LAKE COUNTY, COLORADO

FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT

FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025

LAKE COUNTY, COLORADO
TABLE OF CONTENTS
December 31, 2025

FINANCIAL SECTION

Independent Auditor's Report 1

Management's Discussion and Analysis i

Basic Financial Statements

Government-wide Financial Statements
Statement of Net Position 4
Statement of Activities 5

Governmental Funds Financial Statements
Balance Sheet 6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position 8
Statement of Revenues, Expenditures and Changes in Fund Balances 9
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities 11

Proprietary Fund Financial Statements
Statement of Net Position 12
Statement of Revenues, Expenses, and Changes in Net Position 13
Statement of Cash Flows 14

Fiduciary Fund Financial Statements
Statement of Fiduciary Net Position 15
Statement of Changes in Fiduciary Net Position 16

Notes to the Financial Statements 17

Required Supplementary Information

Budgetary Comparison Schedule – General Fund 31
Budgetary Comparison Schedule – Road and Bridge Fund 32
Budgetary Comparison Schedule – Human Services Fund 33
Budgetary Comparison Schedule – Grants Fund 34
Budgetary Comparison Schedule – Mine Closure Fund 35
Notes to the Required Supplementary Information 36

Combining and Individual Nonmajor Fund Statements and Budgetary Comparison Schedules

Combining Balance Sheet – Nonmajor Governmental Funds 37
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds 39
Budgetary Comparison Schedules
Public Health Fund 41
Housing Fund 42
Get Outdoors Leadville! Fund 43
Airport Fund 44
Blood Lead Monitoring Fund 45

LAKE COUNTY, COLORADO
TABLE OF CONTENTS
December 31, 2025

Combining and Individual Nonmajor Fund Statements and Budgetary Comparison Schedules
(Continued)

Landfill Fund 46
Conservation Trust Fund 47
Water Projects Fund 48
Court Renovation Fund 49
Lodging Tax Fund 50
Mineral Belt Trail Fund 51
Ambulance Service Fund 52
Capital Acquisition Fund 53
Internal Services Fund 54

COMPLIANCE SECTION

Single Audit

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* 55

Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance 57

Schedule of Expenditures of Federal Awards 60

Notes to the Schedule of Expenditures of Federal Awards 61

Schedule of Findings and Questioned Costs 62

Summary of Prior Year Audit Findings 65

Corrective Action Plan 66

State Compliance

Local Highway Finance Report 68

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Lake County, Colorado
Leadville, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake 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 basic financial statements of the County, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, discretely presented component unit, 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*, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

Emphasis of Matter

As described in Note 11 to the financial statements, as of and for the year ended December 31, 2024, have been restated to correct misstatements in the beginning fund balance in the grants fund and beginning net position in the governmental activities. Our opinion is not modified with respect to this matter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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 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 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 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 accompanying combining and individual nonmajor fund statements, the budgetary comparison schedules, local highway finance report, 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*, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, local highway finance report, and the schedule of expenditures of federal awards, are 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 23, 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.

DMC Auditing and Consulting, LLC

October 23, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion & Analysis (M.D.A.)

Lake County Government
P.O. Box 964
Leadville, Colorado 80461
** As of And For The Year Ended December 31, 2025*

As the management of Lake County, Colorado (the County) we offer the readers of our County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2025. Within this section of Lake County, we are pleased to provide this document to the public which discusses and analyzes the context of the accompanying financial statements and disclosures following this section.

SUMMARY OF LAKE COUNTY FINANCIAL STATUS * HIGHLIGHTS

At December 31, 2025:

- The County's assets were $89,448,410
- The County's liabilities were $16,121,309 and deferred inflows of resources of $14,008,755
- Total County's net position was $59,318,346
- The County's governmental funds had a fund balance of $39,123,981
- The County's General fund had a fund balance of $22,541,333

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's *basic financial statements*. The County's basic financial statements are comprised of 3 components: 1) Government-wide financial statements; 2) Financial Statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

Government-wide Financial Statements

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

The *Statement of Net position* presents information on all the County's assets, liabilities, and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases and decreases in net position serves as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluation of the overall financial health of the County would extend to other factors such as diversification of the taxpayers' base or condition of the County infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities* presents how the County's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the fiduciary control of the County's distinct activities or functions on revenues provided by the County's taxpayers.

Fund Financial Statements

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported.

The County has three types of funds: *Governmental, Proprietary (Internal Service), and Fiduciary Funds.*

Governmental Funds are reported in the financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different in that these statements report short-term calendar-year accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 4 through 11 of this report.

Proprietary Funds are reported in the fund financial statements and generally report services for which the County charges other funds a fee. The County proprietary fund is classified as an internal service fund and provides separate information for the governmental activity provided by the County.

The basic internal service fund financial statement is presented on pages 12 through 14 of this report.

Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. 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 own programs. The Fiduciary Fund used by the County is the Agency Fund which represents funds collected and distributed by the County Treasurer, County Clerk, Public Trustee, and Sheriff.

The basic fiduciary fund financial statements are presented on page 15-16 of this report.

Notes to the Basic Financial Statements

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 17 of this report.

Required and Other Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to demonstrate compliance with the County's adopted and final revised budget. Budgetary comparison statements are included as "required supplementary information," beginning on page 30, for the general fund and major special revenue funds.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position can be observed and used to discuss the changing financial position of the County as a whole.

The County's net position at calendar year-end was $59,318,346. The following table (Fig. 1) provides a summary of the County's net position:
(Fig. 1)

	PRIMARY GOVERNMENT			
	GOVERNMENTAL ACTIVITIES			
	2025	**2024**	**$ Change**	**% Change**
ASSETS				
Current and Other Assets	$ 55,495,760	$ 51,801,519	$ 3,694,241	$ 7.13%
Capital Net Assets	33,952,650	36,381,116	(2,428,466)	-6.68%
TOTAL ASSETS	89,448,410	88,182,635	1,265,775	0.46%
LIABILITIES				
Current Liabilities	2,636,220	3,797,324	(1,161,104)	-30.58%
Long-Term Liabilities	13,485,089	14,418,651	(933,562)	-6.47%
TOTAL LIABILITIES	16,121,309	18,215,975	(2,094,666)	-37.05%
DEFERRED INFLOWS OF RESOURCES				
Property Tax	14,008,755	14,474,265	(465,510)	-3.22%
NET POSITION				
Net Investment in Capital Assets	31,472,166	21,494,417	9,977,749	46.42%
Restricted for:				
Restricted: Tabor	811,000	639,800	171,200	26.76%
Restricted Other Purposes	7,825,849	10,936,265	(3,110,416)	-28.44%
Unrestricted	19,209,331	22,421,913	(3,212,582)	-14.33%
TOTAL NET POSITION	**$ 59,318,346**	**$ 55,492,395**	**$ 3,825,951**	**$ 30.41%**

Traditionally, the largest portion of any government's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary to deliver and/or provide services to the County's residents and visitors. The County's government-wide net position increased substantially during the current fiscal year, primarily due to increases in capital assets and favorable revenue collections. The year-over-year increase in current and other assets is largely due to Certificate of Participation and taxes received.

The following table (Fig. 2) provides a summary of the County's changes in net position.

(Fig. 2)

LAKE COUNTY, COLORADO
Summary of Changes to Net Position

	2025	2024	$ Change	% Change
REVENUES				
Program Revenues:				
Charges for Services	$ 3,829,199	$ 3,766,055	$ 63,144	$ 1.68%
Operating Grants & Contributions	9,437,157	5,529,038	3,908,119	70.68%
Capital Grants & Contributions	1,764,947	1,841,069	(76,122)	-4.13%
General Revenues:				
Taxes	14,674,170	22,141,921	(7,467,751)	-33.73%
Interest & Other Revenues	9,412,212	2,016,369	7,395,843	366.79%
Transfers	-	(768,981)	768,981	-100.00%
Total Revenues	**39,117,685**	**34,525,471**	**4,592,214**	**301.29%**
EXPENSES				
General Government	13,909,504	11,635,421	2,274,083	19.54%
Public Safety	7,719,427	8,472,353	(752,926)	-8.89%
Public Works	5,618,461	2,342,515	3,275,946	139.85%
Public Health & Welfare	3,591,839	4,982,978	(1,391,139)	-27.92%
Culture & Recreation	3,083,325	4,131,014	(1,047,689)	-25.36%
Economic Developemnt	446,214	1,484,829	(1,038,615)	-69.95%
Interest on Long-term Debt	736,654	248,792	487,862	196.09%
Total Expenses	**35,105,424**	**33,297,902**	**1,807,522**	**223.37%**
Change in Net Position	4,012,261	1,227,569	2,784,692	77.92%
Net Position, January 1*	55,492,395	54,264,826	1,227,569	2.26%
Restatement - Correction of Errors	(186,310)	-	(186,310)	-100.00%
Net Position, December 31	**59,318,346**	**55,492,395**	**3,825,951**	**-19.82%**

*Beginning net position was restated to correct errors as of December 31, 2024, and 2023.

GOVERNMENTAL REVENUES

Program revenues cover 37.0% of governmental operating expenses. This means that the County's taxpayer and other general governmental revenues fund 63.0% of the governmental activities. Property taxes provided approximately $14.7 million or 37.5% of the County's total governmental revenues. Sales taxes were the second largest revenue source totaling $6.4 million or 16.6% of the total governmental revenues. The County also relies on Federal and State operating grants and funding to support health and welfare operations.

The following table (Fig. 3) presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden placed on the County's taxpayers by each of these functions.

(Fig. 3)

	Total Cost of Service	% of Total	Net Cost of Services	% of Total
General Government	$ 13,909,504	40.5%	$ (6,658,720)	34.4%
Public Safety	7,719,427	22.5%	(7,290,087)	37.7%
Public Works	5,618,461	16.3%	(2,148,165)	11.1%
Public Health & Welfare	3,591,839	10.5%	(2,075,648)	10.7%
Culture & Recreation	3,083,325	9.0%	(718,633)	3.7%
Interest on Long-Term Debt	446,214	1.3%	(446,214)	2.3%
Total	$ 34,368,770	100.0%	$ (19,337,467)	100.0%

GOVERNMENTAL FUNCTIONAL EXPENSES

The general government, public safety, and public health and welfare functions make up approximately 78.8% of the total governmental activities' expenses. General government totals 40.5% of total governmental expenses with public health and welfare totaling 16.3%, public safety totaling 22.5%, and public works and recreation totaling 25.3%. General government includes administrative and airport functions. Public health and welfare include landfill and human services as well as pass-through grants from the Colorado Department of Public Health and Environment.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Government Funds

As discussed, *Governmental Funds* are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of $39,123,981.

The total ending balances of governmental funds show an increase of $5,466,558 or a 16.2% increase over the prior year. This increase is primarily the result of the events and programs described in further detail within the analysis of the County's governmental activities that follows.

The General Fund

The *General Fund* is the County's primary operating fund and the largest source of day-to-day service delivery. The General Fund's fund balance increased by $4,129,396 or a 22.4% increase. The key contributing factors were totals revenues for taxes $18,499,419 (property & sales tax) and total investment earnings $1,384,224.

The Road & Bridge Fund

The *Road and Bridge Fund* is used to account for the motor fuel tax revenues and other sources of revenue legally restricted to the maintenance of County roads. The Road and Bridge fund balance increased by $54,623. Key contributing factors included increases in Taxes & Miscellaneous Revenues coupled with decreases in capital outlay.

The Human Services Fund

The *Human Services Fund* accounts for the operations of the County's welfare services. The Human Services fund balance increased by $370,222.

The Grants Fund

The *Grants Fund a*ccounts for the County's grant activities funded through federal, state, and local sources. The fund reported a fund balance of ($1,828,455). The balance includes prior-year deferred revenues that have remained on the balance sheet due to delays in completing prior-year closings. The County is modifying its grant accounting structure, with plans to transition grant activities to their respective departments and discontinue the use of a separate Grants Fund in future budget years.

The Internal Service Fund

The County operates one internal service fund, for the purpose of funding health, dental, and worker's compensation insurance benefits for its employees as well as general and building liability insurance. Net position for the year decreased by $18,166 to the ending net position of $430,831, primarily due to increases in claims.

BUDGET HIGHLIGHTS

Budgetary Information

The General Fund revenue budget was amended during the year from $24,262,204 to $26,541,641. Budgeted revenues exceeded actual revenues by $2,109,303.

The expenditure side of the original budget for the General Fund was amended during 2025. Actual expenditures were less than planned expenditure (Fig 5).

(Fig. 5)

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 19,540,559	$ 19,540,559	$ 18,499,419	$ (1,041,140)
Licenses and Permits	271,450	271,450	345,716	74,266
Intergovernmental	232,232	2,511,669	2,377,598	(134,071)
Charges for Services	1,397,281	1,397,281	1,695,835	298,554
Investment Income	1,531,758	1,531,758	1,384,224	(147,534)
Miscellaneous	1,288,924	1,288,924	129,546	(1,159,378)
TOTAL REVENUES	24,262,204	26,541,641	24,432,338	(2,109,303)
EXPENDITURES				
General Government	11,589,646	12,582,986	10,584,486	1,998,500
Public Safety	6,345,171	6,853,246	5,978,160	875,086
Culture and Recreation	2,416,483	2,385,248	2,058,101	327,147
Economic Development	-	150,000	165,100	(15,100)
Capital Outlay	-	-	323,713	(323,713)
Debt Service				
Principal	-	-	234,931	(234,931)
Interest	-	-	356,034	(356,034)
TOTAL EXPENDITURES	20,351,300	21,971,480	19,700,525	2,270,955
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,910,904	4,570,161	4,731,813	161,652

CAPITAL ASSETS AND DEBT ADMINISTRATION

The County's capital assets, net of accumulated depreciation/amortization, for governmental activities as of December 31, 2025, was $33,952,650.

The County's capitalization policy pertains to assets with a purchase value of $5,000 or greater. Assets of lesser value are treated as operational expenditures.

Additional information as well as a detailed classification of the County's net capital assets can be found in the Notes to the Financial Statements

Debt Administration

At the end of the calendar year, the County had $14,189,116 of recorded debt outstanding.

LAKE COUNTY, COLORADO
OUTSTANDING BORROWINGS

	GOVERNMENTAL	
	2025	**2024**
Leases, SBITA, and Financed Purchases	$ 2,857,350	$ 2,934,070
Compensated Absenses	421,313	468,048
Certificates of Participation Payable	8,037,622	8,211,034.0
Landfill Closure and Postclosure Care	2,872,831	2,805,499
Total Outstanding Borrowings	**14,189,116**	**14,418,651**

Lake County anticipates continuing to make payments on its Certificates of Participation (COPs) in accordance with established repayment schedules. The County also anticipates that its landfill closure and post-closure care liability will continue to increase as the facility approaches eventual closure and additional costs associated with closure and long-term post closure care are recognized. These costs will be influenced by the timing of closure, regulatory requirements, and the estimated resources necessary to meet ongoing environmental and maintenance obligations. Future borrowing and related obligations will be evaluated in consideration of the County's financial position, operational needs, capital priorities, and long-term sustainability. The County will continue to monitor these obligations as part of its ongoing financial planning and budget development processes.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Commissioner's Office, Lake County Courthouse, Post Office Box 964, Leadville, Colorado 80461.

BASIC FINANCIAL STATEMENTS

LAKE COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2025

	PRIMARY GOVERNMENT	COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	LAKE COUNTY 911 AUTHORITY
ASSETS		
Cash and Investments	$ 38,197,930	$ 1,059,344
Accounts Receivable	1,744,618	32,779
Due from Component Unit	348,182	-
Taxes Receivable	14,057,222	-
Grants Receivable	987,384	-
Accrued Interest Receivable	76,141	-
Inventories	54,783	-
Deposits	29,500	-
Capital Assets, *Not Being Depreciated / Amortized*	9,068,390	-
Capital Assets, *Being Depreciated / Amortized, Net*	24,884,260	607,294
TOTAL ASSETS	89,448,410	1,699,417
LIABILITIES		
Accounts Payable	1,057,676	22,961
Accrued Payroll	491,767	24,917
Due to Primary Government	-	348,182
Insurance Payable	2,088	-
Other Payables	59,086	150
Unearned Revenues	321,576	-
Noncurrent Liabilities		
Due Within One Year	704,027	-
Due in More Than One Year	10,612,258	-
Landfill Closure / Post-Closure Liability	2,872,831	-
TOTAL LIABILITIES	16,121,309	396,210
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	14,008,755	-
NET POSITION		
Net Investment in Capital Assets	31,472,166	259,112
Restricted for:		
Emergencies	811,000	30,000
Roads and Bridges	1,158,310	-
Public Safety	11	
Public Health	347,315	-
Lodging Tax	146,682	-
Conservation Trust	557,221	-
Human Services	443,116	-
Capital Projects	177,724	-
Get Outdoors Leadville! Program	1,157,346	-
Mine Closure	3,838,124	-
911 Operations	-	1,014,095
Unrestricted	19,209,331	-
TOTAL NET POSITION	$ 59,318,346	$ 1,303,207

LAKE COUNTY, COLORADO
STATEMENT OF ACTIVITIES
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: PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION: COMPONENT UNIT LAKE COUNTY 911 AUTHORITY
PRIMARY GOVERNMENT						
Governmental Activities						
General Government	$ 13,909,504	$ 2,642,562	$ 3,777,395	$ 830,827	$ (6,658,720)	$ -
Public Safety	7,719,427	-	429,340	-	(7,290,087)	-
Health and Welfare	5,618,461	59,937	3,410,359	-	(2,148,165)	-
Culture and Recreation	3,591,839	109,761	1,368,081	38,349	(2,075,648)	-
Public Works	3,083,325	1,016,939	451,982	895,771	(718,633)	-
Economic Development	446,214	-	-	-	(446,214)	-
Interest on Long-Term Debt	736,654	-	-	-	(736,654)	-
TOTAL PRIMARY GOVERNMENT	$ 35,105,424	$ 3,829,199	$ 9,437,157	$ 1,764,947	(20,074,121)	-
COMPONENT UNIT						
Lake County 911 Authority	$ 833,626	$ 231,349	$ 764,348	$ -	-	162,071
GENERAL REVENUES						
Property Taxes					14,674,170	-
Specific Ownership Taxes					683,335	-
Sales Taxes					6,482,282	-
Lodging Tax					318,510	-
Mineral Lease Contribution					54,258	-
Investment Income					1,384,224	-
Other Revenues					489,603	673
TOTAL GENERAL REVENUES					24,086,382	673
CHANGE IN NET POSITION					4,012,261	162,744
NET POSITION, Beginning, as Originally Stated					55,492,395	1,140,463
Restatement - Correction of Errors					(186,310)	-
NET POSITION, Beginning, as Restated					55,306,085	1,140,463
NET POSITION, Ending					$ 59,318,346	$ 1,303,207

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

LAKE COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	GENERAL	ROAD AND BRIDGE	HUMAN SERVICES	GRANTS
ASSETS				
Cash and Investments	$ 19,462,796	$ 1,144,289	$ 503,273	$ -
Accounts Receivable	1,300,365	99,276	100,491	-
Taxes Receivable	10,780,436	-	806,181	-
Grants Receivable	-	-	-	571,576
Due from Component Unit	348,182	-	-	-
Interfund Receivables	2,349,020	-	-	-
Accrued Interest Receivable	76,141	-	-	-
Inventories	-	22,843	-	-
Deposits	19,500	-	-	-
TOTAL ASSETS	$ 34,336,440	$ 1,266,408	$ 1,409,945	$ 571,576
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 636,828	$ 42,324	$ 20,624	$ 93,627
Accrued Payroll	318,757	40,843	50,530	18,919
Other Payables	59,086	-	-	-
Insurance Payable	-	2,088	-	-
Interfund Payables	-	-	-	2,144,959
Unearned Revenues	-	-	89,494	142,526
TOTAL LIABILITIES	1,014,671	85,255	160,648	2,400,031
DEFERRED INFLOWS OF RESOURCES				
Property Tax	10,780,436	-	806,181	-
FUND BALANCES				
Nonspendable:				
Inventories	-	22,843	-	-
Deposits	19,500	-	-	-
Restricted for:				
Emergencies	811,000	-	-	-
Roads and Bridges	-	1,158,310	-	-
Public Safety	-	-	-	-
Public Health	-	-	-	-
Conservation Trust	-	-	-	-
Lodging Tax	-	-	-	-
Human Services	-	-	443,116	-
Capital Projects	-	-	-	247,077
Get Outdoors Leadville! Program	-	-	-	-
Mine Closure	-	-	-	-
Committed to:				
Housing	-	-	-	-
Blood Lead Monitoring	-	-	-	-
Landfill	-	-	-	-
Sheriff Commissary	6,524	-	-	-
Mineral Belt Trail	-	-	-	-
Community Park Replacement	33	-	-	-
Contingencies	686,033	-	-	-
Unassigned	21,018,243	-	-	(2,075,532)
TOTAL FUND BALANCES	22,541,333	1,181,153	443,116	(1,828,455)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 34,336,440	$ 1,266,408	$ 1,409,945	$ 571,576

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

MINE CLOSURE	COURT RENOVATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 3,838,124	$ 8,603,673	$ 4,410,494	$ 37,962,649
-	-	49,119	1,549,251
-	-	1,398,467	12,985,084
-	-	415,808	987,384
-	-	-	348,182
-	-	-	2,349,020
-	-	-	76,141
-	-	31,940	54,783
-	-	-	19,500
$ 3,838,124	$ 8,603,673	$ 6,305,828	$ 56,331,994
$ -	$ 189,185	$ 65,271	$ 1,047,859
-	-	62,718	491,767
-	-	-	59,086
-	-	-	2,088
-	-	204,061	2,349,020
-	-	89,556	321,576
-	189,185	421,606	4,271,396
-	-	1,350,000	12,936,617
-	-	31,940	54,783
-	-	-	19,500
-	-	-	811,000
-	-	-	1,158,310
-	-	11	11
-	-	347,315	347,315
-	-	557,221	557,221
-	-	146,682	146,682
-	-	-	443,116
-	8,414,488	177,724	8,839,289
-	-	1,157,346	1,157,346
3,838,124	-	-	3,838,124
-	-	140,105	140,105
-	-	115,590	115,590
-	-	1,996,685	1,996,685
-	-	-	6,524
-	-	115,710	115,710
-	-	-	33
-	-	-	686,033
-	-	(252,107)	18,690,604
3,838,124	8,414,488	4,534,222	39,123,981
$ 3,838,124	$ 8,603,673	$ 6,305,828	$ 56,331,994

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

LAKE 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	$	39,123,981
Capital assets and lease right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		33,952,650
Internal Service Funds are blended into Governmental Activities		430,831
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Leases Payable		(2,378,183)
Financed Purchases		(286,198)
Certificates of Participation Payable		(8,037,622)
SBITA Liability		(192,969)
Accrued Landfill Closure / Post-Closure		(2,872,831)
Accrued Compensated Absences		(421,313)
Total Net Position of Governmental Activities	$	59,318,346

LAKE COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL	ROAD AND BRIDGE	HUMAN SERVICES	GRANTS
REVENUES				
Taxes	$ 18,499,419	$ 670,780	$ 892,606	$ -
Licenses and Permits	345,716	-	-	-
Intergovernmental	2,377,598	1,670,411	3,056,806	2,591,473
Charges for Services	1,695,835	-	-	-
Rentals	-	-	6,152	-
Contributions	-	-	-	-
Lottery Funds	-	-	-	-
Investment Income	1,384,224	-	-	-
Miscellaneous	129,546	74,831	9,522	-
TOTAL REVENUES	24,432,338	2,416,022	3,965,086	2,591,473
EXPENDITURES				
General Government	10,584,486	-	-	1,261,356
Public Safety	5,978,160	-	-	760,503
Health and Welfare	-	-	3,489,742	104,724
Culture and Recreation	2,058,101	-	-	177,108
Public Works	-	2,020,082	-	-
Economic Development	165,100	-	-	-
Capital Outlay	323,713	366,538	-	-
Debt Service				
Principal	234,931	-	53,675	-
Interest	356,034	-	51,447	-
TOTAL EXPENDITURES	19,700,525	2,386,620	3,594,864	2,303,691
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	4,731,813	29,402	370,222	287,782
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	17,405	25,221	-	-
Lease Proceeds	108,337	-	-	-
SBITA Proceeds	215,376	-	-	-
Transfers In	-	-	-	48,260
Transfers Out	(943,535)	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(602,417)	25,221	-	48,260
CHANGES IN FUND BALANCES	4,129,396	54,623	370,222	336,042
FUND BALANCES, Beginning, as Originally Stated	18,403,673	1,126,530	72,894	(2,740,987)
Change Within the Financial Reporting Entity	8,264	-	-	-
Restatement - Correction of an Error	-	-	-	576,490
FUND BALANCES, Beginning, as Restated	18,411,937	1,126,530	72,894	(2,164,497)
FUND BALANCES, Ending	$ 22,541,333	$ 1,181,153	$ 443,116	$ (1,828,455)

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

MINE CLOSURE	COURT RENOVATION	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
$ 100,630	$ -	$ 1,178,125	$ 21,341,560
-	-	49,011	394,727
-	-	1,545,874	11,242,162
-	-	1,561,274	3,257,109
-	-	-	6,152
-	-	58,952	58,952
-	-	27,751	27,751
-	-	-	1,384,224
-	-	374,412	588,311
100,630	-	4,795,399	38,300,948
-	-	739,904	12,585,746
-	436,942	754,271	7,929,876
-	-	1,635,815	5,230,281
-	-	516,311	2,751,520
-	-	214,954	2,235,036
-	-	281,114	446,214
-	-	21,306	711,557
-	-	271,827	560,433
-	-	342,585	750,066
-	436,942	4,778,087	33,200,729
100,630	(436,942)	17,312	5,100,219
-	-	-	42,626
-	-	-	108,337
-	-	-	215,376
-	300,000	595,275	943,535
-	-	-	(943,535)
-	300,000	595,275	366,339
100,630	(136,942)	612,587	5,466,558
3,737,494	8,551,430	3,929,899	33,080,933
-	-	(8,264)	-
-	-	-	576,490
3,737,494	8,551,430	3,921,635	33,657,423
$ 3,838,124	$ 8,414,488	$ 4,534,222	$ 39,123,981

LAKE COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:		
Net Changes in Fund Balances of Governmental Funds	$	5,466,558
Governmental funds report capital outlays and leases as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:		
Depreciation Expense		(2,281,000)
Amortization Expense		(461,746)
Capital Outlay		1,306,961
Disposal of Capital Assets		(229,881)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This is the effect of these differences in the treatment of long-term debt and related items, including lease payable proceeds.		
Lease Proceeds		(108,337)
SBITA Proceeds		(215,376)
The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.		560,433
Internal Services Funds are blended into Governmental Activities.		(18,166)
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. This includes the changes in the following:		
COP Premium		13,412
Landfill Closure / Post-Closure Liability		(67,332)
Accrued Compensated Absences		46,735
Change in Net Position of Governmental Activities	$	4,012,261

LAKE COUNTY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2025

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
ASSETS	
Cash and Cash Equivalents	$ 235,281
Taxes Receivable	1,072,138
Accounts Receivable	195,367
Deposit	10,000
TOTAL ASSETS	1,512,786
LIABILITIES	
Accounts Payable	9,817
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	1,072,138
NET POSITION	
Unrestricted	$ 430,831

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

LAKE COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2025

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
OPERATING REVENUES	
Charges for Services - Premiums	$ 2,234,594
Claims Reimbursement	8,414
TOTAL OPERATING REVENUES	2,243,008
OPERATING EXPENSES	
Insurance Premiums and Payments	3,062,647
Claims	15,264
TOTAL OPERATING EXPENSES	3,077,911
NET OPERATING INCOME (LOSS)	(834,903)
NONOPERATING REVENUES (EXPENSES)	
Property Taxes	816,737
CHANGE IN NET POSITION	(18,166)
NET POSITION, Beginning	448,997
NET POSITION, Ending	$ 430,831

LAKE COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
Year Ended December 31, 2025

	GOVERNMENTAL ACTIVITIES INTERNAL SERVICE FUND
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Claim Reimbursements	$ 8,414
Cash Received from Premiums	2,510,888
Cash Payments to Vendors and Suppliers	(3,077,911)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(558,609)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property Taxes	816,737
Net Interfund Balances from (to) Other Funds	(22,847)
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	793,890
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	235,281
CASH AND CASH EQUIVALENTS, Beginning	-
CASH AND CASH EQUIVALENTS, Ending	$ 235,281
RECONCILIATION OF THE NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	$ (834,903)
Adjustments to reconcile net operating income (loss) to net cash provided (used) by operating activities:	
Changes in Assets and Liabilities:	
Accounts Receivable	276,294
Total Adjustments	276,294
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (558,609)

LAKE COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2025

	CUSTODIAL FUNDS				TOTAL
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	SHERIFF INMATE	PUBLIC TRUSTEE	FIDUCIARY FUNDS
ASSETS					
Cash and Investments	$ 363,188	$ 35,868	$ 12,850	$ 10,622	$ 422,528
LIABILITIES					
Due To Other Governments	363,188	35,868	-	-	399,056
NET POSITION					
Restricted for Individuals, Organizations, and Other Governments	-	-	12,850	10,622	23,472

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

LAKE COUNTY, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2025

	CUSTODIAL FUNDS				TOTAL
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	SHERIFF INMATE	PUBLIC TRUSTEE	FIDUCIARY FUNDS
ADDITIONS					
Taxes and Fees Collected for Other Governments	$ 23,314,397	$ 1,522,178	$ -	$ -	$ 24,836,575
Fines and Fees Collected for Other Governments	-	-	118,363	601,475	719,838
TOTAL ADDITIONS	23,314,397	1,522,178	118,363	601,475	25,556,413
DEDUCTIONS					
Taxes and Fees Disbursed to Other Governments	23,314,397	1,522,178	-	-	24,836,575
Fines and Fees Disbursed to Others	-	-	115,413	599,669	715,082
TOTAL DEDUCTIONS	23,314,397	1,522,178	115,413	599,669	25,551,657
CHANGE IN NET POSITION	-	-	2,950	1,806	4,756
NET POSITION, Beginning	-	-	9,900	8,816	18,716
NET POSITION, Ending	$ -	$ -	$ 12,850	$ 10,622	$ 23,472

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

NOTE 1: Summary of Significant Accounting Policies

Lake County (the County) was created by an act of legislature in 1861 and is governed by applicable Colorado Statutes. The County is managed by three Commissioners and provides the following services: public safety, highways and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, tax and license assessments and collections, and general administrative services.

The accounting policies of the County conform to generally accepted accounting principles 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 following is a summary of the County's significant policies.

Reporting Entity

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

The County operates the Lake County Emergency Telephone Service Authority (the Authority). The Authority was established for the purpose of providing 911 emergency phone services for the County. The Authority is a legally separate entity, governed by a five-member board appointed by the Board of County Commissioners. The Authority Board is appointed by the County Commissioners. The Authority is reported as a discretely presented component unit in the County's financial statements. No separate financial statements are prepared.

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 unit. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are normally 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 the governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and proprietary funds are identified by management and reported as separate columns in the fund financial statements. Fiduciary custodial funds are presented by fund type.

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

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

NOTE 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

The *Road and Bridge Fund* is used to account for road and bridge construction, maintenance, and administration, as established under state statutes, and includes revenues from specific ownership tax, highway user tax, and payments in lieu of taxes (PILT).

The *Human Services Fund* is used to account for the program and administrative management of human services. Financing is primarily provided by federal and state grants.

The *Grants Fund* is used to account for revenues and expenditures from federal, state, and local grants awarded to the County.

The *Court Renovation Fund* is used to account for the County's Justice Center renovation using the Certificates of Participation, Series 2024.

The *Mine Closure Fund* is used to account for revenues and expenditures related to the closure of the Climax Mine and for sustaining county activities after the valuation of the county declines, as established by the voters in 2011, which is financed by the collection of property taxes.

Additionally, the County reports the following fund types:

The *Internal Service Fund* is used to account for the County's casualty, property pool, and liability insurance. Revenues are derived from other County funds as premiums and annual property taxes collected in the fund.

The *Fiduciary Funds* account for Custodial Fund assets held by the County in a custodial capacity or as an agent on behalf of others. *Fiduciary Funds* are accounted for using the accrual basis of accounting. The County's Custodial Funds include the Treasurer's Office, the Clerk and Recorder's Office, the Public Trustee, and the Sheriff – Jail Inmate.

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 funds. Revenues are recorded when earned and expenses are recorded when a 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, grants, 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 to be measurable and available only when cash is received by the County.

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.

NOTE 1: Summary of Significant Accounting Policies (Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers or other funds for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets, if applicable. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The County charges premiums to other funds to purchase commercial insurance. When both restricted and unrestricted resources are available for a specific use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balances / Net Position

Cash and Investments – Cash and investments of each of the County's funds are pooled and invested by the County into liquid investment with maturities of three months or less. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the County on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

Interfund Receivables and Payables – Certain transactions between individual funds result in receivables and payables, which are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and the discretely presented component unit are reported in the government-wide financial statements as *due to component unit / primary government*.

Inventories – Inventories are valued at cost using an average-cost method. The costs of inventories are recorded as expenditures or expenses when consumed rather than when purchased.

Capital Assets – Capital assets include property, equipment, and infrastructure. These are reported in the applicable governmental activities and component unit columns in the government-wide financial statements.

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

Buildings	3 – 40 years
Infrastructure	3 – 40 years
Improvements	5 – 40 years
Equipment	3 – 5 years

Subscription-based information technology assets (SBITAs) are reported in the government-wide financial statements as a capital asset, net of accumulated amortization. SBITAs are recognized as multi-year noncancellable agreements amortized over the period of the agreement on a straight-line basis.

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the County that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include property taxes earned but not available as current financial resources.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations, including financed purchases, are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest 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.

Leases – The County determines if an arrangement is a lease at inception. For leasing arrangements where the County is the lessee, leases are reported as right-to-use assets and noncurrent liabilities in the statement of net position.

Lease assets represent the County's control of the right-to-use and underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the County as assets with an initial, individual cost of $5,000 or more.

Lease liabilities represent the County's obligation to make payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

For individual lease contracts where information about the discount rate implicit in the lease is not included, the County has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Compensated Absences – Employees accrue paid vacation leave based on the number of hours worked in a year up to a maximum balance varies based on years of continuous employment. Employees also accrue paid personal leave allocated on January 1st of each year up to a maximum of 24 hours. Accumulated vacation leave benefits are more likely than not to be used or paid upon separation/termination at their current pay rate. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

Subscription-Based Information Technology Arrangements (SBITAs) – SBITA agreements for noncancellable periods in excess of twelve months, including exercised extensions, are recognized as a liability. The SBITA liability is measured at the present value of lease payments expected to be paid during the lease term based on the County's implicit interest rate unless the interest rate is provided in the agreement. SBITAs are recognized at the present value of cash flows as a liability and a related right-to-use asset. Payments on the SBITA reduce the liability and amortize the right-to-use asset on a straight-line basis over the life of the SBITA agreement.

Net Position/Fund Balances – In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the County imposes on itself by action of the Board of County Commissioners through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)

Commitments may be established, modified, or rescinded only through ordinances approved by the Board of County Commissioners. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

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

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar 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 monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

NOTE 2: Cash and Investments

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

Petty Cash	$ 2,146
Deposits	8,587,675
Investments	31,089,981
Total	$ 39,679,802

At December 31, 2025, cash and investments are reported in the financial statements as follows:

Primary Government	$ 38,197,930
Fiduciary Funds	422,528
Discretely Presented Component Unit - 911 Authority	1,059,344
Total	$ 39,679,802

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires 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 $7,674,882 collateralized with securities held by the financial institution's agent but not in the County's name.

Investments

The County is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

- 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
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

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

			Investment Maturity			
Investment Type	Rating	Fair Value	Less Than One Year	1-5 Years	Percentage of Investments	Fair Value Hierarchy
Certificates of Deposit (Negotiable)	Not Rated	$ 1,967,503	$ 486,705	$ 1,480,798	6%	Level 2
U.S. Agency Securities	AA+	7,936,436	1,650,109	6,286,327	26%	Level 2
Money Market Fund	AAAm	539,788	539,788	-	2%	Level 2
Local Government Pools	AAAmmf	6,958,019	6,958,019	-	22%	NAV
Local Government Pools	AAAm	13,688,235	13,688,235	-	44%	NAV
Total Investments		$ 31,089,981	$ 23,322,856	$ 7,767,125	100%	

Fair Value Measurements - At December 31, 2025, the County's investments in the local government investment pool reported at the net asset value per share.

The fair value measurements are categorized by the fair value hierarchy. Valuation inputs are used to measure the fair value of the asset to determine the appropriate category. The categories range from Level 1, which is the highest priority, to Level 3, which is the lower priority and are based on the following criteria:

Level 1 – Unadjusted quoted prices for identical instruments in active markets.

Level 2 – Quoted prices for similar instruments in the active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations in which all significant inputs are observable.

Level 3 – Valuations derived from valuation techniques in which significant inputs are unobservable.

Interest Rate Risk - State statutes generally limit investments to an original maturity of 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 investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

Concentration of Credit Risk - State statutes do not limit the amount the County may invest in a single issuer of investment securities, except for corporate securities. The County had invested in Federal Home Loan Bank, Federal Home Loan Mortgage, and Federal Farm Credit Bank in the amount of $2,493,601, $796,634, and $4,646,201, respectively, or 8%, 2.6%, and 15%, respectively.

NOTE 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pool – At December 31, 2025, the County had $13,688,235 and $6,958,019 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE) (the Pools), 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 Rating Agency for ColoTrust Plus and AAAmmf by Fitch Rating Agency for CSAFE. Investments of the Pools is 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 3: Interfund Balances and Transfers

At December 31, 2025, the General Fund temporarily subsidized the operations of the Grants Fund, Airport Fund, and Water Projects Fund in the amount of $2,144,959, $165,568, and $38,493, respectively. These balances were repaid after year-end, except for grants fund.

Transfers between funds during the year ended December 31, 2025, consisted of the following:

Transfers In	Transfers Out	Amount
Grants Fund	General Fund	$ 48,260
Court Renovation Fund	General Fund	300,000
Public Health Fund	General Fund	416,594
Water Projects	General Fund	146,927
Lodging Tax	General Fund	31,754
Total		$ 943,535

In 2025, the General Fund made transfers to the Public Health Fund, Water Projects, and Lodging Tax Fund to subsidize operations. In addition, the General Fund transferred $48,260 to satisfy grant matching requirements. The General Fund transferred $300,000 to the Court Renovation Fund to finance capital projects.

NOTE 4: Risk Management

Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For these risks of loss, the County participates in the Colorado Counties Casualty and Property Pool (CCCAPP), a separate independent governmental entity formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, Colorado Revised Statutes (1982 Replacement Volume) and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CCCAPP are to provide members defined liability, property, and workers compensation coverages and to assist members in preventing and reducing losses and injuries to municipal property and to persons or property which might result in claims being made against members of CCCAPP, their employees and officers.

It is the intent of the members of CCCAPP to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CCCAPP against stated liability of loss, to the limit of the financial resources of CCCAPP. It is also the intent of the members to have CCCAPP provide continuing stability and availability of needed coverages at a reasonable cost. All income and assets of CCCAPP shall be at all times dedicated to the exclusive benefit of its members. CCCAPP is a separate legal entity and the County does not approve budgets nor does it have the ability to significantly affect the operations of CCCAP. Settlements have not exceeded coverage in the last three years.

NOTE 5: Capital Assets

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

	Restated Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Governmental Activities				
Capital Assets, Not Being Depreciated:				
Land	$ 5,343,376	$ -	$ -	$ 5,343,376
Land Improvements	3,288,072	-	-	3,288,072
Construction in Progress	1,325,176	436,942	(1,325,176)	436,942
Total Capital Assets, Not Being Depreciated	9,956,624	436,942	(1,325,176)	9,068,390
Capital Assets, Being Depreciated / Amortized:				
Buildings	12,322,668	-	-	12,322,668
Improvements	11,131,670	-	-	11,131,670
Infrastructure	3,804,410	1,325,176	-	5,129,586
Machinery and Equipment	11,764,505	141,937	(575,731)	11,330,711
Vehicles	3,061,293	404,369	(20,125)	3,445,537
Right-to-Use Lease Asset	3,430,521	108,337	(299,716)	3,239,142
Right-to-Use SBITA Asset	-	215,376	-	215,376
Total Capital Assets, Being Depreciated / Amortized	45,515,067	2,195,195	(895,572)	46,814,690
Less Accumulated Depreciation / Amortization:				
Buildings	(4,888,689)	(304,996)	-	(5,193,685)
Improvements	(3,095,360)	(300,131)	-	(3,395,491)
Infrastructure	(1,214,964)	(156,870)	-	(1,371,834)
Machinery and Equipment	(7,404,335)	(603,715)	345,850	(7,662,200)
Vehicles	(2,347,448)	(915,288)	20,125	(3,242,611)
Right-to-Use Lease Assets	(902,579)	(418,671)	299,716	(1,021,534)
Right-to-Use SBITA Asset	-	(43,075)	-	(43,075)
Total Accumulated Depreciation / Amortization	(19,853,375)	(2,742,746)	665,691	(21,930,430)
Capital Assets, Being Depreciated / Amortized, Net	25,661,692	(547,551)	(229,881)	24,884,260
Governmental Activities, Capital Assets, Net	$ 35,618,316	$ (110,609)	$ (1,555,057)	$ 33,952,650

Depreciation and amortization expense of the governmental activities was charged to the following functions of the County.

General Government	$ 822,107
Public Safety	247,045
Health and Welfare	360,061
Culture and Recreation	675,269
Public Works	638,264
Total	$ 2,742,746

NOTE 5: Capital Assets (Continued)

	Balances 12/31/2024	Additions	Deletions	Balances 12/31/2025
Discretely Presented Component Unit				
Capital Assets, Not Being Depreciated:				
Construction in Progress	$ 264,786	$ -	$ (264,786)	$ -
Capital Assets, Being Depreciated / Amortized:				
Machinery and Equipment	-	609,632	-	609,632
Less Accumulated Depreciation / Amortization:				
Machinery and Equipment	-	(2,338)	-	(2,338)
Capital Assets, Being Depreciated / Amortized, Net	-	607,294	-	607,294
Component Unit, Capital Assets, Net	$ 264,786	$ 607,294	$ (264,786)	$ 607,294

NOTE 6: Long-Term Debt

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

	Balance 12/31/2024	Additions	Reductions	Balance 12/31/2025	Due Within One Year
Governmental Activities					
Leases Payable	$ 2,592,660	$ 108,337	$ 322,814	$ 2,378,183	$ 353,775
Financed Purchases	341,410	-	55,212	286,198	58,518
Certificates of Participation	8,000,000	-	160,000	7,840,000	180,000
COP Premium	211,034	-	13,412	197,622	-
SBITA	-	215,376	22,407	192,969	45,510
Compensated Absences	468,048	-	46,735	421,313	66,224
Total Long-Term Debt	$ 11,613,152	$ 323,713	$ 620,580	$ 11,316,285	$ 704,027

Change in compensated absences is presented as a net difference.

Financed Purchase

In July 2015, the County entered into a 15-year financed purchase obligation with Alpine Bank to purchase solar panels valued at $735,000. Payments are made monthly in the amount of $6,138 beginning in June 2015, through May 2030, with an interest rate of 5.75% per annum. The solar panels have an estimated useful life of 20 years. Financed purchases are liquidated by the Capital Acquisition Fund. Financed purchase payments to maturity are as follows:

NOTE 6: Long-Term Debt (Continued)

Financed Purchase (Continued)

Year Ended December 31,	Principal	Interest	Total
2026	$ 58,518	$ 15,135	$ 73,653
2027	62,022	11,631	73,653
2028	65,737	7,917	73,654
2029	69,673	3,981	73,654
2030	30,248	441	30,689
Total	$ 286,198	$ 39,105	$ 325,303

Leases Payable

The County entered into a master equity lease agreement (lease agreement) with Enterprise FM Trust for the lease of vehicles. The County agreed to pay monthly rental and other payments for the use of vehicles based on the terms of the lease and return the vehicles at the end of the lease term. The County leased eighteen vehicles with an asset value of $915,586, with a total outstanding lease payable at December 31, 2025, in the amount of $385,818. Payments are made monthly ranging from $546 to $1,647 beginning in January 2022, through October 2028, with comparable incremental borrowing rates ranging between 2.82% and 5.4% per annum. The eighteen vehicles have an estimated cost ranging between $31,254 and $119,129 with an estimated useful life of 60 months from the date of delivery. At December 31, 2025, the vehicles had a cost of $915,586 and an accumulated amortization of $517,821, with an amortization expense of $183,123 in 2025. These leases are liquidated by the Capital Acquisition Fund.

In 2023, the County entered into a twelve-year lease agreement with Rocky Mountain Family Practice of Leadville, P.C., for the lease of a building for the operation of a health care medical facility. The building lease is valued at $2,068,222, with an outstanding lease payable at December 31, 2025, in the amount of $1,933,234. Payments are made monthly in the amount of $16,800 beginning in September 2023, through August 2035 with an implied interest rate of 5.43% per annum. The payment amount increases 3% annually. The building and equipment has a useful life of 12 years. At December 31, 2025, the building had a cost of $2,068,222 and accumulated amortization of $402,154, with an annual amortization expense of $172,352 in 2025. This lease is liquidated by the Human Services Fund and the Public Health Fund.

In 2022, the County entered into a 63 month lease agreement with De Lage Landen Financial Services, Inc. for the lease of office equipment valued at $53,090, with an outstanding lease payable at December 31, 2025, in the amount of $15,782. Payments are made monthly in the amount of $967 beginning in March 2022, through May 2027 with an implied interest rate of 5.45% per annum. The leased equipment has an estimated useful life of 63 months. At December 31, 2025, the equipment had a cost of $53,090 and accumulated amortization of $38,763, with total amortization expense of $10,112 in 2025. This lease is liquidated by the Lodging Tax Fund.

In 2024, the County entered a five-year lease agreement with Peak Performance Imaging Solutions for the lease of IT equipment valued at $39,608, with an outstanding lease payable at December 31, 2025, in the amount of $26,854. Payments are made monthly in the amount of $748, beginning in April 2024, through March 2029, with an implied interest rate of 5% per annum. The leased equipment had an estimated useful life of 60 months. At December 31, 2025, the equipment had a cost of $39,608 and accumulated amortization of $13,863, with total amortization expense of $7,922 in 2025. This lease is liquidated by the General Fund.

In 2024, the County entered into a six-year lease agreement with Climax Molybdenum Company for the lease of a portion of a building. The building lease is valued at $54,299, with an outstanding lease payable at December 31, 2025, in the amount of $44,181. Payments are made monthly in the amount of $1,000 beginning in August 2024, through July 2030 with an implied interest rate of 4.0% per annum. The building lease has a useful life of six years. At December 31, 2025, the building had a cost of $54,299 and accumulated amortization of $12,821, with total amortization expense of $9,050 in 2025. This lease is liquidated by the General Fund.

NOTE 6: Long-Term Debt (Continued)

Leases Payable (Continued)

In 2025, the County entered into a three-year lease agreement with David and Jane Horning for the lease of a building used by the Lake County Probation Department. The building lease is valued at $108,337. Payments are made monthly in the amount of $3,200 beginning in January 2025 through December 2027. Interest is accrued at a fixed implied rate of 4.03% per annum. The building has a useful life of three years. At December 31, 2025, the building had a lease cost of $108,337 and accumulated amortization of $36,112, with total amortization expense of $36,112 in 2025. This lease is liquidated by the General Fund.

Lease payments to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 353,775	$ 115,500	$ 469,275
2027	341,654	99,520	441,174
2028	228,803	85,471	314,274
2029	179,988	74,031	254,019
2030	185,670	63,660	249,330
2031-2035	1,088,293	144,430	1,232,723
Total	$ 2,378,183	$ 582,612	$ 2,960,795

SBITA Payable

In 2025, the County entered into a five-year agreement with Axon Enterprise, Inc. for the right-to-use of a subscription-based information technology arrangement (SBITA) relating to body cameras. The SBITA is valued at $215,376. Payments are made annually in the amount of $53,036 beginning in March 2025 through March 2029. Interest accrues at a fixed implied rate of 3.9% per annum. The SBITA has a useful life of five years. At December 31, 2025, the SBITA had a cost of $215,376 and accumulated amortization of $43,075, with total amortization expense of $43,075 in 2025. This SBITA is liquidated by the General Fund. SBITA payment to maturity are as follows:

Year Ended December 31,	Principal	Interest	Total
2026	$ 45,510	$ 7,526	$ 53,036
2027	47,285	5,751	53,036
2028	49,129	3,907	53,036
2029	51,045	1,991	53,036
Total	$ 192,969	$ 19,175	$ 212,144

Certificates of Participation

On December 16, 2024, the County issued the Certificates of Participation, Series 2024, in the amount of $8,000,000 to finance improvements of certain capital improvements, renovations, and upgrades to the County's Justice Center. Principal payments are due annually on December 1, through 2049. Interest payments are due semi-annually on June 1st and December 1st, with interest accruing at rates ranging from 4% to 5% per annum. The property financed (leased) is pledged in case of default by the County for the payment of the principal and interest. The Certificates of Participation were collateralized by the County's Justice Center. Certificates of Participation payments to maturity are as follows:

NOTE 6: Long-Term Debt (Continued)

Certificates of Participation (Continued)

Year Ended December 31,	Principal	Interest	Total
2026	$ 180,000	$ 358,288	$ 538,288
2027	190,000	349,288	539,288
2028	200,000	339,788	539,788
2029	210,000	329,788	539,788
2030	220,000	319,288	539,288
2031-2035	1,265,000	1,421,188	2,686,188
2036-2040	1,610,000	1,072,438	2,682,438
2041-2045	2,025,000	666,688	2,691,688
2046-2049	1,940,000	210,375	2,150,375
Total	$ 7,840,000	$ 5,067,129	$ 12,907,129

NOTE 7: Landfill Closure and Post-Closure Liability

The County operates and maintains a landfill. Federal and state regulations require the County to place a final cover and perform certain maintenance and monitoring functions at the site for no less than 30 years after closure. The County anticipates existing use of the landfill at the current capacity at 10.5 years. The County reports a portion of the closure and post-closure costs as an operating expense annually based on landfill capacity used. As of December 31, 2025, the County reported a $2,872,831 liability as future landfill closure and post-closure, which represents the cumulative costs with an inflation factor on the use of the 60% of the estimated capacity of the landfill. Actual costs may be higher due to inflation, various economic factors, changes in technology, or changes in regulations.

The State of Colorado "Regulations Pertaining to Solid Waste Disposal Facilities, 6 CCR 1007-2" require owners or operators of any solid waste disposal site/facility maintain in written documented form current cost estimates for hiring a third party to close such site and to conduct post-closure care. The County uses the "Local Government Financial Test" as its financial mechanism to financially assure full payment of all closure, post-closure, and if applicable, corrective action estimated costs.

The County makes annual contributions to finance closure and post-closure care costs. At December 31, 2025, cash and investments of $1,996,685 are committed in the Landfill Fund for these purposes.

NOTE 8: Employee Retirement Plans

Defined Contribution Plan

The County provides pension benefits for substantially all full-time employees through a defined contribution plan of the Colorado Retirement Association. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. One year of service is required prior to participation in the Colorado Retirement Association Plan.

Employees contribute 3% of their salary to the plan with an equal amount contributed by the County. Vesting occurs at the rate of 20% per year. County contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the County. For the year ended December 31, 2025, the employer contributions were $738,123 with forfeitures of $35,887. The County had no outstanding liability for this plan at year end. The County commissioners authorize the benefit terms and have the authority to amend these terms.

NOTE 8: Employee Retirement Plans (Continued)

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 2001, the County adopted an amendment to its Deferred Compensation Plan with Colorado Retirement Association. The adoption of the amendment was due to recent changes in the Internal Revenue Code. Specifically, the amendment states that all amounts deferred under this plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall, until made available to the participant or beneficiary, be held in the Colorado Retirement Association Deferred Compensation Plan Trust for the exclusive benefit of participants and their beneficiaries. Colorado Retirement Association is trustee of the trust. Eligible voluntary employee contributions were $319,261 for 2025.

NOTE 9: Contraband Forfeitures

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. Proceeds are recorded in the Grants fund and are used for drug enforcement activities.

NOTE 10: Commitments and Contingencies

Claims and Judgments

The County participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. At December 31, 2025, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the County.

TABOR Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The County is subject to the Amendment.

On April 5, 1994, the registered voters approved a ballot resolution authorizing the County to accept, retain, and spend, for use as the Board of County Commissioners deem appropriate, the full revenues received from any and all grants awarded to the County.

The Amendment requires the County to establish a reserve for emergencies, representing 3% of qualifying expenditures. At December 31, 2025, the County's emergency reserve was reported as a restricted fund balance in the General Fund and restricted net position in the government-wide financial statements in the amount of $811,000 and 911 Authority in the amount of $30,000 in the government-wide financial statements.

Litigation

The County from time to time is involved in various legal matters. In the opinion of the County's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the County.

NOTE 11: Restatements - Corrections of Errors

The County made a correction of errors to the fund balances of various funds and the net position of governmental activities at December 31, 2024. The corrections were made to the beginning fund balances / net position due to the following:

- Correct prior year capital assets as a result of an error in the previous year in the government-wide financial statements.
- Recognize grants revenues in the correct fiscal year in the Grants Fund for various grants to comply with GASBS No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*.

The impact of the restatements/corrections of errors as of December 31, 2024, on financial statements was identified as follows:

	Grants Fund	Total Governmental Funds	Governmental Activities
Net Position/Fund Balance, Beginning, as Originally Stated	$ (2,740,987)	$ 33,080,933	$ 55,492,395
Grants Revenue	576,490	576,490	576,490
Capital Assets, *Not Being Depreciated / Amortized*	-	-	(762,800)
Net Position/Fund Balance, Beginning, as Restated	$ (2,164,497)	$ 33,657,423	$ 55,306,085

In addition, at December 31, 2024, the Sheriff Commissary Fund was reclassified to the General Fund as a change within the financial reporting entity to comply in accordance with GASBS No. 54, *Fund Balance Reporting and Government Fund Type Definitions*, in the amount of $8,264.

REQUIRED SUPPLEMENTARY INFORMATION

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 19,540,559	$ 19,540,559	$ 18,499,419	$ (1,041,140)
Licenses and Permits	271,450	271,450	345,716	74,266
Intergovernmental	232,232	2,511,669	2,377,598	(134,071)
Charges for Services	1,397,281	1,397,281	1,695,835	298,554
Investment Income	1,531,758	1,531,758	1,384,224	(147,534)
Miscellaneous	1,288,924	1,288,924	129,546	(1,159,378)
TOTAL REVENUES	24,262,204	26,541,641	24,432,338	(2,109,303)
EXPENDITURES				
General Government	11,589,646	12,582,986	10,584,486	1,998,500
Public Safety	6,345,171	6,853,246	5,978,160	875,086
Culture and Recreation	2,416,483	2,385,248	2,058,101	327,147
Economic Development	-	150,000	165,100	(15,100)
Capital Outlay	-	-	323,713	(323,713)
Debt Service				
Principal	-	-	234,931	(234,931)
Interest	-	-	356,034	(356,034)
TOTAL EXPENDITURES	20,351,300	21,971,480	19,700,525	2,270,955
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	3,910,904	4,570,161	4,731,813	161,652
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	17,405	17,405
Lease Proceeds	-	-	108,337	108,337
SBITA Proceeds	-	-	215,376	215,376
Transfers In	-	1,158,462	-	(1,158,462)
Transfers Out	(2,650,883)	(3,050,928)	(943,535)	2,107,393
TOTAL OTHER FINANCING SOURCES (USES)	(2,650,883)	(1,892,466)	(602,417)	1,290,049
CHANGE IN FUND BALANCE	1,260,021	2,677,695	4,129,396	1,451,701
FUND BALANCE, Beginning, as Originally Stated	18,403,579	18,403,579	18,403,673	94
Change Within the Financial Reporting Entity	8,264	8,264	8,264	-
FUND BALANCE, Beginning, as Reclassified	18,411,843	18,411,843	18,411,937	94
FUND BALANCE, Ending	$ 19,671,864	$ 21,089,538	$ 22,541,333	$ 1,451,795

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 463,500	$ 463,500	$ 670,780	$ 207,280
Licenses and Permits	13,750	13,750	-	(13,750)
Intergovernmental	1,126,780	1,126,780	1,670,411	543,631
Miscellaneous	45,080	45,080	74,831	29,751
TOTAL REVENUES	1,649,110	1,649,110	2,416,022	766,912
EXPENDITURES				
Public Works	2,321,755	2,406,755	2,020,082	386,673
Capital Outlay	97,796	97,796	366,538	(268,742)
TOTAL EXPENDITURES	2,419,551	2,504,551	2,386,620	117,931
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(770,441)	(855,441)	29,402	884,843
OTHER FINANCING SOURCES				
Proceeds from Sale of Capital Assets	10,000	10,000	25,221	15,221
CHANGE IN FUND BALANCE	(760,441)	(845,441)	54,623	900,064
FUND BALANCE, Beginning	1,126,530	1,126,530	1,126,530	-
FUND BALANCE, Ending	$ 366,089	$ 281,089	$ 1,181,153	$ 900,064

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
HUMAN SERVICES FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 888,520	$ 888,520	$ 892,606	$ 4,086
Intergovernmental	2,806,971	2,907,271	3,056,806	149,535
Rental	-	-	6,152	6,152
Miscellaneous	-	-	9,522	9,522
TOTAL REVENUES	3,695,491	3,795,791	3,965,086	169,295
EXPENDITURES				
Health and Welfare	3,800,353	3,865,653	3,489,742	375,911
Debt Service				
Principal	-	-	53,675	(53,675)
Interest	-	-	51,447	(51,447)
TOTAL EXPENDITURES	3,800,353	3,865,653	3,594,864	270,789
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(104,862)	(69,862)	370,222	440,084
OTHER FINANCING SOURCES				
Transfers In	104,862	104,862	-	(104,862)
CHANGE IN FUND BALANCE	-	35,000	370,222	335,222
FUND BALANCE, Beginning	72,895	72,895	72,894	(1)
FUND BALANCE, Ending	$ 72,895	$ 107,895	$ 443,116	$ 335,221

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GRANTS FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Intergovernmental	$ 1,065,957	$ 1,339,162	$ 2,591,473	$ 1,252,311
EXPENDITURES				
General Government	242,213	357,703	1,261,356	(903,653)
Public Safety	1,036,457	1,160,754	760,503	400,251
Health and Welfare	-	-	104,724	(104,724)
Culture and Recreation	-	4,580	177,108	(172,528)
TOTAL EXPENDITURES	1,278,670	1,523,037	2,303,691	(780,654)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(212,713)	(183,875)	287,782	471,657
OTHER FINANCING SOURCES (USES)				
Transfers In	227,713	227,713	48,260	(179,453)
CHANGE IN FUND BALANCE	15,000	43,838	336,042	292,204
FUND BALANCE, Beginning, as Originally Stated	(2,740,987)	(2,740,987)	(2,740,987)	-
Restatement - Correction of an Error	-	-	576,490	576,490
FUND BALANCE, Beginning, as Restated	(2,740,987)	(2,740,987)	(2,164,497)	576,490
FUND BALANCE, Ending	$ (2,725,987)	$ (2,697,149)	$ (1,828,455)	$ 868,694

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
MINE CLOSURE FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 100,000	$ 100,000	$ 100,630	$ 630
CHANGE IN FUND BALANCE	100,000	100,000	100,630	630
FUND BALANCE, Beginning	3,737,494	3,737,494	3,737,494	-
FUND BALANCE, Ending	$ 3,837,494	$ 3,837,494	$ 3,838,124	$ 630

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The County adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Prior to September 1, the County Administrator submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
- The County Commissioners approve all budget transfers or revisions.
- Budgets are legally adopted for all funds of the County except the Fiduciary Funds. Budgets for the governmental funds are adopted on a fund basis consistent with generally accepted accounting principles (GAAP) except for certain interfund transactions that are reported as revenues and expenditures on a budgetary basis but not the GAAP basis of accounting. Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All budget appropriations lapse at fiscal year-end.

Budget Compliance

At December 31, 2025, the Grants Fund, the Housing Fund, the Landfill Fund, Water Projects Fund, Court Renovation Fund, Mineral Belt Trail Fund, Ambulance Service Fund, and Internal Service Fund actual expenditures/expenses exceeded budgeted appropriations by $780,654, $59,804, $11,656, $48,366, $436,942, $9,571, $4,271, and $108,085, respectively. These may be violations of state statutes.

In addition, during the fiscal year ended December 31, 2025, the Airport Fund and Water Projects Fund budgeted expenditures exceeded available resources by the amount of $73,687 and $18,816. This may be a violation of state statutes.

Accountability

At December 31, 2025, the Grants Fund, Airport Fund, and Water Projects Fund reported negative total fund balances in the amount of $1,828,455, $158,649, and $61,518, respectively, which exceeded available resources. The County's General Fund temporarily subsidized these funds. These may be violations of state statutes.

COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS AND BUDGETARY COMPARISON SCHEDULES

LAKE COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2025

	PUBLIC HEALTH	HOUSING	GET OUTDOORS LEADVILLE!	AIRPORT	BLOOD LEAD MONITORING	LANDFILL	CONSERVATION TRUST
ASSETS							
Cash and Investments	$ 377,531	$ 139,152	$ 834,539	$ -	$ 118,425	$ 1,995,308	$ 557,221
Taxes Receivable	-	-	-	-	-	-	-
Accounts Receivable	2,413	-	-	-	119	40,733	-
Grants Receivable	82,661	953	332,194	-	-	-	-
Inventories	-	-	-	31,940	-	-	-
TOTAL ASSETS	462,605	140,105	1,166,733	31,940	118,544	2,036,041	557,221
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES							
LIABILITIES							
Accounts Payable	$ 5,466	$ -	$ 2,682	$ 15,090	$ 836	$ 27,464	$ -
Accrued Liabilities	20,268	-	6,705	9,931	2,118	11,892	-
Unearned Revenue	89,556	-	-	-	-	-	-
Interfund Payables	-	-	-	165,568	-	-	-
TOTAL LIABILITIES	115,290	-	9,387	190,589	2,954	39,356	-
DEFERRED INFLOWS OF RESOURCES							
Property Taxes	-	-	-	-	-	-	-
FUND BALANCES							
Nonspendable:							
Inventories	-	-	-	31,940	-	-	-
Restricted for:							
Public Safety	-	-	-	-	-	-	-
Public Health	347,315	-	-	-	-	-	-
Conservation Trust	-	-	-	-	-	-	557,221
Lodging Tax	-	-	-	-	-	-	-
Capital Projects	-	-	-	-	-	-	-
Get Outdoors Leadville! Program	-	-	1,157,346	-	-	-	-
Committed to:							
Housing	-	140,105	-	-	-	-	-
Blood Lead Monitoring	-	-	-	-	115,590	-	-
Landfill	-	-	-	-	-	1,996,685	-
Mineral Belt Trail	-	-	-	-	-	-	-
Unassigned	-	-	-	(190,589)	-	-	-
TOTAL FUND BALANCES	347,315	140,105	1,157,346	(158,649)	115,590	1,996,685	557,221
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 462,605	$ 140,105	$ 1,166,733	$ 31,940	$ 118,544	$ 2,036,041	$ 557,221

WATER PROJECTS	LODGING TAX	SHERIFF COMMISSARY	MINERAL BELT TRAIL	AMBULANCE SERVICE	CAPITAL ACQUISITION	TOTAL
$ -	$ 94,873	$ -	$ 115,710	$ 11	$ 177,724	$ 4,410,494
-	48,467	-	-	750,000	600,000	1,398,467
-	5,854	-	-	-	-	49,119
-	-	-	-	-	-	415,808
-	-	-	-	-	-	31,940
-	149,194	-	115,710	750,011	777,724	6,305,828
$ 13,733	$ -	$ -	$ -	$ -	$ -	$ 65,271
9,292	2,512	-	-	-	-	62,718
-	-	-	-	-	-	89,556
38,493	-	-	-	-	-	204,061
61,518	2,512	-	-	-	-	421,606
-	-	-	-	750,000	600,000	1,350,000
-	-	-	-	-	-	31,940
-	-	-	-	11	-	11
	-	-	-	-	-	347,315
-	-	-	-	-	-	557,221
-	146,682	-	-	-	-	146,682
-	-	-	-	-	177,724	177,724
-	-	-	-	-	-	1,157,346
-	-	-	-	-	-	140,105
-	-	-	-	-	-	115,590
-	-	-	-	-	-	1,996,685
-	-	-	115,710	-	-	115,710
(61,518)	-	-	-	-	-	(252,107)
(61,518)	146,682	-	115,710	11	177,724	4,534,222
$ -	$ 149,194	$ -	$ 115,710	$ 750,011	$ 777,724	$ 6,305,828

LAKE COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	PUBLIC HEALTH	HOUSING	GET OUTDOORS LEADVILLE!	AIRPORT	BLOOD LEAD MONITORING	LANDFILL	CONSERVATION TRUST
REVENUES							
Taxes	$ -	$ -	$ -	$ -	$ -	$ 4,721	$ -
Licenses and Permits	49,011	-	-	-	-	-	-
Intergovernmental	304,220	-	1,241,654	-	-	-	-
Charges for Services	10,926	101,869	-	564,480	-	861,049	-
Contributions	-	-	-	-	43,868	-	-
Lottery Funds	-	-	-	-	-	-	27,751
Miscellaneous	156,413	-	1,836	40,597	5,465	148,818	10,598
TOTAL REVENUES	520,570	101,869	1,243,490	605,077	49,333	1,014,588	38,349
EXPENDITURES							
General Government	-	59,804	-	680,100	-	-	-
Health and Welfare	731,165	-	-	-	41,974	862,676	-
Public Safety	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-
Culture and Recreation	-	-	506,740	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-
Debt Service							
Principal	53,675	-	-	-	-	-	-
Interest	51,447	-	-	-	-	-	-
TOTAL EXPENDITURES	836,287	59,804	506,740	680,100	41,974	862,676	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(315,717)	42,065	736,750	(75,023)	7,359	151,912	38,349
OTHER FINANCING SOURCES (USES)							
Transfers In	416,594	-	-	-	-	-	-
CHANGES IN FUND BALANCES	100,877	42,065	736,750	(75,023)	7,359	151,912	38,349
FUND BALANCES, Beginning, as Originally Stated	246,438	98,040	420,596	(83,626)	108,231	1,844,773	518,872
Change Within Financial Reporting Entity	-	-	-	-	-	-	-
FUND BALANCES, Beginning, as Reclassified	246,438	98,040	420,596	(83,626)	108,231	1,844,773	518,872
FUND BALANCES, Ending	$ 347,315	$ 140,105	$ 1,157,346	$ (158,649)	$ 115,590	$ 1,996,685	$ 557,221

WATER PROJECTS	LODGING TAX	SHERIFF COMMISSARY	MINERAL BELT TRAIL	AMBULANCE SERVICE	CAPITAL ACQUISITION	TOTAL
$ -	$ 318,510	$ -	$ -	$ 754,282	$ 100,612	$ 1,178,125
-	-	-	-	-	-	49,011
-	-	-	-	-	-	1,545,874
22,950	-	-	-	-	-	1,561,274
-	-	-	15,084	-	-	58,952
-	-	-	-	-	-	27,751
2,562	8,123	-		-	-	374,412
25,512	326,633	-	15,084	754,282	100,612	4,795,399
-	-	-	-	-	-	739,904
-	-	-	-	-	-	1,635,815
-	-	-	-	754,271	-	754,271
214,954	-	-	-	-	-	214,954
-	-	-	9,571	-	-	516,311
-	281,114	-	-	-	-	281,114
-	-	-	-	-	21,306	21,306
-	1,290	-	-	-	216,862	271,827
-	10,710	-	-	-	280,428	342,585
214,954	293,114	-	9,571	754,271	518,596	4,778,087
(189,442)	33,519	-	5,513	11	(417,984)	17,312
146,927	31,754	-	-	-	-	595,275
(42,515)	65,273	-	5,513	11	(417,984)	612,587
(19,003)	81,409	8,264	110,197	-	595,708	3,929,899
-	-	(8,264)	-	-	-	(8,264)
(19,003)	81,409	-	110,197	-	595,708	3,921,635
$ (61,518)	$ 146,682	$ -	$ 115,710	$ 11	$ 177,724	$ 4,534,222

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC HEALTH FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Intergovernmental	$ 415,200	$ 415,200	$ 304,220	$ (110,980)
Licenses and Permits	35,000	35,000	49,011	14,011
Charges for Services	30,600	30,600	10,926	(19,674)
Miscellaneous	-	-	156,413	156,413
TOTAL REVENUES	480,800	480,800	520,570	39,770
EXPENDITURES				
Health and Welfare	897,394	897,394	731,165	166,229
Debt Service				
Principal	-	-	53,675	(53,675)
Interest	-	-	51,447	(51,447)
TOTAL EXPENDITURES	897,394	897,394	836,287	61,107
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(416,594)	(416,594)	(315,717)	100,877
OTHER FINANCING SOURCES (USES)				
Transfers In	416,594	416,594	416,594	-
CHANGE IN FUND BALANCE	-	-	100,877	100,877
FUND BALANCE, Beginning	246,438	246,438	246,438	-
FUND BALANCE, Ending	$ 246,438	$ 246,438	$ 347,315	$ 100,877

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
HOUSING FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Rental	$ -	$ -	$ 101,869	$ 101,869
EXPENDITURES				
General Government	-	-	59,804	(59,804)
CHANGE IN FUND BALANCE	-	-	42,065	42,065
FUND BALANCE, Beginning	98,040	98,040	98,040	-
FUND BALANCE, Ending	$ 98,040	$ 98,040	$ 140,105	$ 42,065

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GET OUTDOORS LEADVILLE! FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Intergovernmental	$ 955,345	$ 955,345	$ 1,241,654	$ 286,309
Miscellaneous	-	-	1,836	1,836
TOTAL REVENUES	955,345	955,345	1,243,490	288,145
EXPENDITURES				
Culture and Recreation	726,377	726,377	506,740	219,637
CHANGE IN FUND BALANCE	228,968	228,968	736,750	507,782
FUND BALANCE, Beginning	420,596	420,596	420,596	-
FUND BALANCE, Ending	$ 649,564	$ 649,564	$ 1,157,346	$ 507,782
	-	-	-	-

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
AIRPORT FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Charges for Services	$ 680,300	$ 680,300	$ 504,100	$ (176,200)
Rentals	36,300	36,300	60,380	24,080
Miscellaneous	4,400	4,400	40,597	36,197
TOTAL REVENUES	721,000	721,000	605,077	(115,923)
EXPENDITURES				
General Government	708,370	708,370	680,100	28,270
CHANGE IN FUND BALANCE	12,630	12,630	(75,023)	(87,653)
FUND BALANCE, Beginning	(86,317)	(86,317)	(83,626)	2,691
FUND BALANCE, Ending	$ (73,687)	$ (73,687)	$ (158,649)	$ (84,962)

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
BLOOD LEAD MONITORING FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Contributions	$ 43,839	$ 43,839	$ 43,868	$ 29
Miscellaneous	-	-	5,465	5,465
TOTAL REVENUES	43,839	43,839	49,333	5,494
EXPENDITURES				
Health and Welfare	43,839	43,839	41,974	1,865
CHANGE IN FUND BALANCE	-	-	7,359	7,359
FUND BALANCE, Beginning	108,230	108,230	108,231	1
FUND BALANCE, Ending	$ 108,230	$ 108,230	$ 115,590	$ 7,360

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
LANDFILL FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 6,180	$ 6,180	$ 4,721	$ (1,459)
Charges for Services	750,000	750,000	861,049	111,049
Miscellaneous	95,000	95,000	148,818	53,818
TOTAL REVENUES	851,180	851,180	1,014,588	163,408
EXPENDITURES				
Health and Welfare	851,020	851,020	862,676	(11,656)
CHANGE IN FUND BALANCE	160	160	151,912	151,752
FUND BALANCE, Beginning	1,844,774	1,844,774	1,844,773	(1)
FUND BALANCE, Ending	$ 1,844,934	$ 1,844,934	$ 1,996,685	$ 151,751

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Lottery Funds	$ -	$ -	$ 27,751	$ 27,751
Miscellaneous	-	-	10,598	10,598
TOTAL REVENUES	-	-	38,349	38,349
CHANGE IN FUND BALANCE	-	-	38,349	38,349
FUND BALANCE, Beginning	518,872	518,872	518,872	-
FUND BALANCE, Ending	$ 518,872	$ 518,872	$ 557,221	$ 38,349

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
WATER PROJECTS FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Charges for Services	$ 160,400	$ 400,400	$ 22,950	$ (377,450)
Miscellaneous	6,375	6,375	2,562	(3,813)
TOTAL REVENUES	166,775	406,775	25,512	(381,263)
EXPENDITURES				
Public Works	166,588	406,588	214,954	191,634
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	187	187	(189,442)	(189,629)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	146,927	146,927
CHANGE IN FUND BALANCE	187	187	(42,515)	(42,702)
FUND BALANCE, Beginning	(19,003)	(19,003)	(19,003)	-
FUND BALANCE, Ending	$ (18,816)	$ (18,816)	$ (61,518)	$ (42,702)

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
COURT RENOVATION FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
EXPENDITURES				
Public Safety	$ -	$ 160,045	$ 436,942	$ (276,897)
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	(160,045)	(436,942)	(436,942)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	160,045	300,000	139,955
CHANGE IN FUND BALANCE	-	-	(136,942)	(296,987)
FUND BALANCE, Beginning	8,551,430	8,551,430	8,551,430	-
FUND BALANCE, Ending	$ 8,551,430	$ 8,551,430	$ 8,414,488	$ (136,942)

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
LODGING TAX FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 285,106	$ 285,106	$ 318,510	$ 33,404
Charges for Services	10,700	129,500	-	(129,500)
Intergovernmental	48,000	48,000	-	(48,000)
Miscellaneous	-	-	8,123	8,123
TOTAL REVENUES	343,806	462,606	326,633	(135,973)
EXPENDITURES				
Economic Development	318,255	338,004	281,114	56,890
Debt Service				
Principal	-	-	1,290	(1,290)
Interest	-	-	10,710	(10,710)
TOTAL EXPENDITURES	318,255	338,004	293,114	44,890
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	25,551	124,602	33,519	(79,083)
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	31,754	31,754
CHANGE IN FUND BALANCE	25,551	124,602	65,273	(47,329)
FUND BALANCE, Beginning	81,409	81,409	81,409	-
FUND BALANCE, Ending	$ 106,960	$ 206,011	$ 146,682	$ (47,329)

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
MINERAL BELT TRAIL FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Contributions	$ -	$ -	$ 15,084	$ 15,084
EXPENDITURES				
Culture and Recreation	-	-	9,571	(9,571)
CHANGE IN FUND BALANCE	-	-	5,513	5,513
FUND BALANCE, Beginning	110,197	110,197	110,197	-
FUND BALANCE, Ending	$ 110,197	$ 110,197	$ 115,710	$ 5,513

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
AMBULANCE SERVICE FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 750,000	$ 750,000	$ 754,282	$ 4,282
EXPENDITURES				
Public Safety	750,000	750,000	754,271	(4,271)
CHANGE IN FUND BALANCE	-	-	11	11
FUND BALANCE, Beginning	-	-	-	-
FUND BALANCE, Ending	$ -	$ -	$ 11	$ 11

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAPITAL ACQUISITION FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
REVENUES				
Taxes	$ 100,000	$ 100,000	$ 100,612	$ 612
Miscellaneous	-	-	-	-
TOTAL REVENUES	100,000	100,000	100,612	612
EXPENDITURES				
Capital Outlay	-	1,030,000	21,306	1,008,694
Debt Service				
Principal	-	-	216,862	(216,862)
Interest	-	-	280,428	(280,428)
TOTAL EXPENDITURES	-	1,030,000	518,596	511,404
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	100,000	(930,000)	(417,984)	512,016
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	1,030,000	-	(1,030,000)
CHANGE IN FUND BALANCE	100,000	100,000	(417,984)	(517,984)
FUND BALANCE, Beginning	595,708	595,708	595,708	-
FUND BALANCE, Ending	$ 695,708	$ 695,708	$ 177,724	$ (517,984)

LAKE COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
INTERNAL SERVICE FUND
Year Ended December 31, 2025

	BUDGET			VARIANCE Positive
	ORIGINAL	FINAL	ACTUAL	(Negative)
OPERATING REVENUES				
Taxes	$ 812,363	$ 812,363	$ 816,737	$ 4,374
Contributions	2,127,463	2,127,463	2,234,594	107,131
Miscellaneous	-	-	8,414	8,414
TOTAL OPERATING REVENUES	2,939,826	2,939,826	3,059,745	119,919
EXPENDITURES				
Insurance Premiums and Payments	2,969,826	2,969,826	3,062,647	(92,821)
Claims	-	-	15,264	(15,264)
TOTAL EXPENDITURES	2,969,826	2,969,826	3,077,911	(108,085)
CHANGE IN NET POSITION, Budgetary Basis and GAAP Basis	$ (30,000)	$ (30,000)	$ (18,166)	$ 11,834

COMPLIANCE SECTION

SINGLE AUDIT

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
Lake County, Colorado
Leadville, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake 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 basic financial statements of the County and have issued our report thereon dated October 23, 2026.

Report on 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 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 over financial reporting.

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 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 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 that we consider to be material weaknesses.

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.

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Board of County Commissioners
Lake County, Colorado

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 report is not suitable for any other purpose.

DMC Auditing and Consulting, LLC

October 23, 2026
Bailey, Colorado

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE, AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

Board of County Commissioners
Lake County, Colorado
Leadville, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lake County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a 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 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.

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 to 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 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 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 and therefore, material weaknesses or significant deficiencies 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.

Board of County Commissioners
Lake County, Colorado

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

DMC Auditing and Consulting, LLC

October 23, 2026
Bailey, Colorado

LAKE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Colorado Department of Human Services				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	$ -	$ 161,740
Total SNAP Cluster			-	161,740
U.S. DEPARTMENT OF JUSTICE				
Direct				
Congressionally Recommended Awards	16.753	N/A	-	105,999
U.S. DEPARTMENT OF TRANSPORTATION				
Direct				
Airport Improvement Program	20.106	N/A	-	208,319
U.S. DEPARTMENT OF TREASURY				
Direct				
Local Assistance and Tribal Consistency Fund	21.032	N/A	300,000	600,623
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	230,204
Passed Through Colorado Department of Local Affairs				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	773,229
Passed Through Colorado Department of Transportation				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	437,533
Passed Through Colorado Department of Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	(368)
TOTAL U.S. DEPARTMENT OF TREASURY			300,000	2,041,221
U.S. DEPARTMENT OF ENERGY				
Passed Through Colorado Energy Office				
Energy Efficiency and Conservation Block Grant - Sustainability Manager	81.128	N/A	-	1,283
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State Department of Human Services				
Guardianship Assistance	93.090	N/A	-	1,745
Title IV-E Kinship Navigator Program	93.471	N/A	-	16,133
Title IV-E Prevention Program	93.472	N/A	-	8,204
CCDF Cluster				
Child Care and Development Block Grant	93.575	N/A	-	61,512
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	-	35,505
Subtotal CCDF Cluster			-	97,017
Temporary Assistance for Needy Families (TANF)	93.558	N/A	-	161,173
Child Support Services	93.563	N/A	-	141,827
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	174
Foster Care Title IV-E	93.658	N/A	-	118,456
Adoption Assistance	93.659	N/A	-	19,748
Social Services Block Grant	93.667	N/A	-	40,364
Elder Abuse Prevention Interventions Program	93.747	N/A	-	725
CPE Mini Grant	93.939	N/A	-	9,143
Medicaid Cluster				
Medical Assistance Program	93.778	N/A	-	201,916
Subtotal Medicaid Cluster			-	201,916
Passed Through Colorado Department of Public Health and Environment				
Public Health Emergency Preparedness	93.069	N/A	-	35,694
Immunization Cooperative Agreements	93.268	N/A	-	79,899
Maternal and Child Health Services Block Grant to the States	93.994	N/A	-	18,425
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	-	20,490
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	N/A	-	27,365
Preventive Health and Health Services Block Grant	93.991	N/A	-	12,333
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			-	1,010,831
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the Colorado Division of Homeland and Emergency Management				
Hazard Mitigation Grant Program	97.039	N/A	-	7,221
Emergency Management Performance Grants	97.042	N/A	-	122,524
Homeland Security Grant Program	97.067	N/A	-	165
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			-	129,910
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 300,000	$ 3,659,303

The accompanying notes are an integral part of the schedule of expenditures of federal awards.

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards 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*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. 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 fund balance, or cash flows of the County. Non-cash expenditures are not included in the schedule.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the County's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified accrual basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the footnotes to this schedule.

NOTE 3: Indirect Cost Rate

The County has not elected to use the 15% de minimis cost rate.

NOTE 4: Value of Non-Cash Awards

Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfers of $1,215,329 are reported in the Human Services Fund and not reported in the Schedule of Expenditures of Federal Awards. SNAP benefits are provided exclusively by the electronic benefits method (EBT) and processed and determined by the State of Colorado. Therefore, SNAP benefits are not considered the County's federal award and not reported on the County's Schedule of Expenditures of Federal Awards.

LAKE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
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

Internal control over financial reporting:

- Material weaknesses identified? ☒ Yes ☐ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? ☐ Yes ☒ No
- Significant deficiencies identified? ☐ Yes ☒ None Reported

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

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

Identification of major federal programs:

Federal Assistance Listing Number	Name of Federal Cluster/Program
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.032	Local Assistance and Tribal Consistency Fund
93.778	Medicaid Cluster

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

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

SECTION II: FINANCIAL STATEMENT FINDINGS

2025-001: Material Weakness in Internal Controls Related to Financial Reporting

Criteria: AU-C Section 265, A.11 states that indicators of material weaknesses in internal control include restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud, an error and an identification by the auditor of a material misstatement of the financial statements under the audit in circumstances that indicate that the misstatements would not have been detected and corrected by the entity's internal controls, and ineffective oversight of the entity's financial reporting and internal control by those charged with governance.

Condition: We have identified several material corrections of errors in the County's financial statements for the fiscal year ended December 31, 2024. Several of these corrections required a restatement of the prior year's financial statements, including corrections related to revenue recognition in the corresponding fiscal year in accordance with GASBS No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. The prior year corrections related to grants was due to the improvement in reconciliation of grants by the County. We identified that certain grant revenue should have been recognized in prior years through County's review of grant documents in various departments.

In addition, the County had to correct prior year construction in progress to match the capital asset accounting records. Furthermore, the County continued to have multiple material corrections and audit adjustments during the year ended December 31, 2025, which primarily related to interfund transactions, year-end accruals for expenditures and revenues, and reclassifications for financial reporting purposes.

Cause: In 2025, the County internal controls over financial reporting were not operating effectively. However, the County staff made significant improvements in the year-end closing process and improvements. Certain accounting records such as grants and interfund balances and transfers were not fully reconciled for the year-end audit and financial statements.

Context: It is important to note that this relates to the 2025 audited financial statements, and not the current operations of the County. In 2024, the County's experienced significant turnover in key positions, including Administration and Finance, that may have contributed to the material misstatements and weaknesses in internal controls. The County has a material weakness in internal controls over financial reporting. However, the County made significant improvements to its accounting records and year-end process compared the previous two years. The County has made significant strides in improving process and reconciliations each year, which also improved the timing of the auditing process from typical issuance of January or February to October. Based on our discussion with current management, many of these internal controls have been implemented and consistently being improved.

Effect: Lack of internal controls over financial reporting caused significant audit adjustments and corrections of prior year balances.

Repeat Finding: Yes.

Recommendation: We continue to recommend that Administration and Finance Department staff continue to improve the internal controls over financial reporting by continuing to implement a year-end closing process prior to the start of the audit. In addition, we recommend that the County continue to implement processes to review and reconcile all of the accounting records on a monthly basis and implement effective internal controls over those reconciliations in order to prevent future misstatements and errors. More specifically, we recommend the County reconcile grants on a monthly basis.

Corrective Action Plan: Reported on page 66.

2025-002: Material Weakness in Internal Controls over the Schedule of Federal Awards and Grants Management

Criteria: 2 CFR 200 Section 303 in part states that the recipient of federal awards must establish, document, and maintain effective internal control over the Federal award that provides reasonable assurance that the recipient or subrecipient is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. In addition, the auditee must prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements.

Condition: During the year ended December 31, 2025, the County staff were able to further reconcile and identify grant revenues and expenditures. These reconciliations caused the County to identify corrections to prior year fund balances and prior year net position. In addition, we identified several material adjustments to grants and Federal awards.

Context: In 2025, County staff have made considerable progress in reconciling and identifying federal and state grants at the County. During the testing of grant revenues and the schedule of expenditures of federal awards, we identified that certain grant expenditures did not match grant revenues and that certain grant revenues and expenditures should have been recognized or incurred in prior years. This occurred due to various reasons, including a situation where the grant reimbursement was not submitted and received until the following fiscal year or later. Restatements due to corrections of prior year fund balances and net positions were still required for 2025.

Cause: In 2025, internal controls over grants management were designed but not operating effectively. The County did not reconcile grants on a monthly or periodic basis. Because the 2024 and 2025 audit both occurred in 2026, the internal controls over grants management were not fully implemented in 2025.

Effect: Financial reporting over the SEFA and grants reconciliation caused delays in the completion of the audit and Single Audits.

Repeat Finding: Yes.

Recommendation: We recommend that the County continue to utilizing its grants management processes implemented in 2026 to identify, organize, and manage Federal awards and other grants across the County and make sure that the grant requirements are properly maintained with effective internal controls over compliance and reporting. In addition, we recommend that the County continues to prepare an accurate schedule of expenditures of federal awards and properly reconcile and record accruals related to grants at year-end to avoid future delays in the audit process. The current staff have made a significant effort during 2026 to improve monthly and yearly processes and address this issue.

Corrective Action Plan: Reported on page 66.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No federal awards findings and questioned costs identified.

PRIOR YEAR FINANCIAL STATEMENT FINDING

2024-001: Material Weakness in Internal Controls Related to Financial Reporting

Condition: We have identified multiple material corrections of errors in the County's financial statements for the fiscal year ended December 31, 2024. Several of these corrections required a restatement of the prior year's financial statements, including corrections related to revenue recognition in the corresponding fiscal year in accordance with GASBS No. 33. In addition, the County had multiple material corrections and audit adjustments during the year ended December 31, 2024, which primarily related to year-end accruals for expenditures and revenues and reclassifications for financial reporting purposes.

Status: This is a repeat finding identified as 2025-001 in the 2025 audited financial statements.

2024-002: Material Weakness in Internal Controls over the Schedule of Expenditures of Federal Awards and Grants Management

Condition: We continued to identify several material adjustments to the Federal awards that were expended during 2024 that were not accurately reported on the County's Schedule of Expenditures of Federal Awards (SEFA).

Status: This is a repeat finding identified as 2025-002 in the 2025 audited financial statements.

2024-003: Noncompliance and Material Weakness in Internal Controls Over the Reporting Requirement

Condition: We judgmentally selected two of four quarterly reports and the annual report for the grant program for testing compliance and internal control over the reporting requirement. However, we were notified by management that several of the required quarterly and one annual report were not filed in a timely manner by the required deadline(s), which put the County out of compliance with the grant program requirements. As result, this noncompliance has identified that the County does not have proper internal controls related to reporting based on 2 CFR 200 Section 303.

Status: Corrective action was taken, and the prior audit finding has been resolved as of December 31, 2025.

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Corrective Action Plan:

2025-001: Material Weakness in Internal Controls Related to Financial Reporting

Problem: During the audit of the fiscal year ended December 31, 2025, multiple material errors and audit adjustments were identified in the County's financial statements. Corrections included prior-period adjustments related to grant revenue recognition, construction in progress, year-end accruals, interfund transactions, and financial statement reclassifications. These issues demonstrated the need for continued improvements in account reconciliations, documentation, and internal controls over financial reporting.

Action Steps: The County will continue to refine and implement a standardized accounting control process that includes monthly reconciliations, a structured year-end closing timeline, and documented review procedures. Particular emphasis will be placed on reconciling grant revenues and expenditures, interfund balances and transfers, capital asset records, and year-end revenue and expenditure accruals. The County will also work to ensure that supporting documentation is complete and accounting records are reconciled before the annual audit begins.

Status: The County has made significant improvements to its accounting processes and year-end closing procedures compared with prior years. Monthly closing activities and reconciliations are being implemented and refined. Additional work remains to ensure that all accounts and interfund activity are fully reconciled, supporting documentation is complete, and material adjustments are identified and resolved before the annual audit.

Dates: January 1, 2025, to present, with continued implementation and monitoring throughout 2026 and subsequent fiscal years.

Goal: To establish and maintain consistent, documented accounting controls that support accurate and complete financial reporting, timely account reconciliations, and reliable financial statements. The County's goal is to identify and resolve discrepancies during routine monthly and year-end closing processes, reduce material audit adjustments, and ensure that financial records are sufficiently reconciled and supported before the annual audit.

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Corrective Action Plan:

2025-002: Material Weakness in Internal Controls over the Schedule of Federal Awards and Grants Management

Problem: During the audit of the fiscal year ended December 31, 2025, continued reconciliation of grant revenues and expenditures identified discrepancies requiring corrections to prior-year fund balances and net position, as well as material adjustments related to grants and federal awards. These findings demonstrate the need for continued improvements in grant accounting, reconciliation, and the preparation of an accurate Schedule of Expenditures of Federal Awards (SEFA).

Action Steps: Continue implementing and refining the County's grant management policies and procedures, including monthly reconciliation of grant revenues and expenditures, review of grant agreements and reimbursement activity, verification of revenue and expenditure recognition in the appropriate fiscal periods, and reconciliation of grant balances to the general ledger and supporting documentation. Establish consistent review procedures to ensure the SEFA is complete and accurate before the annual audit.

Status: The County adopted updated Financial Policies and Procedures in 2025 to standardize grant application, management, tracking, and reporting. During 2026, staff made significant progress in reconciling grant revenues and expenditures and identifying discrepancies requiring correction. The County continues to strengthen monthly and year-end reconciliation procedures, improve supporting documentation, and refine grant reporting processes to address the remaining deficiencies.

Dates: January 2025 to present, with continued implementation and monitoring throughout 2026 and subsequent fiscal years.

Goal: To establish and maintain effective internal controls over grant management and reporting, ensuring grant revenues and expenditures are accurately recorded in the appropriate fiscal periods, grant balances are regularly reconciled, and the Schedule of Expenditures of Federal Awards is complete and accurate. The County's goal is to reduce material audit adjustments, improve compliance with grant requirements, and support timely completion of the annual audit and Single Audit.

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT

STATE:		
COLORADO		
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**REPORT YEAR ENDING DATE(mm/yyyy):**
LAKE COUNTY GOVERNMENT	WILLIAM IMHOF WIMHOF@LAKECOUNTYCO.GOV	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	0.00	a. Interest on investments	0.00
b. Non-property Taxes and Assessments Imposts	670,780.35	b. Other Misc. Local Receipts	127,992.11
c. Total (a + b)	$ 670,780.35	**c. Total (a + b)**	$ 127,992.11
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	895,771.18	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	548,422.18
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	46,851.20		
c. Total (a + b)	$ 46,851.20		
4. Total (1 + 2 + 3c)	$ 942,622.38	**3. Total (1 + 2)**	$ 548,422.18

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT
A.1. Capital outlay:	
a. Right-Of-Way Costs	0.00
b. Engineering Costs	0.00
c. Construction Costs	187,083.37
d. Total Capital Outlay (a+ b + c)	$ 187,083.37

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

LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	0.00
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 670,780.35
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 127,992.11
5. Transfers from Toll Facilities	0.00
6. Proceeds of Sale of Bonds and Notes:	
a. Bonds - Original Issues	0.00
b. Bonds - Refunding Issues	0.00
c. Notes	0.00
d. Total (a + b + c)	$ -
7. Total (1 through 6)	$ 798,772.46
B. Private Contributions	0.00
C. Receipts from State government (from page 1, Item II.C.4)	$ 942,622.38
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 548,422.18
E. Total receipts (A.7 + B + C + D)	$ 2,289,817.02

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ 187,083.37
2. Maintenance:	1,726,249.20
3. Road and Street Services:	
a. Snow and Ice Removal	635,604.18
b. Other & Traffic Control Operations	
c. Total (a + b)	$ 635,604.18
4. General Administration & Miscellaneous	226,157.56
5. Highway Law Enforcement and Safety	806.96
6. Total (1 through 5)	$ 2,775,901.29
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
2. Notes:	
a. Interest	0.00
b. Redemption	0.00
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	0.00
D. Payments to Toll Facilities	0.00
E. Total Expenditures (A6 + B3 + C + D)	$ 2,775,901.29

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)		$ -	$ -	$ -