Castle Pines North Metropolitan District	39,474,170
The repayment of the principal of long-term debt consumes the current financial resources of governmental funds, but does not have an effect on net position in the Statement of Activities. Interest expense is recognized as an expenditure in the governmental funds when it is due, while interest expense is recognized when incurred in the statement of activities. The net effect of these differences in the treatment of long-term liabilities and related expenditures is as follows:	
Principal repayment of long-term debt	101,625
Changes in the City's net pension liability, net OPEB liability, deferred outflows of resources and deferred inflows of resources related to the City's pension and OPEB plans for the current year do not (require)/provide the (use)/benefit of current financial resources, and therefore, are not reported as (expenditures)/income in the governmental fund financial statements.	(54,303)
Compensated absences are recognized as expenditures in governmental funds when due and payable, but are recognized as expenses when earned in the statement of activities.	
Change in compensated absences liability	17,307
Change in Net Position of Governmental Activities	$ 47,634,162

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2025

	Stormwater Fund
Assets	
Current Assets	
Cash and investments	$ 1,334,401
Prepaid expenses	142
Accounts receivable	79,028
Interest receivable	6,786
Advance to Mile High Flood District	949,134
Total Current Assets	2,369,491
Non-current Assets	
Capital assets, not being depreciated	100,866
Capital assets, net of accumulated depreciation	74,090
Total Current Assets	174,956
Total Assets	2,544,447
Deferred Outflows of Resources	
Pension related deferred outflow	37,696
OPEB related deferred outflow	3,423
Total Deferred Outflows of Resources	41,119
Total Assets and Deferred Outflows of Resources	$ 2,585,566
Current Liabilities	
Accounts payable	$ 11,838
Deposits held	99,306
Total Current Liabilities	111,144
Non-Current Liabilities	
Net pension liability	85,918
Net OPEB liability	5,024
Total Non-Current Liabilities	90,942
Total Liabilities	202,086
Deferred Inflows of Resources	
Pension related deferred inflow	6
OPEB related deferred inflow	2,618
Total Deferred Inflows of Resources	2,624
Net Position	
Investment in capital assets	174,956
Restricted for:	
Emergencies	10,774
Unrestricted	2,195,126
Total Net Position	2,380,856
Total Liabilities, Deferred Inflow of Resources and Net Position	$ 2,585,566

The accompanying notes are an integral part of these financial statements.

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

	Stormwater Fund
Operating revenues	
Charges for services	$ 697,019
Total Operating revenues	697,019
Operating expenses	
Operations and maintenance	355,020
Depreciation	4,116
Total Operating expenses	359,136
Operating income	337,883
Non-operating revenues	
Investment earnings	74,029
Income before capital contributions	411,912
Capital contributions - Developer	127,594
Change in Net Position	539,506
Net Position, beginning of year (as restated)	1,841,350
Net Position, end of year	$ 2,380,856

The accompanying notes are an integral part of these financial statements.

City of Castle Pines, Colorado

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

		Stormwater Fund
Cash Flows from Operating Activities		
Receipts from customers	$	805,219
Payments to suppliers for goods and services		(136,122)
Payments to and on behalf of employees		(174,720)
Net Cash from Operating Activities		494,377
Cash Flows from Capital and Related Financing Activities		
Capital contributions received		127,594
Purchase of capital assets		(100,866)
Advance to Mile High Flood District		(949,134)
Net Cash used by Capital and Related Financing Activities		(922,406)
Cash Flows from Investing Activities		
Interest received		74,029
Net Cash from Investing Activities		74,029
Net Change in Cash and Cash Equivalents		(354,000)
Cash and investments		
Beginning of Year		1,688,401
End of Year	$	1,334,401
Reconciliation of Operating Income to Net Cash from Operating Activities		
Operating income	$	337,883
Adjustments to reconcile operating income to net cash flows from operating activities		
Depreciation		4,116
(Increase) decrease in operating assets:		
Accounts receivable		104,572
Deferred outflows of resources - Pension and OPEB		24,278
Interest receivable		3,628
Prepaid expenses		2,183
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities used for operations		36,805
Deferred inflows of resources - Pension and OPEB		194
Net pension and OPEB balances		(19,282)
Net Cash from Operating Activities	$	494,377

The accompanying notes are an integral part of these financial statements.

1. Summary of Significant Accounting Policies

The City of Castle Pines (the "City") was incorporated on February 12, 2008, as a statutory municipality as defined in State statutes. On May 14, 2019, residents voted in support of changing the City's government structure to Home Rule and the City became the 102nd home rule municipality in Colorado. The City is governed by a Mayor and six-member council elected by the residents.

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

Reporting Entity

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

Component units are reported using one of two methods. A blended component unit, although a legally separate entity, is in substance part of the City's operations and is reported with similar funds of the City. A discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize its legal separation from the City.

Blended Component Unit

The Castle Pines Urban Renewal Authority (the "Authority") is a legally separate body corporate and politic created by the City Council by Resolution No. 23-26, pursuant to the Colorado Urban Renewal Law, C.R.S. § 31-25-101 et seq., to carry out urban renewal projects within the City. The City Council appoints a voting majority of the Authority's board of commissioners, and a financial benefit or burden relationship exists between the City and the Authority in that the City provides staff, legal counsel, office space and equipment for the conduct of the Authority's business under an intergovernmental agreement. That agreement also permits the City to provide cash advances to the Authority, which constitute an obligation of the Authority to repay the City and are subject to annual appropriation. No advances were requested, made, or outstanding as of December 31, 2025.

1. Summary of Significant Accounting Policies (continued)

The Authority is reported as a blended component unit because its activities exclusively, or almost exclusively, benefit the City. The Authority has no employees, and City management has operational responsibility for its day-to-day activities. The Authority's financial activity is reported within the governmental activities column of the government-wide financial statements and as a nonmajor special revenue fund in the fund financial statements. The Authority does not issue separate financial statements. Additional information regarding the Authority is presented in Note 12.

Based on the application of these criteria, no other organizations are included within the City's reporting entity.

Government-wide and Fund Financial Statements

The government-wide financial statements consist of the statement of net position and the statement of activities. These statements report information on all activities of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separate from business-type activities, which rely to a significant extent on fees and charges for services.

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

Fund financial statements are used to report additional and more detailed information about the primary government. Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported in separate columns in the fund financial statements. The nonmajor funds are combined in a column in the fund financial statements and are detailed in the combining section of the report.

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

1. Summary of Significant Accounting Policies (continued)

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes and intergovernmental revenues associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the City. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

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

General Fund - The City's primary operating fund. It is currently used to account for the general financial activities of the City.

Parks and Recreation Fund – A special revenue fund that accounts for the expenditures devoted to the maintenance and general upkeep of parks and recreational amenities. Parks, recreation, and trail improvements are also accounted for in this fund, supported by park user fees and General Fund revenues.

Parks and Recreation North Fund – A special revenue fund that accounts for the expenditures devoted to the maintenance and general upkeep of parks, open space, and recreational amenities in accordance with an intergovernmental agreement with Castle Pines North Metropolitan District.

Roads Fund – A special revenue fund that accounts for all revenues dedicated or restricted to road purposes including the 1% road sales and use tax.

Community Capital Investment Fund **–** A capital projects fund that accounts for funds reserved for future capital asset purposes. Typically, the source of revenue comes via a transfer from the General Fund of funds more than the 25% reserve policy requirement at the City Council's discretion or one-time revenues assigned for specific future capital projects.

Capital Improvement Fund **–** A capital projects fund that accounts for capital improvements or acquisitions. The primary source of revenue comes from the General Fund.

1. Summary of Significant Accounting Policies (continued)

The City reports one major proprietary fund:

Stormwater Utility Fund – accounts for expenditures for the administration, operation, maintenance, and improvements to the City's stormwater system and the revenues collected for that purpose.

Additionally, the City reports the following non-major funds:

Conservation Trust Fund – A special revenue fund that accounts for all government revenue and expenditures associated with state lottery disbursements and may only be used for parks and recreation maintenance or capital purposes.

Grants and Restricted Revenue Fund – A special revenue fund that accounts for the expenditures related to the development of safety action plans, roadway analysis, community engagement, and strategic planning, founded by federal grants under the Safe Streets and Roads for All (SS4A) Program.

Castle Pines Urban Renewal Authority – A special revenue fund that accounts for revenues restricted for urban renewal activities within the Castle Pines Urban Renewal Area. Revenues consist primarily of tax increment financing (TIF) revenues and are used to fund redevelopment projects, infrastructure improvements, economic development initiatives, and other eligible expenditures in accordance with the Castle Pines Urban Renewal Plan.

In the government-wide statement of activities, amounts reported as program revenues include charges to customers or applicants for goods, services, or privileges provided and operating and capital grants and contributions. General revenues include all taxes, interest earnings and gain on sale of capital assets. Special items and interfund transfers are reported separately from revenues and expenses.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. Principal operating revenues of the Stormwater Utility fund are charges to customers for services. Operating expenses for enterprise funds include personnel costs, contractual services, and other supplies and expenses. All revenues and expenses not meeting these definitions are reported as non-operating revenues and expenses.

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

1. Summary of Significant Accounting Policies (continued)

Budgets

In accordance with the State Budget Law, the City Council holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level and lapses at year end. The City Council can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting, unless otherwise indicated.

On or before September 30, the City staff submits to the Council a proposed budget for the next fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them.

A public hearing is conducted by the City Council to obtain taxpayer comments. State law requires that the City adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption.

A public hearing is conducted by the City Council to obtain taxpayer comments. State law requires that the City adopt a budget prior to the certification of its mill levy to the county and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer withholding future property tax revenues pending compliance by the City. The City filed the certified copy of its budget timely for 2025.

Assets, Liabilities and Net Position/Fund Balance

Cash and Investments

Investments are reported at fair value.

Receivables

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

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses. Because these assets do not represent current financial resources, these amounts are shown as nonspendable fund balance in governmental funds.

1. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include equipment, land, park improvements, and all infrastructure assets owned by the City, are reported in the government-wide financial statements. Infrastructure assets include streets, curbs and sidewalks, and drainage and traffic systems. Land and infrastructure assets were donated to the City by Douglas County upon the City's incorporation. Capital assets are defined by the City as assets with an initial, individual cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

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

Infrastructure	15 to 40 years
Park Improvements	20 years
Buildings and Improvements	20 to 30 years
Equipment	3 to 10 years
Vehicles	3 to 5 years

Deferred Inflows of Resources

Deferred inflows of resources include property taxes earned but levied for a subsequent year and license fees received but not yet earned. It also includes pension contributions received but applicable to a subsequent year and amounts anticipated to be received under lease agreements.

Leases – as lessee

The City is a lessee for noncancellable leases of equipment and office spaces. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

1. Summary of Significant Accounting Policies (continued)

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses the incremental borrowing rate.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leases – as lessor

The City is a lessor for lease agreements under which it conveys control of the right to use certain nonfinancial assets. The City recognizes a lease receivable and a deferred inflow of resources at the commencement of a lease, except for short-term leases with a maximum possible term of 12 months or less.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as lease revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate used to discount the expected lease receipts to present value, (2) the lease term, and (3) lease receipts.

- The City uses the interest rate charged to the lessee as the discount rate. When the interest rate charged to the lessee is not readily determinable, the City uses its estimated incremental borrowing rate.
- The lease term includes the period during which the lessee has a noncancelable right to use the underlying asset, together with periods covered by options to extend the lease if reasonably certain of being exercised.
- Lease receipts included in the measurement of the lease receivable are composed of fixed payments, variable payments that are fixed in substance, and any other payments that are reasonably certain of being received based on an assessment of all relevant factors.

1. Summary of Significant Accounting Policies (continued)

The City monitors changes in circumstances that would require a remeasurement of its lease receivable and deferred inflow of resources and will remeasure such balances if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Compensated Absences

Effective January 1, 2025, the City implemented an unlimited paid time off policy. Under this policy, employees do not accrue leave balances and are not entitled to payment for unused leave upon separation from service. The compensated absences liability reported at December 31, 2025 consists primarily of vacation leave accrued by employees under the City's prior leave policy, together with leave payable to the City Manager under the terms of his employment agreement, which is not governed by the unlimited paid time off policy.

Compensated absences are reported at the pay rates in effect at the reporting date. In the government-wide financial statements, compensated absences are reported as a long-term liability. In the governmental funds, expenditures are recognized only for amounts that have matured, such as leave payable to employees who have separated from service.

Net Position/Fund Balance

In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The City has not established a formal policy for its use of restricted and unrestricted fund balance. However, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the City considers restricted fund balances to have been spent first.

Fund Equity

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

Because circumstances differ among governments, not every government or every governmental fund will present all these components. The following classifications describe the relative strength of the spending constraints:

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

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

1. Summary of Significant Accounting Policies (continued)

- *Committed fund balance*- The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the City Council. The constraint may be removed or changed only through formal action of the City Council.

- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the City Council to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

- *Unassigned fund balance*- The residual portion of fund balance that does not meet any of the criteria described above.

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

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the City on a monthly basis.

Pensions

The 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.

1. Summary of Significant Accounting Policies (continued)

Postemployment benefits other than pensions (OPEB)

The City participates in the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit OPEB fund administered by the 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 and additions to/deductions from the fiduciary net position 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.

Investments

Investments are reported at fair value.

Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City maintains commercial insurance for these risks of loss.

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2. Cash and Investments

Cash Deposits

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City has a policy of limiting custodial credit risks by assuring that deposits are only made in eligible public depositories. As of December 31, 2025, none of the City's deposits are deemed to be exposed to custodial credit risk.

A summary of cash and investments as of December 31, 2025, follows:

Cash deposits	$ 3,586,933
Investments	24,336,875
Total cash and investments	$ 27,923,808

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

Governmental activities	$ 26,589,407
Business-type activities	1,334,401
Total cash and investments	$ 27,923,808

Investments - Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, US territory or any of their subdivisions, with certain limitations;
4. Bankers acceptance issued by a state or national bank, with certain limitations;

2. Cash and Investments (continued)

5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market funds, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with other certain limitations;
9. Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. These trusts are "Colotrust" and "CSAFE".

At December 31, 2025, the City had the following investments reported as cash and investments:

		Investment Maturities (in Years)			
Investment	**Rating**	**Less than 1**	**1 to Less than 5**	**Total**	**Concentration of Credit Risk**
Money Market Funds	N/A	$ 17,500	$ -	$ 17,500	0.07%
U.S. Treasury Securities	AAA	988,270	4,280,625	5,268,895	21.65%
U.S. Government Bonds	AA+	2,132,208	9,969,018	12,101,226	49.72%
CSAFE - Investments	AAAm	6,949,254	-	6,949,254	28.55%
		$ 10,087,232	$ 14,249,643	$ 24,336,875	100.00%

Fair Value Measurement and Application

The City categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

2. Cash and Investments (continued)

The City's investment balances at fair value hierarchy are as follows:

Investments	Level 1	Level 2	Level 3	Total
Money Market Funds	$ 17,500	$ -	$ -	$ 17,500
U.S. Treasury Securities	-	5,268,895	-	5,268,895
U.S. Government Bonds	-	12,101,226	-	12,101,226
Investments measured at net asset value - CSAFE	-	-	-	6,949,254
Total	$ 17,500	$ 17,370,121	$ -	$ 24,336,875

CSAFE

The City invested in the Colorado Surplus Asset Fund Trust (CSAFE), which is an investment vehicle established by state statute for local government entities to pool surplus assets. The State Securities Commissioner administers and enforces all state statutes governing the Trust. The Trust is similar to a money market fund, with each share valued at $1.00. CSAFE may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain money market funds, and highest rated commercial paper. A designated custodial bank serves as custodian for CSAFE's portfolio pursuant to a custodian agreement.

The custodian acts as safekeeping agent for CSAFE's investment portfolio and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by CSAFE. CSAFE is rated AAAm by Standard & Poor's, CSAFE records its investments at amortized cost and the City records its investments in CSAFE using at net asset value as determined by amortized cost. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

3. Lease Receivable

The City entered into a lease agreement for the use of City-owned property for the installation and operation of wireless communications equipment. The lease commenced on February 10, 2025, which represents the date the City issued the required permit and the lessee obtained the right to use the underlying asset. The lease has a term of five years.

In accordance with GASB Statement No. 87, Leases, the City recognized a lease receivable and a corresponding deferred inflow of resources at the commencement of the lease. The lease receivable was measured at the present value of lease payments expected to be received during the lease term. As of December 31, 2025, the lease receivable balance was $138,017 and the related deferred inflow of resources was $141,809.

3. Lease Receivable (continued)

During 2025, the City recognized lease revenue of approximately $32,208, which includes the systematic recognition of the deferred inflow of resources over the lease term.

Future principal and interest payments to be received under the lease are as follows:

Year ending December 31,	Principal	Interest	Total
2026	$ 33,115	$ 2,885	$ 36,000
2027	34,025	1,975	36,000
2028	34,959	1,041	36,000
2029	35,918	82	36,000
Total	$ 138,017	$ 5,983	$ 144,000

4. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is reported in the following categories:

- Net investment in capital assets consists of capital assets, net of accumulated depreciation and amortization, reduced by the outstanding balances of debt or other obligations attributable to the acquisition, construction, or improvement of those assets. At year-end, net investment in capital assets consisted of:

Capital assets, net of accumulated depreciation and amortization	$ 142,695,454
Less: Lease liability	(227,281)
Net investment in capital assets	$ 142,468,173

- Restricted net position represents resources subject to external restrictions, constitutional provisions, or enabling legislation on how they may be used. At year-end, restricted net position totaled $14,816,738, of which $12,821,705 was restricted by enabling legislation as follows:

Roads - City dedicated sales and use tax	$ 1,912,929
Parks and recreation - City dedicated property tax	10,908,776
Total restricted by enabling legislation	$ 12,821,705

- Unrestricted net position represents the portion of net position that is not subject to external restrictions or invested in capital assets and may be used to meet the government's ongoing obligations and operating needs. At year-end, unrestricted net position totaled $9,648,447 for governmental activities and $2,195,126 for business-type activities. These resources are available to support general governmental and enterprise fund operations and may be used at the discretion of management and the governing body.

5. Capital Assets

Governmental capital assets activity for the year ended December 31, 2025, was as follows:

	Balance at December 31, 2024 (As Restated)	Additions	Transfers	Balance at December 31, 2025
Capital assets, not being depreciated				
Land	$ 2,037,427	$ 37,644,282	$ -	$ 39,681,709
Construction in progress	1,100,987	569,845	(1,100,987)	569,845
Total capital assets, not being depreciated	3,138,414	38,214,127	(1,100,987)	40,251,554
Capital assets, being depreciated/amortized				
Infrastructure	133,817,996	10,379,490	124,079	144,321,565
Buildings and improvements	8,839,093	1,299,916	976,908	11,115,917
Vehicles and equipment	1,617,991	98,722	-	1,716,713
Right-to-use asset/building	537,407	-	-	537,407
Total capital assets, being depreciated	144,812,487	11,778,128	1,100,987	157,691,602
Less accumulated depreciation/amortization for:				
Infrastructure	(45,600,049)	(4,632,489)	-	(50,232,538)
Buildings and improvements	(3,286,511)	(439,941)	-	(3,726,452)
Vehicles and equipment	(1,041,311)	(78,609)	-	(1,119,920)
Right-to-use leased asset	(253,321)	(90,427)	-	(343,748)
Accumulated depreciation/amortization	(50,181,192)	(5,241,466)	-	(55,422,658)
Total capital assets, being depreciated/amortized, net	94,631,295	6,536,662	1,100,987	102,268,944
Total capital assets, net	$ 97,769,709	$ 44,750,789	$ -	$ 142,520,498

Depreciation/Amortization expense for the year ended December 31, 2025, was charged to the following programs of the City:

General Government	$ 95,612
Public Works	4,831,233
Parks and Recreation	314,621
Total	$ 5,241,466

The amortization of the right-to-use leased asset included above is $90,427.

5. Capital Assets (continued)

Business-Type capital assets activity for the year ended December 31, 2025, was as follows:

	Balance at December 31, 2024 (As Restated)	Additions	Retirements/ Transfers	Balance at December 31, 2025
Capital assets, not being depreciated				
Construction in progress	$ -	$ 100,866	$ -	$ 100,866
Total capital assets, not being depreciated	-	100,866	-	100,866
Capital assets, being depreciated				
Buildings and improvements	82,322	-	-	82,322
Total capital assets, being depreciated	82,322	-	-	82,322
Less accumulated depreciation/amortization for:				
Buildings and improvements	(4,116)	(4,116)	-	(8,232)
Accumulated depreciation/amortization	(4,116)	(4,116)	-	(8,232)
Total capital assets, being depreciated/amortized, net	78,206	(4,116)	-	74,090
Total capital assets, net	$ 78,206	$ 96,750	$ -	$ 174,956

Depreciation expense for the year ended December 31, 2025, was $4,116.

6. Long-term Liabilities

The following is an analysis of the City's change in long-term obligations:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Amounts Due Within One Year
Right-to-use lease liabilities	$ 328,906	$ -	$ (101,625)	$ 227,281	$ 106,415
Compensated absences	84,759	2,775	(20,082)	67,452	58,111
Total Long-Term Debt	$ 413,665	$ 2,775	$ (121,707)	$ 294,733	$ 164,526

6. Long-term Liabilities (continued)

Compensated absences

Compensated absences are liquidated by the funds on which each employee's compensation is recorded, in proportion to that employee's allocation among those funds.

Right-to-use lease liability

In 2022, the City entered into a lease agreement allowing the right-to-use property over the term of the lease. The City is required to make monthly payments at its incremental borrowing rate, or the interest rate stated or implied within the lease.

The lease rate, term and ending lease liability are as follows:

	Interest rate	Commencement	Term in Years	Balance
Leased real estate	1.55%	$ 509,232	6.1	$ 227,281

The value of the right-to-use asset, as of December 31, 2025, was $537,407, with an accumulated amortization of $343,748.

The future minimum lease payments under non-cancelable leases as of December 31, 2025 are as follows:

2026	$ 109,049
2027	112,316
2028	9,497
Less: imputed interest	(3,581)
Total future minimum lease payments	$ 227,281
Lease commitments - current portion	$ 106,415
Lease commitments - long-term portion	120,866
Total	$ 227,281

7. Retirement Commitments

Defined Benefit Pension Plan

Plan Description

Eligible employees of The 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 https://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.

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, eligible benefit recipients under the PERA benefit structure who began membership before January 1, 2007. 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.

7. Retirement Commitments (continued)

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. 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 The 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 of January 1, 2024, through December 31, 2025, are summarized in the table below:

	January 1, 2024 Through December 31, 2024	January 1, 2025 Through December 31, 2025
Employee contribution (all employees)	9.00%	9.00%

*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 are summarized in the table below:

	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).

7. Retirement Commitments (continued)

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and The City is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the City were $214,591 for the year ended December 31, 2025.

Pension Liabilities, Pension Expense, 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 City's proportion of the net pension liability was based on the City's contributions to the LGDTF for the calendar year 2024 relative to the total contributions of participating employers.

At December 31, 2025, the City reported a liability of $919,355 for its proportionate share of the net pension liability.

At December 31, 2024, the City's proportion was 0.1498%, which was a decrease of 0.0017% from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized pension expense of $284,567. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ 69,373	$ -
Changes of assumptions or other inputs	27,133	-
Net difference between projected and actual earnings on pension plan investments	86,515	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	4,217
Contributions subsequent to the measurement date	214,591	-
Total	$ 397,612	$ 4,217

$214,591 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 ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

7. Retirement Commitments (continued)

Year Ending December 31,		
2026	$	164,290
2027		218,924
2028		(146,436)
2029		(57,974)
Total	$	178,804

Actuarial Assumptions

The total pension liability in the December 31, 2023, actuarial valuation was determined using the following actuarial cost method, 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	3.20%–11.30%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future 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.

The mortality tables described below are generational mortality tables developed on a benefit-weighted basis.

Pre-retirement mortality assumptions for members were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for members were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

7. Retirement Commitments (continued)

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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.

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%.

7. Retirement Commitments (continued)

Discount rate

The discount rate used to measure the total pension liability 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 percent.
- 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 fiduciary net position, 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 fiduciary net position 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.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year and 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 percent, at which point the AED and SAED will each drop 0.50 percent 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.

7. Retirement Commitments (continued)

- 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 allocation to the Local Government Division Trust Fund was $486,000. The City's proportionate share of the increase in FNP as a result of this transaction was $728.

Based on the above assumptions and methods, 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 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the City's 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 percent, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount	1% Increase (8.25%)
Proportionate share of the net pension liability (asset)	$2,012,283	$919,355	$1,170

Pension plan fiduciary net position

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

<u>Defined Contribution Pension Plan</u>

Plan Description

Employees of the City that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the Plan provisions to the State Legislature. PERA issues a publicly available annual financial report for the Plan. That report may be obtained as described previously.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan

Funding Policy

The 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 CRS, as amended. In addition, the City has agreed to match employee contributions up to 5% of covered salaries. Forfeitures are used to pay expenses of the PERA defined contribution plan in accordance with PERA Rule 16.80 as adopted by the PERA Board of Trustees in accordance with Title 24, Article 51, Section 204 of the Colorado Revised Statutes. For the year ended December 31, 2025, the City contributed $247,582 and Plan members contributed $140,052 to the Plan.

General Information about the OPEB Plan

Eligible employees of the 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. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. Title 24, Article 51, Part 12 of the C.R.S., as amended, 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 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/investments/pera-financial-reports.

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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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 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.

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 subsidy, in each case, is for retirees with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The retiree 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.

For retirees who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, the HCTF or the DPS HCTF pays an alternate service-based premium subsidy. Each individual retiree meeting these conditions receives the maximum $230 per month subsidy reduced appropriately for service less than 20 years, as described above. Retirees who do not have Medicare Part A pay the difference between the total premium and the monthly subsidy.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Contributions

Pursuant to Title 24, Article 51, Section 208(1) (f) of the C.R.S., as amended, certain contributions are apportioned to the HCTF. PERA-affiliated employers of the State, School, Local Government, and Judicial Divisions are required to contribute at a rate of 1.02% of PERA-includable salary into the HCTF.

Employer contributions are recognized by the HCTF in the period in which the compensation becomes payable to the member and the City is statutorily committed to pay the contributions. Employer contributions recognized by the HCTF from the City were $15,873 for the year ended December 31, 2025.

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

At December 31, 2025, the City reported a liability of $52,824 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 total OPEB liability to December 31, 2024. The City's proportion of the net OPEB liability was based on the City's 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 City's proportion was 0.011 percent, which was a decrease of 0.0003 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the City recognized OPEB expense of $5,390. At December 31, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows Of Resources	Deferred Inflows Of Resources
Differences between expected and actual experience	$ -	$ 11,652
Changes of assumptions or other inputs	610	16,885
Net difference between projected and actual earnings on pension plan investments	179	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	19,608	-
Contributions subsequent to the measurement date	15,873	-
Total	$ 36,270	$ 28,537

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

$15,873 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 Ending December 31,		
2026	$	(24)
2027		338
2028		(3,851)
2029		(1,277)
2030		(2)
Thereafter		(3,324)
Total	$	(8,140)

Actuarial assumptions

The TOL in the December 31, 2023 actuarial valuation was determined using the following actuarial cost method, 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	3.20% - 11.30%
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates	
PERA benefit structure:	
Service-based premium subsidy	0.00%
PERACare Medicare plans[1]	16.00% in 2024, then 6.75% in 2025, gradually decreasing to 4.50% in 2034
Medicare Part A premiums	3.50% in 2024, gradually increasing to 4.50% in 2033

[1] UnitedHealthcare MAPD PPO plans are 0% for 2023.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Each year the per capita health care costs are developed by plan option; currently 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 are 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.

Age-Related Morbidity Assumptions

Participant Age	Annual Increase (Male)	Annual Increase (Female)
5-68	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%

	MAPD PPO #1 with Medicare Part A Retiree/Spouse		MAPD PPO #2 with Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) with Medicare Part A Retiree/Spouse	
Sample Age	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

	MAPD PPO #1 without Medicare Part A Retiree/Spouse		MAPD PPO #2 without Medicare Part A Retiree/Spouse		MAPD HMO (Kaiser) without Medicare Part A Retiree/Spouse	
Sample Age	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 (actual dollars) per month.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

All costs are subject to the health care cost trend rates, as discussed below.

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.

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.

The PERA benefit structure health care cost trend rates used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans[1]	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 determination of the total pension liability as shown below, reflect generational mortality and were applied, as applicable, in the determination of the TOL for the HCTF, but developed on a headcount-weighted basis. Affiliated employers of the State, School, Local Government and Judicial Divisions participate in the HCTF.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Pre-retirement mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- **Males:** 94% of the rates prior to age 80 and 90% of the rates for ages 80 and older, with generational projection using scale MP-2019.
- **Females:** 87% of the rates prior to age 80 and 107% of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- **Males:** 97% of the rates for all ages, with generational projection using scale MP-2019.
- **Females:** 105% of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for members were based upon the PubNS-2010 Disabled Retiree Table using 99% of the rates for all ages with generational projection using scale MP-2019.

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 attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits have been 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.
- 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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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.

	Local Government Division
Salary increases, including wage inflation:	
Members other than Safety Officers	3.40%-13.00%
Safety Officers	3.20%-16.30%

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	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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

Pre-Retirement	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions	PubG-2010 Employee	N/A
Post-Retirement (Retiree), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions	PubG-2010 Healthy 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
Post-Retirement (Beneficiary), Non-Disabled	**Mortality Table**	**Adjustments, as Applicable**
All Beneficiaries	Pub-2010 Contingent Survivor	**Males**: 92% of the rates for all ages **Females**: 100% of the rates for all ages
Disabled	**Mortality Table**	**Adjustments, as Applicable**
State and Local Government Divisions	PubNS-2010 Disabled Retiree	95% of the rates for all ages

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.

The PERA Board first adopted the 7.25 percent 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 Board’s 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:

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

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 percent.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the Health Care Cost Trend Rates.

The following 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	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	2.75%	3.75%	4.75%
Ultimate Medicare Part A Trend Rate	3.50%	4.50%	5.50%
Proportionate Share of the Net OPEB Liability	$51,401	$52,824	$54,435

Discount rate

The discount rate used to measure the TOL was 7.25 percent. 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.

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (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 percent.
- 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 payments related to the disaffiliation of Tri-County Health Department as PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2024, year-end, the additional employer disaffiliation payment allocations recognized by PERA to the HCTF and Local Government Division Trust Fund were \$20,000 and \$486,000, respectively. The City's proportionate share of the increase in FNP as a result of this transaction was \$2.

Based on the above assumptions and methods, the Trust Fund's FNP was projected to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the City's proportionate share of the net OPEB liability to changes in the discount rate

The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25 percent as of the measurement date, 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 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

8. Defined Benefit Other Post Employment Benefit (OPEB) Plan (continued)

	1.00 % Decrease (6.25%)	Current Discount Rate (7.25%)	1.00% Increase (8.25%)
Proportionate Share of Net OPEB Liability	$64,737	$52,824	$42,554

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

9. Commitments and Contingencies

The Canyons Annexation and Development Agreement

During 2009, the City approved an annexation and development agreement with the developer of a planned development known as The Canyons. To defray the cost to the City of providing municipal services during the predevelopment phase and to the future development, the developer paid $1,976,400 to the City during the year ended December 31, 2009, and an additional $1,000,000 during the year ended December 31, 2013.

As part of the agreement, the City agreed to grant future sales and use tax credits to retailers and building permit applicants within the development. The developer will collect public improvement fees in lieu of the sales and use taxes to finance the construction of infrastructure in the development. $822,713 in use tax credits were paid in 2025.

Claims and Judgements

The City participates in state and local programs that are fully or partially funded by grants received from other governmental entities. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the City may be required to reimburse the grantor government. At December 31, 2025, the City believes that any subsequent audits will not have a material effect on the overall financial position of the City.

Happy Canyon Creek at Monarch Boulevard Improvements

During 2024, the City entered into an intergovernmental agreement with the Mile High Flood District (MHFD) to design and construct drainage and flood control improvements for Happy Canyon Creek at Monarch Boulevard. Under the agreement, the City and MHFD share project costs equally, and ownership and maintenance responsibility for the completed improvements will reside with the City.

9. Commitments and Contingencies (continued)

The original agreement provided for total project funding of $200,000. During 2025, the agreement was amended to increase total project funding to $2,100,000, with maximum contributions of $1,050,000 from both the City and MHFD. Contributions are held by MHFD and used to pay eligible project costs. Any unexpended amounts remaining after completion of the project are to be returned to the parties in proportion to their contributions.

As of December 31, 2025, the City had contributed its full project commitment of $1,050,000. MHFD had incurred $100,866 of eligible project costs on behalf of the City, which the City recognized as construction in progress. The remaining balance of approximately $949,134 had not yet been expended on project activities and is reported as an advance to MHFD in the accompanying financial statements. The City expects these funds to be utilized for future project expenditures in accordance with the intergovernmental agreement.

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which limits state and local government taxing powers and imposes spending limitations.

Pursuant to the incorporation election held in November, 2007, any proceeds from sales and use taxes, property taxes, and the investment income thereon shall be retained, collected and spent by the City without regard to any spending, revenue-raising or other limitation contained in Article X, Section 20, without limiting in any year the amount of other revenue that may be collected and spent by the City.

In November, 2012, voters within the City authorized the City to retain and spend City revenues derived from any and all sources in excess of the spending or other limitations set forth in Article X, Section 20, beginning with revenues received in 2011. The Amendment is subject to many interpretations, but the City believes it is in substantial compliance with the Amendment.

The City has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2025, the emergency reserve of $772,760 was reported as restricted fund balance in the General Fund.

10. Transfer of Operations

The City and Castle Pines North Metropolitan District (the "District"), whose boundaries lie entirely within the City, entered into an Intergovernmental Agreement Regarding Operation, Maintenance and Transfer of Recreation Properties, effective March 31, 2023 (the "Recreation Properties IGA"), as part of the District's effort to wind down its operations. The agreement transfers responsibility for parks, recreation, trails, and open space, including the associated funding, from the District to the City.

Under the Recreation Properties IGA, the District remitted to the City in 2023 its Budgeted Park Improvement funds, the balance of its Conservation Trust Fund, and the funds in its General Fund attributable to the District Parks Operations Mill Levy. Pending the City obtaining its own source of funding, the District imposed a 12-mill District Parks Operations Mill Levy and remitted the resulting revenue to the City to fund the City's operation and maintenance of the recreation properties. In November 2023, City voters authorized a 12-mill City property tax for parks and recreation purposes, effective January 1, 2024, and the District correspondingly reduced its mill levy by 12 mills. Beginning in 2024, the City has levied and received this property tax directly, and the District's obligation to impose and remit the District Parks Operations Mill Levy has terminated. The District has further agreed to amend its service plan to remove its authority to provide parks, trails, and open space and to permanently reduce its authorized mill levy to 7 mills.

Conveyance of the recreation properties themselves was conditioned under the Recreation Properties IGA upon the City obtaining voter authorization for a City parks and recreation mill levy, which occurred in November 2023. The District conveyed the recreation properties to the City during 2025 by quitclaim and special warranty deeds and by bill of sale, for nominal consideration of ten dollars. Because the conveyance is a transfer of operations between governments rather than an exchange transaction, the City recognized the assets received at the District's carrying value as of the transfer date. Capital assets recognized from the District totaled \$39,474,170, consisting of \$37,644,282 of land and land improvements not subject to depreciation, \$1,371,278 of depreciable assets, and \$458,610 of District-funded construction costs for park improvements completed by the City. These amounts are reported in the government-wide Statement of Activities as a special item, which also includes \$2,250,181 of infrastructure dedicated to the City by developers, for a total of \$41,724,351.

Certain District facilities conveyed to the City, including the District's offices, were simultaneously leased back to the District for its continued use in providing water and wastewater services at rent of one dollar per year on a triple-net basis. Because the District retains control of the present service capacity of those facilities, the City has not recognized them as capital assets, and because the consideration is nominal rather than exchange or exchange-like, the arrangement is outside the scope of GASB Statement No. 87.

10. Transfer of Operations (continued)

As of December 31, 2025, the transfer of a portion of the property remained incomplete. The City anticipates that the remaining parcels will be conveyed during 2026 upon completion of the transfer process. These parcels had an estimated carrying value of approximately $5.6 million on the District's records as of the transfer date. Because the conveyance was not complete as of December 31, 2025, no amounts related to these remaining parcels have been recognized in the accompanying financial statements. The assets will be recorded at the District's carrying value in accordance with guidance for transfers of operations when the transfer is completed.

11. Correction of Errors

During 2025, the City identified assets that had been conveyed in prior years and were not recorded at the time of conveyance. Therefore, capital assets, net of depreciation, were understated by $22.1 million for the fiscal year ended December 31, 2024.

As a result, the City restated beginning net position for governmental activities and business-type activities in the government-wide statements and net position for the stormwater fund in the proprietary fund as of January 1, 2025, to recognize the conveyed assets that had not been recorded in prior periods. The effect of this correction is shown below:

	12/31/2024 As Previously Reported	Correction Of Error	12/31/2024 As Restated
Government-Wide			
Governmental Activities	$ 97,101,844	$ 22,011,622	$ 119,113,466
Business-Type Activities	1,763,144	78,206	1,841,350
Total Primary Government	$ 98,864,988	$ 22,089,828	$ 120,954,816
Proprietary Funds			
Major Funds:			
Stormwater Fund	$ 1,763,144	$ 78,206	$ 1,841,350
Total Proprietary Funds	$ 1,763,144	$ 78,206	$ 1,841,350

12. Castle Pines Urban Renewal Authority

The Castle Pines Urban Renewal Authority (the "Authority" or "CPURA") was established by Resolution No. 23-26 of the City Council of the City of Castle Pines and was constituted as an urban renewal authority under the Colorado Urban Renewal Law, Part 1 of Article 25 of Title 31, Colorado Revised Statutes, effective July 9, 2023. The purpose of the Authority is to promote redevelopment, economic development, infrastructure improvements, and revitalization within designated urban renewal areas of the City.

12. Castle Pines Urban Renewal Authority (continued)

The Authority's urban renewal area generally encompasses the City's Business Zone District and provides a mechanism for financing public improvements and redevelopment activities that support the goals and objectives of the City.

The Authority is governed by an eleven-member board of commissioners consisting of the seven members of the City Council, including the Mayor, together with representatives appointed by Douglas County, Douglas County School District RE-1, local special districts, and one member appointed by the Mayor and approved by the City Council. The City Manager serves as the Executive Director of the Authority unless another executive director is retained by the Authority, and the City Clerk serves as Clerk of the Authority.

On February 13, 2024, by Resolution o. 24-17, the City Council found the Castle Pines West Commercial District Urban Renewal Area to be a blighted area under the Urban Renewal Law and approved the Castle Pines West Commercial District Urban Renewal Plan, including the authorization for use of tax increment financing. The Authority’s activities are financed with property tax increment revenue generated within the urban renewal area. Each taxing entity whose incremental property tax revenues are allocated under the plan has executed an agreement with the Authority governing the sharing of those revenues in accordance with Sections 31-25-107(9) and (9.5), C.R.S. Under Section 31-25-107(9), C.R.S., the tax allocation provisions of the plan expire twenty-five years after approval of the plan, or February 13, 2049.

Tax increment was first generated in 2025; the Authority had no financial activity in prior years. At December 31, 2025, the Authority had no outstanding debt and no redevelopment agreements obligating future increment revenue.

City of Castle Pines, Colorado

Required Supplementary Information

City of Castle Pines, Colorado

Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 11,074,800	$ 10,161,277	$ (913,523)
Franchise fees	718,800	705,628	(13,172)
Licenses and permits	57,400	55,175	(2,225)
Intergovernmental	70,800	63,508	(7,292)
Charges for services	1,970,700	2,277,960	307,260
Fines and forfeitures	208,900	324,815	115,915
Investment income	258,600	831,295	572,695
Other income	47,400	452,725	405,325
Total Revenues	14,407,400	14,872,383	464,983
Expenditures			
Elected officials	241,700	238,024	3,676
City manager	327,800	312,486	15,314
Inter/Non-departamental	552,000	610,983	(58,983)
Legal services	264,900	266,602	(1,702)
Communications	355,400	331,975	23,425
Human resources/Risk management	163,900	118,968	44,932
Finance	444,200	425,084	19,116
City clerk	362,900	273,010	89,890
Municipal court	60,700	61,126	(426)
Public safety	1,899,400	1,981,546	(82,146)
Community development	1,655,200	1,816,831	(161,631)
Economic development	838,600	716,891	121,709
City events	454,000	568,788	(114,788)
Capital outlay	-	71,020	(71,020)
Total Expenditures	7,620,700	7,793,334	(172,634)
Excess Of Revenues Over (Under) Expenditures	6,786,700	7,079,049	292,349
Other Financial Sources (Uses)			
Operating transfers (out)	(6,666,600)	(1,763,658)	4,902,942
Net change in fund balance	120,100	5,315,391	5,195,291
Fund Balance, Beginning of Year	1,763,000	1,512,940	(250,060)
Fund Balance, End of Year	$ 1,883,100	$ 6,828,331	$ 4,945,231

City of Castle Pines, Colorado

Parks and Recreation Fund
Schedule of Revenues, Expenditures and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Property taxes	$ 5,104,700	$ 5,104,700	$ 5,095,749	$ (8,951)
Charges for services	74,400	74,400	96,124	21,724
Investment income	63,200	63,200	285,633	222,433
Total Revenues	5,242,300	5,242,300	5,477,506	235,206
Expenditures				
Operations and maintenance	2,341,000	2,759,000	2,519,659	239,341
Capital outlay	2,378,600	2,378,600	-	2,378,600
Contributions	100,000	100,000	100,000	-
Total Expenditures	4,819,600	5,237,600	2,619,659	2,617,941
Excess Of Revenues Over (Under) Expenditures	422,700	4,700	2,857,847	2,853,147
Net Change in Fund Balance	422,700	4,700	2,857,847	2,853,147
Fund Balance, Beginning of Year	3,651,780	4,408,391	4,408,391	-
Fund Balance, End of Year	$ 4,074,480	$ 4,413,091	$ 7,266,238	$ 2,853,147

City of Castle Pines, Colorado

Parks and Recreation North Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Investment income	$ 67,000	$ 201,035	$ 134,035
Intergovernmental	-	99,000	99,000
Total Revenues	67,000	300,035	233,035
Expenditures			
Operations and maintenance	2,108,900	2,046,421	62,479
Capital outlay	3,366,400	486,225	2,880,175
Total Expenditures	5,475,300	2,532,646	2,942,654
Excess Of Revenues Over (Under) Expenditures	(5,408,300)	(2,232,611)	3,175,689
Net Change in Fund Balance	(5,408,300)	(2,232,611)	3,175,689
Fund Balance, Beginning of Year	5,408,300	5,875,149	466,849
Fund Balance, End of Year	$ -	$ 3,642,538	$ 3,642,538

City of Castle Pines, Colorado
Roads Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 3,331,600	$ 2,993,347	$ (338,253)
Licenses and permits	100,000	315,618	215,618
Intergovernmental	1,869,100	1,776,877	(92,223)
Charges for services	200,000	252,792	52,792
Investment income	25,200	97,023	71,823
Total Revenues	5,525,900	5,435,657	(90,243)
Expenditures			
Operations and maintenance	3,222,100	2,373,312	848,788
Use tax credit	282,500	219,390	63,110
Capital outlay	45,000	18,453	26,547
Total Expenditures	3,549,600	2,611,155	938,445
Excess Of Revenues Over (Under) Expenditures	1,976,300	2,824,502	848,202
Other Financial Sources (Uses)			
Operating transfers (out)	(1,810,000)	(1,810,000)	-
Total Transfers	(1,810,000)	(1,810,000)	-
Net Change in Fund Balance	166,300	1,014,502	848,202
Fund Balance, Beginning of Year	710,100	897,385	187,285
Fund Balance, End of Year	$ 876,400	$ 1,911,887	$ 1,035,487

City of Castle Pines, Colorado
Retirement Plan Supplementary Information
For the Year Ended December 31, 2025

Schedule of Proportionate Share of the Net Pension and OPEB Liabilities (Assets) and Related Ratios

Colorado PERA - Pension

Year Ending*	Proportion of the Net Pension Liability	Proportionate Share of the Net Pension Liability	Actual Member Payroll	Net Pension Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
12/31/2016	0.066%	$ 732,317	$ 377,547	193.97%	76.90%
12/31/2017	0.066%	897,685	401,445	223.61%	73.65%
12/31/2018	0.065%	724,317	404,528	179.05%	79.40%
12/31/2019	0.070%	880,318	471,789	186.59%	75.96%
12/31/2020	0.090%	659,708	621,321	106.18%	86.26%
12/31/2021	0.111%	579,540	778,311	74.46%	90.88%
12/31/2022	0.123%	(105,178)	894,316	-11.76%	101.49%
12/31/2023	0.121%	1,215,553	942,991	128.90%	82.99%
12/31/2024	0.152%	1,112,270	1,479,151	75.20%	88.03%
12/31/2025	0.150%	919,355	1,556,137	59.08%	90.45%

Colorado PERA - OPEB

Year Ending*	Proportion of the Net OPEB Liability	Proportionate Share of the Net OPEB Liability	Actual Member Payroll	OPEB Liability as a Percentage of Member Payroll	Fiduciary Net Position as a Percentage of Total OPEB Liability
12/31/2018	0.005%	$ 65,694	$ 404,528	16.24%	17.50%
12/31/2019	0.005%	73,880	471,789	15.66%	17.03%
12/31/2020	0.007%	77,669	621,321	12.50%	24.49%
12/31/2021	0.008%	80,592	778,311	10.35%	32.78%
12/31/2022	0.009%	81,107	894,316	9.07%	39.40%
12/31/2023	0.009%	76,356	942,991	8.10%	38.57%
12/31/2024	0.011%	80,914	1,479,151	5.47%	46.16%
12/31/2025	0.011%	52,824	1,556,137	3.39%	59.83%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

* *The data provided in this schedule is based as of the measurement date of the City's net pension liability, which is as of the beginning of the year.*

Schedule of Employer Contributions (PERA and OPEB)

Year Ending	Statutorily Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
12/31/2016	$ 54,998	$ 54,998	$ -	$ 401,445	13.70%
12/31/2017	55,489	55,489	-	404,528	13.72%
12/31/2018	64,635	64,635	-	471,789	13.70%
12/31/2019	85,121	85,121	-	621,321	13.70%
12/31/2020	109,514	109,514	-	778,311	14.07%
12/31/2021	129,674	129,674	-	894,316	14.50%
12/31/2022	143,652	143,652	-	942,991	15.23%
12/31/2023	195,685	195,685	-	1,479,151	13.23%
12/31/2024	196,177	196,177	-	1,327,315	14.78%
12/31/2025	230,464	230,464	-	1,556,137	14.81%

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 fiduciary net position (FNP) and related disclosure components for the Local Government Division reflect payments related to the disaffiliation of Tri-County Health Department (Tri-County Health) as a PERA-affiliated employer, effective December 31, 2022. As of the December 31, 2024, year-end, the additional employer disaffiliation payment allocations to the Health Care Trust Fund (HCTF) and the Local Government Division Trust Fund recognized by PERA were $20,000 and $486,000, respectively. The City's proportionate share of the increase in FNP as a result of this transaction was $728 for pension, and $2 for OPEB.

As of the December 31, 2024, measurement date, the total pension liability (TPL) recognizes the change in the default method applied for granting service accruals for certain members, from a "12-pay" method to a "non-12-pay" method. The default service accrual method for positions with an employment pattern of at least eight months but fewer than 12 months (including, but not limited to positions in the School and DPS Divisions) receive a higher ratio of service credit for each month worked, up to a maximum of 12 months of service credit per year.

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

2024 Changes in Assumptions or Other Inputs Since 2023

There were no changes made to the actuarial methods or assumptions.

Note 3 – Retirement Plan Supplementary Information

The schedules presented in the Retirement Plan Supplementary Information for the year ended December 31, 2025, are intended to show information for ten years. Additional years will be displayed as they become available.

City of Castle Pines, Colorado

Supplementary Information

City of Castle Pines, Colorado
Community Capital Investment Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	$ -	$ -	$ -
Total Revenues	-	-	-
Excess Of Revenues Over (Under) Expenditures	-	-	-
Other Financing Sources			
Proceeds from sale of assets	-	-	-
Total Other Financing Sources	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance, Beginning of Year	3,352,400	3,352,427	27
Fund Balance, End of Year	$ 3,352,400	$ 3,352,427	$ 27

City of Castle Pines, Colorado
Capital Improvements Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Budgeted Amount			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Intergovernmental	$ 1,119,000	$ 2,515,100	$ 2,207,719	$ (307,381)
Total Revenues	1,119,000	2,515,100	2,207,719	(307,381)
Expenditures				
Professional services	-	-	2,446,297	(2,446,297)
Capital outlay	9,384,700	14,803,200	7,692,207	7,110,993
Total Expenditures	9,384,700	14,803,200	10,138,504	4,664,696
Excess Of Revenues Over (Under) Expenditures	(8,265,700)	(12,288,100)	(7,930,785)	4,357,315
Other Financial Sources (Uses)				
Operating transfers in	8,450,000	8,450,000	3,560,501	(4,889,499)
Total Transfers	8,450,000	8,450,000	3,560,501	(4,889,499)
Net Change in Fund Balance	184,300	(3,838,100)	(4,370,284)	(532,184)
Fund Balance, Beginning of Year	2,464,400	5,034,091	5,196,794	162,703
Fund Balance, End of Year	$ 2,648,700	$ 1,195,991	$ 826,510	$ (369,481)

City of Castle Pines, Colorado
Combining Balance Sheet
Other Governmental Funds
December 31, 2025

	Conservation Trust Fund	Grants and Restricted Revenue Fund	Castle Pines Urban Renewal Authority	Totals
Assets				
Cash and cash equivalents	$ 1,158,686	$ -	$ 16,485	$ 1,175,171
Accounts receivable	22,665	26,213	-	48,878
Interest receivable	2,261	-	-	2,261
Total assets	1,183,612	26,213	16,485	1,226,310
Liabilities and Fund Balances				
Liabilities				
Accounts payable	-	6,440	-	6,440
Due to other funds	-	7,329	-	7,329
Total Liabilities	-	13,769	-	13,769
Fund Balances				
Restricted				
Parks and recreation	1,183,612	-	-	1,183,612
Roads	-	1,042	-	1,042
Economic development	-	-	16,485	16,485
Waste diversion	-	11,402	-	11,402
Total Fund Balances	1,183,612	12,444	16,485	1,212,541
Total Liabilities and Fund Balances	$ 1,183,612	$ 26,213	$ 16,485	$ 1,226,310

City of Castle Pines, Colorado

Other Governmental Funds
Combining Statement of Revenues, Expenditures
And Changes in Fund Balances
For the Year Ended December 31, 2025

	Conservation Trust Fund	Grants and Restricted Revenue Fund	Castle Pines Urban Renewal Authority	Totals
Revenues				
Taxes	$ -	$ -	$ 16,736	$ 16,736
Intergovernmental	160,452	49,953	-	210,405
Investment income	45,560	-	-	45,560
Other income	-	11,401	-	11,401
Total Revenues	206,012	61,354	16,736	284,102
Expenditures				
Professional services	-	63,110	-	63,110
Community and economic development	-	-	251	251
Total Expenditures	-	63,110	251	63,361
Transfers in:				
General Fund	-	13,157	-	13,157
Total Transfers	-	13,157	-	13,157
Net changes in fund balances	206,012	11,401	16,485	233,898
Fund Balances				
Beginning of the year	977,600	1,043	-	978,643
End of the year	$ 1,183,612	$ 12,444	$ 16,485	$ 1,212,541

City of Castle Pines, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental revenue	$ 353,300	$ 160,452	$ (192,848)
Investment income	46,600	45,560	(1,040)
Total Revenues	399,900	206,012	(193,888)
Excess Of Revenues Over (Under) Expenditures	399,900	206,012	(193,888)
Net Change in Fund Balance	399,900	206,012	(193,888)
Fund Balance, Beginning of Year	1,155,600	977,600	(178,000)
Fund Balance, End of Year	$ 1,555,500	$ 1,183,612	$ (371,888)

City of Castle Pines, Colorado

Grants and Restricted Revenue Fund
Schedule of Revenues, Expenditures
and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental revenue	$ 98,400	$ 49,953	$ (48,447)
Other income	24,000	11,401	(12,599)
Total Revenues	122,400	61,354	(61,046)
Expenditures			
Professional services	149,000	63,110	85,890
Excess Of Revenues Over (Under) Expenditures	(26,600)	(1,756)	24,844
Other Financial Sources			
Transfers in	26,600	13,157	(13,443)
Total Transfers	26,600	13,157	(13,443)
Net Change in Fund Balance	-	11,401	11,401
Fund Balance, Beginning of Year	-	1,043	1,043
Fund Balance, End of Year	$ -	$ 12,444	$ 12,444

City of Castle Pines, Colorado
Castle Pines Urban Renewal Authority
Schedule of Revenues, Expenditures and Change in Fund Balance—Budget and Actual
For the Year Ended December 31, 2025

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Taxes	$ 16,500	$ 16,736	$ 236
Total Revenue	16,500	16,736	236
Expenditures			
Treasurer fee	300	251	49
Total Expenditures	300	251	49
Excess Of Revenues Over (Under) Expenditures	16,200	16,485	285
Net Change in Fund Balance	16,200	16,485	285
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	$ 16,200	$ 16,485	$ 285

City of Castle Pines, Colorado
Enterprise Fund - Stormwater
Schedule of Revenues, Expenses
and Change in Fund Balance—Budget and Actual (Non-GAAP Basis)
For the Year Ended December 31, 2025

	Budgeted Amount			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Charges for services	$ 664,400	$ 664,400	$ 697,018	$ 32,618
Investment income	85,400	85,400	74,029	(11,371)
Capital contributions - developer	-	-	127,594	127,594
Total Revenues	749,800	749,800	898,642	148,842
Expenditures				
Operations and maintenance	359,000	359,000	349,830	9,170
Advance to Mile High Flood District	-	1,050,000	949,134	100,866
Capital outlay	450,000	100,000	100,866	(866)
Total Expenditures	809,000	1,509,000	1,399,830	109,170
Excess Of Revenues Over (Under) Expenditures	(59,200)	(759,200)	(501,188)	258,012
Net Change in Fund Balance	(59,200)	(759,200)	(501,188)	258,012
Fund Balance, Beginning of Year (as restated)	2,651,300	1,818,119	1,810,401	(7,718)
Fund Balance, End of Year	$ 2,592,100	$ 1,058,919	$ 1,309,213	$ 250,294

ADJUSTMENTS FROM BUDGETARY BASIS TO GAAP BASIS	
Pension and OPEB expense	(5,190)
Depreciation expense	(4,116)
Capital outlay	100,866
Advance to Mile High Flood District	949,134
CHANGE IN NET POSITION - GAAP BASIS	539,506
NET POSITION, BEGINNING OF YEAR (AS RESTATED)	1,841,350
NET POSITION, END OF YEAR	$ 2,380,856

LOCAL HIGHWAY FINANCE REPORT		STATE: COLORADO
THIS INFORMATION FROM THE RECORDS OF: City of Castle Pines	PREPARED BY: Mike Farina mike.farina@castlepinesco.gov	REPORT YEAR ENDING DATE(mm/yyyy): 12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	2,503,958.00	a. Interest on investments	97,023.00
b. Non-property Taxes and Assessments Imposts	4,013,227.00	b. Other Misc. Local Receipts	1,177,607.00
c. Total (a + b)	$ 6,517,185.00	**c. Total (a + b)**	$ 1,274,630.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	479,562.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	1,607,419.00
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	49,839.00		
c. Total (a + b)	$ 49,839.00		
4. Total (1 + 2 + 3c)	$ 529,401.00	**3. Total (1 + 2)**	$ 1,607,419.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	2,201,028.11
c. Construction Costs	7,345,906.45
d. Total Capital Outlay (a+ b + c)	$ 9,546,934.56

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	$ 3,966,785.56
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 6,517,185.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 1,274,630.00
5. Transfers from Toll Facilities	
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 11,758,600.56
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 529,401.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 1,607,419.00
E. Total receipts (A.7 + B + C + D)	$ 13,895,420.56

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 9,546,934.56
2. Maintenance:	504,257.00
3. Road and Street Services:	
a. Snow and Ice Removal	447,992.00
b. Other & Traffic Control Operations	42,724.00
c. Total (a + b)	$ 490,716.00
4. General Administration & Miscellaneous	1,396,791.00
5. Highway Law Enforcement and Safety	1,956,722.00
6. Total (1 through 5)	$ 13,895,420.56
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)	$ 13,895,420.56

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

ITEM	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DEBT
A. Bonds (Total)	0.00	$ -	$ -	$ -
1. Bonds (Refunding Portion)		$ -		
B. Notes (Total)	0.00	$ -	$ -	$ -

City of Castle Pines, Colorado

Compliance Section

Haynie

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the City Council
City of Castle Pines, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Castle Pines, Colorado (the "City"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated July 31, 2026.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Haynie

Littleton, Colorado
July 31, 2026

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the City Council
City of Castle Pines, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Castle Pines, Colorado's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City of Castle Pines, Colorado's major federal programs for the year ended December 31, 2025. The City of Castle Pines, Colorado's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of Castle Pines, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of Castle Pines, Colorado's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of Castle Pines, Colorado's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City of Castle Pines, Colorado's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of Castle Pines, Colorado's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City of Castle Pines, Colorado's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Haynie

Littleton, Colorado
July 31, 2026

City of Castle Pines, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Award Information	*Assistance Listing Number*	*Federal Expenditures ($)*
U.S. Department of Transportation		
Federal Highway Administration (FHWA)		
Passed through the State of Colorado, Dept. of Transportation (CDOT)		
Highway Planning and Construction	20.205	$ 1,303,116
Total U.S. Department of Transportation		1,303,116
U.S. Department of the Treasury		
Coronavirus State and Local Fiscal Recovery Funds	21.027	21,064
Total U.S. Department of the Treasury		21,064
Total Expenditures of Federal Awards		$ 1,324,080

The accompanying notes are an integral part of this schedule

City of Castle Pines, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Notes to the Schedule

1. **Basis of Presentation**
   The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Castle Pines, Colorado, under programs of the federal government for the year ended December 31, 2025. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* s (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City of Castle Pines, Colorado, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the City of Castle Pines, Colorado.

2. **Summary of Significant Accounting Policies**
   Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. **Indirect Cost Rate**
   City of Castle Pines, Colorado, has elected not to use the 10% de minimus indirect cost rate allowed under the Uniform Guidance.

4. **Subrecipients**
   The City did not pass through any federal awards to subrecipients during the year ended December 31, 2025. Therefore, no subrecipient expenditures are included in the Schedule of Expenditures of Federal Awards.

City of Castle Pines, Colorado
Supplemental Information

Schedule of Findings and Questioned Costs for the Year Ended December 31, 2025

1. Summary of Auditors' Results

Type of report issued on the financial statements:	**Unmodified**
Material weaknesses in financial reporting internal control noted:	**None**
Significant deficiency(s) identified that are not considered to be material weaknesses in financial reporting:	**None identified**
Material noncompliance noted:	**None**
Material weaknesses in internal control over major programs:	**None**
Significant deficiency(s) identified that are not considered to be material weaknesses over major programs:	**None identified**
Type of report issued on compliance for major programs:	**Unmodified**
Audit findings required to be reported:	**None**

The following programs are considered to be major:

Highway Planning and Construction – ALN 20.205

Dollar threshold used to distinguish Type A and Type B programs:	**$1,000,000**
Risk type qualification:	**Not Low-Risk**

2. Findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

None

3. Findings and questioned costs for Federal Awards

None

4. Summary Schedule of Prior Audit Findings

None