THORNTON
COLORADO

MONTHLY FINANCIAL REPORT

June 2026

Contents

Executive Summary

Introduction

The City of Thornton Finance and Budget offices are committed to providing financial information and transparency to the public and City stakeholders. The City reports information through the use of 20 funds, full descriptions of the funds and how they are grouped together can be found in Appendix A. The following report is provided to give a high-level explanation of the City's financial position on a month-to-month basis. The City's funds are summarized by comparing year-to-date (YTD) activity with prior year activity, as well as the 2026 Budget. This provides context for the financial data and the City's current financial position. Though there are highlights given within this summary, users are encouraged to review this report in full and in combination with the City's Annual Comprehensive Financial Report and Budget Book for a full view of the City's financial position and health.

Financial and Economic Overview

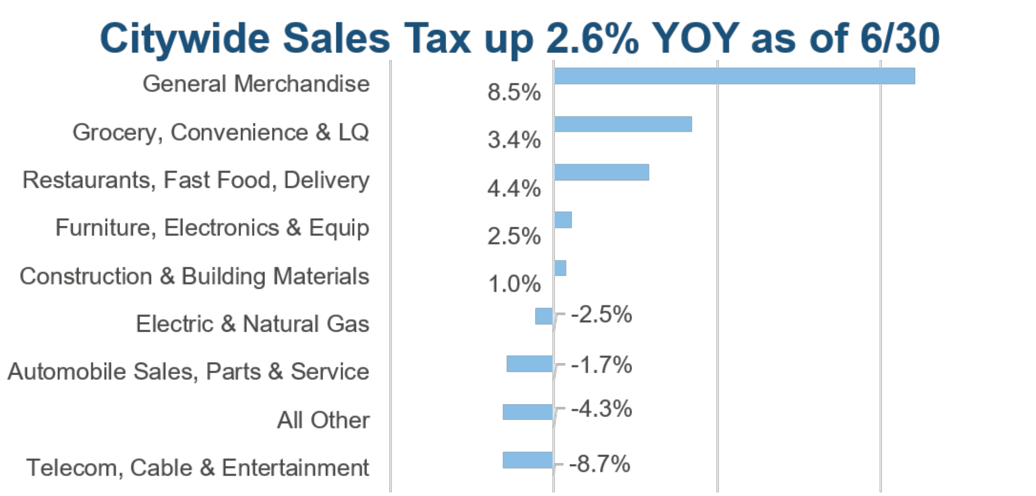
Throughout the first half of 2026, the City's financial performance is tracking below original budgeted expectations. While sales tax revenues continue to perform as forecasted, slower development activity and Stage 1 drought conditions have reduced several key revenue sources. Expenditures are projected to come in under budget, helping to moderate the impact of these revenue pressures. Finance will continue to monitor economic conditions and evaluate whether changing trends warrant future budget adjustments.

2026 Mid-Year Financial Snapshot

Overall Financial Position	Revenue performance is below original budget expectations.
Key Strength	Sales tax performance remains consistent with budget expectations
Primary Pressure	Development slowdown continues to impact building-related revenues and connection fees.
Expenditure Status	Spending is projected to come in under the adopted budget.
Outlook	Current conditions warrant continued monitoring as broader economic trends continue to influence the City's financial performance.

Sales Tax Performance

Sales Tax is the main source of revenue in the Governmental Fund, making up over 50% of total revenues. Sales tax continues to perform as expected and remains the City's strongest indicator of overall economic stability. Through May (reported in June), sales tax collections are up 2.6% year-to-date, consistent with the 2026 budget forecast. Although national retail sales increased more than 4.5%, Colorado consumer spending continues to lag national trends, and Thornton's performance is consistent with statewide economic conditions.



Development Activity

Development related revenues impact the Governmental Fund and Enterprise Funds. Development activity continues to represent the City's greatest financial challenge in 2026 and remains the primary source of pressure on revenue growth. Through June, building permits issued are down approximately 50% compared to the same period last year. This decline has reduced building-related revenues in the Governmental Fund as well as Enterprise funds. Residential construction accounts for most of the slowdown, with 52% fewer residential permits issued than the first half of 2025.

According to the United States Census Bureau, U.S. single-family homebuilding fell for the third straight month in June, while future construction dropped to the lowest level in 10 months. Thornton's experience is reflecting these broader national housing trends, where elevated mortgage rates and construction costs continue to suppress new residential construction. However, planning-related permits, including site, right-of-way, and landscaping permits are up nearly 150% year-to-date. While these permits do not immediately generate comparable revenues, they suggest developers continue investing in infrastructure that supports future residential growth as market conditions improve.

Water Revenue

Drought conservation efforts continue to reduce utility revenues, although a portion of the financial impact is offset by lower operating costs. The City remains under Stage 1 drought restrictions with a goal of reducing outdoor water demand by 10%. Through June, water consumption is down 5.5% year-to-date, resulting in Water Fund revenues declining approximately 3.1%.

Reduced water demand is expected to continue lowering utility revenues through the irrigation season. However, lower consumption also reduces water treatment costs and General Fund expenditures for park irrigation, partially offsetting the revenue impact.

Expenditure Performance

Expenditures are projected to come in below original budget expectations, helping to partially offset lower-than-anticipated revenues. The 2026 budget prioritized maintaining existing service levels while preserving capacity to support Strategic Plan implementation and organizational priorities. This approach recognized continued economic uncertainty.

Through the first half of the year, expenditures remain consistent with the adopted budget. Enterprise Capital represents 35% of the City's annual budget, followed by Personnel at 31%. Although capital expenditures appear low, this is expected due to the multi-year nature of capital projects and the timing of annual appropriations.

Overall Financial Outlook

Financial performance is slightly below original budget expectations, with revenue pressures primarily related to development activity and drought conditions. Sales tax performance and expenditure savings continue to provide stability; however, current conditions warrant continued monitoring as broader economic trends influence future performance.

Contact Us

Please reach out to Kim Newhart, Finance Director, at Kimberly.Newhart@thorntonco.gov or 303-538-7255 or Erika Senna, Budget and Operations Director, at Erika.Senna@thorntonco.gov or 303-538-7321 with any questions.

Government Funds Review

Government Funds Revenue

Below is a summary of all revenues received within the government funds, how revenue compares to the prior year in dollars and as a percentage, current year budget and how the City is performing against the current year budget.

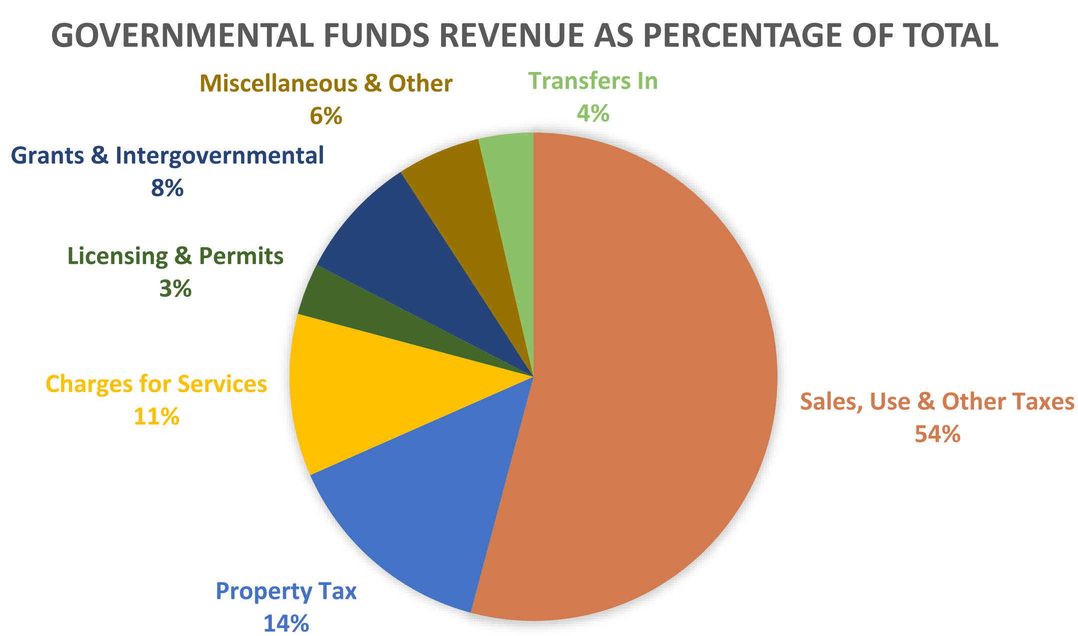
Fund	Year to Date	Year Over Year Change in Dollars	Year Over Year Change as Percentage	2026 Projected	2026 Budget	Percentage of Budget
Governmental	$ 111,699,633	$ (2,017,040)	(2%)	$ 251,181,333	$ 259,173,466	43%
Special Revenue	8,791,702	(2,959,914)	(25%)	41,973,239	29,217,514	30%
Thornton Development Authorities	20,538,415	2,341,575	13%	31,487,433	33,476,801	61%
Other Governmental	10,759,464	(1,446,144)	(12%)	21,899,441	21,580,392	50%

Year over year decreases across Governmental Funds are primarily due to nonrecurring and timing-related factors, however an increase in Sales, Use & Other Taxes and Property Tax collections to date have minimized the overall decrease in the funds.

Special Revenue declines reflect more prior-year grant activity and a one-time 2025 reimbursement for the certain cost related to the Aylor Open Space Library and Community Center and Anythink Library. Although the year over year is down, 2026 revenue projections compared to budget have increased due to new grant awards.

The increase in the Thornton Development Authorities revenues, compared to the prior year, can be attributed to the timing of property taxes received to date.

Other Governmental Funds are down due to reduced risk management charges driven by lower projected self-insurance costs.



Government Funds Expenditures

Controlling the expenditure growth of the City year over year is one way City Officials properly steward the funds entrusted to the City. Below is a summary of all expenditures within the government funds, how expenditures compare to prior year in dollars and as a percentage, current year budget, including prior year capital budget rollover, and how the City is performing against the current year budget.

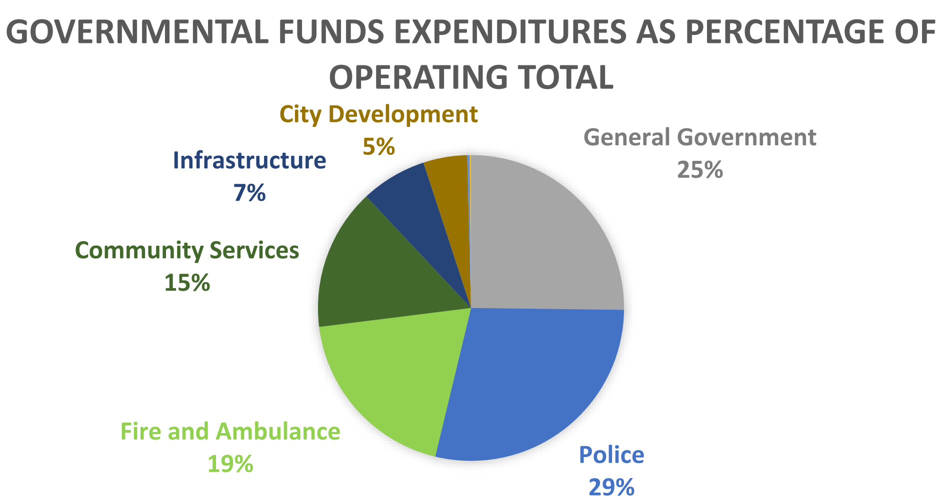
Fund	Year to Date	Year Over Year Change in Dollars	Year Over Year Change as Percentage	2026 Projected	2026 Budget	Percentage of Budget
Governmental - Operating	$ 99,154,186	$ 1,866,782	2%	$ 217,915,563	$ 221,335,760	45%
Governmental - Capital	8,198,673	(5,061,272)	(38%)	93,485,806	95,516,006	9%
Special Revenue	5,045,655	(810,915)	(14%)	56,442,174	56,442,174	9%
Thornton Development Authorities	4,820,232	1,471,076	44%	21,973,596	22,352,490	22%
Other Governmental	14,686,898	2,463,202	18%	29,285,845	29,285,845	50%

The City is projecting savings in Governmental Operating expenditures in 2026 primarily related to personnel vacancies, health insurance, parks irrigation water, contracted services, and park maintenance and snow and ice supplies.

In the Governmental Capital Fund, implementation of the new HR/Payroll system is well underway, and the majority of the project budget has been expended. Ongoing annual projects, including Building Maintenance, Fleet Replacement, and Traffic Signal Installations, also account for a significant portion of year-to-date expenditures. The year-over-year change is largely attributable to the completion of major projects that were underway at this time last year, including the construction of Fire Station #8 and soil mitigation work at the Justice Center.

In the Special Revenue Funds, the Ken Freiberg Fire Museum is underway and major construction activities are expected to be completed by the end of this year, which will be followed by museum exhibit construction and installation. Other large projects in the Special Revenue Funds include the ongoing work at Aylor Open Space and various trail connections projects throughout the City.

In the TDA South Fund, environmental remediation of soil continues at the Market at 88th.



Enterprise Funds Review

Enterprise Funds Revenue

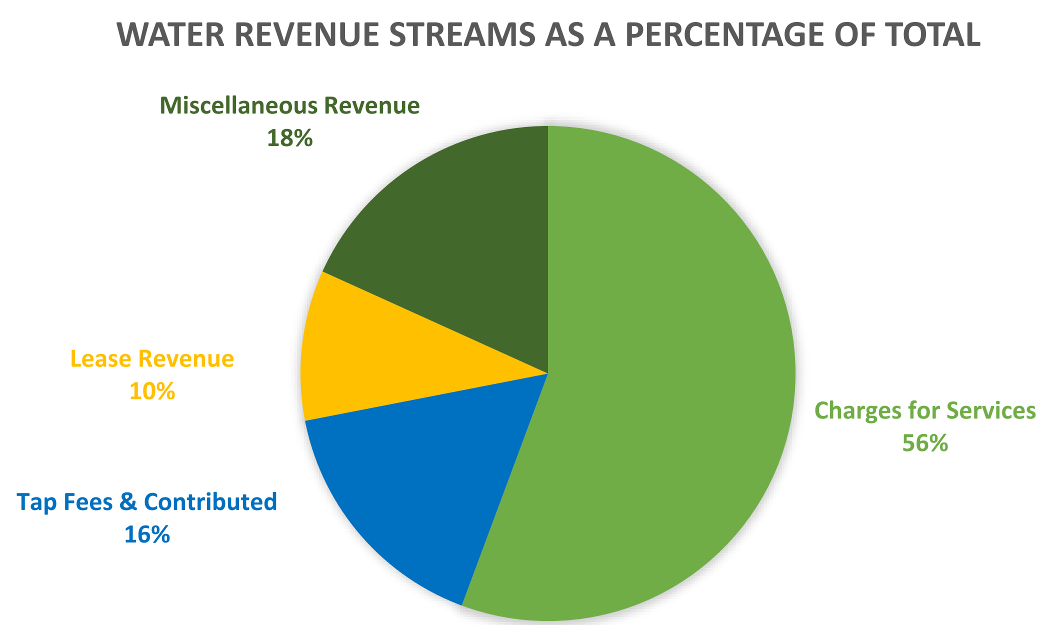
The City operates four Enterprise Funds, including Water, Sewer, Stormwater, and Environmental Services. Each of these funds are primarily funded through the charging of services. Below is a summary of all revenues received within the enterprise funds, how revenue compares to the prior year in dollars and as a percentage, current year budget and how the City is performing against the current year budget.

Fund	Year to Date	Year Over Year Change in Dollars	Year Over Year Change as Percentage	2026 Projected	2026 Budget	Percentage of Budget
Water	$ 39,968,388	$ (10,108,142)	(20%)	$ 315,011,813	$ 351,607,000	11%
Sewer	9,862,402	(247,239)	(2%)	23,480,350	24,177,300	41%
Stormwater	2,629,597	166,894	7%	5,342,449	5,188,700	51%
Environmental Services	4,020,676	(182,271)	(4%)	9,386,558	9,435,700	43%

Despite rate increases for Water and Sewer, effective January 1, 2026 (Water 11%, Sewer 6%), revenues are down year-to-date due to reduced development activity and lower consumption, which more than offsets the rate adjustments. Water and Sewer Connection fees revenues have decreased approximately $11.9 million due to a slow down in development activity. The Water Fund revenue budget includes $232 million in bond proceeds, if bond proceeds are excluded the percentage of budget is closer to 33%.

Stormwater had a rate increase of 6%, effective January 1, 2026, and the year over year reflects this.

Although Environmental Services rate increased 1.3%, the fund is showing a year over year decrease due to a one-time transfer into the fund for bag fees in 2025.



Enterprise Funds Expenses

Enterprise Funds Operating Expenses

Below is a summary of operating expenses within the enterprise funds, how operating expenses compare to prior year in dollars and as a percentage, current year budget and how the City is performing against the current year budget.

Fund	Year to Date	Year Over Year Change in Dollars	Year Over Year Change as Percentage	2026 Projected	2026 Budget	Percentage of Budget
Water	$ 19,664,149	$ (587,581)	(3%)	$ 46,155,693	$ 48,268,696	41%
Sewer	9,382,259	852,984	10%	17,770,517	19,266,871	49%
Stormwater	1,417,138	99,432	8%	4,004,335	4,146,912	34%
Environmental Services	3,140,604	39,033	1%	6,872,618	7,589,704	41%

Operating expenses within the enterprise funds are primarily related to personnel and contracted services required for effectively operating the City's utilities. In Stormwater, the percentage of budget spent is lower due to the timing of debt payments out of this fund.

Enterprise Funds Capital Expenses

The continued development of the City and changes in emerging technologies bring about the need for significant capital investments in the City's infrastructure.

Below is a summary of capital expenses within all enterprise funds, how capital expenses compare to prior year in dollars and as a percentage, current year budget, including prior year capital budget rollover, and how the City is performing against the current year budget.

Fund	Year to Date	Year Over Year Change in Dollars	Year Over Year Change as Percentage	2026 Projected	2026 Budget, Including Prior Year Carryover	Percentage of Budget
Water	$ 71,766,812	$ 31,806,409	80%	$ 496,022,031	$ 496,022,031	14%
Sewer	1,177,167	728,664	162%	9,572,292	9,572,292	12%
Stormwater	377,376	151,628	67%	1,957,328	1,957,328	19%
Environmental Services	1,746,684	1,370,436	364%	1,812,600	1,812,600	96%

An ongoing project in the Water Fund is the new Per- and Polyfluoroalkyl Substances (PFAS) Treatment facility, which will be located adjacent to the Thornton Water Treatment Plant, is in the design and pre-construction phase. The project is estimated to be completed in 2029.

In the Sewer Fund, staff continues to perform maintenance and rehabilitation on sewer lines and manholes throughout the City. In 2026, the projects will rehabilitate approximately 46,000 linear feet of pipe and 87 manholes.

One highlighted project in the Stormwater Fund is the ongoing construction on the northwest corner of the Margaret W. Carpenter Park as part of a stormwater maintenance project being completed in partnership with the Mile High Flood District. The work focuses on stabilizing the creek from 112th Avenue to the lakes.

The only ongoing capital project in the Environmental Services fund is the replacement of fleet vehicles, the majority of which have now been ordered.

Appendix A - Fund Descriptions

General Governmental Funds

The City has two main governmental funds:

1. General Fund, the primary operating fund covering City services, including police, fire and emergency medical response, parks and recreation, transportation infrastructure, development services, economic development, finance, legal, and general administration activities.
2. Governmental Capital Fund, the City's primary capital improvement fund.

The primary funding sources for the general governmental funds are sales and use tax, property tax, user fees, fines, permit fees, license fees, intergovernmental revenue, and administrative charges.

Thornton Development Authorities (TDA)

The City has 3 development authorities

1. TDA North: The City Council established, by ordinance in October 2003, the North Washington Street Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development of the North Washington Street corridor. Property tax and sale tax increment revenues are the main sources of TDA North revenue.
2. TDA South: The City Council established, by ordinance in October 2012, the South Thornton Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in South Thornton. Property tax increment revenue is the main source of TDA South revenue.
3. TDA 144th: The City Council established, by ordinance in November 2012, the 144th Avenue and Interstate 25 Urban Renewal Plan to reduce, eliminate, and prevent the spread of blight within the urban renewal area and to stimulate growth and development in the 144th Avenue and Interstate 25 corridor. Property tax and sales tax increment revenues are the main sources of TDA 144th revenue.

Special Revenue Funds

The City has 7 special revenue funds

1. Cash in Lieu: accounts for the proceeds from developer contributions associated with different developments throughout the City. The applicable capital projects are managed by responsible City personnel.
2. Conservation Trust: accounts for the proceeds the City receives from the Colorado State Lottery. Funds are used for the acquisition, development, and maintenance of new conservation sites, capital improvements or maintenance for recreational purposes on any public site.
3. Parks, Open Space, and Parks and Open Space: these three funds account for the proceeds from the City's 0.25% sales tax devoted to parks and open space. All revenues are accounted for within the Parks and Open Space fund with capital projects budgeted and expensed out of all three funds as applicable.
4. Adams County (ADCO) Road and Bridge: accounts for the proceeds the City receives from the ADCO Road and Bridge sales tax of 0.5%. Capital projects focus on infrastructure improvement.
5. Adams County (ADCO) Open Space: Accounts for the proceeds the City receives from the ADCO Open Space sales tax of 0.25% and applicable grant funding received from the County. Capital projects focus on parks and open space improvements.

Other Funds

The City has 4 other funds

1. 136th Avenue General Improvement District (136th GID): The 136th Avenue GID was established by City Council in 2000 to help fund the construction of an interchange at 136th Avenue and Interstate 25. Property tax revenue is the main source of 136th Avenue GID Fund revenue.

2. Thornton Emergency Telephone Service (E-911) Authority: The Thornton E-911 Authority was established by City Council in 2004 to collect surcharges for 911 emergency telephone services in the City and to manage the provisions of the emergency telephone service. The monthly emergency telephone surcharge remitted to the Authority is used to pay for a portion of equipment, personnel, technology maintenance, and other authorized costs pursuant to State Statute for the City to provide emergency telephone service.
3. Thornton Arts, Sciences and Humanities Council (TASHCO): TASHCO was established by City Council in 1991 to address the community's need for additional arts and cultural programs. TASHCO conducts fundraising, actively supports all City sponsored arts and culture events, and encourages membership and public participation.
4. Risk: Risk Management is responsible for evaluating risk exposures throughout the City and coordinating ways to transfer and manage the exposures via contractual agreements or through insurance coverage via various insurance carriers for property casualty, workers' compensation, and general professional and public official liability. Revenues for Risk Management come from charges for service to the City's operating divisions. Revenues are constant throughout the year, though expenses will vary.

Enterprise Funds

The City operates 4 enterprise funds

1. The Water Fund is responsible for operating, maintaining, and planning for the future of the City's water utility. The City is proud to provide quality water services, from the protection of water sources to the distribution of water to homes and businesses. Charges for services, leases, and tap fees are the main sources of revenue.
2. The Sewer Fund is responsible for operating and maintaining the City's wastewater collection system. While the City collects wastewater, it does not own or operate a wastewater treatment plant. The City sends wastewater to the Metro Water Recovery for treatment. Charges for services and tap fees are the main sources of revenue.
3. The Environmental Services Fund provides curbside trash and recycling collection services to over 30,000 homes throughout the community, as well as several special collection services for Thornton residents. Charges for services are the main source of revenue.
4. The Stormwater Fund is responsible for operation, maintenance, and capital improvement projects of the drain and drainage system throughout the City. Service fees are the main source of revenue.