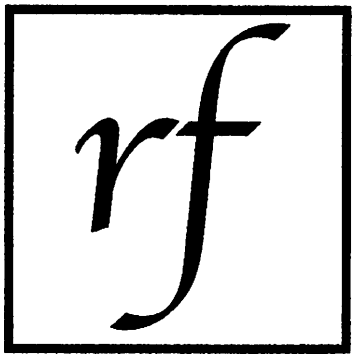


Lincoln County, Colorado

Financial Statements

December 31, 2025

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Independent Auditor's Report

Board of County Commissioners
Lincoln County
Hugo, CO

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County (the "County"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, based on our audit the basic financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Lincoln Community Hospital, which represents 41 percent, 31 percent, and 65 percent, respectively, of the assets, net position, and revenues of the statement of net activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Community Hospital, is based solely on the report of the other auditors.

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 audit contained in *Government Auditing Standards*, issued by the Comptroller general of the United States. The financial statements of Lincoln County Hospital were also audited under the standards applicable to the financial audit contained in Government Auditing Standards. 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 Lincoln 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.

rfarmer, llc a certified public accounting and consulting firm

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Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 31 through 36 be presented to

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

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information on pages 37 through 46 including 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 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 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 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.

rfarmer, llc

September 28, 2026

Basic Financial Statements

Lincoln County
Statement of Net Position
December 31, 2025

	Governmental Activities	Component Unit Lincoln Community Hospital
ASSETS		
Cash and Equivalents	$ 13,005,458	$ 4,312,127
Receivables	9,567,042	6,869,691
Inventories	259,827	404,065
Prepaid Expenses	-	393,171
Noncurrent cash	-	374,393
Capital Assets:		
Land	109,425	747,921
Infrastructure	3,905,293	-
Buildings	9,807,983	7,036,459
Equipment and Furniture	13,333,537	14,204,808
Less: Accumulated Depreciation	(13,195,331)	(11,554,320)
Total Capital Assets	13,960,907	10,434,868
Deferred Outflows of Resources - Pensions	846,546	-
Total Assets	37,639,780	22,788,315
LIABILITIES		
Accounts payable and accrued expenses	274,714	7,876,627
Unearned Revenues	160,253	-
Long-term liabilities:		
Due within one year:		
Current portion of debt	102,355	779,832
Due in more than one year:		
Long-term debt, excluding current portion above	353,410	4,152,492
Compensated Absences	381,702	-
Landfill Closure Payable	755,038	-
Net Pension Liability	3,390,366	-
Total Liabilities	5,417,838	12,808,951
Deferred Inflows of Resources - Pensions	675,093	-
CHASE supplemental payments	-	1,183,550
Deferred property taxes	7,664,908	1,308,643
Total Deferred Inflow of Resources	8,340,001	2,492,193
NET POSITION		
Investment in capital assets	13,505,142	5,502,544
Restricted for:		
Restricted TABOR	585,000	325,181
Unrestricted	9,791,799	1,659,446
Total net position	$ 23,881,941	$ 7,487,171

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

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

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Primary Government: Total	Component Unit Lincoln Community Hospital
Primary government							
Governmental Activities							
General Government	$ 5,730,626	$ 1,318,593	$ 707,436	$ -	$ (3,704,597)	$ (3,704,597)	$ -
Public Safety	4,225,990	233,866	-	16.000	(3,976,124)	(3,976,124)	-
Highway and Streets	5,395,415	44,855	2,839,742	4,034,344	1,523,526	1,523,526	-
Public Health	1,044,492	171,126	464,164	-	(409,202)	(409,202)	-
Culture and Recreation	445,608	50	34,300	-	(411,258)	(411,258)	-
Tourism	153,038	143,667	-	-	(9,371)	(9,371)	-
Public Welfare	4,025,269	-	3,415,590	-	(609,679)	(609,679)	-
Additional Function/Program 2	-	-	-	-	-	-	
Total governmental activities	21,020,438	1,912,157	7,461,232	4,050,344	(7,596,705)	(7,596,705)	-
Component Units							
Lincoln Community Hospital	$ 30,647,288	$ 26,954,396	$ -	$ 83,662			(3,609,230)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					6,769,694	6,769,694	540,616
SO and sales tax					3,598,528	3,598,528	-
Contributions					-	-	311,086
Interest income					498,991	498,991	110,214
Miscellaneous					6,769	6,769	314,771
Special item - gain (loss) on disposition of asset					(590,081)	(590,081)	(22,948)
Interest Expense					-	-	(283,556)
Transfers					-	-	747,796
Total general revenues, special items, and transfers					10,283,901	10,283,901	1,717,979
Change in net position					2,687,196	2,687,196	(1,891,251)
Net position - beginning					21,194,745	21,194,745	9,378,422
Net position - ending					$ 23,881,941	$ 23,881,941	$ 7,487,171

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

Lincoln County
Balance Sheet
Governmental Funds
December 31, 2025

	General	Road & Bridge Fund	Human Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 5,995,403	$ 2,370,256	$ 1,140,139	$ 1,692,898	$ 1,806,759	$ 13,005,455
Taxes receivable, net	5,141,097	1,869,490	327,161	-	327,160	7,664,908
Other receivables	595,480	1,100,814	109,970	-	95,870	1,902,134
Inventories	8,000	251,827	-	-	-	259,827
Total assets	11,739,980	5,592,387	1,577,270	1,692,898	2,229,789	22,832,324
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	167,120	82,879	-	2,480	22,234	274,713
Unearned revenues	-	-	160,253	-	-	160,253
Total liabilities	167,120	82,879	160,253	2,480	22,234	434,966
Deferred cash in-flow resources:						
Deferred property taxes	5,141,097	1,869,490	327,161	-	327,160	7,664,908
Fund balances:						
Non-spendable:						
Inventories	8,000	251,827	-	-	-	259,827
Restricted--TABOR	585,000	-	-	-	-	585,000
Unassigned	5,838,763	-	-	-	-	5,838,763
Committed	-	3,388,191	1,089,856	1,690,418	1,880,395	8,048,860
Total fund balances	6,431,763	3,640,018	1,089,856	1,690,418	1,880,395	14,732,450
Total liabilities and fund balances	$11,739,980	$ 5,592,387	$ 1,577,270	$ 1,692,898	$ 2,229,789	$ 22,832,324

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

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

Total fund balance, governmental funds	$	14,732,450
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		13,960,907
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		846,546
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		(5,657,962)
Net Position of Governmental Activities in the Statement of Net Position	$	23,881,941

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

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

	General	Road & Bridge Fund	Human Services Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	$ 3,688,023	$ 1,758,560	$ 350,267	$ 11	$ 263,782	$ 6,060,643
SO Tax	417,766	198,936	73,276	-	29,840	719,818
Sales and misc. taxes	2,878,709	-	-	-	143,667	3,022,376
Intergovernmental	522,318	6,859,118	3,415,592	16,000	528,583	11,341,611
Charges for services	1,483,546	42,520	-	-	374,854	1,900,920
Investment earnings	467,643	1,902	379	4	29,062	498,990
Miscellaneous	22,592	17,303	14,557	-	3,475	57,927
Total revenues	9,480,597	8,878,339	3,854,071	16,015	1,373,263	23,602,285
EXPENDITURES						
Current:						
General government	4,744,739	82,531	-	52,434	13,323	4,893,027
Public Safety	3,742,312	-	-	-	220,234	3,962,546
Public Works	-	4,633,381	-	-	-	4,633,381
Health and sanitation	22,970	-	-	-	918,717	941,687
Culture and recreation	309,583	-	-	-	60,390	369,973
Tourism	-	-	-	-	153,038	153,038
Client services	-	-	4,017,169	-	-	4,017,169
Debt Service:						
Principal	-	105,402	-	-	-	105,402
Capital Outlay	-	3,901,876	27,578	988,210	38,665	4,956,329
Total Expenditures	8,819,604	8,723,190	4,044,747	1,040,644	1,404,367	24,032,552
Excess (deficiency) of revenues over expenditures	660,993	155,149	(190,676)	(1,024,629)	(31,104)	(430,267)
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	-	-	-	455,765	-	455,765
Transfers in	450,000	765,721	-	-	-	1,215,721
Transfers out	-	-	-	(1,215,721)	-	(1,215,721)
Total other financing sources and uses	450,000	765,721	-	(759,956)	-	455,765
SPECIAL ITEM						
Proceeds from sale of assets	15	-	-	-	-	15
Net change in fund balances	1,111,008	920,870	(190,676)	(1,784,585)	(31,104)	25,513
Fund balances - beginning	5,320,755	2,719,148	1,280,532	3,475,003	1,911,499	14,706,937
Fund balances - ending	$ 6,431,763	$ 3,640,018	$ 1,089,856	$ 1,690,418	$ 1,880,395	$ 14,732,450

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

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

Net change in fund balances - total governmental funds:	$	25,513
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of $4,956,329 is more than depreciation of $1,321,878 in the current period.		3,634,451
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in Net Position differs from the change in fund balance by the proceeds received and the gain or loss on the assets sold.		(590,096)
Governmental funds report debt issued as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.		(350,363)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:		
Decrease (Increase) in accrued compensated absences and landfill costs not reflected on Governmental funds and adjustment to capital lease debt		(50,455)
Pension (expenses) revenues per the actuarial study in a defined benefit plan not reflected in the governmental funds		18,146
Change in net position of governmental activities	$	2,687,196

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

Lincoln County
Custodial Funds
Statement of Custodial Net Position
December 31, 2025

ASSETS:	
Cash and cash equivalents	$ 15,545,051
Total assets	15,545,051
LIABILITIES:	
Due to other governmental units	15,545,051
Total Liabilities	$ 15,545,051

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

Lincoln County
Custodial Funds
Statement of Changes in Custodial Funds
December 31, 2025

ADDITIONS:		
Collections for other governments		
Treasurer	$ 34,122,863	
Collection for the County		
Sheriff Inmate account	149,646	
Total additions		34,272,509
DEDUCTIONS:		
Disbursements to other governments		
Treasurer	(36,124,732)	
Disbursements for the County		
Sheriff Inmate account	(148,552)	
Total Deductions		(36,273,284)
Change in Net Position		(2,000,775)
Net position, beginning of the year		17,545,826
Net position, end of the year		$ 15,545,051

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

Note 1 Summary of Significant Accounting Policies

The accounting and reporting policies of Lincoln County, Colorado (the "County') conform to accounting principles generally accepted in the United States of America (US GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Government-wide Financial Statements

The government-wide financial statements report all nonfiduciary activities of the primary government and its component units. Fiduciary activities of the primary government are excluded from the government-wide statements because these resources are not available to fund the programs of the County. The government-wide statements include the *Statement of Net Position* and the *Statement of Activities*; these statements show the December 31 financial position and the changes in financial position during the current year.

Financial Reporting Entity

The County was incorporated in 1889. It is governed by an elected three-member Board of Commissioners. There are also five other elected officials of the County: the Assessor; Clerk and Recorder; Coroner; Sheriff; and Treasurer/Public Trustee.

The accompanying financial statements present the financial activities of the County, the primary government, and its component units, if any. The County is the primary government because it has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments.

The Lincoln Community Hospital is included in the County's basic financial statements using the discrete presentation. The Hospital is governed by a board appointed by the County Commissioners. The Hospital is fiscally dependent on the County because the Hospital's budget is approved by the County Commissioners. Complete financial statements of the Hospital can be obtained directly at the Lincoln Community Hospital, PO Box 248, Hugo, CO 80821.

The County's officials are also responsible for appointing the members of the boards of other organizations, but the County's accountability for these organizations does not extend beyond making the appointments. The Commissioners themselves may serve on the boards of these related organizations and provide some financial and operational influence, but they do not serve in a controlling capacity. These organizations are not included as component units of the County; however, any financial support and obligations of the County related to these organizations are reported in the County's financial statements.

Measurement Focus

Government-wide Financial Statements

The government-wide statements focus on the County as a whole. The *Statement of Net Position* and the *Statement of Activities* are presented using the economic resources measurement focus. Other than the fiduciary funds, all revenues and expenses and all current and long-term assets, deferred outflows of resources, liabilities and deferred inflows of resources of the County are reported, including capital and lease assets, depreciation, and long-

term debt. Certain interfund governmental activity has been eliminated from these statements. Since assets of the fiduciary funds are not available to the County, these funds are not reported in the government-wide statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The *Statement of Net Position* presents the financial position of the County. The net position section of the statement focuses on whether assets and deferred outflows, net of related liabilities and deferred inflows, have been restricted as to the purpose for which they may be used. The assets and liabilities of the Internal Service Funds are reported in the governmental activities in the government-wide *Statement of Net Position*.

The *Statement of Activities* shows the change in financial position for the year. It focuses on the net program cost of individual functions and business-type activities of the County. It does this by netting program costs with program revenues, which consist primarily of charges for services and grants. This net amount is the tax burden of the program to the taxpayers of the County. The change in net position represents the increase or decrease in the overall financial position of the County on an annual basis.

Fund Financial Statements

The fund financial statements provide additional detail about the County. These statements are provided in three types: governmental funds, proprietary funds, and fiduciary funds. With the exception of the proprietary and fiduciary funds, the Basic Financial Statements focus on the major funds of each type.

Governmental funds employ the current financial resources measurement focus, while the proprietary and fiduciary fund types employ the economic resources measurement focus, similar to the government-wide financial statements.

MAJOR FUNDS

Governmental Fund Type:

General Fund

This is the general operating fund of the County that accounts for all financial resources that are not accounted for in other funds. Operations of the County such as public safety, planning and zoning, property valuation, tax collection and distribution, vehicle licensing, County administration, and other activities financed from tax and general revenues are reflected in this fund.

The General Fund is always a major fund and GASB has defined other major funds based on percentage thresholds. However, management has the discretion to include funds, which are of particular importance to financial statement users.

Road and Bridge Fund

This fund records costs related to County road and bridge construction and maintenance except for engineering and public works administration, which are recorded in the General Fund. By State law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities. Most of this fund's revenues come from property, auto ownership, and highway use taxes.

Human Services Fund

This fund administers human services programs under state and federal regulations. Programs include, but are not limited to, Medicaid, Supplemental Nutrition Assistance Program (SNAP), Child Welfare Program, Aging and Adult Services, Job Training Services, and Temporary Assistance to Needy Families (TANF). Colorado counties are required by State law to maintain a Human Services Fund. Besides receiving most of its revenue from federal and state grants, this fund receives property taxes to cover the County's portion to pay for these programs.

Capital Projects Fund

This fund accounts for major construction projects and the majority of the County's capital outlay.

NONMAJOR FUNDS

Governmental Type:

Special Revenue Funds

These funds account for revenues generated from various sources such as sales and property taxes, grants, impact and other fees, and contributions. These funds expend those revenues for patrol, welfare, contingencies, solid waste, and other areas.

Fiduciary Fund Type:

Treasurer's Custodial Fund

This fund accounts for transactions relating to assets held by the County in the capacity of custodian for individuals, governmental entities, and non-public organizations as established by resolution or state statute. By statute, the Treasurer's Custodial Fund collects and distributes all property tax revenues to local governments and other County funds.

Inmate Custodial Fund

This fund accounts for funds held on behalf of inmates, primarily for commissary purchases.

Basis of Accounting

The basis of accounting applied to a fund depends on both the type of fund and the financial statement in which the fund is presented.

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

The government-wide, proprietary, and fiduciary fund financial statements are reported using the accrual basis of accounting. For the government-wide and proprietary funds, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

Nonexchange transactions are those in which the County gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants, and donations. Revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements

Governmental funds are reported using the modified-accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within

60 days after year-end. Property taxes, sales taxes, licenses, and interest are susceptible to accrual. Grant revenue is considered available if it is expected to be collected within one year and all eligibility requirements are met.

Expenditures are recorded when related fund liability is incurred, except that principal and interest on long-term debt and employee compensated absences are recognized when due. Acquisitions of capital assets are reported as expenditures in governmental funds. Long-term debt and acquisitions under lease and subscription liabilities of financed purchases are reported as other financing sources.

Budgetary Accounting

The County follows these procedures in establishing the budgetary data reflected in the financial statements.

- Prior to October 15, each office submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures.
- A public hearing is conducted at the courthouse to obtain taxpayers' comments.
- Prior to January 1, the budget is legally enacted through passage of a resolution. Once enacted, the budget may be amended by passage of a supplemental appropriation. Original and final amended budgets are included in the financial statements. All appropriations lapse at year end.
- Budgets for the general, special revenue and expendable trust funds are adopted on a basis consistent with generally accepted accounting principles (GAAP). The proprietary fund budget is on a non-GAAP basis.

The legal level of budgetary control, that is the level at which expenditures cannot legally exceed the appropriated amount, is established at the individual fund level for all funds. Supplemental budgets were adopted for 2025.

The County does not use encumbrance accounting as an extension of its budgetary plan.

The Department of Human Services fund overspent its budget, which may be a violation of Colorado Revised Statutes.

Implementation of New Accounting Standards

The County implemented GASB Statement No. 101 – *Compensated Absences*. This statement updates the recognition and measurement guidance for compensated absences under a unified model. Specifically, the new standard clarifies that a liability should be recorded for compensated absences that are more likely than not to be paid or otherwise settled. Additionally, it amends certain existing disclosure requirements.

New Accounting Standards

GASB issued two statements effective for fiscal years ending June 30, 2026 and December 31, 2026, that may have a significant impact on governments' financial reporting. GASB Statement No. 103 – *Financial Reporting Model Improvements* and GASB Statement No. 104 – *Disclosure of Certain Capital Assets*, are both effective for your fiscal years ending on or after June 30, 2026.

GASB Statement No. 103 – *Financial Reporting Model Improvements.* This statement is a significant update to the financial reporting model, including enhanced guidance for the

management's discussion and analysis (MD&A) and required changes in subtotals for operating income/loss in proprietary fund statements. It also requires budgetary comparison schedules to be presented as required supplementary information.

GASB Statement No. 104 – *Disclosure of Certain Capital Assets.* This standard aims to improve transparency by requiring separate disclosure of lease assets and intangibles right-to-use assets recognized under GASB Statement No. 87 – Leases, GASB Statement No. 96 – Subscription Based Information Technology Arrangements, and GASB Statement No. 94 – Public-Private and Public-Public Partnerships and Availability Payment Arrangements by major asset class, as well as additional disclosures for capital assets held for sale.

The District will implement the standards effective December 31, 2026.

Note 2 Accounting Policies for Specific Assets, Liabilities, Deferred Outflows and Inflows of Resources and Net Position

Investments are reported at fair value for investments with quoted market prices. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. Investments in government pools or money market funds are reported at cost, which approximate fair value or net asset value. All investment income, including changes in the fair value of investments, is reported as revenue in the statements of revenues, expenditures, and changes in fund balances.

Receivables

Property taxes are not due and payable until after the assessment year has ended. Thus, they are not included in the revenues or net position of the assessment year. They are recorded in the relevant funds as taxes receivable and deferred inflows of resources at December 31, 2025. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided, as the uncollectible amounts are not considered material.

Property taxes are levied on or before December 15th and attached as an enforceable lien on the property the following January 1st. Taxes are payable either in full on April 30th or in two installments due on February 28th and June 15th. The County, through the Treasurer, bills and collects its own property taxes as well as the property taxes of all other taxing authorities within the County. Distribution of taxes to the various taxing entities is made by the 10th of each month following the month of collection.

Other receivables are reported at gross, as the County's experience does not warrant the establishment of an allowance for uncollectible accounts. The majority of these receivables are for sales, and other taxes due to the County.

Prepaid Items

Prepaid Expenditures are included in the presentation of other assets in both the government-wide and fund financial statements. Prepaid items include certain payments to vendors that reflect costs applicable to future accounting periods and are subsequently recognized as expenditures as they are consumed.

Inventories

Inventories are recorded and valued at cost. They then become expenditures/expenses of the funds when consumed.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the applicable governmental or business-type activities column in the government-wide financial statements or proprietary funds. The County defines capital assets as assets with an initial individual cost of $5,000 or more and a useful life of more than one year. Capital assets funded by a federal grant and all lease assets are defined as assets with an initial individual cost of $5,000 or more. Land is capitalized regardless of cost. Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

All reported capital assets, with the exception of land, non-depreciable land improvements, and construction in progress, are depreciated using the straight-line method over the following estimated useful lives, or lease/subscription term, whichever is shorter. The County uses the following estimates of useful lives for depreciation.

Capital Assets

Buildings and Improvements	15 - 50 Years
Infrastructure – Bridges	50 Years
Heavy Equipment	8 - 20 Years
Office Machinery and Equipment	8 Years
Passenger Vehicles	5 - 8 Years

Compensated Absences

Vacation and sick pay is accrued when earned in the government-wide statements according to the County's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year.

Net Position

Net position equals assets less liabilities on the accrual basis of accounting, Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The County's policy is that if both restricted and unrestricted amounts are available when an expense is incurred, the restricted amount is spent first.

Fund Balances

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for general use because they are legally restricted by outside parties for a specific purpose. Fund balance commitments are not external legal restrictions but are reserved for a specific purpose by formal action of the County's Board of County Commissioners. If the funds are not spent on the committed purpose then removal of the commitment also requires formal action of the Board.

The County's policy is that if both restricted and unrestricted amounts are available for expenditure, the restricted amount is spent first. Likewise, if only unrestricted is available for an expenditure, then committed is spent first if allowable, before assigned or unassigned is spent.

Article X, Section 20 (TABOR) of the state constitution requires that 3 percent of the TABOR defined Fiscal Year Spending (FYS) be reserved for emergencies. FYS is defined by TABOR as all expenditures, except for those from certain revenues, and the net change in reserve balances. The Colorado Supreme Court in interrogatories on Senate Bill 93-74 has defined reserve balances in the TABOR language to be the fund balances of the various funds. The County restricts enough of the General Fund to meet the 3 percent requirement.

Note 3 Accounting Policies for Revenues and Expenditures/Expenses

Revenues

The government-wide *Statement of Activities* presents two broad types of revenues, program revenues and general-purpose revenues. All taxes are reported as general-purpose revenues as well as the investment income earned on the general-purpose revenues of the County. Program revenues consist primarily of charges for services and grants. Grants are operating grants unless the sponsor specifically designates them primarily for capital purchases.

Use of Estimates

The County uses estimates and assumptions in the preparation of the financial statements. Generally accepted accounting principles require management to make estimates and assumptions that affect the amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results may differ from those estimates.

Note 4 Stewardship, Compliance, and Accountability

In 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR), which established two separate limits on revenue for state and local governments: (1) the Fiscal Year Spending revenue limit; and (2) the Property Tax revenue limit. Additionally, the Annual Levy Law, C.R.S. § 29-1-301, *et seq.*, imposes a separate 5.5% annual growth limit on property tax revenue. The County's financial activity provides the basis for calculation of these three revenue limitations, with adjustment for allowable increases tied to inflation and local growth where applicable.

TABOR excludes from its provisions "enterprises." Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the TABOR provisions. The County is of the opinion that the Rocky Mountain Metropolitan Airport qualifies for this exclusion. Revenue excluded from TABOR revenue limits also include certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

TABOR Fiscal Year Spending and TABOR Property Tax revenue limits are determined based on the prior year's actual revenue or the prior year's limit, whichever is lower, then adjusted for inflation and local growth. Revenue in excess of these TABOR limits must be refunded unless the voters approve retention of such revenue through an election. TABOR Fiscal Year Spending is generally defined as revenues plus reserve increases with certain exceptions. TABOR also requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above authorized levels, or extending an expiring tax.

The County levies 47.5 mills for property taxes to be collected in 2026. The official mill levy of the County is 47.5 mills. There was no temporary mill levy reduction for property tax collections in 2026. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

TABOR requires that an emergency reserve be established. This reserve must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in years after 1994. An emergency reserve totaling $585,000 has been presented as a restriction of fund balance in the General Fund. The County is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary and benefit increases.

TABOR is complex and remains subject to judicial interpretation. The County believes it is in compliance with the requirements of TABOR and has made certain interpretations of the TABOR language to determine its compliance.

Note 5 Cash/Cash Equivalents and Investments

The County Treasurer acts as a banker for the County's funds (e.g., makes deposits, transfers funds between accounts). Some funds have their own department-managed bank accounts.

The Treasurer invests the cash until it is needed. All investments are considered short-term for accounting purposes.

Cash/Cash Equivalents

Colorado State statutes, specifically the Public Deposit Protection Act (PDPA) of 1989, limit the deposit of public monies to financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral for any amounts in excess of the required Federal Deposit Insurance Corporation (FDIC) amount, as promulgated by the Colorado Division of Banking, having a fair value in excess of 102 percent of the aggregate uninsured public deposits. Of bank balances totaling $9,353,200, $500,000, was covered by the FDIC and $8,853,200was covered by the PDPA.

Deposits in local government investment pools are included in Cash/Cash Equivalents. While not covered by the FDIC or PDPA, the Colorado Division of Securities routinely monitors the investment pools with regard to operations and investments. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal mechanisms of the pooled funds. The County can redeem cash from the Colorado Surplus Asset Fund Trust (CSAFE) Cash Fund account as often as needed without penalty or notice period. At December 31, 2025, the County had $22,928 in the CSAFE Cash Fund. The State Securities Commissioner administers and enforces the requirements of creating and operating the local government investment pools. The pools operate similarly to a money market fund and each share in COLOTTRUST and CSAFE-Cash is equal in value to $1.00. Shares in CSAFE-Core are equal in value to $2.00. CSAFE-Cash is rated AAAmmf by Fitch Ratings as of December 31, 2025, and has a weighted average maturity of 20 days. CSAFE-Core fund is rated AAAf by Fitch Ratings and has a weighted average maturity of 34 days. Only the CSAFE-Core account has redemption restrictions, and it is limited to 3 redemptions per month with a notice period of 1 business day. These local government investment pools are established by State statute for local government entities in Colorado to pool and invest surplus funds. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The County had $12,537 in CSIP and $3,606,795 in COLOTRUST.

COLOTRUST pools are a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST Portfolios are rated AAAm by S&P.
- Custodial credit risk: COLOTRUST participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore; no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

The County has invested in Centennial State Liquid Investment Pool (CSLIP). CSLIP is a local government investment pool trust fund organized pursuant to Section 24-75-710 C.R.S. exclusively available to local governments in the state of Colorado. CSLIP seeks to maintain a stable $1.00 per share Net Asset Value. CSLIP is rated AAAm by S&P Global Ratings. CSLIP was organized in May, 2024. The investments are included in cash and cash equivalents due to the liquidity of the investments.

Investments

The County's investment policy parallels Colorado statutes. These statutes specify investment instruments that meet defined rating and risk criteria in which local government entities may invest, which are:

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

Interest Rate Risk

Through its investment policy, the County manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its purchased securities. These purchases are generally limited to those having a maturity of 5 years or less. However, securities with a maturity up to 10 years may be purchased if the effective duration is 3 years or less.

Credit Risk

The County's general investment policy is to apply the prudent-person rule, as investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and in general avoid speculative investments. The County's investments in the bonds of U.S. agencies were rated AA+ by Standard & Poor's, AAA by Moody's Investors Service, and AAA by Fitch Ratings. The County's Investments in money market savings accounts are covered by the PDPA Colorado State statute.

Concentration of Credit Risk

The County's investments comply with State law which limits the concentration of corporate and bank securities to fifty percent of the County's overall portfolio and to five percent of the Couty's portfolio in any single issuer. There is no State law or County policy limitation of the concentration of U.S. Government or U.S. government agency securities.

Custodial Credit Risk

For an investment, Custodial Credit Risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The County adheres to state statutes regarding custody of investments and therefore has no additional written policy regarding custodial credit risk. All of the County's investments at December 31, 2025 are held in the name of the County Treasurer.

Foreign Currency Risk

Foreign currency rate risk is the risk that changes in monetary exchange rates will adversely affect the fair value of an investment or a deposit in terms of U.S. dollars. The County has no formal policy relating to foreign currency risk, nor are any deposits or investments exposed to foreign currency risk.

Note 6 Receivables

The details for other receivables shown below are for each of the major funds and the non-major governmental funds.

	General Fund	Road and Bridge Fund	Human Services Fund	Other Governmental Funds
Accounts Receivable	$ 595,480	$ 1,100,814	$ 109,970	$ 95,870

Most of these receivables are for sales, property and other taxes due to the County across various funds. In the Public Health fund, funds due for health services are in accounts receivable.

Note 7 Interfund Transactions

Interfund Transfers

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; to move receipts restricted to debt service from the funds collecting the receipts to the fund making the debt service payments as payments become due; and to use unrestricted revenues collected in funds to finance various programs accounted for in other funds in accordance with budgetary authorizations.

	Transfers In	Transfers Out
General Fund	$ 450,000	$ -
Road and Bridge	765,721	
Capital Projects	-	1,215,721
Total	$ 1,215,721	$ 1,215,721

Note 8 Capital Assets

Governmental Activities

Capital asset activity of the governmental activities for the year ended December 31, 2025, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Non-Depreciable Assets:				
Land	$ 109,425	$ -	$ -	$ 109,425
Depreciable Assets:				
Infrastructure	-	3,905,293	-	3,905,293
Buildings	9,472,351	335,632	-	9,807,983
Furniture, Fixtures & Equipment	13,207,709	260,159	(590,096)	12,877,772
Total Depreciable Assets	22,680,060	4,501,084	(590,096)	26,591,048
Less: Accumulated Depreciation	(11,872,933)	(1,322,398)	-	(13,195,331)
Total Depreciable Assets, Net	10,807,127	3,178,686	(590,096)	13,395,717
Total Capital Assets, Net	$ 10,916,552	$ 3,178,686	$ (590,085)	$ 13,505,142

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

General Government	$ 281,594
Public Safety	202,119
Highway and Roads	679,503
Health	60,442
Human Services	21,724
Culture and Recreation	77,016
Total Depreciation Expense	$ 1,322,398

Note 9 Long-Term Debt

Landfill Closure and Post Closure Costs

State and federal laws and regulations require the County to place a final cover on each of the units located at the landfill site as the capacity of those units is maximized. In addition, the County is required to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure costs will be paid throughout the life of the site as individual units are closed, and post closure care costs will be paid only near or after the date that the landfill stops accepting waste, government accounting standards require that the County report a portion of these closure and post closure care costs in each period based on landfill capacity used as of each balance sheet date. Estimated landfill closure and post-closure care costs of $755,028 at year end represent the cumulative amount reported to date.

The landfill is comprised of cells 1, 2 and 3. Currently, the County is using cell 3 as cells 1 and 2 are closed or in a closing stage.

Closure and post-closure care financial assurances are being met by the local financial test.

Changes in Long-Term Debt

During 2025, the County entered into a lease purchase agreement for vehicles for the sheriff's office. The purchase price of the vehicles was $467,546. The agreement requires monthly payments of $10,391, principal and interest, until paid in full. The agreement has a purchase option equal to the amount of the remaining loan balance as long as other terms of the agreement are met. Security for the agreement is a security interest in the property.

	Principal	Interest	Total
2026	$ 102,355	$ 22,337	$ 124,692
2027	108,154	16,538	124,692
2028	106,332	18,360	124,692
2029	71,508	53,184	124,692
2030	67,416	36,494	103,910
	$ 455,765	$ 146,913	$ 602,678

The changes in long-term debt during the current year are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Compensated Absences	$ 360,287	$ 21,415	$ -	$ 381,702	$ -
Landfill Closure Costs	725,998	29,040	-	755,038	-
Lease Purchase	-	467,546	(11,781)	455,765	102,355
Total	$ 1,086,285	$ 518,001	$ (11,781)	$ 1,592,505	$ 102,355

Compensated absences are normally paid from the funds reporting payroll and related expenditures, including the General Fund, Road and Bridge Fund, Social Services Fund, Landfill Fund, Library Fund and Emergency 911 Fund. Landfill Closure Costs are payable from the Landfill Fund.

Note 10 Fund Balance

Nonspendable

Nonspendable fund balance represents the amount of assets held in a form that will not be converted to cash such as inventories, prepaid expenses, or long-term receivables.

Restricted

Restricted fund balance represents the amount that is externally restricted to purpose. These restrictions may have been imposed by debt covenants, grantors, the courts, Federal or state statutes, or the state constitution.

Committed

Committed fund balance is the amount for which the Board of County Commissioners has taken formal action to reserve the funds to be used only for a specific purpose. It cannot be expended for any other purpose without another formal action of the Board to lift the commitment. That formal action would come in the form of a board resolution, which could establish, modify or rescind a commitment to the fund balance.

Assigned

Assigned fund balance is the portion of the fund balance of a governmental fund that represents sources set aside for a particular purpose. Assigned fund balance can also include the residual amount of other governmental funds if not restricted. Assigned funds are assigned by the County Manager and the Budget Division for these specific purposes.

Unassigned

Unassigned fund balance is the residual amount of the fund balance in the General Fund that has not been classified as belonging in any of the previous categories.

If both restricted and unrestricted amounts of the fund balance are available for use when an expenditure is incurred, it is County policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

Note 11 Pension Plans

Lincoln County Employee Pension Plan – A Single Employer Plan

Statement of Pension Expense under GASB Statement No. 68 - Fiscal Year Ended December 31, 2025

A. Expense:	
1. Service Cost	$ 316,445
2. Interest on Total Pension Liability	512,402
3. Current-Period Benefit Changes	-
4. Employee Contributions (made negative for addition here)	(220,314)
5. Projected Earnings on Plan Investments (made negative for addition here)	(260,635)
6. Pension Plan Administrative Expense	14,590
7. Other Changes in Plan Fiduciary Net Position	(442)
8. Recognition of Outflow (Inflow) of Resources due to Liabilities	(47,931)
9. Recognition of Outflow (Inflow) of Resources due to Assets	62,473
Total Pension Expense	$ 376,588

Statement of Outflows and Inflows Arising from Current Reporting Period – Fiscal Year Ended December 31, 2025

A. Outflows (Inflows) of Resourced due to Liabilities:		
1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	$	-
2. Assumption Changes (gains) or losses	$	-
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees (in years)		8.9479
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	$	-
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for assumption changes	$	-
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	$	-
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total pension Liability	$	-
8. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses for assumption changes	$	-
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	$	-
B. Outflows (Inflows) of Resourced due to Assets:		
1. Net Difference between projected and actual earnings on pension plan investments (gains) or losses		$(313,408)
2. Recognition period for Assets (in years)		5.0
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets		$(62,682)
4. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets		$(250,726)

Deferred Outflows and Inflows of Resources by Source – Fiscal Year Ended December 31, 2025

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 616,758	$ 81,673
Changes in assumptions	41,610	243,728
Net difference between projected and actual earnings on pension plan investments	188,178	349,692
Total	$ 846,546	$ 675,093

Deferred Outflows and Deferred Inflows of Resources by Year to be Recognized in Future Pension Expenses

Year Ending December 31	
2026	$ 33,398
2027	(96,382)
2028	18,459
2029	239
2030	68,861
Thereafter	146,878
Total	$ 171,453

Statement of Changes in Net Pension Liability and Related Ratios – Current Reporting Period – Fiscal Year Ended December 31, 2025

A.	**Total pension liability:**	
1.	Service cost	$ 316,445
2.	Interest on the total pension liability	512,402
3.	Changes of benefit terms	-
4.	Difference between expected and actual experience of the total pension liability	-
5.	Changes of assumptions	-
6.	Benefit payments, including refunds of employee contributions	(325,621)
7.	**Net change in total pension liability**	503,226
8.	**Total pension liability - beginning**	7,324,537
9.	**Total pension liability – ending**	$ 7,827,763
B.	**Plan fiduciary net position:**	
1.	Contributions – employer	$394,792
2.	Contributions – employee	220,314
3.	Net investment income (loss)	574,043
4.	Benefit payments, including refunds of employee contributions	(325,621)
5.	Pension plan administrative expense	(14,590)
6.	Other	442
7.	**Net change in plan fiduciary net position**	849,380
8.	**Plan fiduciary net position - beginning**	3,588,017
9.	**Plan fiduciary net position – ending**	$ 4,437,397
C.	**Net pension liability**	$ 3,390,366
D.	**Plan fiduciary net position as a percentage of the total pension liability**	56.59%
E.	**Covered-employee payroll**	$ 4,895,867
F.	**Net pension liability as a percentage of covered-employee payroll**	69.25%

Notes to Schedule of Contributions

Valuation Date:	December 31, 2024
Notes	Actuarially determined contribution rates are calculated as of January 1 each year for implementation the following fiscal year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll, Closed
Remaining Amortization Period	7 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.00% (Net of Expenses)
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	Pub-2010 General Below-Median Income Amount-Weighted Healthy Annuitant Tables projected with the Ultimate MP-2020 projection scale.

Other Information:

Notes	There were no benefit changes during the year.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability would be if it were calculated using a Single discount Rate that is one percent lower or one percent higher.

1% Decrease 6.00%	Current Single Discount Rate Assumption 7.00%	1% Increase 8.00%
$ 4,085,326	$ 3,390,366	$ 2,790,116

Local Government

Participation – Each Eligible Employee shall become a Participant on the Entry Date coincident with or next following such Employee's attainment of age 18 and completion of one Year of Service, provided that such Employee is still employed on such Entry Date. However, an Employee who is elected to the position held by such Employee with the Employer shall become a Participant upon the entry date coincident with or next following the date upon which the Employee formally assumes such position.

Required Participant Contributions – Participants shall be required to make monthly after-tax deduction contributions to the Trust under this Plan as a condition to participation, in an amount equal to 4.50% of such Participant's Compensation.

Employer Contributions – The Employer intends to contribute from time to time to the Trustee such amounts as may be actuarially determined as necessary to provide the benefits under the Plan and to fund the Plan in accordance with minimum standards applicable to the Plan. Any forfeitures arising under the Plan shall not be applied to increase the benefits any Participant

would otherwise receive under the Plan but shall be applied to reduce the Employer contribution under the Plan.

Credited Service – "Year of Service" for purposes of both eligibility and vesting shall mean a twelve-consecutive month period in which the Employee is credited with at least 1,500 Hours of Service (1,000 Hours of Service prior to January 1, 1992).

Final Average Compensation – For individuals commencing participation in the plan prior to January 1, 2020, the Participant's Final Average Compensation is the average monthly compensation for the highest Year of Service of the last 2 Years of Service preceding termination of employment, or the average monthly compensation of total Years of Service if fewer than 2 Years of Service. For individuals commencing participation in the plan on or after January 1, 2020, the Participant's Final Average Compensation is the average monthly compensation for the Participant's last 5 consecutive Years of Service, or the average monthly compensation for total Years of Service if fewer than 5 total years.

Normal Form of Retirement Benefits – Life Annuity.

Accrued Benefit – 1.750% of average monthly compensation multiplied by total number of years of participation.

Death Benefit – Present value of accrued benefits.

Vesting Schedule

For individuals commencing participation in the Plan prior to January 1, 2020:

Years of Service	1	2	3	4	5
Percent Vested	0.00	0.00	0.00	62.50	100.00

For individuals commencing participation in the Plan on or after January 1, 2020:

Years of Service	1	2	3	4	5
Percent Vested	0.00	0.00	0.00	0.00	100.00

Service is calculated using all years of service.

The County Commissioners make and approve any changes to the plan.

Actuarial Valuation Date	December 31, 2024
Measurement Date of the Net Pension Liability	December 31, 2025
Employer's Fiscal Year Ending Date (Reporting Date)	December 31, 2025

Membership	
Number of:	
- Retirees and Beneficiaries	16
- Inactive, Nonretired Members	2
- Active Members	87
- Total	105
Covered Payroll	$ 4,895,867
Net Pension Liability	
Total Pension Liability	$ 7,827,763
Plan Fiduciary Net Position	4,437,397
Net Pension Liability	3,390,366
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	56.69%
Net Pension Liability as a Percentage of Covered Payroll	69.25%
Development of the Single Discount Rate	
Single Discount Rate	7.00%
Long-Term Expected Rate of Investment Return	7.00%
Long-Term Municipal Bond Rate*	4.83%
Last year ending December 31 in the 2020 to 2119 projection period for which projected benefit payments are fully funded	2125
Total Pension Expense	$ 376,588

Deferred Compensation Plan

A deferred compensation plan under Section 457 of the Internal Revenue Code (IRC) is available to all employees for voluntary contributions of up to a maximum specified by the Internal Revenue Service. Employees are eligible to participate immediately upon his or her date of employment or reemployment. In accordance with the terms of the plan, distribution is not available to employees until retirement, death or in the event of an unforeseen emergency. The plan is administered by CRA, and plan provisions are established and may be amended by the County Commissioners.

Note 12 Risk Management

The County is exposed to various risks of loss through its operations and physical assets. Those exposures may include injuries to employees, bodily injuries to others, theft, destruction of physical assets (such as buildings or vehicles), and damage to the property of others. Additional exposures to loss may result from the decisions of elected officials and employees. Financial protection from these potential losses is provided to the taxpayers through commercial

insurance. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Property and Casualty Insurance

The County insures itself against property and casualty losses through insurance policies.

Workers' Compensation

Workers' Compensation coverage is provided within statutory limits.

Claims and Judgments

The amounts paid on Colorado lawsuits and claims are significantly restricted by the Colorado Governmental Immunity Act (the Act), limiting recovery for most claims to $350,000 per person and $990,000 per occurrence as of July 1, 2013, and barring many other claims in their entirety. There is also a 180-day reporting requirements under the Act. The County maintains a surety bond in compliance with the regulations of the Colorado Department of Labor and Employment, Division of Workers' Compensation of approximately $5,000,000 in the unlikely case that the County would have inadequate reserves to pay all valid claims.

Factors which favorably control costs relating to Workers' Compensation claims are state reporting requirements of four working days and proper handling of claims which are regulated by the Division of Workers' Compensation. The amounts of settlements did not exceed insurance coverage for each of the past three years.

Note 13 Contingencies

Many County departments have grant and contract agreements with the federal and/or state governments and other parties. These agreements generally provide for audits of the transactions pertaining to the agreements, with the County being liable to those parties for any disallowed expenditure. The County does not believe that there will be any actual assessments in material amounts regarding any of these matters.

Required Supplementary Information

Lincoln County
Budget and Actual
General
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 5,270,606	$ 5,270,606	$ 3,688,023
Sales and miscellaneous taxes	2,400,000	2,400,000	2,878,709
SO Taxes	200,000	200,000	417,766
Intergovernmental	729,844	729,844	522,318
Charges for services	747,334	747,334	1,483,546
Investment earnings	150,000	150,000	467,643
Miscellaneous	12,300	12,300	22,592
Total revenues	9,510,084	9,510,084	9,480,597
EXPENDITURES			
Current:			
General government	5,510,039	5,510,039	4,744,739
Public Safety	3,879,911	3,879,911	3,742,312
Health and sanitation	28,850	28,850	22,970
Culture and recreation	320,801	320,801	309,583
Capital Outlay	5,000	5,000	-
Total Expenditures	9,744,601	9,744,601	8,819,604
Excess (deficiency) of revenues over expenditures	(234,517)	(234,517)	660,993
OTHER FINANCING SOURCES (USES)			
Transfers in	450,000	450,000	450,000
Total other financing sources and uses	450,000	450,000	450,000
SPECIAL ITEM			
Proceeds from sale capital assets	-	-	15
Net change in fund balances	(684,517)	(684,517)	1,111,008
Fund balances - beginning	4,719,544	4,719,544	5,320,755
Fund balances - ending	$ 4,035,027	$ 4,035,027	$ 6,431,763

Lincoln County
Budget and Actual
Road & Bridge Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 1,748,583	$ 1,748,583	$ 1,758,560
Sales and miscellaneous taxes	200,000	200,000	198,936
Intergovernmental	5,937,821	5,937,821	6,859,118
Charges for services	70,000	70,000	42,520
Investment earnings	2,000	2,000	1,902
Miscellaneous	14,500	14,500	17,305
Total revenues	7,972,904	7,972,904	8,878,341
EXPENDITURES			
Current:			
General government	70,000	70,000	82,531
Highways and roads	4,883,778	4,883,778	4,633,383
Debt Service:			
Principal	-	-	105,402
Capital Outlay	4,927,727	4,927,727	3,901,876
Total Expenditures	9,881,505	9,881,505	8,723,192
Excess (deficiency) of revenues over expenditures	(1,908,601)	(1,908,601)	155,149
OTHER FINANCING SOURCES (USES)			
Transfers in	765,721	765,721	765,721
Total other financing sources and uses	765,721	765,721	765,721
Net change in fund balances	(1,142,880)	(1,142,880)	920,870
Fund balances - beginning	2,922,236	2,922,236	2,719,148
Fund balances - ending	$ 1,779,356	$ 1,779,356	$ 3,640,018

Lincoln County
Budget and Actual
Human Services Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 349,717	$ 349,717	$ 350,267
SO Taxes	40,000	40,000	73,276
Intergovernmental	3,236,430	3,236,430	3,415,592
Investment earnings	-	-	379
Miscellaneous	-	-	14,557
Total revenues	3,626,147	3,626,147	3,854,071
EXPENDITURES			
Current:			
Welfare	3,614,969	3,614,969	4,017,169
Capital Outlay	-	-	27,578
Total Expenditures	3,614,969	3,614,969	4,044,747
Excess (deficiency) of revenues over expenditures	11,178	11,178	(190,676)
Net change in fund balances	11,178	11,178	(190,676)
Fund balances - beginning	1,440,068	1,440,068	1,280,532
Fund balances - ending	$ 1,451,246	$ 1,451,246	$ 1,089,856

Lincoln County
Budget and Actual
Capital Projects Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ -	$ -	$ 11
Sales and miscellaneous taxes	45,000	45,000	-
Intergovernmental	16,000	16,000	16,000
Investment earnings	400	400	4
Total revenues	61,400	61,400	16,015
EXPENDITURES			
General Government	85,000	85,000	52,434
Capital Outlay	1,259,500	1,259,500	988,210
Total Operating Expenses	1,344,500	1,344,500	1,040,644
Operating income (loss)	(1,283,100)	(1,283,100)	(1,024,629)
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	455,765
Transfers out	(1,215,721)	(1,215,721)	(1,215,721)
Total other financing sources and uses	(1,215,721)	(1,215,721)	(759,956)
Net change in fund balances	(2,498,821)	(2,498,821)	(1,784,585)
Fund balances - beginning	3,507,881	-	3,475,003
Fund balances - ending	$ 1,009,060	$ (2,498,821)	$ 1,690,418

Lincoln County, Colorado
Schedule of Contributions Multiyear
Last 10 Fiscal Years (to be Built Prospectively)

FYE Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2017	$ 261,508	$ 113,028	$ 148,480	$ 3,211,442	3.52%
2018	321,950	113,912	208,038	3,105,074	3.67%
2019	339,176	315,716	23,460	3,198,226	9.87%
2020	349,351	343,989	5,362	3,965,565	8.67%
2021	389,918	335,688	54,230	4,084,532	8.22%
2022	401,241	371,989	29,252	4,115,744	9.04%
2023	488,035	366,980	121,055	4,469,834	8.21%
2024	509,567	379,794	129,773	4,703,835	8.07%
2025	659,203	394,792	264,411	4,895,867	8.06%
2026	661416	TBD	TBD	TBD	TBD

Lincoln County, Colorado
Schedule of Changes in Net Pension Liability and Related Ratios Multiyear
Last 10 Fiscal Years (to be Built Prospectively)

Fiscal year ending December 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability:									
Service cost	$ 316,445	$ 319,390	$ 281,072	$ 285,221	$ 283,058	$ 270,848	$ 190,669	$ 300,859	$ 292,096
Interest on the total pension liability	512,402	449,485	456,074	463,139	442,903	392,041	339,131	254,635	239,951
Changes of benefit terms	-	-	-	-	-	-	348,575	-	-
Difference between expected and actual experience of the total pension liability	-	656,170	-	(151,765)	-	318,884	-	47,456	-
Changes of assumptions	-	53,802	-	-	-	-	-	(1,460,096)	-
Benefit payments, including refunds of employee contributions	(325,621)	(823,138)	(876,194)	(520,772)	(357,866)	(167,701)	(156,358)	(227,946)	(158,720)
Net change in total pension liability	503,226	655,709	(139,048)	75,823	368,095	814,072	722,017	(1,085,092)	373,327
Total pension liability - beginning	7,324,537	6,668,828	6,807,876	6,732,053	6,363,958	5,549,886	4,827,869	5,912,961	5,539,634
Total pension liability – ending (a)	$ 7,827,763	$ 7,324,537	$ 6,668,828	$ 6,807,876	$ 6,732,053	$ 6,363,958	$ 5,549,886	$ 4,827,869	$ 5,912,961
Plan fiduciary net position:									
Employer contributions	394,792	379,794	366,980	371,989	335,688	343,989	315,716	113,912	113,028
Employee contributions	220,314	206,816	195,284	199,793	167,122	170,877	110,360	105,775	104,955
Pension plan net investment income	574,043	292,606	399,400	(653,534)	351,090	305,624	427,951	(216,749)	218,049
Benefit payments, including refunds of employee contributions	(325,621)	(823,138)	(876,194)	(520,772)	(357,866)	(167,701)	(156,358)	(227,946)	(158,720)
Pension plan administrative expense	(14,590)	(9,858)	(16,348)	(9,573)	(17,034)	(12,724)	(19,271)	(16,823)	(15,083)
Other	442	-	-	-	-	-	9,500	-	64,000
Net change in plan fiduciary net position	849,380	46,220	69,122	(612,097)	479,000	640,065	687,898	(241,831)	326,229
Plan fiduciary net position - beginning	3,588,017	3,541,797	3,472,675	4,084,772	3,605,772	2,965,707	2,277,809	2,519,640	2,193,411
Plan fiduciary net position – ending (b)	4,437,397	3,588,017	3,541,797	3,472,675	4,084,772	3,605,772	2,965,707	2,277,809	2,519,640
Net pension liability - ending (a) - (b)	3,390,366	3,736,520	3,127,031	3,335,201	2,647,281	2,758,186	2,584,179	2,550,060	3,393,321
Plan fiduciary net position as a percentage of the total pension liability	56.69%	48.99%	53.11%	51.01%	60.68%	56.66%	53.44%	47.18%	42.61%
Covered-employee payroll	$ 4,895,867	$ 4,703,835	$ 4,469,834	$ 4,115,744	$ 4,084,532	$ 3,965,565	$ 3,198,226	$ 3,105,074	$ 3,211,442
Net pension liability as a percentage of covered-employee payroll	69.25%	79.44%	69.96%	81.04%	64.81%	69.55%	80.80%	82.13%	105.66%

Supplementary Information

Lincoln County
Balance Sheet
Other Governmental Funds
December 31, 2025

	Conservation Trust	Library Fund	Public Health	Emergency 911 Fund	Lodging Tax Tourism Fund	Landfill Fund	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 201,126	$ 68,787	$ 161,684	$ 410,003	$ 193,968	$ 771,191	$ 1,806,759
Taxes receivable, net	-	46,737	93,474	-	-	186,949	327,160
Other receivables	-	-	62,748	13,342	-	19,780	95,870
Total assets	201,126	115,524	317,906	423,345	193,968	977,920	2,229,789
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	87	10,685	2,852	-	8,610	22,234
Total liabilities	-	87	10,685	2,852	-	8,610	22,234
Deferred cash in-flow resources							
Deferred property taxes	-	46,737	93,474	-	-	186,949	327,160
Fund balances:							
Committed	201,126	68,700	213,747	420,493	193,968	782,361	1,880,395
Total fund balances	201,126	68,700	213,747	420,493	193,968	782,361	1,880,395
Total liabilities and fund balances	$ 201,126	$ 115,524	$ 317,906	$ 423,345	$ 193,968	$ 977,920	$ 2,229,789

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

	Conservation Trust	Library Fund	Public Health	Emergency 911 Fund	Lodging Tax Tourism Fund	Landfill Fund	Total-Other Governmental Funds
REVENUES							
Property Taxes	$ -	$ 43,963	$ 43,964	$ -	$ -	$ 175,855	$ 263,782
SO Taxes	-	4,973	4,973	-	-	19,894	29,840
Lodging Taxes	-	-	-	-	143,667	-	143,667
Intergovernmental	28,241	6,058	486,762	7,522	-	-	528,583
Charge for services	-	-	-	226,344	-	148,510	374,854
Investment earnings	28,778	47	47	-	-	190	29,062
Miscellaneous	-	50	729	-	-	2,696	3,475
Total revenues	57,019	55,091	536,475	233,866	143,667	347,145	1,373,263
EXPENDITURES							
Current:							
General government	-	-	6,579	-	-	6,744	13,323
Public Safety	-	-	-	220,234	-	-	220,234
Health and sanitation	-	-	524,061	-	-	394,656	918,717
Culture and recreation	-	60,390	-	-	-	-	60,390
Tourism	-	-	-	-	153,038	-	153,038
Capital Outlay	38,665	-	-	-	-	-	38,665
Total Expenditures	38,665	60,390	530,640	220,234	153,038	401,400	1,404,367
Excess (deficiency) of revenues over expenditures	18,354	(5,299)	5,835	13,632	(9,371)	(54,255)	(31,104)
Net change in fund balances	18,354	(5,299)	5,835	13,632	(9,371)	(54,255)	(31,104)
Fund balances - beginning	182,772	73,999	207,912	406,861	203,339	836,616	1,911,499
Fund balances - ending	$ 201,126	$ 68,700	$ 213,747	$ 420,493	$ 193,968	$ 782,361	$ 1,880,395

Lincoln County
Budget and Actual
Library Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 43,715	$ 43,715	$ 43,963
SO Taxes	4,500	4,500	4,973
Intergovernmental	-	-	6,058
Investment earnings	-	-	47
Miscellaneous	5,500	5,500	50
Total revenues	53,715	53,715	55,091
EXPENDITURES			
Current:			
Culture and recreation	71,400	71,400	60,390
Capital Outlay	5,000	5,000	-
Total Expenditures	76,400	76,400	60,390
Excess (deficiency) of revenues over expenditures	(22,685)	(22,685)	(5,299)
Net change in fund balances	(22,685)	(22,685)	(5,299)
Fund balances - beginning	57,750	57,750	73,999
Fund balances - ending	$ 35,065	$ 35,065	$ 68,700

Lincoln County
Budget and Actual
Conservation Trust
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	$ 30,000	$ 30,000	$ 28,241
Investment earnings	2,000	2,000	28,778
Total revenues	32,000	32,000	57,019
EXPENDITURES			
Current:			
Culture and recreation	5,000	5,000	-
Capital Outlay	65,000	65,000	38,665
Total Expenditures	70,000	70,000	38,665
Excess (deficiency) of revenues over expenditures	(38,000)	(38,000)	18,354
Net change in fund balances	(38,000)	(38,000)	18,354
Fund balances - beginning	166,388	166,388	182,772
Fund balances - ending	$ 128,388	$ 128,388	$ 201,126

Lincoln County
Budget and Actual
Emergency 911 Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	**Final**	
REVENUES			
Intergovernmental	$ -	$ -	$ 7,522
Charges for services	225,000	225,000	226,344
Miscellaneous	1,000	1,000	-
Total revenues	226,000	226,000	233,866
EXPENDITURES			
Current:			
Public Safety	483,354	483,354	220,234
Total Expenditures	483,354	483,354	220,234
Excess (deficiency) of revenues over expenditures	(257,354)	(257,354)	13,632
Net change in fund balances	(257,354)	(257,354)	13,632
Fund balances - beginning	401,920	401,920	406,861
Fund balances - ending	$ 144,566	$ 144,566	$ 420,493

Lincoln County
Budget and Actual
Public Health
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 43,715	$ 43,715	$ 43,964
SO Taxes	5,500	5,500	4,973
Intergovernmental	507,676	512,647	486,762
Investment earnings	-	-	47
Miscellaneous	-	-	729
Total revenues	556,891	561,862	536,475
EXPENDITURES			
Current:			
General government	10,500	10,500	6,579
Health	635,085	640,056	524,061
Total Expenditures	645,585	650,556	530,640
Excess (deficiency) of revenues over expenditures	(88,694)	(88,694)	5,835
Net change in fund balances	(88,694)	(88,694)	5,835
Fund balances - beginning	117,787	117,787	207,912
Fund balances - ending	$ 29,093	$ 29,093	$ 213,747

Lincoln County
Budget and Actual
Landfill Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	$ 174,858	$ 174,858	$ 175,855
Sales and miscellaneous taxes	17,000	17,000	19,894
Charge for Services	113,300	113,300	148,510
Investment earnings	200	200	190
Miscellaneous	2,000	2,000	2,696
Total revenues	307,358	307,358	347,145
EXPENDITURES			
General government	6,500	6,500	6,744
Health and Sanitation	532,065	532,065	394,656
Capital Outlay	6,500	6,500	-
Total Operating Expenses	545,065	545,065	401,400
Operating income (loss)	(237,707)	(237,707)	(54,255)
Net change in fund balances	(237,707)	(237,707)	(54,255)
Fund balances - beginning	836,225	836,225	836,616
Fund balances - ending	$ 598,518	$ 598,518	$ 782,361

Lincoln County
Budget and Actual
Lodging Tax Tourism Fund
For the year ended December 31, 2025

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Lodging Taxes	$ 180,000	$ 180,000	$ 143,667
Total revenues	180,000	180,000	143,667
EXPENDITURES			
Current:			
Tourism	180,000	180,000	153,038
Total Expenditures	180,000	180,000	153,038
Excess (deficiency) of revenues over expenditures	-	-	(9,371)
Net change in fund balances	-	-	(9,371)
Fund balances - beginning	180,000	180,000	203,339
Fund balances - ending	$ 180,000	$ 180,000	$ 193,968

LOCAL HIGHWAY FINANCE REPORT	City or County: Lincoln
	YEAR ENDING : December 2025
This Information From The Records Of Lincoln County:	Prepared By: Jacob Piper Phone: 719-743-2810

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. Remainder 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.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	560,737
3. Other local imposts (from page 2)	1,957,496
4. Miscellaneous local receipts (from page 2)	61,725
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	0
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,579,958
B. Private Contributions	
C. Receipts from State government (from page 2)	6,859,118
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	9,439,076

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,452,913
2. Maintenance:	5,082,346
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	0
c. Other	0
d. Total (a. through c.)	0
4. General administration & miscellaneous	82,531
5. Highway law enforcement and safety	560,737
6. Total (1 through 5)	9,178,527
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	0
b. Redemption	105,402
c. Total (a. + b.)	105,402
3. Total (1.c + 2.c)	105,402
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	9,283,929

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	0	0	0	0

V. LOCAL ROAD AND STREET FUND BALANCE

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
2,719,148	9,439,076	**9,283,929**	2,874,295	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2025

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		**A.4. Miscellaneous local receipts:**	
a. Property Taxes and Assessments	**1,758,560**	a. Interest on investments	**1,902**
b. Other local imposts:		b. Traffic Fines & Penalities	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	**42,520**
5. Specific Ownership &/or Other	**198,936**	g. Other Misc. Receipts	**17,303**
6. Total (1. through 5.)	198,936	h. Other lease purchase agreements	0
c. Total (a. + b.)	1,957,496	i. Total (a. through h.)	61,725
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user taxes	6,850,734	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) Mineral leasing	1,793	e. U.S. Corps of Engineers	
e. Other (Specify) Taylor Grazing	6,591	f. Other Federal	
f. Total (a. through e.)	8,384	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	**6,859,118**	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		3,452,913	3,452,913
(5). Total Construction (1) + (2) + (3) + (4)	0	3,452,913	3,452,913
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,452,913	3,452,913
			(Carry forward to page 1)

Notes and Comments:
Total maintenance costs include equipment capital outlay costs of $453,312.

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*

Independent Auditor's Report

Board of Commissioners
Lincoln County
Hugo, CO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Lincoln County, Colorado (the "County") as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 28, 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 (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

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deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of This Report

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

rfarmer, llc

September 28, 2026

Single Audit

Lincoln County
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2025

GRANT TITLE		FEDERAL ALN	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
CCDF Cluster				
CCDF Disc.	Colorado Dept of Early Childhood Devel	93.575	$ 38,645	
CCDF Match/Mand	Colorado Dept of Early Childhood Devel	93.596	9,367	
IV-D Administration	Colorado Dept of Human Services	93.563	104,085	
LEAP	Colorado Dept of Human Services	93.568	9,414	
Title IV-E FC	Colorado Dept of Human Services	93.658	116,982	
Block Grant- Title XX	Colorado Dept of Human Services	93.667	52,201	
IV-B Child Care	Colorado Dept of Human Services	93.645	5,078	
CO Works- TANF	Colorado Dept of Human Services	93.558	114,590	
IV-E Relation Guard	Colorado Dept of Human Services	93.090	1,603	
IV-E PREV	Colorado Dept of Human Services	93.472	7,578	
Kinship	Colorado Dept of Human Services	93.471	15,528	
Coronavirus Relief Funds	Colorado Dept of Human Services	93.747	2,350	
IV-E Adoption	Colorado Dept of Human Services	93.659	81,797	
				559,218
DEPARTMENT OF HEALTH CARE POLICY & FINANCING				
Medicaid Title XIX	Colorado Dept of Health Care Policy & Fin.	93.778	144,564	
				144,564
DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT				
MRC Strong	Colorado Dept of Public Health & Envir.	93.008	2,350	
EPR	Colorado Dept of Public Health & Envir.	93.069	26,208	
ELC	Colorado Dept of Public Health & Envir.	93.323	15,735	
IMM Core JG20CH	Colorado Dept of Public Health & Envir.	93.268	39,235	
OPHP CDC Infrastructure	Colorado Dept of Public Health & Envir.	93.967	67,139	
OPPI program	Colorado Dept of Public Health & Envir.	93.994	3,398	
				154,065
U. S. DEPARTMENT OF HOMELAND SECURITY				
Emergency Management Performance Grant		97.042	29,810	
Federal Emergency Management Agency		97.036	194,766	
				224,576
U. S. DEPARTMENT OF TRANSPORTATION				
Highway Planning & Construction	Colorado Department of Transportation	20.205	2,831,289	
				2,831,289
DEPARTMENT OF AGRICULTURE:				
Food Stamp Admin.	Colorado Dept of Human Services	10.551	382	
Food Stamp Admin.	Colorado Dept of Human Services	10.561	124,553	
				124,935
Women, Infant & Children	Colorado Dept of Public Health & Envir.	10.557	32,045	
Special Supplemental Nutrition Program for Women, Infant & Children	Colorado Dept of Public Health & Envir.	10.557	105,749	
				137,794
TOTAL FEDERAL FINANCIAL AWARDS				$4,176,441

Lincoln County
Notes to Schedule of Expenditures of Federal Awards
December 31, 2025

General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of Lincoln County, (the "County"). The County's reporting entity is defined in Note 1 to the general-purpose financial statements. All federal financial assistance received by the primary government directly from federal agencies, as well as federal financial assistance passed through other government agencies, including the State of Colorado, is included on the schedule.

Note 1 Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the County under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles*, and *Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or cash flows of the County. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements.

The County received federal awards indirectly through pass-through entities. Federal financial assistance provided to a sub-recipient, if any, is treated as an expenditure when it is paid to the sub-recipient.

The County has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 2 Federal Financial Assistance Listing

Federal Financial Assistance Listing (ALN) is managed and administered by the General Services Administration, formerly known as the Catalog of Federal Domestic Assistance (CFDA).

Lincoln County
Schedule of Findings and Questioned Costs
December 31, 2025

Section I: Summary of Auditor's Results

Financial Statements

Type of report issued: **Unmodified**

Internal control over financial reporting:		
•Material weakness(es) identified?	____ Yes	__X__ No
•Significant deficiency(ies) identified?	____ Yes	__X__ None Reported
Noncompliance material to financial statements noted?	____ Yes	__X__ No

Federal Awards

Internal control over major federal programs:		
•Material weakness(es) identified?	____ Yes	__X__ No
•Significant deficiency(ies) identified?	____ Yes	__X__ 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	__X__ No
Identification of major federal programs:		
Assistance Listing Number: 20.205	Name of Federal Program or Cluster:	Highway Planning & Construction
Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as a low-risk auditee?	__X__ Yes	____ No

Section II: Financial Statement Findings:

There are not any findings to report.

Section III: Federal Awards Findings:

There are not any findings to report.

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Independent Auditor's Report

Board of Commissioners
Lincoln County
Hugo, CO

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Lincoln County, Colorado's (the "County") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the 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

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

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

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

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

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a

reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

rfarmer, llc

September 28, 2026