Archuleta County, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

Archuleta County, Colorado

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Archuleta County, Colorado

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements 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 County, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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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 County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information including the combining and individual nonmajor fund financial statements and the 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 and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information including the combining and individual nonmajor fund financial statements and the 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 and the local highway finance report listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information including the combining and individual nonmajor fund financial statements and the 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 and the local highway finance report is fairly stated, in all material respects, in relation to the basic 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 October 26, 2026, on our consideration of the County'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 County'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 County's internal control over financial reporting and compliance.

Hinkle & Company, P.C.

Englewood, Colorado
October 26, 2026

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2025. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- Archuleta County decreases the change in net position by $3,483,318 resulting in a total net position of $76,905,123 on December 31, 2025. Of this amount, $17,617,858 may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position decreased by $3,028,219 or 3.636% during 2025. The governmental net position decreased by $2,894,947 or 5.06%, and the business-type net position decreased by $133,272 or 0.511%.

- The combined governmental fund balances on December 31, 2025, were $17,556,496, a decrease over 2024 of $3,294,691. The unassigned combined fund balance is $7,492,368 and is available for spending.

- The unassigned fund balance within the General Fund is $9,664,361

- The County's total liabilities decreased by $746,131 due to a decrease in Certificates of Participation and Accounts Payable.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

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

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

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (G*overnmental Activities)* from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities)*. The Governmental Activities of Archuleta County include general government, public safety, highway and streets, health and welfare, economic development, and recreation. The Business-type Activities of Archuleta County include Solid Waste and Airport.

Fund Financial Statements
A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or bond covenants. All the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations, and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent soon to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations.

Proprietary funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (components of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses an internal service fund (the other component of proprietary funds) to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

Fiduciary funds – Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Basic Financial Statements.

Notes to the Basic Financial Statements
The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately after the basic financial statements.

Other Information
In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, the Total Primary Government change in Net Position decreased by $3,483,318 on December 31, 2025.

The following table provides a summary comparison of the County's governmental and business-type net position on December 31, 2025.

Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$ 32,359,748	$ 35,299,159	$ 2,778,236	$ 3,646,204	$ 35,137,984	$ 38,945,363
Capital assets	50,186,382	48,284,276	22,006,799	23,671,058	72,193,181	71,955,334
Total assets	82,546,130	83,583,435	24,785,035	27,317,262	107,331,165	110,900,697
Current liabilities	3,279,347	3,320,935	458,329	337,880	3,737,676	3,658,815
Noncurrent liabilities	13,133,944	13,800,821	1,531,787	1,689,902	14,665,731	15,490,723
Total liabilities	16,413,291	17,121,756	1,990,116	2,027,782	18,403,407	19,149,538
Deferred inflow of resources	12,022,635	11,362,718	-	-	12,022,635	11,362,718
Net position:						
Net investment in capital assets	37,034,400	34,495,320	21,704,490	23,227,713	58,738,890	57,723,033
Restricted	518,375	2,788,205	-	-	518,375	2,788,205
Unrestricted	16,557,429	17,815,436	1,090,429	2,061,767	17,647,858	19,877,203
Total net position	$ 54,110,204	$ 55,098,961	$ 22,794,919	$ 25,289,480	$ 76,905,123	$ 80,388,441

The largest portion of Archuleta County's net position, about 60.8%, reflects its investment in capital assets (e.g., land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 0.96% of the County's net position is subject to restrictions on how it may be used. About 30.60% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Note that "unrestricted" funds are not the same as "unassigned". Some of the "unrestricted" funding is assigned or committed to specific uses or includes internal reserves.

GOVERNMENTAL ACTIVITIES

Governmental Activities' total revenues of $34,114,396 were below expenditures of $37,009,343, resulting in a $2,894,947 decrease in net assets on December 31, 2025.

The following table summarizes the County's governmental and business-type net position on December 31, 2025.

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Program Revenues:						
Charges for services	$ 5,620,802	$ 7,407,711	$ 1,243,919	$ 1,243,919	$ 6,864,721	$ 8,651,630
Operating grants	6,324,600	8,807,481	-	-	6,324,600	8,807,481
Capital grants - contributions	-	-	197,762	197,762	197,762	197,762
General revenues:						
Property & specific ownership taxes	9,044,400	9,045,390	-	-	9,044,400	9,045,390
Sales and use taxes	9,292,685	9,008,266	26,179	26,179	9,318,864	9,034,445
Other taxes	2,280,670	1,875,221	-	-	2,280,670	1,875,221
Other general revenues	1,551,239	1,918,346	1,299,725	1,299,725	2,850,964	3,218,071
Total revenues	34,114,396	38,062,415	2,767,585	2,767,585	36,881,981	40,830,000
Program expenses:						
General Government	15,276,704	15,318,183	-	-	15,276,704	15,318,183
Public Safety	8,511,347	9,588,095	-	-	8,511,347	9,588,095
Health and Welfare	5,592,297	4,208,452	-	-	5,592,297	4,208,452
Highways and Streets	5,573,141	7,182,622	-	-	5,573,141	7,182,622
Economic Development	486,905	530,686	-	-	486,905	530,686
Recreation and Culture	1,177,395	817,275	-	-	1,177,395	817,275
Interest Expense	391,554	457,698	-	-	391,554	457,698
Airport	-	-	1,175,172	1,358,850	1,175,172	1,358,850
Solid Waste	-	-	1,725,685	1,807,739	1,725,685	1,807,739
Total expenses	37,009,343	38,103,011	2,900,857	3,166,589	39,910,200	41,269,600
Change in Net Position	(2,894,947)	(40,596)	(133,272)	(399,004)	(3,028,219)	(439,600)
Net Position, End of year	$ 54,320,440	$ 57,215,387	$ 25,935,545	$ 26,068,817	$ 80,255,985	$ 83,284,204

Expenditures exceeded Program Revenues for Governmental Activities by $23.1 million in 2025. In 2024, expenditures exceeded Program Revenues by $21.8 million.

Total revenues for governmental activities are made up of 39.63% program revenues and 60.37% general revenues. In 2024, program revenues were 41.37% of the total revenues, and general revenues represented 58.63%.

Governmental Activities Program Revenues decreased by $2,363,600 in 2025 compared to 2024. The overall decrease reflects lower grant revenue.

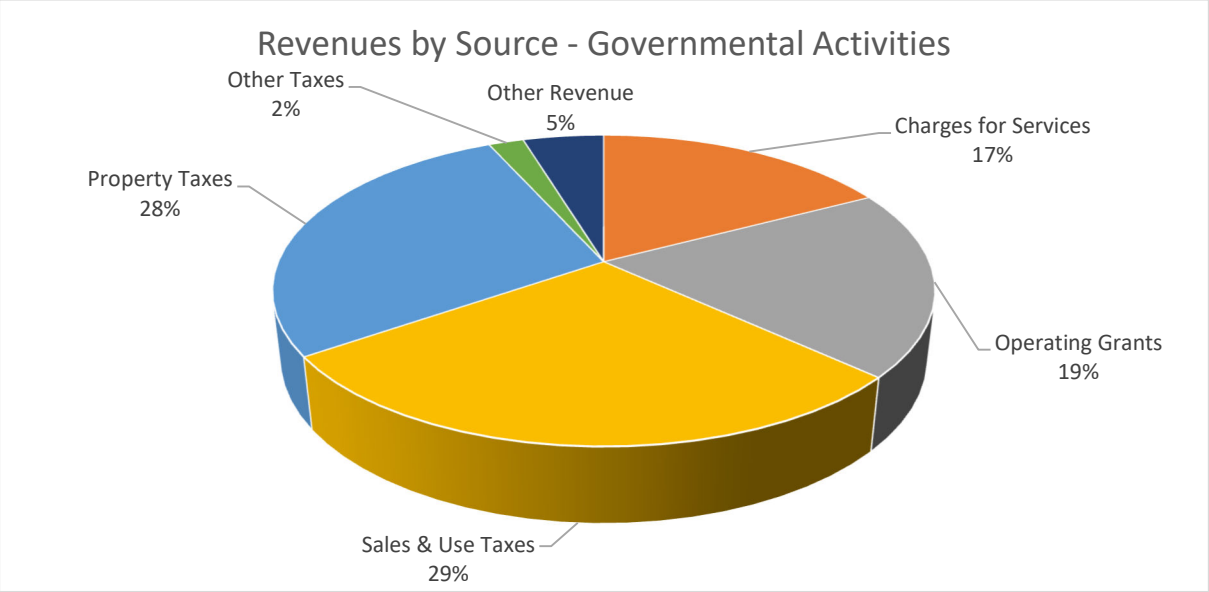
General revenues, primarily property taxes, sales taxes, and interest revenue, were used to pay for $23,157,751 of expenses that were not covered by program revenue.

The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

Net Program Cost to Taxpayers

Governmental Activities	Program Revenues	Expenses	Net (Expense) Revenue
General Government	$ 7,105,141.00	$ 15,276,704.00	$ (8,171,563.00)
Public Safety	1,001,161.00	8,511,347.00	(7,510,186.00)
Health and Welfare	2,689,713.00	5,592,297.00	(2,902,584.00)
Highways and Streets	2,077,794.00	5,573,141.00	(3,495,347.00)
Economic Development	965,985.00	486,905.00	479,080.00
Recreation and Culture	11,798.00	1,177,395.00	(1,165,597.00)
Interest on Long-Term Debt	-	391,554.00	(391,554.00)
Totals	$ 13,851,592.00	$ 37,009,343.00	$ (23,157,751.00)

The following illustrates revenues by sources:



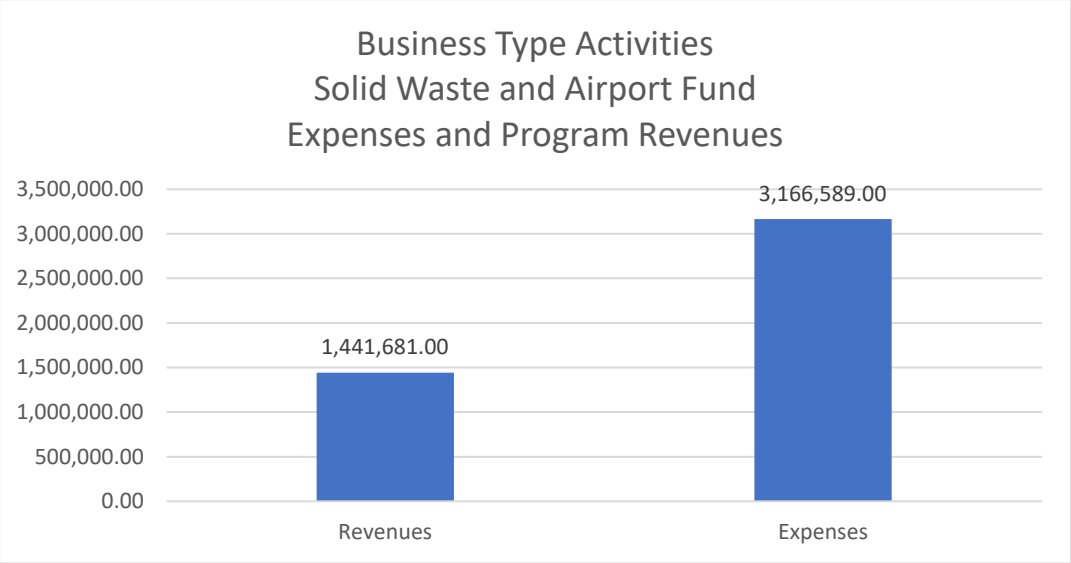
The percentages of total County expenses in each function are as follows:

Revenues by Source - Governmental Activities	2025	2024
Charges for Services	17%	19%
Operating Grants	19%	23%
Sales & Use Taxes	29%	23%
Property Taxes	28%	23%
Other Taxes	2%	2%
Other Revenue	5%	10%

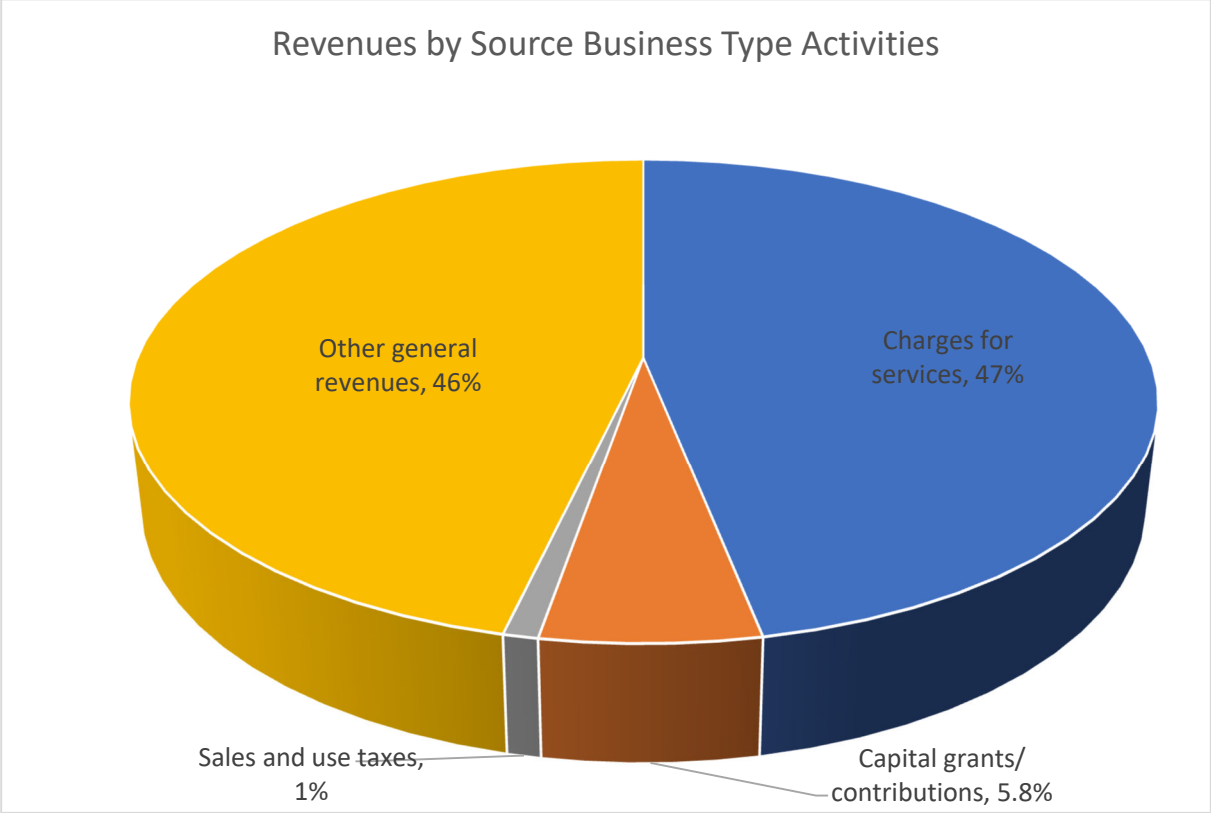
BUSINESS TYPE ACTIVITIES

Net position in Business-type Activities decreased by $2,494,561 in 2025.

The following illustrates the Business-type Activities, showing program revenues and expenses:



Revenue by Source: Business-type activities were 47% of operating revenues,5.8% of Capital Grants, 46% of Other Revenue, and Sales and Use Taxes were 1% of operating revenues.



THE COUNTY'S FUNDS

At year-end, the County's Governmental Funds reported a combined fund balance of $17,556,496, a decrease of $3,294,691 from 2024. Fund balances in the Governmental Funds are as follows:

Fund	2025	2024	2023	2022
General Government Fund	16,771,065.00	14,989,499.00	19,024,251.00	18,603,085.00
Road & Bridge Fund	22,129.00	1,928,252.00	3,298,723.00	8,361,586.00
Dept. of Human Services Fund	417,780.00	438,160.00	442,084.00	395,622.00
Justice System Capital Fund *	(1,483,705.00)	1,055,154.00	1,015,350.00	1,026,815.00
Other Governmental-Type Funds	1,829,227.00	2,440,122.00	1,670,682.00	1,439,629.00
Combined Governmental-Type Fund Balance	17,556,496.00	20,851,187.00	25,451,090.00	29,826,737.00

The Proprietary Funds Business Type Activities ended 2025 with a total unrestricted net position of $1,009,429, a decrease of $1,052,338 from 2024. The total net position, including net invested in capital assets, was $25,461,540, a decrease of $3,093,923 from 2024.

Net position for each Proprietary Fund is as follows:

Fund Type	Net Position
Solid Waste Fund	$4,271,965
Airport Fund	$18,457,186
Fleet Fund (Internal Service)	$2,732,389
Total Proprietary	$25,461,540

GENERAL FUND BUDGETARY HIGHLIGHTS

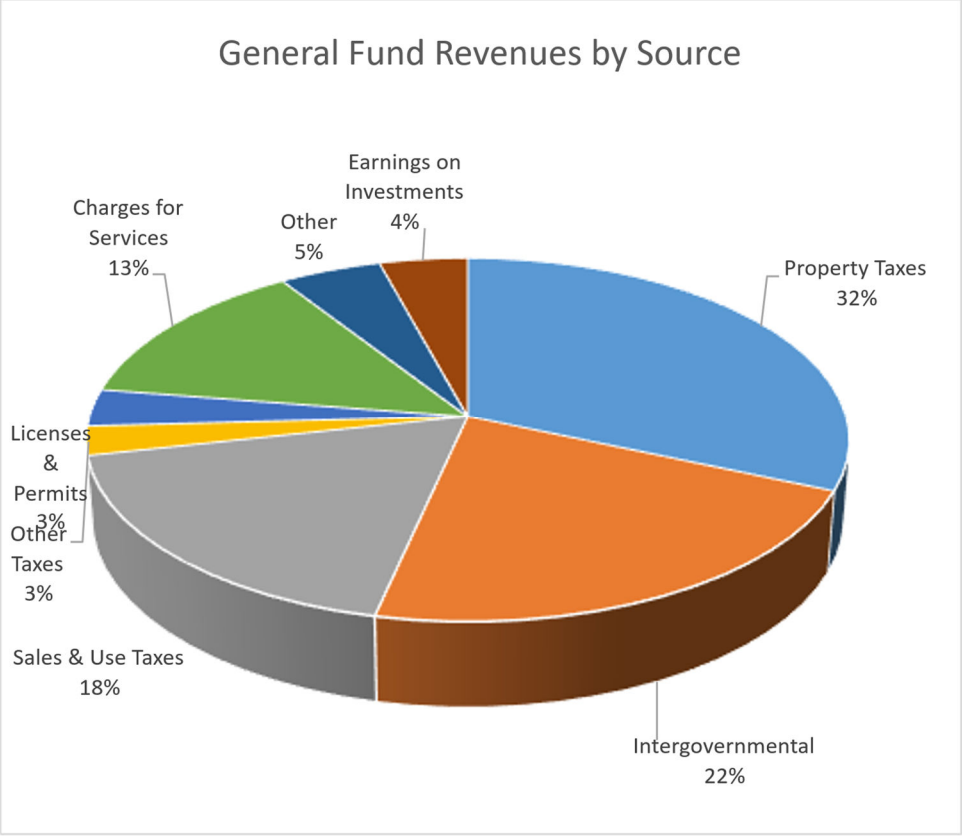
The General Fund accounts for all the general services provided by Archuleta County. At the end of 2025, the General Fund's fund balance totaled $16,771,065. This is an increase of 1,781,566 compared to 2024.

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. As of December 31, 2024, the unassigned fund balance in the General Fund represented 77.0% of the General Fund expenditures.

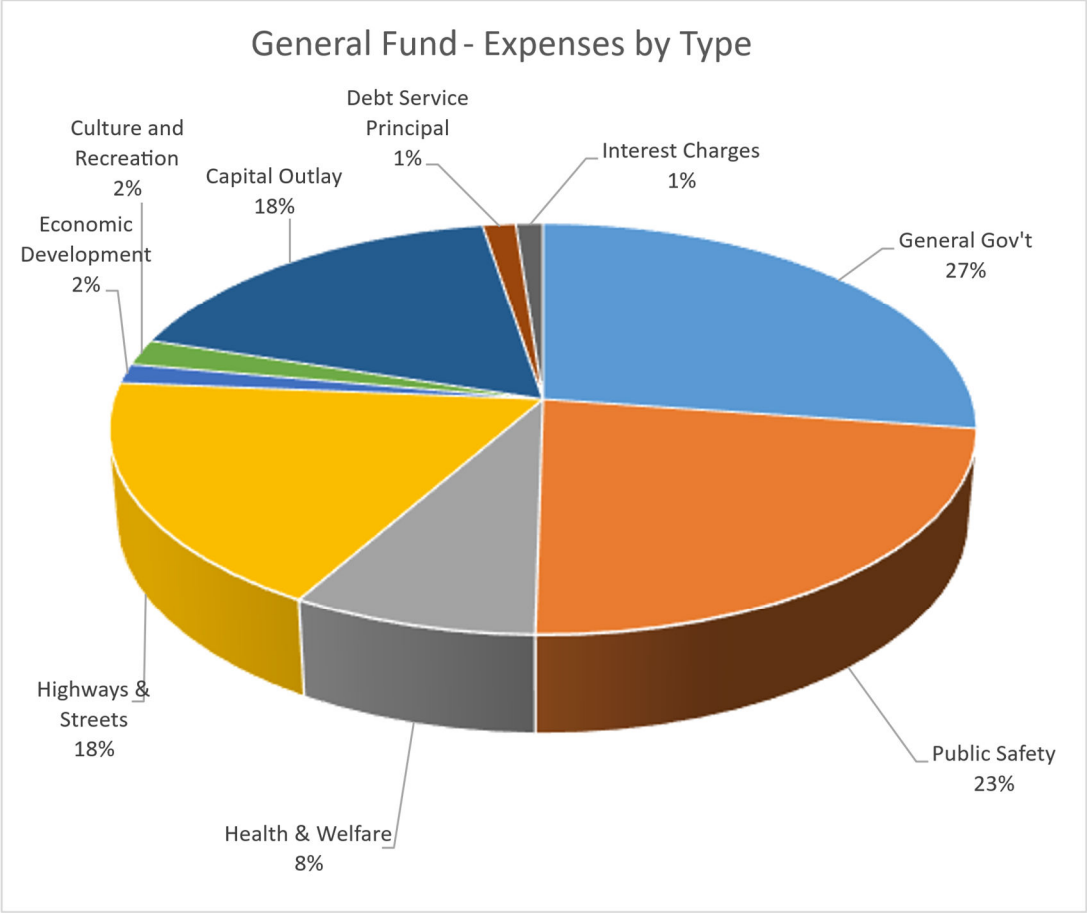
2025 General Fund revenues decreased $226,260 from 2024. The most significant decrease was in Other Revenues, which was down $397,427.

The following illustrates revenues by sources in the General Fund:

General Fund expenditures include General Government (such as the Treasurer, Assessor and Clerk & Recorder functions, as well as administrative functions including finance, attorney, human resources, IT/GIS, etc.). Most Public Safety and all Economic Development and Culture/Recreation expenditures also occur in the General Fund. Total General Fund expenditures decreased by $3,935,900 in 2025.



The following illustrates expenditures by type for the General Fund:



During 2025, there were budget amendments for the Capital Fund. Resolution enactment requires public hearings and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual General Fund revenues were $2,553,901 less than budgetary estimates (excluding other financing sources), and expenditures were $6,382,079 less than final budgetary estimates (excluding other financing uses). The Actual net change increased the fund balance by $1,781,566 for 2025.

The following illustrates the General Fund Budget:

2025 General Fund Budget

	Adopted Budget	Amendments	Final Budget	Actual
Beginning Fund Balance	$ 14,989,499		$ 14,989,499	$14,989,499
Sources	$ 30,379,848	$ (2,022,417)	$ 28,357,431	$25,803,530
Uses	$ 27,037,656	$ 760,409	$ 27,798,065	$21,415,986
Transfers (out)	$ (2,605,976)	$ 246,993	$ (2,358,983)	$ (2,605,978)
Ending Fund Balance	$ 15,725,715	$ (2,269,410)	$ 13,189,882	$16,771,065

CAPITAL ASSETS

In 2025, the County invested in a wide variety of capital assets, including buildings and improvements, machinery and equipment, infrastructure such as roads and vehicles, and significant land enhancements for the Administration Building.

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/2024	Additions	Tansfers	Deletions	Balance 12/31/2025
Governmental Activities					
Capital Assets, *Not Being Depreciated:*					
Land	$ 1,007,834	$ 2,974,401	$ -	$ (274,435)	$ 3,707,800
Construction in Progress	-	-	-	-	-
Total Capital Assets, *Not Being Depreciated*	1,007,834	2,974,401	-	(274,435)	3,707,800
Capital Assets, *Being Depreciated:*					
Improvements Non-Building	317,677	-	-	-	317,677
Buildings and Improvements	32,105,404	1,466,931	-	(230,265)	33,342,070
Machinery and Equipment	8,424,350	594,538	-	(685,815)	8,333,073
Vehicles	4,481,599	194,494	-	(162,452)	4,513,641
Computer Equipment	525,601	361,617	(83,662)	(270)	803,286
Infrastructure	22,994,299	-	83,662	-	23,077,961
Total Capital Assets, *Being Depreciated*	$ 68,848,930	$ 2,617,580	$ -	$ (1,078,802)	$ 70,387,708
Less Accumulated Depreciation:					
Improvements Non-Building	$ (77,777)	$ (23,767)	$ -	$ -	$ (101,544)
Buildings and Improvements	(3,161,128)	(720,853)	-	82,838	(3,799,143)
Machinery and Equipment	(4,744,137)	(722,677)	-	567,291	(4,899,523)
Vehicles	(3,332,086)	(410,859)	-	77,029	(3,665,916)
Computer Equipment	(117,233)	(108,901)	-	(6,202)	(232,336)
Infrastructure	(10,140,124)	(1,070,537)	-	-	(11,210,661)
Total Accumulated Depreciation	(21,572,485)	(3,057,594)	-	720,956	(23,909,123)
Capital Assets, Being depreciated, net	47,276,445	(440,014)	-	(357,846)	46,478,585
Governmental Activities Capital Assets, *net*	$ 48,284,279	$ 2,534,387	$ -	$ (632,281)	$ 50,186,385

Major capital expenditures during 2025 included:

Land $2,974,401
Vehicles $194,494
Building and Improvements $1,466,931
Machinery and Equipment $591,538

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 5 to the financial statements.

DEBT

Note 6 of the financial statements provides a summary of the County's long-term debt. At the end of 2025, the County had total debt outstanding of $15.4 million. The County's total debt decreased by $783,092 from 2024.

Outstanding debt as of December 31, 2025, year-end is shown in the table below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Notes Payable	$ -	$ -	$ -	$ -	$ -	$ -
Leases	1,526,982	1,713,956	302,309	443,345	1,829,291	2,157,301
Certificates of Participation	11,625,000	12,075,000	-	-	11,625,000	12,075,000
Compensated Absences	643,790	651,172	107,994	105,694	751,784	756,866
Closure and Post Closure Costs	-	-	1,269,211	1,269,211	1,269,211	1,269,211
Total	$ 13,795,772	$ 14,440,128	$ 1,679,514	$ 1,818,250	$ 15,475,286	$ 16,258,378

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Over the last decade, the County has significantly reduced spending. Initially, this was necessary to cope with steep declines in core funding sources, such as property tax. Later, the focus shifted to building critical reserves in working capital and establishing a strategic reserve. Despite experiencing the last recession and the slow recovery that followed, the County's austerity measures have proven effective. Fund balances have consistently increased, and after a freeze on employee wage rates, adjustments have been made to align employee compensation with the marketplace. Additionally, investments in capital replacements have substantially increased.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the County's finances and to show the County's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, CO 81147, or at finance@archuletacounty.org.

Basic Financial Statements

Archuleta County, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Investments	$ 20,431,494	$ 2,652,049	$ 23,083,543
Taxes Receivable	9,022,635	-	9,022,635
Other Receivables	2,145,185	99,125	2,244,310
Prepaid Items	525,354	25,459	550,813
Due from Other Governments	87,040	-	87,040
Inventory	148,040	1,603	149,643
Total Current Assets	32,359,748	2,778,236	35,137,984
Noncurrent Assets			
Capital Assets, Not Being Depreciated	3,707,800	2,681,294	6,389,094
Capital Assets, Being Depreciated	46,478,582	19,325,505	65,804,087
Total Noncurrent Assets	50,186,382	22,006,799	72,193,181
Total Assets	82,546,130	24,785,035	107,331,165
Liabilities			
Accounts Payable	1,262,333	299,227	1,561,560
Internal Balances	65,768	(65,768)	-
Inmate Deposits	9,120	-	9,120
Accrued Interest Payable	69,506	7,830	77,336
Accrued Payroll Liabilities	1,210,792	69,363	1,280,155
Notes, COP and Leases, Due Within One Year	661,828	147,677	809,505
Noncurrent Liabilities			
Notes and Leases Due in More Than One Year	1,330,154	154,632	1,484,786
Certificates of Participation	11,160,000	-	11,160,000
Accrued Compensated Absence, Noncurrent	643,790	107,944	751,734
Closure and Post Closure Costs	-	1,269,211	1,269,211
Total Liabilities	16,413,291	1,990,116	18,403,407
Deferred Inflows of Resources			
Property Taxes	9,022,635	-	9,022,635
Unearned Grant Revenue	3,000,000	-	3,000,000
Total Deferred Inflows of Resources	12,022,635	-	12,022,635
Net Position			
Net Investment in Capital Assets	37,034,400	21,704,490	58,738,890
Restricted For			
TABOR	1,604,095	-	1,604,095
Capital Projects	(1,407,969)	-	(1,407,969)
Forest Reserve Title III	2,663	-	2,663
Parks and Recreation	319,586	-	319,586
Unrestricted	16,557,429	1,090,429	17,647,858
Total Net Position	$ 54,110,204	$ 22,794,919	$ 76,905,123

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Business-Type Activities	Net (Expense) Revenue and Change in Net Position: Totals
Primary Government							
Governmental Activities							
General Government	$ 15,276,704	$ 3,212,995	$ 1,985,956	$ 1,906,190	$ (8,171,563)	$ -	$ (8,171,563)
Public Safety	8,511,347	595,108	406,053	-	(7,510,186)	-	(7,510,186)
Health and Welfare	5,592,297	729,883	1,959,830	-	(2,902,584)	-	(2,902,584)
Highways and Streets	5,573,141	105,033	1,972,761	-	(3,495,347)	-	(3,495,347)
Economic Development	486,905	965,985	-	-	479,080	-	479,080
Recreation and Culture	1,177,395	11,798	-	-	(1,165,597)	-	(1,165,597)
Interest on Long-Term Debt	391,554	-	-	-	(391,554)	-	(391,554)
Total Government Activities	37,009,343	5,620,802	6,324,600	1,906,190	(23,157,751)	-	(23,157,751)
Business-Type Activities							
Airport	1,175,172	58,887	-	163,624	-	(952,661)	(952,661)
Solid Waste	1,725,685	1,256,330	-	-	-	(469,355)	(469,355)
Total Business-Type Activities	2,900,857	1,315,217	-	163,624	-	(1,422,016)	(1,422,016)
Total Primary Government	$ 39,910,200	$ 6,936,019	$ 6,324,600	$ 2,069,814	(23,157,751)	(1,422,016)	(24,579,767)
		General Revenues					
		Property and Specific Ownership Taxes			9,044,400	-	9,044,400
		Sales and Use Taxes			9,292,685	27,826	9,320,511
		Other Taxes			663,490	-	663,490
		Payment in Lieu of Taxes			1,617,180	-	1,617,180
		Investment Income			1,149,333	-	1,149,333
		Other			1,527,983	156,188	1,684,171
		Net (Loss) Gain on Sale of Capital Assets			3,923	(2,386,559)	(2,382,636)
		Transfers			(1,130,000)	1,130,000	-
		Total General Revenues			22,168,994	(1,072,545)	21,096,449
		Change in Net Position			(988,757)	(2,494,561)	(3,483,318)
		Net Position, *Beginning of Year*			55,098,961	25,289,480	80,388,441
		Net Position, *End of Year*			$ 54,110,204	$ 22,794,919	$ 76,905,123

See Notes to the Financial Statements.

Archuleta County, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Road and Bridge	Human Service	Justice System	Nonmajor Governmental Funds	Totals
Assets						
Cash and Investments	$ 16,055,175	$ -	$ 350,144	$ 1,514,272	$ 2,230,122	$ 20,149,713
Property Taxes Receivable	8,133,895	444,370	444,370	-	-	9,022,635
Other Receivables	1,738,716	306,680	67,649	-	32,205	2,145,250
Due to Other Funds	223,689	(223,689)	-	-	-	-
Inventories	16,464	29,647	-	-	-	46,111
Prepaid Items	323,978	101,404	68,963	-	24,457	518,802
Due from Other Governments	54,305	-	32,735	-	-	87,040
Total Assets	$ 26,546,222	$ 658,412	$ 963,861	$ 1,514,272	$ 2,286,784	$ 31,969,551
Liabilities						
Accounts Payable	$ 804,529	$ 50,953	$ 22,368	$ (2,023)	$ 328,704	$ 1,204,531
Accrued Salaries	827,613	140,960	79,343	-	128,853	1,176,769
Inmate Deposits	9,120	-	-	-	-	9,120
Total Liabilities	1,641,262	191,913	101,711	(2,023)	457,557	2,390,420
Deferred Inflows of Resources						
Property Taxes	8,133,895	444,370	444,370	-	-	9,022,635
Unearned Grant Revenue	-	-	-	3,000,000	-	3,000,000
Total Deferred Inflows of Resources	8,133,895	444,370	444,370	3,000,000	-	12,022,635
Fund Balances						
Nonspendable						
Inventory and Prepaid Items	340,442	131,051	68,963	-	24,457	564,913
Restricted for:						
TABOR	356,308	208,298	45,942	-	993,547	1,604,095
Capital Projects	-	-	-	(1,483,705)	75,736	(1,407,969)
Title III	-	2,663	-	-	-	2,663
Parks and Recreation	-	-	-	-	319,586	319,586
Committed to						
Fund Reserves Policy	6,409,954	-	-	-	-	6,409,954
Assigned to:						
Highways and Streets	-	1,682,087	-	-	-	1,682,087
Public Safety	-	-	-	-	888,799	888,799
Unrestricted, Unassigned	9,664,361	(2,001,970)	302,875	-	(472,898)	7,492,368
Total Fund Balances	16,771,065	22,129	417,780	(1,483,705)	1,829,227	17,556,496
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 26,546,222	$ 658,412	$ 963,861	$ 1,514,272	$ 2,286,784	$ 31,969,551

See Notes to the Financial Statements.

Archuleta County, Colorado

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

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

Total Fund Balances of Governmental Funds	$	17,556,496
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		47,145,878
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.		
Certificates of Participation		(11,625,000)
Lease Payable		(952,054)
Accrued Compensated Absences		(634,487)
Accrued Interest		(47,250)
Internal Service Funds		2,666,621
Total Net Position of Governmental Activities	$	54,110,204

See Notes to the Financial Statements.

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

	General	Road and Bridge	Human Service	Justice System	Nonmajor Governmental Funds	Totals
Revenues						
Property and Specific Ownership Taxes	$ 8,132,122	$ 440,724	$ 471,554	$ -	$ -	$ 9,044,400
Intergovernmental	5,658,658	2,462,760	1,400,433	-	655,106	10,176,957
Sales and Use Taxes	4,670,629	4,622,056	-	-	-	9,292,685
Other Taxes	663,490	-	-	-	-	663,490
Licenses and Permits	865,642	48,294	-	-	-	913,936
Charges for Services	3,457,053	203	-	-	759,611	4,216,867
Other	1,264,866	25,958	23,079	7,000	202,748	1,523,651
Investment Income	1,091,070	-	-	-	58,263	1,149,333
Total Revenues	25,803,530	7,599,995	1,895,066	7,000	1,675,728	36,981,319
Expenditures						
Current						
General Government	8,655,330	-	-	-	-	8,655,330
Public Safety	7,291,587	-	-	2,000	999,302	8,292,889
Health and Welfare	2,552,152	-	1,915,446	-	1,132,355	5,599,953
Highways and Streets	-	5,715,039	-	-	-	5,715,039
Economic Development	486,905	-	-	-	-	486,905
Culture and Recreation	648,935	-	-	-	360,944	1,009,879
Capital Outlay	1,781,077	3,791,079	-	2,526,960	470,000	8,569,116
Debt Service						
Principal	-	-	-	450,000	-	450,000
Interest and Fiscal Charges	-	-	-	366,899	-	366,899
Total Expenditures	21,415,986	9,506,118	1,915,446	3,345,859	2,962,601	39,146,010
Revenues Over (Under) Expenditures	4,387,544	(1,906,123)	(20,380)	(3,338,859)	(1,286,873)	(2,164,691)
Other Financing Sources (Uses)						
Proceeds From Sale of Capital Assets	-	-	-	-	-	-
Transfers In	-	-	-	800,000	675,978	1,475,978
Transfers Out	(2,605,978)	-	-	-	-	(2,605,978)
Total Other Financing Sources (Uses)	(2,605,978)	-	-	800,000	675,978	(1,130,000)
Net Change in Fund Balances	1,781,566	(1,906,123)	(20,380)	(2,538,859)	(610,895)	(3,294,691)
Fund Balances, *Beginning of Year*	14,989,499	1,928,252	438,160	1,055,154	2,440,122	20,851,187
Fund Balances, *End of Year*	$ 16,771,065	$ 22,129	$ 417,780	$ (1,483,705)	$ 1,829,227	$ 17,556,496

See Notes to the Financial Statements.

Archuleta County, Colorado

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

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

Net Change in Fund Balances of Governmental Funds	$	(3,294,691)
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlay		4,589,801
Depreciation Expense		(2,150,820)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Lease Principal Payments		466,360
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated Absences		-
Accrued Interest		(45)
The internal service fund is used by management to charge the cost of fleet management to individual funds. A portion of the net revenue or loss of these services is reported with governmental activities.		(599,362)
Change in Net Position of Governmental Activities	$	(988,757)

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2025

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business-Type Activities	Internal Service Fund
Assets				
Current Assets				
Cash and Investments	$ 2,602,505	$ 49,544	$ 2,652,049	$ 281,781
Accounts Receivable	84,707	14,418	99,125	(65)
Supplies Inventory	-	1,603	1,603	101,929
Prepaid Items	10,011	15,448	25,459	6,552
Total Current Assets	2,697,223	81,013	2,778,236	390,197
Noncurrent Assets				
Capital Assets, *Not Being Depreciated*	1,802,790	878,504	2,681,294	-
Capital Assets, *Net of Accumulated Depreciation*	1,776,014	17,549,491	19,325,505	3,040,504
Total Noncurrent Assets	3,578,804	18,427,995	22,006,799	3,040,504
Total Assets	6,276,027	18,509,008	24,785,035	3,430,701
Liabilities				
Current Liabilities				
Accounts Payable	291,661	7,566	299,227	59,563
Accrued Salaries	53,625	15,738	69,363	32,262
Accrued Interest	7,830	-	7,830	22,256
Loans Payable, *Current Portion*	147,677	-	147,677	179,912
Total Current Liabilities	500,793	23,304	524,097	293,993
Noncurrent Liabilities				
Compensated Absences Payable	79,426	28,518	107,944	9,303
Loans Payable	154,632	-	154,632	395,016
Landfill Closure and Post Closure Costs	1,269,211	-	1,269,211	-
Total Noncurrent Liabilities	1,503,269	28,518	1,531,787	404,319
Total Liabilities	2,004,062	51,822	2,055,884	698,312
Net Position				
Net Investment in Capital Assets	3,276,495	18,427,995	21,704,490	2,465,576
Unrestricted	995,470	29,191	1,024,661	266,813
Total Net Position	$ 4,271,965	$ 18,457,186	22,729,151	$ 2,732,389
Net position of internal service fund attributed to business-type activities			65,768	
			$ 22,794,919	

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
December 31, 2025

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business-Type Activities	Internal Service Fund
Operating Revenues				
Intergovernmental	$ -	$ 163,624	$ 163,624	$ 161,012
Charges for Services	1,256,330	58,887	1,315,217	1,870,993
Other	23,131	133,057	156,188	4,332
Total Operating Revenue	1,279,461	355,568	1,635,029	2,036,337
Operating Expenses				
Salaries and Benefits	734,644	207,499	942,143	441,769
Materials and Supplies	119,652	(1)	119,651	1,645,704
Purchased Services	623,295	117,748	741,043	-
Depreciation	314,801	852,080	1,166,881	906,774
Total Operating Expenses	1,792,392	1,177,326	2,969,718	2,994,247
Net Operating Income (Loss)	(512,931)	(821,758)	(1,334,689)	(957,910)
Nonoperating Revenues (Expenses)				
Interest Expense	-	-	-	(40,970)
Sales Taxes	-	27,826	27,826	-
Gain on Sale of Asset	-	(2,386,559)	(2,386,559)	468,379
Total Nonoperating Revenues (Expenses)	-	(2,358,733)	(2,358,733)	427,409
Net Income Before Capital Contributions and Transfers	(512,931)	(3,180,491)	(3,693,422)	(530,501)
Transfers In	1,000,000	130,000	1,130,000	-
Change in Net Position	487,069	(3,050,491)	(2,563,422)	(530,501)
Net Position, *Beginning of Year*	3,784,896	21,507,677		3,262,890
Net Position, *End of Year*	$ 4,271,965	$ 18,457,186		$ 2,732,389
Net position of internal service fund attributed to business-type activities			68,861	
			$ (2,494,561)	

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Cash Flows
Proprietary Funds
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended December 31, 2025

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business-Type Activities	Internal Service Fund
Cash Flows From Operating Activities				
Cash Received from Customers	$ 1,319,559	$ 137,598	$ 1,457,157	$ 1,875,325
Cash Received from Interfund Service Provided	-	215,811	215,811	161,012
Cash Paid to Employees	(725,609)	(202,423)	(928,032)	(443,118)
Cash Paid to Suppliers	(590,063)	(127,897)	(717,960)	(1,678,578)
Net Cash Provided by Operating Activities	3,887	23,089	26,976	(85,359)
Cash Flows From Nonoperating Capital Financing Activities				
Payments (To)/From Other Funds	1,000,000	130,000	1,130,000	-
Proceeds from Sales Taxes	-	27,826	27,826	-
Net Cash Provided by Nonoperating Capital Financing Activities	1,000,000	157,826	1,157,826	-
Cash Flows From Capital and Related Financing Activities				
Construction and Acquisition of Capital Assets	(1,155,376)	2,232,330	1,076,954	342,911
Proceeds from Sale of Assets	127,096	(2,386,559)	(2,259,463)	468,379
Debt Principal Payments	(847,708)	-	(847,708)	(883,424)
Debt Interest Payments	-	-	-	(40,970)
Net Cash (Used) by Capital and Related Financing Activities	(1,875,988)	(154,229)	(2,030,217)	(113,104)
Net Change in Cash and Cash Equivalents	(872,101)	26,686	(845,415)	(198,463)
Cash and Cash Equivalents, *Beginning of Year*	3,474,606	22,858	3,497,464	480,244
Cash and Cash Equivalents, *End of Year*	$ 2,602,505	$ 49,544	$ 2,652,049	$ 281,781
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	$ (512,931)	$ (821,758)	$ (1,334,689)	$ (957,910)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	314,801	852,080	1,166,881	906,774
Changes in Assets and Liabilities				
Accounts Receivable	40,098	(2,159)	37,939	-
Prepaid Items	(10,011)	(5,375)	(15,386)	(9,033)
Accounts Payable	162,895	(4,775)	158,120	(18,808)
Accrued Salaries	9,035	2,826	11,861	6,033
Accrued Interest	-	-	-	(5,033)
Compensated Absences Payable	-	2,250	2,250	(7,382)
Accrued Closure and Post Closure Liability	-	-	-	-
Net Cash Provided by Operating Activities	$ 3,887	$ 23,089	$ 26,976	$ (85,359)

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
For the Year Ended December 31, 2025

	Treasurer's Custodial Fund
Assets	
Cash and Cash Equivalents	$ 137,252
Total Assets	$ 137,252
Liabilities	
Funds Held for Others	$ 137,252
Total Liabilities	$ 137,252

See Notes to the Financial Statements.

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

	Treasurer's Custodial Fund
Additions	
Tax Collections for Other Governments	$ 3,251,376
Total Additions	3,251,376
Deductions	
Payments of Tax to Other Governments	(3,192,128)
Treasurer Fees	(59,248)
Total Deductions	(3,251,376)
Net Position, *Beginning of Year*	-
Net Position, *End of Year*	$ -

See Notes to the Financial Statements.

Note 1: Summary of Significant Accounting Policies

The financial statements of Archuleta County, Colorado (the County) 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 County's accounting policies are described below.

Reporting Entity

The County is a political subdivision organized under the statues of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the Board). Each commissioner is elected at large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, coroner, sheriff, surveyor, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including general administration, public safety, highways and streets, health and human services, public improvements, planning, zoning, airport, predatory animal and weed control.

Component Units

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is fiscal dependency by the organization on the County
- The organization is financially accountable to the County
- The organization receives or holds funds that are for the benefit of the County; and the County has access to the majority of the funds held; and the funds that are accessible are also significant to the County

Based on the application of these criteria, there are no component units included in the County's reporting entity.

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

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

The *Road and Bridge Fund* - used to account for the maintenance and improvements of streets and highways. The sources of funds include highway user fees and other revenue sources.

The *Human Service Fund* - used to account for the operations of social programs; i.e., Temporary Aid to Needy Families (TANF), Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenues.

The *Justice System Capital Fund* - used to account for the acquisition, construction, capital improvement or capital maintenance of capital assets that support the County's "justice systems," such as Courthouse, Detention Center, Sheriff's Offices, and capital equipment supporting those and similar justice related functions.

Proprietary fund financial statements are used to account for activities which are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.

- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent years, are considered to be incurred.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The County reports the following major proprietary funds:

- The *Solid Waste Fund* - used to account for the operation, maintenance, and the development of the County landfill.

- The *Airport Fund* - used to account for the operations of the County Airport.

The County reports the following internal service fund type:

- The *Internal Service Fund* - accounts for the fleet services provided to the other departments or agencies of the County on a cost reimbursement basis.

Fiduciary fund financial statements consist of the Custodial Fund established to record transactions relating to assets held by the County as a custodian for individuals, governmental entities, and non-profit organizations. The funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The County considers all pooled cash and investments to be cash equivalents.

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

Inventory - Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Road and Bridge Fund consists of expendable supplies held for use. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources," even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

Buildings and Improvements	7 - 40 years
Infrastructure	25 - 50 years
Vehicles and Equipment	5 - 15 years

Compensated Absences - Employees of the County are allowed to accumulate unused personal time off depending on the length of employment. Upon termination of employment from the County, an employee will be compensated for all accrued vacation time at their current rate of pay.

Upon termination, an employee, who is not in probationary status, will be paid for any personal time off balance.

Accumulated, personal time off is accrued when earned in the government-wide financial statements and the proprietary funds in the fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items which arise both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, property taxes and unavailable grant revenue, are reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from property taxes and unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow of resources is recognized as revenue and the receivable is reduced.

Fund Equity - In the fund financial statements, governmental funds report non-spendable amounts that are (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances. Restrictions of fund balance represents amounts that are restricted for specific fund purposes stipulated by external resource providers constitutionally or through enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by the passage of a resolution by the Board of County Commissioners. Commitments may be modified or changed only by the Board of County Commissioners approving a new resolution. Assigned fund balance includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by the County Administrator. Unassigned fund balance includes amounts that do not meet any of the above criteria. The County may report positive unassigned fund balances only in the general fund and negative unassigned fund balances may be reported in all funds.

Net Position - The County’s net position is classified in the following components:

- *Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Note 1: Summary of Significant Accounting Policies (Continued)

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

- *Restricted* - This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- *Unrestricted* - This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and 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 County on a daily basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Estimates

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

Subsequent Events

The County has evaluated subsequent events for recognition or disclosure through October 26, 2026, which is the date the financial statements were available for issuance.

Note 2: Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

The County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line-item budgets be submitted in summary form. In addition, more detailed line-item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level;

2. Public hearings are conducted to obtain taxpayer comments;

3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level;

4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted;

5. Formal budgetary integration is employed as a management control device during the year;

6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, and Internal Service Fund, proceeds from long-term debt are budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses;

7. Appropriations lapse at the end of each fiscal year. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2025.

Note 3: Cash and Investments

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

Deposits	$	(2,633,476)
Investments		25,850,774
Petty Cash		3,497
Total	$	23,220,795

As of December 31, 2025, cash and investments were classified in the financial statements follows:

Governmental Activities	$	20,431,494
Business-Type Activities		2,652,049
Fiduciary Funds		137,252
Total	$	23,220,795

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the County had bank deposits of $1,788,180 collateralized with securities held by the financial institutions' agents but not in the County's name.

Investments

The County is required to comply with State statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which the County may invest, which include the following. Custodial risk is not addressed by State statutes.

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

Note 3: Cash and Investments (Continued)

Investments *(Continued)*

At December 31, 2025, the County had the following investments:

Investment Type	Moody Rating	S&P Rating	Fair Value	Concentration
COLOTRUST	N/A	AAAm	$ 25,296,333	97.86%
CSAFE	N/A	AAAm	554,441	2.14%
Total			$ 25,850,774	

Fair Value Measurements - The County reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2025, the County's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

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

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

Local Government Investment Pools - At December 31, 2025, the County had $25,296,333 and $554,441 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 4: Interfund Balances and Transactions

At December 31, 2025, the General Fund subsidized the operating expenditures of other funds as follows:

Fund	From	To
General Fund	$ 2,605,978	$ -
Road and Bridge	-	-
Public Health	-	250,000
Justice System Fund	-	800,000
Combined Dispatch	-	425,978
Solid Waste	-	1,000,000
Airport	-	130,001
Total	$ 2,605,978	$ 2,605,979

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2025, is summarized below:

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Governmental Activities					
Capital Assets, *Not Being Depreciated*					
Land	$ 1,007,834	$ 2,974,401	$ -	$ (274,435)	$ 3,707,800
Construction in Progress	-	-	-	-	-
Total Capital Assets, *Not Being Depreciated*	1,007,834	2,974,401	-	(274,435)	3,707,800
Capital Assets, *Being Depreciated*					
Improvements Non-Building	317,677	-	-	-	317,677
Buildings and Improvements	32,105,401	1,466,931	-	(230,265)	33,342,067
Machinery and Equipment	8,424,350	594,538	-	(685,815)	8,333,073
Vehicles	4,481,599	194,494	-	(162,452)	4,513,641
Computer Equipment	525,601	361,617	(83,662)	(270)	803,286
Infrastructure	22,994,299	-	83,662	-	23,077,961
Total Capital Assets, *Being Depreciated*	68,848,927	2,617,580	-	(1,078,802)	70,387,705
Less Accumulated Depreciation					
Improvements Non-Building	(77,777)	(23,767)	-	-	(101,544)
Buildings and Improvements	(3,161,128)	(720,853)	-	82,838	(3,799,143)
Machinery and Equipment	(4,744,137)	(722,677)	-	567,291	(4,899,523)
Vehicles	(3,332,086)	(410,859)	-	77,029	(3,665,916)
Computer Equipment	(117,233)	(108,901)	-	(6,202)	(232,336)
Infrastructure	(10,140,124)	(1,070,537)	-	-	(11,210,661)
Total Accumulated Depreciation	(21,572,485)	(3,057,594)	-	720,956	(23,909,123)
Capital Assets, Being Depreciated, *net*	47,276,442	(440,014)	-	(357,846)	46,478,582
Governmental Activities Capital Assets, *net*	$ 48,284,276	$ 2,534,387	$ -	$ (632,281)	$ 50,186,382

Note 5: Capital Assets (Continued)

	Balance 12/31/24	Additions	Transfers	Deletions	Balance 12/31/25
Business-Type Activities					
Capital Assets, *Not Being Depreciated*					
Land	$ 3,596,328	$ 1,471,525	$ -	$ (2,386,559)	$ 2,681,294
Total Capital Assets, *Not Being Depreciated*	3,596,328	1,471,525	-	(2,386,559)	2,681,294
Capital Assets, *Being Depreciated*					
Infrastructure	591,019	8,490	-	-	599,509
Runway	30,620,019	88,295	-	-	30,708,314
Improvements Non-building	1,738,609	65,933	-	-	1,804,542
Buildings and Improvements	2,606,039	44,999	-	-	2,651,038
Machinery and Equipment	2,456,755	190,095	-	(38,000)	2,608,850
Vehicles	385,563	19,844	-	-	405,407
Total Capital Assets, *Being Depreciated*	38,398,004	417,656	-	(38,000)	38,777,660
Less Accumulated Depreciation					
Infrastructure	(849,893)	(93,283)	-	-	(943,176)
Runway	(14,617,084)	(690,981)	-	-	(15,308,065)
Improvements Non-building	(264,652)	(26,112)	-	-	(290,764)
Buildings and Improvements	(1,226,276)	(60,792)	-	-	(1,287,068)
Machinery and Equipment	(1,132,447)	(274,177)	-	38,000	(1,368,624)
Vehicles	(232,922)	(21,536)	-	-	(254,458)
Total Accumulated Depreciation	(18,323,274)	(1,166,881)	-	38,000	(19,452,155)
Capital Assets, *Being Depreciated net*	20,074,730	(749,225)	-	-	19,325,505
Business-Type Activities Capital Assets, *net*	$ 23,671,058	$ 722,300	$ -	$ (2,386,559)	$ 22,006,799

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

Governmental Activities	
General Government	$ 236,636
Public Safety	520,688
Health and Welfare	1,220,589
Highways and Streets	5,391
Recreation	167,516
Total Depreciation Governmental Activities	2,150,820
Fleet Fund	906,774
Total Combined Depreciation Governmental Activities	$ 3,057,594

Note 6: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Governmental Activities					
Leases	$ 1,713,956	$ -	$ (186,974)	$ 1,526,982	$ 196,828
Certificates of Participation	12,075,000	-	(450,000)	11,625,000	465,000
Compensated Absences	651,172	-	(7,382)	643,790	-
Total Governmental Activities	$ 14,440,128	$ -	$ (644,356)	$ 13,795,772	$ 661,828

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Business-Type Activities					
Leases	$ 443,345	$ -	$ (141,036)	$ 302,309	$ 147,677
Compensated Absences	105,694	2,250	-	107,944	-
Total Business-Type Activities	$ 549,039	$ 2,250	$ (141,036)	$ 410,253	$ 147,677

Leases

In 2023 and 2024, the County entered into multiple lease agreements that qualify as long-term leases for accounting purposes and therefore, have been recorded at the present value of the future minimum lease payments as of the date of inception.

Rose Building - The County has a long-term lease to own a building. The lease is payable in monthly payments of $4,167 for an annual amount of $50,000 including interest of 3.45%, through maturity in 2057. The building, which serves as collateral with a cost of $1,000,000 and accumulated depreciation of $18,750 at December 31, 2025 is included in the capital assets of the government-wide activities. At December 31, 2025 there was a remaining balance outstanding of $952,054.

Heavy Equipment - The County has three long-term leases for heavy equipment. The leases are payable in annual installments of $69,219, $68,007 and $79,392 which include interest rates ranging from 5.95% to 6.65% and mature in 2029. The equipment, which serves as collateral, has a cost of $1,061,556 and accumulated depreciation of $46,635 at December 31, 2025 is included in the capital assets of the government-wide activities.

Note 6: Long-Term Debt (Continued)

Governmental Activities *(Continued)*

Leases *(Continued)*

The annual debt service for the capital leases is as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 196,828	$ 69,790	$ 266,618
2027	208,886	57,731	266,617
2028	221,700	44,918	266,618
2029	18,698	31,302	50,000
2030	19,335	30,667	50,002
2031-2034	106,968	143,032	250,000
2035-2039	128,338	121,662	250,000
2040-2044	149,373	100,627	250,000
2045-2049	176,515	73,485	250,000
2050-2054	208,588	41,412	250,000
2055-2057	91,753	58,247	150,000
Total	$ 1,526,982	$ 772,873	$ 2,299,855

Certificates of Participation

On June 12, 2019, the County issued Certificates of Participation (COP) for $14,055,000 at a premium of $188,399. The COP include variable payment and interest rates ranging from 3% to 5% and mature in 2044 as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 465,000	$ 353,400	$ 818,400
2027	475,000	339,450	814,450
2028	490,000	325,200	815,200
2029	505,000	310,500	815,500
2030	520,000	295,350	815,350
2031-2035	2,850,000	1,232,850	4,082,850
2036-2040	3,300,000	779,250	4,079,250
2041-2044	3,020,000	227,188	3,247,188
Total	$ 11,625,000	$ 3,863,188	$ 15,488,188

Business-Type Activities

Lease Payable

During 2023, the County entered into a $891,672 lease agreement to finance a portion of the purchase of compactor equipment for the Solid Waste Fund. After a trade in valued at $185,000, the lease is payable in annual payments of $161,914, including interest of 4.71%, through maturity in 2027. The equipment, which serves as collateral with a cost of $861,472 and accumulated depreciation of $227,700 at December 31, 2025, is included in the capital assets of business-type activities and the Solid Waste Fund. At December 31, 2025, there was a remaining balance outstanding of $154,632.

Note 6: Long-Term Debt (Continued)

Business-Type Activities *(Continued)*

Lease Payable *(Continued)*

The future minimum lease payments are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 147,677	$ 14,237	$ 161,914
2027	154,632	7,282	161,914
Total	$ 302,309	$ 21,519	$ 323,828

Note 7: Retirement Plans

Defined Contribution Plan

The County provides pension benefits for all full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (CCOERA), a defined contribution plan.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee's wages each bi-weekly pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements.

The County's total payroll in 2025 was approximately $13,690,072. Both the County and the covered employees made the required contributions, amounting to approximately $846,450 from the County and $846,450 from employees. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado Retirement Association, formerly CCOERA, 751 South Park Drive, Littleton, CO 80120 or by calling 1-800-352-0313.

Deferred Compensation Plan

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with the Internal Revenue Code 457(f).

Note 7: Retirement Plans (Continued)

Deferred Compensation Plan *(Continued)*

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The County has no other liability other than to make the required bi-weekly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2025 and employees contributed $231,010.

Note 8: Colorado Contraband Forfeiture Act

The County has reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2025.

Note 9: TABOR Amendment Reserve

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate policy change directly causing a net tax revenue gain to any local government.

The initial base for local government spending and revenue limits is 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of fiscal year spending limits must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

TABOR also required local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2025 year-end balances in the General Fund for this purpose in the aggregate amount of $356,308 which is the approximate required emergency reserve.

Note 10: Landfill Closure and Post-Closure Care Costs

State and Federal law requires the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County uses the "Local Government Finance Test" as its financial mechanism to assure full payment of all closure, post closure, and if applicable, corrective action estimated costs. The estimated liability for landfill closure and post closure care costs represents the County's total current estimate of such future costs and is based on the estimated amount to be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2025. As of December 31, 2025, the County estimated that existing landfill capacity was approximately 79% utilized (filled), and that the existing landfill was expected to be filled to capacity in fiscal year 2026. The $1,269,211 reported as landfill closure and post-closure care liability at December 31, 2025 represents the cumulative amount reported to date based on the use of 79% of the estimated capacity of the landfill. The aggregate estimated liability of $1,608,875 comprised of $785,243 of estimated closure costs and $850,632 of estimated post closure costs. The County will recognize the remaining estimated cost of closure and post-closure care of $339,665 as the remaining estimated capacity is filled. However, the actual costs of closure and post closure may be higher, due to inflation, changes in technology, or changes in the landfill laws and regulations.

Note 11: Risk Management

Colorado Counties Casualty and Property Pool (CAPP)

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The inter-governmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

Note 11: Risk Management (Continued)

Colorado Workers' Compensation Pool (CWCP)

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

Note 12: Commitments and Contingencies

Grant Programs

The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The number of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although the County expects any such amounts to be immaterial.

Litigation

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management’s and legal counsel’s opinion, would not be material to its financial statements.

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss of funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

Required Supplementary Information

Archuleta County, Colorado
Budgetary Comparison Schedule
General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Property and Specific Ownership Tax	$ 8,341,423	$ 8,341,423	$ 8,132,122	$ (209,301)
Intergovernmental	12,088,581	10,019,401	5,658,658	(4,360,743)
Sales and Use	4,630,781	4,630,781	4,670,629	39,848
Other Taxes	466,000	466,000	663,490	197,490
Licenses and Permits	868,780	868,780	865,642	(3,138)
Charges For Services	2,848,243	2,849,093	3,457,053	607,960
Other	586,040	631,953	1,264,866	632,913
Earnings on Investments	550,000	550,000	1,091,070	541,070
Total Revenues	30,379,848	28,357,431	25,803,530	(2,553,901)
Expenditures				
General Government	9,080,431	9,336,168	8,655,330	680,838
Public Safety	8,055,818	8,058,330	7,291,587	766,743
Health and Welfare	2,143,801	2,626,293	2,552,152	74,141
Economic Development	459,000	459,000	486,905	(27,905)
Culture and Recreation	513,589	513,589	648,935	(135,346)
Capital Outlay	6,785,017	6,804,685	1,781,077	5,023,608
Total Expenditures	27,037,656	27,798,065	21,415,986	6,382,079
Revenues Over (Under) Expenditures	3,342,192	559,366	4,387,544	3,828,178
Other Financing Sources (Uses)				
Proceeds From Sale of Capital Assets	-	-	-	-
Transfers Out	(2,605,976)	(2,358,983)	(2,605,978)	(246,995)
Net Change in Fund Balance	736,216	(1,799,617)	1,781,566	3,581,183
Fund Balance, *Beginning of Year*	14,989,499	14,989,499	14,989,499	-
Fund Balance, *End of Year*	$ 15,725,715	$ 13,189,882	$ 16,771,065	$ 3,581,183

See Accompanying Independent Auditor's Report.

Archuleta County, Colorado
Budgetary Comparison Schedule
Road and Bridge Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Property and Specific Ownership Tax	$ 425,750	$ 440,724	$ 14,974
Sales and Use Taxes	4,630,781	4,622,056	(8,725)
Intergovernmental	2,818,571	2,462,760	(355,811)
Licenses and Permits	35,000	48,294	13,294
Charges for Services	-	203	203
Miscellaneous	-	25,958	25,958
Total Revenues	7,910,102	7,599,995	(310,107)
Expenditures			
Highways and Streets	5,671,352	5,715,039	(43,687)
Capital Outlay	4,393,000	3,791,079	601,921
Total Expenditures	10,064,352	9,506,118	558,234
Revenues Over (Under) Expenditures	(2,154,250)	(1,906,123)	248,127
Other Financing Sources (Uses)			
Transfers In	-	-	-
Net Change in Fund Balance	(2,154,250)	(1,906,123)	248,127
Fund Balance, *Beginning of Year*	3,298,723	1,928,252	(1,370,471)
Fund Balance, *End of Year*	$ 1,144,473	$ 22,129	$ (1,122,344)

Archuleta County, Colorado
Budgetary Comparison Schedule
Human Service Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Property and Specific Ownership Taxes	$ 420,650	$ 471,554	$ 50,904
Intergovernmental Revenue	3,297,029	1,400,433	(1,896,596)
Other	3,438	23,079	19,641
Total Revenues	3,721,117	1,895,066	(1,826,051)
Expenditures			
Health and Welfare	2,527,797	1,915,446	612,351
Debt Service	-	-	-
Total Expenditures	2,527,797	1,915,446	612,351
Net Change in Fund Balance	1,193,320	(20,380)	(1,213,700)
Fund Balance, *Beginning of Year*	442,084	438,160	(3,924)
Fund Balance, *End of Year*	$ 1,635,404	$ 417,780	$ (1,217,624)

See Accompanying Independent Auditor's Report.

Note 1: Stewardship, Compliance, and Accountability

Budgets

Formal budgetary integration in all funds is employed as a management control device during the year. Budgets are adopted for all governmental fund types on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The budget is prepared by funds and departments, and includes actual data from the prior year, current year and budget year estimated revenues and expenditures.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 16, the budget is legally enacted, and the required mill levy is adopted through the passage of a resolution. This resolution authorizes an appropriation at each fund level and lapses at year end. The fund then becomes the level of control upon which expenditures cannot legally exceed appropriations.
- All appropriations lapse at the end of the year.

For the year ended December 31, 2025, the County's General Fund expenditures exceeded expenditure appropriations. This may be a violation of State statutes.

Budgeted amounts in this report are as originally adopted or as amended by the Board of County Commissioners during the year through supplemental appropriation.

Supplementary Information

Archuleta County, Colorado

Listing of Nonmajor Governmental Funds
December 31, 2025

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted or assigned to expend for particular purposes.

Conservation Trust Fund - This fund is used to account for the County's share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

Combined Dispatch Fund - This fund was formerly the Emergency 911 fund and has been changed to include the combined dispatch of the County, Town of Pagosa Springs, Upper San Juan Health Service District, and the Pagosa Fire Protection District to account for the activity of providing emergency telephone services to the County's residents.

Public Health Fund - This fund was formed from the dissolution of the San Juan Basin Public Health District which provided Health services for La Plata County and Archuleta County. Public Health was active as of January 1, 2024.

Capital Project Funds

Capital Project Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fairfield Settlement Fund - This fund is used to partially compensate property owners in the eligible subdivision when they complete the extension of electrical power to their lot.

Archuleta County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025

	Special Revenue			Capital Projects	
	Public Health	Combined Dispatch Fund	Conservation Trust Fund	Fair Field Settlement Fund	Totals
Assets					
Cash and Investments	$ 612,977	$ 1,221,823	$ 319,586	$ 75,736	$ 2,230,122
Other Receivables	28,692	3,513	-	-	32,205
Prepaid Items	(18,484)	42,941	-	-	24,457
Total Assets	$ 623,185	$ 1,268,277	$ 319,586	$ 75,736	$ 2,286,784
Liabilities					
Accrued Salaries	$ 70,470	$ 58,383	$ -	$ -	$ 128,853
Accounts Payable	66,888	261,816	-	-	328,704
Total Liabilities	137,358	320,199	-	-	457,557
Fund Balances					
Nonspendable					
Prepaid Items	(18,484)	42,941	-	-	24,457
Restricted for:					
TABOR	479,060	16,338	-	-	495,398
Capital Project	-	-	-	75,736	75,736
Parks and Recreation	-	-	319,586	-	319,586
Assigned To:					
Public Safety	-	888,799	-	-	888,799
Health and Welfare	25,251	-	-	-	25,251
Total Fund Balances	485,827	948,078	319,586	75,736	1,829,227
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 623,185	$ 1,268,277	$ 319,586	$ 75,736	$ 2,286,784

Archuleta County, Colorado

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

	Public Health	Combined Dispatch Fund	Conservation Trust	Fair Field Settlement	Totals
Revenues					
Intergovernmental	$ 559,397	$ 95,709	$ -	$ -	$ 655,106
Charges for Services	283,625	965,985	-	(489,999)	759,611
Other	46,100	8,464	148,184	-	202,748
Earnings on Investments	-	-	36,268	21,995	58,263
Total Revenues	889,122	1,070,158	184,452	(468,004)	1,675,728
Expenditures					
Current					
Public Safety	-	999,302	-	-	999,302
Culture and Recreation	-	-	360,944	-	360,944
Health and Safety	1,132,355	-	-	-	1,132,355
Capital Outlay	-	470,000	-	-	470,000
Total Expenditures	1,132,355	1,469,302	360,944	-	2,962,601
Revenues Over (Under) Expenditures	(243,233)	(399,144)	(176,492)	(468,004)	(1,286,873)
Other Financing Sources (Uses)					
Transfers In	250,000	425,978	-	-	675,978
Net Change in Fund Balances	6,767	26,834	(176,492)	(468,004)	(610,895)
Fund Balances, *Beginning of Year*	479,060	921,244	496,078	543,740	2,440,122
Fund Balances, *End of Year*	$ 485,827	$ 948,078	$ 319,586	$ 75,736	$ 1,829,227

Compliance Section

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's 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*

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the County), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated October 26, 2026.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County'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 County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County'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 County'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County'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 County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hinkle & Company, P.C.

Englewood, Colorado
October 26, 2026

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the County 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the County 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 County's compliance with the compliance requirements referred to above.

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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 County's federal programs.

Auditor's 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 County'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 GAAS, *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 County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 County'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 County'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 County'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 Auditor's 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.

Hinkle & Company, P.C.

Englewood, Colorado
October 26, 2026

Archuleta County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025

Federal Grantor /Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
PASSED THROUGH COLORADO DEPT. OF HUMAN SERVICES				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	203CO401S2514 203CO401S8036 203CO401S8026 203CO321Q3903 203CO401S2514 203CO401S8026 203CO421S2519 203CO421S2520	$ 95,589	$ 95,589
Total for *SNAP Cluster*			95,589	95,589
U.S. FOREST SERVICE				
Partnership Agreements - San Juan National Forest - Noxious Weed Control	10.699	18-PA-11021300-009	25,000	24,720
TOTAL U.S. DEPARTMENT OF AGRICULTURE			120,589	120,309
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASSED THROUGH COLORADO DEPT. OF HUMAN SERVICES				
Guardianship Assistance	93.090	1801COGARD 1901COGARD 2001COGARD 2101COGARD	1,400	1,408
Child Support Enforcement	93.563	1804COCSES 1901COCSES 2001COCSES 2101COCSES	135,153	135,153
CCDF Cluster				
Temporary Assistance for Needy Families	93.558	1801COTANF 1901COTANF 2001COTANF 2101COTANF	250,568	250,568
Child Care and Development Block Grant	93.575	2001COCCC3 2001COCCDF 2101COCCC3 2101COCCC5 2101COCDC6 2101COCSC6	156,235	156,235
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2001COCCDF 2101COCCDF	71,686	71,686
Total for *CCDF Cluster*			478,488	478,488

(Continued)

Archuleta County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025
(Continued)

Federal Grantor /Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1801COCWSS 1901COCWSS 2001COCWC3 2001COCWSS 2101COCWSS	1,709	1,709
Foster Care-Title IV-E	93.658	1801COFOST 1901COFOST 2001COFOST 2101COFOST	181,425	181,425
Adoption Assistance	93.659	1801COADPT 1901COADPT 2001COADPT 2101COADPT	23,637	123,019
Social Services Block Grant	93.667	1801COSOSR 1901COSOSR 2001COSOSR 2101COSOSR	67,308	38,755
PASSED THROUGH COLORADO DEPARTMENT OF HEALTHCARE POLICY & FINANCING *Medicaid Cluster* Medical Assistance Program	93.778	2005CO5MAP 2005CPOADM 2105CO5MAP 2105CO5ADM	115,805	115,805
Total for *Medicaid Cluster*			115,805	115,805
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,004,926	1,075,762
U.S. DEPARTMENT OF HOMELAND SECURITY				
PASSED THROUGH COLORADO DEPT. OF LOCAL AFFAIRS				
Emergency Management Performance Grant (EMPG/LEMS)	97.042	20EM-21-03	37,479	141,122
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			37,479	141,122
CENTERS FOR DISEASE CONTROL AND PREVENTION				
Preventive Health and Health Services Block Grant	93.991	2024PHBG	30,604	30,604
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	2024ELC	28,615	7,314
Immunization and Vaccines for Children	93.268	2024IMM	24,626	23,898
Health Emergency Preparedness	93.069	2024PHEP	27,817	7,961
Cancer Prevention and Control Programs for State, Territorial and Tribal Organizations	93.898	2024WWC	20,827	6,787
TOTAL CENTERS FOR DISEASE CONTROL AND PREVENTION			132,489	114,311

(Continued)

See Notes to the Schedule of Federal Expenditures Awards.

Archuleta County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2025
(Continued)

Federal Grantor /Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION				
Airport Improvement Grants				
Airport Improvement Program	20.106	3-08-0066-024-2019 (DOT-FA19NM-1016)	66,246	388,801
Total for *Airport Improvement Grants*			66,246	388,801
COLORADO DEPT. OF TRANSPORTATION				
Formula Grants for Rural Areas	20.509	20-HTR-ZL-03102	60,878	258,324
Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Program	20.526	FTA-2023-002-TPM-LWNO	1,812,881	2,144,810
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			1,940,005	2,791,935
U.S. DEPARTMENT OF TREASURY				
Local Assistance and Tribal Consistency Fund	21.032	N/A	1,213,309	486,485
CSLFRF	21.027		50,608	1,183,651
TOTAL U.S. DEPARTMENT OF TREASURY			1,263,917	1,670,136
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 4,499,405	$ 5,915,847

See Notes to the Schedule of Federal Expenditures Awards.

Archuleta County, Colorado

Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Federal Awards (the Schedule) for the County under programs for the federal government for the year ended December 31, 2025. The information in the 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 Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 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.

Note 3: Indirect Cost Rate

The County has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP):

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

The independent auditor's report on internal control over financial reporting described:

- Material weaknesses identified? ☒ Yes ☐No
- Significant deficiencies? ☐ Yes ☒ None reported
- Noncompliance considered material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

- Material weaknesses? ☐ Yes ☒ No
- Significant deficiencies? ☐ Yes ☒ None reported

Type of Auditor's report issued on compliance for major federal programs:

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ☐ Yes ☒ No

Identification of major federal program:

Assistance Listing Number	Cluster/Program
20.526	Buses and Bus Facilities Program

Dollar threshold used to distinguish
Between Type A and Type B programs: $1,000,000.

Auditee qualified as a low-risk auditee? ☒ Yes ☐ No

(Continued)

Section II: Financial Statement Findings

Findings Required to be Reported by the Uniform Guidance

Finding 2025-001: Internal Control of Financial Reporting

Criteria: Management is responsible for designing and maintaining internal control over financial reporting sufficient to prevent, or detect and correct, material misstatements on a timely basis. That responsibility includes reconciling general ledger balances to independent supporting evidence, or the reviewed of recorded balances for continued validity. Management needs to prepare all appropriate end-year journal entries to properly record closing transactions so that the year-end financial statements are in accordance with generally accepted accounting principles.

Condition: The County's year-end financial statements were not in accordance with generally accepted accounting principles (GAAP). Through the audit process material adjustments were required to adjust the accounting records to be in accordance with GAAP. Significant adjustments included the following:

(a) The adjustments made during the audit of the 2024 financial statements were not posted to the general ledger and, therefore, had to be posted through audit entire posted for the 2025 financial statement audit. It also appears the audit entries made during the 2023 audit were posted to the general ledger during 2025 fiscal year rather than to the 2023 fiscal year.

(b) During the year, several significant entries were made to fund balance for multiple funds. These were incorrect postings and should not have been made to fund balance during the fiscal year.

(c) Generally accepted accounting principles for governmental entries require that enterprise funds be accounted for under the full accrual method of accounting. However, none of the capital asset transactions for fiscal year 2025 were posted to the enterprise funds. This included depreciation expense, capital asset additions and any disposals of assets.

(d) Generally accepted accounting principles for governmental entries require that enterprise funds be accounted for under the full accrual method of accounting. However, none of the lease liability transactions for fiscal year 2025 were posted to the enterprise funds.

(e) Some governments choose to maintain separate funds for the governmental activity capital assets. It appears the County has within its general ledger funds for the governmental activities capital assets and governmental activities long-term liabilities. However, no activity was recorded in these funds during the fiscal year 2025.

Cause: The County does not have the procedures in place or the staffing necessary to produce timely and accurate year-end financial statements.

Section II: Financial Statement Findings (Continued)

Findings Required to be Reported by the Uniform Guidance *(Continued)*

Finding 2025-001: Internal Control of Financial Reporting (Continued)

Effect: The total of the adjustments required during the audit of the 2025 financial statements amounted to $49.8 million of debits and a corresponding amount of credits. This substantially changed the County's financial statements.

Recommendation: We recommend the County establish appropriate measures to ensure all closing reconciliations and entries are completed so that the County procedures financial statements are materially accurate.

Section III: Federal Award Findings and Questioned Costs

Findings Required to be Reported by the Uniform Guidance

None.

Archuleta County, Colorado

Schedule of Prior Audit Findings
For the Year Ended December 31, 2025

Section II: Financial Statement Findings

Findings Required to be Reported by the Uniform Guidance

None reported for the year ended December 31, 2024.

Section III: Federal Award Findings and Questioned Costs

Findings Required to be Reported by the Uniform Guidance

None reported for the year ended December 31, 2024.

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:		
COLORADO		
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**REPORT YEAR ENDING DATE(mm/yyyy):**
ARCHUELTA COUNTY	CHAD EATON CEATON@ARCHULETACOUNTY.ORG	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	398,131.36	a. Interest on investments	1,225.11
b. Non-property Taxes and Assessments Imposts	4,663,344.42	b. Other Misc. Local Receipts	74,531.53
c. Total (a + b)	$ 5,061,475.78	**c. Total (a + b)**	$ 75,756.64
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	2,354,559.65	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	39,597.03
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	68,602.93		
c. Total (a + b)	$ 68,602.93		
4. Total (1 + 2 + 3c)	$ 2,423,162.58	**3. Total (1 + 2)**	$ 39,597.03

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	
b. Engineering Costs	110,755.29
c. Construction Costs	3,605,929.31
d. Total Capital Outlay (a+ b + c)	$ 3,716,684.60

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 5,061,475.78
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 75,756.64
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)	$ 5,137,232.42
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 2,423,162.58
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 39,597.03
E. Total receipts (A.7 + B + C + D)	$ 7,599,992.03

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 3,716,684.60
2. Maintenance:	3,157,697.47
3. Road and Street Services:	
a. Snow and Ice Removal	39,108.60
b. Other & Traffic Control Operations	1,323,377.62
c. Total (a + b)	$ 1,362,486.22
4. General Administration & Miscellaneous	1,269,244.19
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 9,506,112.48
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)	$ 9,506,112.48

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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