



OTERO COUNTY, COLORADO

**FINANCIAL STATEMENTS
AND THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED
DECEMBER 31, 2025**

OTERO COUNTY, COLORADO

TABLE OF CONTENTS

December 31, 2025

FINANCIAL SECTION

Independent Auditor's Report	1
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Management's Discussion and Analysis	i
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Basic Financial Statements

Government-wide Financial Statements

Statement of Net Position	4
Statement of Activities	5

Governmental Funds Financial Statements

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

Proprietary Fund Financial Statements

Statement of Net Position	12
Statement of Revenues, Expenses, and Changes in Net Position	13
Statement of Cash Flows	14

Fiduciary Fund Financial Statements

Statement of Fiduciary Net Position	15
Statement of Changes in Fiduciary Net Position	16

<i>Notes to the Financial Statements</i>	17
--	----

Required Supplementary Information

Budgetary Comparison Schedule – General Fund	31
Budgetary Comparison Schedule – Road and Bridge Fund	32
Budgetary Comparison Schedule – Social Services Fund	33
Budgetary Comparison Schedule – Detention Center Fund	34
Budgetary Comparison Schedule – AAA Fund	35
Budgetary Comparison Schedule – Health Fund	36
Notes to the Required Supplementary Information	37

Combining and Individual Nonmajor Fund Statements and Budgetary Comparison Schedules

Combining Balance Sheet - Nonmajor Governmental Funds	38
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	40
Budgetary Comparison Schedules	
Capital Improvement Fund	42
Insurance Fund	43
Clerk Hire Fund	44

OTERO COUNTY, COLORADO

TABLE OF CONTENTS

December 31, 2025

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

Conservation Trust Fund	45
General Human Services Fund	46
Land Trust Fund	47
Internal Services Fund	48
Medical Trust Fund	49

COMPLIANCE SECTION

Single Audit

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	50
Independent Auditor's Report on Compliance for Each Major Federal Program, Internal Control over Compliance, and the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	52
Schedule of Expenditures of Federal Awards	55
Notes to the Schedule of Expenditures of Federal Awards	57
Schedule of Findings and Questioned Costs	58
Corrective Action Plan	60

State Compliance

Local Highway Finance Report.....	61
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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Otero County, Colorado
La Junta, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each discretely presented component units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund statements, the budgetary comparison schedules, local highway finance report, and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, the budgetary comparison schedules, local highway finance report, and the schedule of expenditures of federal awards, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 30, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

DMC Auditing and Consulting, LLC

July 30, 2026
Bailey, Colorado

MANAGEMENT'S DISCUSSION AND ANALYSIS

Otero County, Colorado

Management's Discussion and Analysis

December 31, 2025

The management of the County of Otero (the County) offers readers of the County's annual financial report this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2025. Readers are encouraged to consider the information presented here in conjunction with the basic financial statement information.

FINANCIAL HIGHLIGHTS

County-wide financial statements as of December 31, 2025:

- Assets of the County exceed its liabilities and deferred inflows of resources by \$37,752,277. The County's unrestricted net position of \$13,014,492 may be used to meet the County's on-going obligations.
- The restricted net position includes \$250,000 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution.

Fund Financial Statements as of December 31, 2025

The County's *governmental funds* reported a combined ending fund balance of \$22,537,137 including the following major funds: General Fund with \$8,920,969; Road & Bridge Fund with \$1,680,742 (includes \$248,411 in inventory); Social Services Fund with \$511,206; Detention Center Fund with \$1,597,955; Area Agency on Aging Fund with (\$350,263); Capital Improvement Fund with \$3,169,966 and Health Fund with \$3,924,570. Other governmental funds accounted for \$3,081,992. Of the total government fund balances, \$8,320,706 is unrestricted/unassigned. Committed funds include \$3,169,966 for capital projects and \$1,140,365 in other governmental funds for insurance premiums. Restricted funds include \$250,000 from the General Fund and \$9,349,603 in other governmental funds.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Otero County's basic financial statements. The County's basic financial statements consist of three components:

1. County-wide financial statements, including discretely presented component units
2. Fund financial statements, and
3. Notes to the financial statements. This report also contains required and other additional information in addition to the basic financial statements.

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

They consist of two statements:

1. The *Statement of Net Position* presents information on all of the County's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the net difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
2. The *Statement of Activities* presents information reporting how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both county-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the County include tax assessment and collection, recording, voter registration/elections, law enforcement, incarcerations, land use, road and bridge activities, and general administration and support.

The county-wide financial statements include not only the County itself (known as the *primary government*), but also the 911 Otero County Emergency Telephone Service Authority and the Small Business Development Revolving Loan Fund. Financial information for these component units are reported separately from the financial information presented for the primary government itself.

Fund Financial Statements - A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into three categories:

- Governmental funds,
- Proprietary funds, and
- Fiduciary funds.

Governmental Funds - Governmental funds account for essentially the same functions reported as governmental activities in the county-wide financial statements. Unlike the county-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed *short-term* view of the County's general government operations and may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the county-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the county-wide financial statements. By doing so, readers may better understand the long-term impact of the County's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the *governmental fund* balance sheet and statement of revenues, expenditures and changes in fund balance.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

The County reports thirteen individual governmental funds. Information is presented separately in the *governmental fund* balance sheet and the statement of revenues, expenditures and changes in fund balance for the General Fund, Road & Bridge Fund, Social Services Fund, Area Agency on Aging Fund, Health Fund, Capital Improvement Fund and Detention Center Fund, all of which are considered to be *major funds*. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of the *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the report. The non-major governmental funds include the Insurance Fund, Clerk Hire Fund, Conservation Trust Fund, General Human Services Fund, and Otero County Land Trust Fund. The County maintains one *other fund*. Due to the implementation of GASB 54, the Contingent funds did not meet the definition of a special revenue fund and was combined into the general fund.

Proprietary Funds - The County maintains one type of a proprietary fund. *Internal service funds* are used to accumulate and allocate costs internally among the County's functions. The County uses an Internal Services Fund to account for the provision of equipment provided by the County for its various departments. Departments utilize a rental charge reimbursement rate to provide the resources necessary to fund future acquisitions. In addition, a Medical Trust Fund is utilized to provide health coverage for its employees. Because these two internal service funds predominantly benefit governmental functions, they have been included within *governmental activities* in the county-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reported in the county-wide financial statements because the resources of those funds are not available for the support of the County's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the county-wide and fund financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the County. The County adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund and each major special revenue fund to demonstrate compliance with the budget requirement.

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

**Condensed Statement of Net Position
December 31, 2025**

	2025				
	Governmental Activities	E911 Emergency Services	Small Business Development	Total	2024 Total
ASSETS					
CURRENT AND OTHER ASSETS					
Cash and Investments	\$ 24,951,860	\$ 1,182,666	\$ 417,288	\$ 26,551,814	\$ 32,431,671
Accounts Receivable	1,780,857	57,704	580	1,839,141	1,940,340
Taxes Receivable	4,385,777	-	-	4,385,777	3,969,574
Accrued Interest Receivable	68,409	-	-	68,409	63,431
Loans Receivable, Net	-	-	738,783	738,783	561,758
Prepaid Expenses	58,086	-	-	58,086	-
Due from Other Governments	11,214	-	-	11,214	312,920
Inventory	248,411	-	-	248,411	237,303
Capital Assets, <i>Not Being Depreciated</i>	5,443,950	-	-	5,443,950	19,067,998
Capital Assets, <i>Net of Accumulated Depreciation</i>	25,903,146	464,064	-	26,367,210	8,639,371
Total Assets	62,851,710	1,704,434	1,156,651	65,688,479	67,224,366
LIABILITIES					
Accounts Payable	369,321	9,112	106	378,539	2,009,236
Retainage Payable	-	-	-	-	654,429
Accrued Liabilities	47,284	-	-	47,284	47,548
Claims Payable	151,902	-	-	151,902	119,026
Accrued Interest Payable	85,984	-	-	85,984	87,516
Due to Other Governments	85,658	-	-	85,658	269,829
Unearned Revenues	2,045,827	-	-	2,045,827	2,005,931
Deposits	98,841	-	-	98,841	103,654
Noncurrent Liabilities	-	-	-	-	-
Due Within One Year	1,253,318	113,469	-	1,366,787	1,088,291
Due in More Than One Year	16,575,521	360,181	-	16,935,702	17,023,167
Total Liabilities	20,713,656	482,762	106	21,196,524	23,408,627
DEFERRED INFLOWS OF RESOURCES					
Total deferred inflows of resources	4,385,777	-	-	4,385,777	3,969,574
NET POSITION					
Net Investment in Capital Assets	16,736,137	(9,586)	-	16,726,551	17,166,819
Restricted	8,001,648	-	-	8,001,648	8,784,709
Unrestricted	13,014,492	1,231,258	1,155,965	15,401,715	13,894,637
Total Net Position	\$ 37,752,277	\$ 1,221,672	\$ 1,155,965	\$ 40,129,914	\$ 39,846,165

Financial Analysis - Statement of Net Position

1. Restricted net assets are made up of statutory reserves of \$250,000 for emergencies required by TABOR.
2. The component units of the County are comprised of the E911 Emergency Telephone reporting system and the Small Business Development Revolving Loan Fund. The

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

financials are tracked under Otero County as it serves as the fiscal agent for the E911 Authority Board and the Otero Partners, Inc Board of Directors.

3. Based on current allocation, the County's share of the costs developed for the Landfill closure and post closure represent approximately 65.70% of the estimated \$2,137,000 allocated among the participating entities amounting to \$1,404,033. The majority of this cost is due to the calculations related to quantities of dirt needed for final cover, continuation of monitoring (water/methane), and other associated costs due to new regulations or practice.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

Condensed Statement of Changes in Net Position
Year Ended December 31, 2025

	2025				
	Primary Government	Component Unit	Component Unit		
		E911	Small		
	Governmental Activities	Emergency Services	Business Development	Total	2024 Total
REVENUES					
PROGRAM REVENUES					
Charges for services	\$ 1,247,990	\$ 591,233	\$ 33,908	\$ 1,873,131	\$ 1,780,343
Operating grants and contributions	14,118,010	12,864	10,400	14,141,274	14,969,845
Capital grants	365,914	-	65,000	430,914	1,066,207
Total program revenues	15,731,914	604,097	109,308	16,445,319	17,816,395
GENERAL REVENUES					
Property and specific ownership taxes	4,832,504	-	-	4,832,504	4,898,049
Other taxes	5,353,213	-	-	5,353,213	5,626,859
Other revenue	2,303,937	26,159	-	2,330,096	2,219,255
Total general revenues	12,489,654	26,159	-	12,515,813	12,744,163
TOTAL - REVENUES	28,221,568	630,256	109,308	28,961,132	30,560,558
FUNCTION/PROGRAM - EXPENSES					
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 5,000,457	\$ -	\$ -	\$ 5,024,773	\$ 5,312,645
Public Safety	3,926,672	-	-	3,926,672	3,593,968
Public Works	4,101,267	-	-	4,101,267	4,018,385
Public Health and Welfare	14,968,660	-	-	14,968,660	13,410,955
Culture and Recreation	51,185	-	-	51,185	80,107
Conservation	125,297	-	-	125,297	157,789
Interest on Long-Term Debt	681,579	-	-	681,579	688,422
Total governmental activities	28,855,117	-	-	28,879,433	27,262,271
COMPONENT UNIT					
E911 Emergency Services	-	397,431	-	397,431	461,439
Small Business Development	-	-	56,362	56,362	2,902
TOTAL FUNCTION/PROGRAMS - EXPENSES	28,855,117	397,431	56,362	29,333,226	27,726,612
CHANGE IN NET POSITION	(633,549)	232,825	52,946	(372,094)	2,833,946
NET POSITION, Beginning, as Originally Stated	38,000,537	742,609	1,103,019	39,846,165	37,683,170
Restatement - Correction of Errors	385,289	246,238	-	631,527	(670,951)
NET POSITION, Beginning, As Restated	38,385,826	988,847	1,103,019	40,477,692	37,012,219
NET POSITION, End of year	\$ 37,752,277	\$1,221,672	\$ 1,155,965	\$ 40,129,914	\$ 39,846,165

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

Financial Analysis - Statement of Activities

1. There was a decrease in current year in the County's primary government net position of \$248,260. This is primarily due to a decrease in revenues in property taxes and investment income and correction of prior year errors.
2. The E911 Emergency Services increased \$479,063 in net position for fiscal year 2025 due to an increase in charges for services and continues to exhibit a strong financial picture. The per line surcharge collected for the E911 system was increased from \$2.05 per line surcharge to \$2.12 in June 2025, and its governing board continues to maintain as well as upgrade its E911 level of service.
3. The Small Business Development Fund's net position increased \$52,946 or 4.8% for fiscal year 2025.

ANALYSIS OF POSITION

The overall financial position of the County decreased during 2025 due to an increase in overall expenditures.

FUND FINANCIAL STATEMENT ANALYSIS

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the major operating fund of the County, providing the majority of the resources for operating and support programs. Revenues and other financing sources for the General Fund totaled \$8,779,127 in fiscal year 2025, a decrease of 2.2% from fiscal year 2024.

**Schedule of Revenues and Other Financing Sources
(General Fund with Contingent Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
TAXES				
Property and other taxes	\$ 5,178,180	\$ 5,714,517	\$ (536,337)	-9.4%
Licenses and permits	460,961	391,591	69,370	17.7%
Intergovernmental	1,358,171	1,003,082	355,089	35.4%
Charges for services	468,216	470,804	(2,588)	-0.5%
Fines and forfeitures	3,973	1,392	2,581	185.4%
Investment and miscellaneous	1,309,626	1,393,876	(84,250)	-6.0%
TOTAL	\$ 8,779,127	\$ 8,975,262	\$ (196,135)	-2.2%

Property Taxes - Property taxes decreased by 9.4% compared with prior year. The mill levy of 10.994 mills remained the same in fiscal year 2025. The fiscal year 2025 mill levy was applied against an assessed valuation of \$177,621,570. The fiscal year 2024 mill levy was applied

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

against an assessed valuation of \$171,893,397. The property tax mills levied for both years are in compliance with the restrictions of Article X Section 20 of the Colorado Constitution (TABOR).

Intergovernmental -Intergovernmental revenue has increased by 35.4% compared to prior year due to an increase in grant funding. This category includes federal, state and local sources. The primary source of federal revenue is Payment-In-Lieu of Taxes (PILT) on federal, state and other governmental lands which accounted for \$630,405 in fiscal year 2025. In addition, cost allocation (indirect cost reimbursement), grant funding, and other miscellaneous types of governmental revenue.

Charges for Services - There was a 0.5% decrease in revenue for charges for services. This category of revenue includes the various types of fees generated through the Land Use office, County Clerk, Treasurer, Assessor and Administration. Examples include excess fees generated by the County Clerk and Recorder for election or recording fees, jail work release revenues, photocopy charges, map charges, and reimbursement from Otero County Landfill Inc (OCLI) for payroll and operating expenses.

Investment Income and Miscellaneous - Investment income and miscellaneous decreased by 6.0% or \$84,250 due to maturity dates of County investments and changes to interest rates and consists of those funds generated through its investment program. The County will continue to re-evaluate the investments being held.

Schedule of Expenditures
(General Fund with Contingent Fund)

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
General government	45.3%	\$ 3,831,544	\$ 3,556,456	\$ 275,088	7.7%
Public safety	40.0%	3,377,848	3,350,293	27,555	0.8%
Public works	7.3%	616,229	583,809	32,420	5.6%
Public health & welfare	1.0%	83,074	70,849	12,225	17.3%
Culture and recreation	0.4%	35,613	27,086	8,527	31.5%
Economic development	1.4%	118,425	152,033	(33,608)	-22.1%
Capital Outlay	3.5%	298,554	-	298,554	100.0%
Debt service:					
Principal	0.9%	80,230	18,101	62,129	343.2%
Interest	0.1%	7,345	1,422	5,923	416.5%
TOTAL - EXPENDITURES	100.00%	\$ 8,448,862	\$ 7,760,049	\$ 688,813	8.9%

Overall - Total expenditures increased by 8.9%, or \$688,813 from fiscal year 2024 to fiscal year 2025, mainly due to increases in capital outlay and general government expenditures.

Public Works - In fiscal year 2025, the public works costs showed an increase of 5.6%. This increase is mainly due to payroll and operating expenditures for the landfill going up.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

MAJOR SPECIAL REVENUE FUNDS

ROAD & BRIDGE FUND

The Road & Bridge Fund, like the General Fund, is considered a major operating fund for financial reporting purposes. Total revenues and other financing sources for the Road & Bridge Fund totaled \$2,742,950 while expenditures totaled \$3,283,395. The ending fund balance of \$1,680,742 includes inventory of \$248,411 and reflects a 24.0% decrease in fund balance (available resources).

**Schedule of Revenues and
Other Financing Sources
(Road & Bridge Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
TAXES				
Property and other taxes	\$ 735,002	\$ 704,771	\$ 30,231	4.3%
Intergovernmental	2,003,322	1,943,342	59,980	3.1%
Charges for services	4,570	-	4,570	100.0%
Miscellaneous	56	3,521	(3,465)	-98.4%
TOTAL	<u>\$ 2,742,950</u>	<u>\$ 2,651,634</u>	<u>\$ 91,316</u>	<u>3.4%</u>

Overall - Fiscal year 2025 revenues increased by 3.4% or \$91,316, primarily due to an increase in intergovernmental revenues.

Property Taxes - There was an increase in fiscal year 2025 property tax collections of 4.3% or \$30,231. The mill levy of 3.354 mills remained the same for fiscal year 2025.

Charges for Services - Charges for services has increased by 100%. This category includes the sale of gravel and other "billable" road/bridge projects.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

**Schedule of Expenditures
(Road & Bridge Fund)**

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
Public works	85.3%	\$ 2,801,804	\$ 2,929,446	\$ (127,642)	-4.4%
Miscellaneous	2.7%	12,614	-	12,614	100.0%
Capital outlay	14.3%	468,977	213,681	255,296	119.5%
TOTAL - EXPENDITURES	102.31%	\$ 3,283,395	\$ 3,143,127	\$ 140,268	4.5%

Overall - There was an increase of \$140,268 or 4.5 % in public works, which is primarily due to an increase in capital outlay. The public works department purchased a mini excavator and two plow trucks.

SOCIAL SERVICES FUND

The Social Services Fund is a major fund, and total revenues of \$8,172,489 were generated. Total expenditures of \$8,385,054 were noted, leaving a year-end fund balance of \$511,206 (a decrease of \$212,565 from fiscal year 2024). The mill levy of 3.25 mills remained the same in 2025 as they were in 2024. The County would like to retain a Fund Balance in the Social Services Fund at approximately \$700,000. In order to increase the fund balance, the mill levy to this fund will likely be increased.

The County experienced a \$168,544 or 2.0% decrease in overall revenues from fiscal year 2024. Here again, the County is concerned with utilizing its fund reserves to pay for administrative and other program costs that exceed its state allocations or are a component of our Maintenance of Effort. This is a change in reporting of federal and state revenues and expenditures for financial reporting to match the schedule of expenditures of federal awards (SEFA).

**Schedule of Revenues
(Social Services Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
TAXES				
Property and other taxes	\$ 726,327	\$ 682,600	\$ 43,727	6.4%
Intergovernmental	7,446,162	7,658,433	(212,271)	-2.8%
TOTAL	\$ 8,172,489	\$ 8,341,033	\$ (168,544)	-2.0%

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

Intergovernmental - There was a decrease of 2.8% or \$212,271 in revenues in fiscal year 2025. This category includes federal, state and local sources. Intergovernmental revenue will fluctuate depending on the grants received each year. This is a change in reporting of federal and state revenues and expenditures for financial reporting to match the schedule of expenditures of federal awards (SEFA).

**Schedule of Expenditures
(Social Services Fund)**

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
Public health & human services	100.0%	\$ 8,385,054	\$ 7,874,914	\$ 510,140	6.5%
TOTAL - EXPENDITURES	100.00%	\$ 8,385,054	\$ 7,874,914	\$ 510,140	6.5%

Social Services - The expenditure summary shows a 6.5% increase in expenditures from fiscal year 2024 to 2025. Expenditures exceeded revenues by \$212,565 during fiscal year 2025. A tremendous effort will continue to be made to maintain services and evaluate revenue and expenditure streams. As stated earlier, the State's budget crunch resulted in cutbacks in various program areas, and the County has tried to match the decreases in revenues with corresponding decreases in expenditures.

AREA AGENCY ON AGING FUND

The Area Agency on Aging (AAA) Fund is used to provide services to the elderly residents in the region. A variety of agencies/programs are direct recipients of allocated funds through the AAA, i.e., transportation, advocacy, meal services, dental access, etc. Revenues come primarily from intergovernmental sources, and the year-end fund balance of (\$350,263).

**Schedule of Revenues
(Area Agency on Aging Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Intergovernmental	\$ 1,146,456	\$ 1,102,044	\$ 44,412	4.0%
Other	1,035	37,574	(36,539)	-97.2%
TOTAL	\$ 1,147,491	\$ 1,139,618	\$ 7,873	0.7%

Intergovernmental - There was an increase of 0.7% or \$7,873 in revenues in fiscal year 2025 due to an increase in grant funding. This category includes federal, state and local sources. Intergovernmental revenue will fluctuate depending on the grants received each year.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

**Schedule of Expenditures
(Area Agency on Aging Fund)**

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
Public health & human services	100.0%	\$ 1,555,998	\$ 1,741,618	\$ (185,620)	-10.7%
TOTAL - EXPENDITURES	100.00%	\$ 1,555,998	\$ 1,741,618	\$ (185,620)	-10.7%

Area Agency on Aging - The expenditure summary shows a 10.7% decrease in expenditures from fiscal year 2024 to 2025. Expenditures exceeded revenues by \$408,507 during fiscal year 2025. The negative fund balance is due to a change in staff and some expenditures being paid before funds were received from the state. This issue has now been corrected.

HEALTH FUND

The Otero County Health Department (OCHD) is the statutorily required local public health agency serving both Crowley and Otero counties in rural Southeast Colorado. In addition to providing statutorily required public health services, OCHD serves many other counties regionally with "siloeed" program specific services. Fund balance for this fund increased by \$49,073 or 1.3%.

**Schedule of Revenues
(Health Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
TAXES				
Intergovernmental	\$ 2,689,066	\$ 2,564,830	\$ 124,236	4.8%
Charges for services.	105,218	96,272	8,946	9.3%
Miscellaneous	200,911	33,401	167,510	501.5%
TOTAL	\$ 2,995,195	\$ 2,694,503	\$ 300,692	11.2%

Intergovernmental - There was an increase of 4.8% or \$124,236 in revenues in fiscal year 2025 due to an increase in grant funding. This category includes federal, state and local sources. Intergovernmental revenue will fluctuate depending on the grants received each year.

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

**Schedule of Expenditures
(Health Fund)**

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
Public health & human services	100.0%	\$ 3,002,615	\$ 1,942,117	\$ 1,060,498	54.6%
TOTAL - EXPENDITURES	100.00%	\$ 3,002,615	\$ 1,942,117	\$ 1,060,498	54.6%

Health Fund - The expenditure summary shows a 54.6% increase in expenditures from fiscal year 2024 to 2025. Expenditures exceeded revenues by \$49,073 during fiscal year 2025.

CAPITAL PROJECT FUNDS

DETENTION CENTER FUND

The Detention Center Fund was established in 2022 to separate funds received from the sale of Certificates of Participation (COP's) to pay for the development of a detention center as well as Sheriff's administrative offices. In 2025, investment revenues of \$120,475 were reported as well as intergovernmental revenues of \$401,075. Expenditures of \$946,625 related to COP's principal and interest were reported in 2025, as well as capital outlay costs of \$4,130,952, leaving a fund balance of \$1,597,955. Construction of the Sheriff's administrative offices were completed in 2024, and construction of the detention center was completed in 2025.

**Schedule of Revenues
(Detention Center Fund)**

	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Intergovernmental	\$ 401,075	\$ 989,063	\$ (587,988)	-59.4%
Investment Earnings	120,475	651,705	(531,230)	-81.5%
Transfer in	-	3,500,000	(3,500,000)	-100.0%
TOTAL	\$ 521,550	\$ 5,140,768	\$ (4,619,218)	-89.9%

Otero County, Colorado
Management's Discussion and Analysis
December 31, 2025

**Schedule of Expenditures
(Detention Center Fund)**

	Percent of Total	Fiscal Year 2025	Fiscal Year 2024	Increase (Decrease)	Percent Change
Current:					
Public safety	7.8%	\$ 55,006	\$ 89,470	\$ (34,464)	100.0%
Capital outlay	80.3%	4,075,946	13,481,981	(9,406,035)	-69.8%
Debt service:					
Principal	34.9%	245,000	235,000	10,000	4.3%
Interest and fiscal charges	13.8%	701,625	713,375	(11,750)	-1.6%
TOTAL - EXPENDITURES	136.85%	\$ 5,077,577	\$ 14,519,826	\$ (9,442,249)	-65.0%

Expenditures in 2025 were mainly for certificates of participation principal and interest payments, as well as capital outlay.

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**Otero County, Colorado**  
Management's Discussion and Analysis  
December 31, 2025

**NON-MAJOR GOVERNMENTAL FUNDS**

Information for non-major governmental funds is aggregated and reported as other types of funds in the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the other supplemental information section of this financial report. Included in the County's non-major governmental funds are the Insurance Fund, Clerk Hire Fund, Conservation Trust Fund, General Human Services Fund, and the Otero County Land Trust Fund.

**Insurance Fund** resources are utilized to pay premiums for the County Casualty and Property Pool (CAPP) coverage, and any other costs associated with its liability and/or property program. A mill levy is used to develop the necessary resources needed to provide the appropriate levels of insurance coverage. The year-end fund balance increased to \$1,140,365 in fiscal year 2025. Premiums are based on a three-year average of claims incurred. The philosophy of the Board of County Commissioners is to allocate a portion of the mill levy at a level to provide funding for the premium. It is important to note that the deductible for the insurance fund is recognized in the difference from the claim amount submitted and the insurance recovery (\$1,500 for property and vehicles).

**Capital Improvement Fund** resources are utilized for more expensive projects or assets that the county might opt to purchase. In 2025, the fund balance increased \$449,603 to \$3,169,966. This fund was allocated 2.250 mills for fiscal year 2025. In 2025, the Capital Improvement Fund met the definition of a major fund.

**Clerk Hire Fund** provides staffing and supports for the Clerk and Recorder operations. Staff license motor vehicles, record documents, complete title transactions, etc. Its main financial resource is from the service fees charged through for the various transactions. A fiscal year 2025 year-end fund balance of \$648,412 reflects a decrease of \$17,560 over 2024. Changes in personnel staffing from year to year are used to maintain the fund balance at a viable number.

**Conservation Trust Fund** resources are used to develop/maintain recreational facilities or opportunities. The \$78,888 increase in fiscal year 2025 year-end fund balance is result of receiving more revenue than was expended leaving a fund balance of \$710,231.

**General Human Services Fund** encompasses service areas such as Single Entry Point (SEP) and Community Services Block Grant (CSBG) programs. A year-end fund balance of \$514,948 represents an increase of \$38,938 from fiscal year 2024. This increase in fund balance was primarily a result of receiving more revenue than was expended, as well as timing issues associated with the State's fiscal year in regard to expenditure & reimbursement.

**Otero County Land Trust Fund** (OCLT) provides support for the County's conservation easement program. The Fund Balance of \$68,036 represents an increase of \$2,066, which is the annual stewardship monitoring costs which is done on conservation easements in perpetuity.

**OTHER FUNDS**

Information for other funds is reported as other types of funds in the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the other

**Otero County, Colorado**  
Management's Discussion and Analysis  
December 31, 2025

supplemental information section of this financial report. Included in the County's other funds is the Contingent Fund. This fund is presented within the General Fund.

The Contingent Fund is used to provide resources for any financial contingencies that might arise. The year-end fund balance for the Contingent Fund is \$282,659, which remains unchanged from 2024.

#### **PROPRIETARY FUNDS**

The County's proprietary funds provide the same type of information found in the County-wide financial statements, but in more detail. Proprietary funds account for operations that are organized to be self-supporting through user charges. The County's proprietary funds consist of two internal services funds.

#### **COMPONENT UNITS**

The Small Business Development Revolving Loan Fund (SBDRLF) focuses on providing loans to small businesses. The financial activities of the SBDRLF are presented as a "discretely presented component unit" in the County's financial statements.

The 911 Otero County Emergency Telephone Service Authority Board was created for the purpose of providing 911 emergency phone services in Otero County. The financial activities of the E911 Authority are presented as a "discretely presented component unit" in the County's financial statements.

#### **INTERNAL SERVICES FUNDS**

Internal services funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. The County's internal services funds are used to account for a self-insured health benefit plan and a capital equipment acquisition program.

The County's Internal Services Fund is used as a resource base to purchase requested equipment (over \$1,000) for the various departments. Assets are purchased through the fund; amortized costs are then charged to each department as a "rental charge.". When an item needs replacement, adequate funds have been generated through the on-going rental fees to make a replacement purchase. Revenues totaled \$206,755 in fiscal year 2025. The overall year-end increase in net position was \$44,819.

The Medical Trust Fund is an internal service fund used to account for the County's self-insured health benefit program. Revenues to support the program originate from two primary sources:

1. Employee contributions toward the cost of the health benefit program premiums,
2. County contributions toward the cost of the health benefit program premiums.

Expenditures include claims, stop-loss premiums and plan administration for a health benefit program for employees and their families.

**Otero County, Colorado**  
Management's Discussion and Analysis  
December 31, 2025

In fiscal year 2025, the County expenditures exceeded revenues by \$359,169 leaving a net position of \$869,274. Based on actual claims for the last 6 months in fiscal year 2025, it was estimated that claims incurred but not reported (IBNR) would be about \$151,902. The final IBNR was calculated using historical claim payment patterns from April 1, 2021 to March 31, 2026 and includes a 10% IBNR margin.

The costs of health care continue to rise, and the County revised its schedule of benefits and premium rates to offset these increases.

***FIDUCIARY / AGENCY FUNDS***

A variety of accounts are maintained by the County Treasurer and County Clerk that are custodial in nature, i.e., taxing entity disbursements, etc. A total of \$3,675,454 in cash and investments was being held in custodial capacity at December 31, 2025.

**Otero County, Colorado**  
Management's Discussion and Analysis  
December 31, 2025

**MAJOR FUND BUDGETARY HIGHLIGHTS**

The original fiscal year 2025 budget that was adopted by the Board of County Commissioners on December 12, 2024, showed total appropriations of \$44,210,416. This amount includes \$8,673,179 in total General Fund appropriations. Budgeted expenditures in this fund are down \$2,037,930 from fiscal year 2024. The excess of revenues over expenditures for the General Fund in fiscal year 2025 was \$330,265. Expenditures in the General Fund budget in the financial statements also include the Contingency Fund of \$250,000. There is not a significant difference between the adopted budget and the final revised budget with regard to the functional distribution of expenditures.

With regard to the *major funds*, the variance of actual results compared to the final revised budget shows that the County overspent its fiscal year 2025 budget in the Social Services Fund by \$3,431,379 and the Health Fund by \$471,829. This was due to the federal and state share of EBT expenditures not being budgeted for in 2025.

A re-cap of the *non-major funds* indicates that the County under spent the fiscal year 2025 budget in these areas by \$658,098 for all non-major funds. The variance of actual results compared to the final revised budget shows that the County did not overspend its fiscal year 2025 budget for any non-major funds. The primary reason for this under-expenditure was substantial under spending of the Capital Improvement Fund of \$1,473,543 and General Human Services Fund of \$276,855.

**CAPITAL ASSETS**

The County's investment in capital assets for its governmental activities as of December 31, 2025, amounted to \$31,347,096 (net of accumulated depreciation of \$15,246,639). Capital assets include land, buildings, improvements, machinery, vehicles, equipment, and infrastructure currently acquired. Additional information concerning capital assets can be found in Note 4 to the financial statements.

**LONG-TERM OBLIGATIONS**

As of December 31, 2025, the County had long-term obligations outstanding of \$17,828,839, including amounts currently due of \$1,253,318. This includes compensated leave in the amount of \$1,619,925; a portion of closure/post-closure costs associated with the aforementioned OCLI solid waste landfill sites in the amount of \$1,404,033, Otero County portion; and face value for certificates of participation for the construction of a new detention center in the amount of \$14,165,000 plus \$421,557 for COP premiums. The reader should refer to Note 5 of the Notes to the Financial Statements for further information relative to long-term debt.

**COMPONENT UNITS**

Only summary information regarding component units appears in the County's financial statements. Currently, the only recognized component units are the Otero County Emergency Telephone Service Authority Board (E911) and the Small Business Development Revolving Loan Fund. The reader should refer to Note 1 of the Notes to the Financial Statements for further information relative to this "Discretely Presented Component Units."

**Otero County, Colorado**  
Management's Discussion and Analysis  
December 31, 2025

**FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS**

The FY2025 Budget continues to be impacted by the general economic conditions within the County therefore the County has again adopted a conservative approach to the budget. Otero County has not been immune from the economic hardships seen in other parts of Colorado as well as the United States. There is no doubt that the County has been impacted by the drought, however, Otero County saw some financial relief in 2025 with a slight increase in sales tax revenue. Furthermore, Otero County employees were conservative when utilizing the Medical Trust Fund and we were able to give a general increase of \$100/employee/month increase. Furthermore, continued efforts to acquire our local agricultural water resources for municipal use may have a serious impact on future tax revenue streams (change from productive ground to pasture/vacant land).

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the Otero County, Colorado's finances for all those with an interest in the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the County Administrator at 13 West Third Street, Suite 212, La Junta, Colorado, 81050. Telephone number is (719) 383-3000 / (719) 383-3090 (fax).

## **BASIC FINANCIAL STATEMENTS**

**OTERO COUNTY, COLORADO**

**STATEMENT OF NET POSITION**

December 31, 2025

|                                                   | GOVERNMENTAL<br>ACTIVITIES | COMPONENT UNITS     |                               |
|---------------------------------------------------|----------------------------|---------------------|-------------------------------|
|                                                   |                            | E-911<br>SERVICES   | SMALL BUSINESS<br>DEVELOPMENT |
| <b>ASSETS</b>                                     |                            |                     |                               |
| Cash and Investments                              | \$ 24,951,860              | \$ 1,182,666        | \$ 417,288                    |
| Accounts Receivable                               | 1,780,857                  | 57,704              | -                             |
| Taxes Receivable                                  | 4,385,777                  | -                   | -                             |
| Accrued Interest Receivable                       | 68,409                     | -                   | -                             |
| Loans Receivable, Net                             | -                          | -                   | 738,783                       |
| Prepaid Expenditures                              | 58,086                     | -                   | -                             |
| Due from Other Governments                        | 11,214                     | -                   | -                             |
| Inventory                                         | 248,411                    | -                   | -                             |
| Capital Assets, <i>Not Being Depreciated</i>      | 5,443,950                  | -                   | -                             |
| Capital Assets, <i>Not Being Depreciated, Net</i> | 25,903,146                 | 464,064             | -                             |
| <b>TOTAL ASSETS</b>                               | <b>62,851,710</b>          | <b>1,704,434</b>    | <b>1,156,071</b>              |
| <b>LIABILITIES</b>                                |                            |                     |                               |
| Accounts Payable                                  | 369,321                    | 9,112               | 106                           |
| Accrued Liabilities                               | 47,284                     | -                   | -                             |
| Claims Payable                                    | 151,902                    | -                   | -                             |
| Accrued Interest Payable                          | 85,984                     | -                   | -                             |
| Due to Other Governments                          | 85,658                     | -                   | -                             |
| Unearned Revenues                                 | 2,045,827                  | -                   | -                             |
| Deposits                                          | 98,841                     | -                   | -                             |
| Noncurrent Liabilities                            |                            |                     |                               |
| Due Within One Year                               | 1,253,318                  | 113,469             | -                             |
| Due in More Than One Year                         | 16,575,521                 | 360,181             | -                             |
| <b>TOTAL LIABILITIES</b>                          | <b>20,713,656</b>          | <b>482,762</b>      | <b>106</b>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>              |                            |                     |                               |
| Property Taxes                                    | 4,385,777                  | -                   | -                             |
| <b>NET POSITION</b>                               |                            |                     |                               |
| Net Investment in Capital Assets                  | 16,736,137                 | (9,586)             | -                             |
| Restricted for:                                   |                            |                     |                               |
| Emergencies                                       | 250,000                    | -                   | -                             |
| Roads and Bridges                                 | 1,432,331                  | -                   | -                             |
| Health and Welfare                                | 4,892,638                  | -                   | -                             |
| County Clerk                                      | 648,412                    | -                   | -                             |
| Conservation Trust                                | 710,231                    | -                   | -                             |
| Conservation Easements                            | 68,036                     | -                   | -                             |
| Unrestricted                                      | 13,014,492                 | 1,231,258           | 1,155,965                     |
| <b>TOTAL NET POSITION</b>                         | <b>\$ 37,752,277</b>       | <b>\$ 1,221,672</b> | <b>\$ 1,155,965</b>           |

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

**OTERO COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2025

|                                               |               | PROGRAM REVENUES        |                                          |                                        | NET (EXPENSE) REVENUE AND<br>CHANGE IN NET POSITION |                   |                               |
|-----------------------------------------------|---------------|-------------------------|------------------------------------------|----------------------------------------|-----------------------------------------------------|-------------------|-------------------------------|
| FUNCTIONS / PROGRAMS                          | EXPENSES      | CHARGES FOR<br>SERVICES | OPERATING<br>GRANTS AND<br>CONTRIBUTIONS | CAPITAL<br>GRANTS AND<br>CONTRIBUTIONS | PRIMARY                                             | COMPONENT UNITS   |                               |
|                                               |               |                         |                                          |                                        | GOVERNMENTAL<br>ACTIVITIES                          | E-911<br>SERVICES | SMALL BUSINESS<br>DEVELOPMENT |
| PRIMARY GOVERNMENT                            |               |                         |                                          |                                        |                                                     |                   |                               |
| Governmental Activities                       |               |                         |                                          |                                        |                                                     |                   |                               |
| General Government                            | \$ 5,000,457  | \$ 704,171              | \$ 585,210                               | \$ 365,914                             | \$ (3,345,162)                                      | \$ -              | \$ -                          |
| Public Safety                                 | 3,926,672     | 28,018                  | 218,477                                  | -                                      | (3,680,177)                                         | -                 | -                             |
| Public Works                                  | 4,101,267     | 105,218                 | 252,440                                  | -                                      | (3,743,609)                                         | -                 | -                             |
| Health and Welfare                            | 14,968,660    | 410,583                 | 13,002,610                               | -                                      | (1,555,467)                                         | -                 | -                             |
| Conservation                                  | 125,297       | -                       | -                                        | -                                      | (125,297)                                           | -                 | -                             |
| Culture and Recreation                        | 51,185        | -                       | 59,273                                   | -                                      | 8,088                                               | -                 | -                             |
| Interest on Long-Term Debt                    | 681,579       | -                       | -                                        | -                                      | (681,579)                                           | -                 | -                             |
| TOTAL PRIMARY GOVERNMENT                      | 28,855,117    | 1,247,990               | 14,118,010                               | 365,914                                | (13,123,203)                                        | -                 | -                             |
| COMPONENT UNITS                               |               |                         |                                          |                                        |                                                     |                   |                               |
| E-911 Services                                | 397,431       | 591,233                 | 12,864                                   | -                                      | -                                                   | 206,666           | -                             |
| Small Business Development                    | 56,362        | 33,908                  | 10,400                                   | 65,000                                 | -                                                   | -                 | 52,946                        |
| TOTAL COMPONENT UNITS                         | \$ 28,911,479 | \$ 1,281,898            | \$ 14,128,410                            | \$ 430,914                             | (13,123,203)                                        | 206,666           | 52,946                        |
| GENERAL REVENUES                              |               |                         |                                          |                                        |                                                     |                   |                               |
| Property Taxes                                |               |                         |                                          |                                        | 4,077,760                                           | -                 | -                             |
| Specific Ownership Taxes                      |               |                         |                                          |                                        | 754,744                                             | -                 | -                             |
| Payment-in-Lieu of Taxes                      |               |                         |                                          |                                        | 630,405                                             | -                 | -                             |
| Sales Tax                                     |               |                         |                                          |                                        | 2,757,005                                           | -                 | -                             |
| Highway User Tax                              |               |                         |                                          |                                        | 1,962,562                                           | -                 | -                             |
| Other Taxes                                   |               |                         |                                          |                                        | 3,241                                               | -                 | -                             |
| Investment Income                             |               |                         |                                          |                                        | 1,172,229                                           | 26,159            | -                             |
| Miscellaneous Revenue                         |               |                         |                                          |                                        | 1,131,708                                           | -                 | -                             |
| TOTAL GENERAL REVENUES                        |               |                         |                                          |                                        | 12,489,654                                          | 26,159            | -                             |
| CHANGE IN NET POSITION                        |               |                         |                                          |                                        | (633,549)                                           | 232,825           | 52,946                        |
| NET POSITION, Beginning, as Originally Stated |               |                         |                                          |                                        | 38,000,537                                          | 742,609           | 1,103,019                     |
| Restatement - Corrections of Errors           |               |                         |                                          |                                        | 385,289                                             | 246,238           | -                             |
| NET POSITION, Beginning, as Restated          |               |                         |                                          |                                        | 38,385,826                                          | 988,847           | 1,103,019                     |
| NET POSITION, Ending                          |               |                         |                                          |                                        | \$ 37,752,277                                       | \$ 1,221,672      | \$ 1,155,965                  |

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

**OTERO COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2025

|                                                                                        | <u>GENERAL</u>       | <u>ROAD AND<br/>BRIDGE</u> | <u>SOCIAL<br/>SERVICES</u> | <u>DETENTION<br/>CENTER</u> |
|----------------------------------------------------------------------------------------|----------------------|----------------------------|----------------------------|-----------------------------|
| <b>ASSETS</b>                                                                          |                      |                            |                            |                             |
| Cash and Investments                                                                   | \$ 8,503,683         | \$ 1,316,572               | \$ 1,296,058               | \$ 1,606,605                |
| Accounts Receivable                                                                    | 686,875              | 167,436                    | 414,165                    | -                           |
| Taxes Receivable                                                                       | 2,217,923            | 663,774                    | 643,192                    | -                           |
| Accrued Interest Receivable                                                            | 68,409               | -                          | -                          | -                           |
| Due from Other Governments                                                             | -                    | -                          | 11,214                     | -                           |
| Prepaid Expenditures                                                                   | -                    | -                          | -                          | -                           |
| Inventory                                                                              | -                    | 248,411                    | -                          | -                           |
| <b>TOTAL ASSETS</b>                                                                    | <b>\$ 11,476,890</b> | <b>\$ 2,396,193</b>        | <b>\$ 2,364,629</b>        | <b>\$ 1,606,605</b>         |
| <b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>               |                      |                            |                            |                             |
| <b>LIABILITIES</b>                                                                     |                      |                            |                            |                             |
| Accounts Payable                                                                       | \$ 127,588           | \$ 49,154                  | \$ 38,180                  | \$ 8,650                    |
| Due to Other Governments                                                               | 76,275               | -                          | 9,383                      | -                           |
| Accrued Liabilities                                                                    | 35,294               | 2,523                      | -                          | -                           |
| Deposits                                                                               | 98,841               | -                          | -                          | -                           |
| Unearned Revenues                                                                      | -                    | -                          | 1,162,668                  | -                           |
| <b>TOTAL LIABILITIES</b>                                                               | <b>337,998</b>       | <b>51,677</b>              | <b>1,210,231</b>           | <b>8,650</b>                |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                                   |                      |                            |                            |                             |
| Property Tax                                                                           | 2,217,923            | 663,774                    | 643,192                    | -                           |
| <b>FUND BALANCES</b>                                                                   |                      |                            |                            |                             |
| Nonspendable                                                                           | -                    | 248,411                    | -                          | -                           |
| Restricted for:                                                                        |                      |                            |                            |                             |
| Emergencies                                                                            | 250,000              | -                          | -                          | -                           |
| Roads and Bridges                                                                      | -                    | 1,432,331                  | -                          | -                           |
| Health and Welfare                                                                     | -                    | -                          | 511,206                    | -                           |
| County Clerk                                                                           | -                    | -                          | -                          | -                           |
| Conservation Trust                                                                     | -                    | -                          | -                          | -                           |
| Conservation Easements                                                                 | -                    | -                          | -                          | -                           |
| Capital Projects                                                                       | -                    | -                          | -                          | 1,597,955                   |
| Committed for:                                                                         |                      |                            |                            |                             |
| Capital Projects                                                                       | -                    | -                          | -                          | -                           |
| Insurance Premiums                                                                     | -                    | -                          | -                          | -                           |
| Unassigned                                                                             | 8,670,969            | -                          | -                          | -                           |
| <b>TOTAL FUND BALANCES</b>                                                             | <b>8,920,969</b>     | <b>1,680,742</b>           | <b>511,206</b>             | <b>1,597,955</b>            |
| <b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES, AND<br/>AND FUND BALANCES</b> | <b>\$ 11,476,890</b> | <b>\$ 2,396,193</b>        | <b>\$ 2,364,629</b>        | <b>\$ 1,606,605</b>         |

| AAA<br>SERVICES   | HEALTH              | CAPITAL<br>IMPROVEMENT<br>FUND | NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL                |
|-------------------|---------------------|--------------------------------|-----------------------------------|----------------------|
| \$ 45,528         | \$ 3,644,619        | \$ 3,163,424                   | \$ 3,450,218                      | \$ 23,026,707        |
| 99,540            | 284,655             | 6,542                          | 106,642                           | 1,765,855            |
| -                 | -                   | 445,287                        | 415,601                           | 4,385,777            |
| -                 | -                   | -                              | -                                 | 68,409               |
| -                 | -                   | -                              | -                                 | 11,214               |
| -                 | 58,086              | -                              | -                                 | 58,086               |
| -                 | -                   | -                              | -                                 | 248,411              |
| <u>\$ 145,068</u> | <u>\$ 3,987,360</u> | <u>\$ 3,615,253</u>            | <u>\$ 3,972,461</u>               | <u>\$ 29,564,459</u> |
| \$ 82,970         | \$ 34,882           | \$ -                           | \$ 27,897                         | \$ 369,321           |
| -                 | -                   | -                              | -                                 | 85,658               |
| -                 | 3,878               | -                              | 203                               | 41,898               |
| -                 | -                   | -                              | -                                 | 98,841               |
| 412,361           | 24,030              | -                              | 446,768                           | 2,045,827            |
| <u>495,331</u>    | <u>62,790</u>       | <u>-</u>                       | <u>474,868</u>                    | <u>2,641,545</u>     |
| -                 | -                   | 445,287                        | 415,601                           | 4,385,777            |
| -                 | 58,086              | -                              | -                                 | 306,497              |
| -                 | -                   | -                              | -                                 | 250,000              |
| -                 | -                   | -                              | -                                 | 1,432,331            |
| -                 | 3,866,484           | -                              | 514,948                           | 4,892,638            |
| -                 | -                   | -                              | 648,412                           | 648,412              |
| -                 | -                   | -                              | 710,231                           | 710,231              |
| -                 | -                   | -                              | 68,036                            | 68,036               |
| -                 | -                   | -                              | -                                 | 1,597,955            |
| -                 | -                   | 3,169,966                      | -                                 | 3,169,966            |
| -                 | -                   | -                              | 1,140,365                         | 1,140,365            |
| (350,263)         | -                   | -                              | -                                 | 8,320,706            |
| <u>(350,263)</u>  | <u>3,924,570</u>    | <u>3,169,966</u>               | <u>3,081,992</u>                  | <u>22,537,137</u>    |
| <u>\$ 145,068</u> | <u>\$ 3,987,360</u> | <u>3,615,253</u>               | <u>\$ 3,972,461</u>               | <u>\$ 29,564,459</u> |

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

**OTERO COUNTY, COLORADO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

|                                                                                                                                                                                                                                                                                                        |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Total Fund Balances of Governmental Funds                                                                                                                                                                                                                                                              | \$ 22,537,137        |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.                                                                                                                                                                     | 31,347,096           |
| Internal service funds are used by management to charge the costs of operation and maintenance of the vehicle fleet and employee insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position. | 1,782,867            |
| Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:                                                                                                                                                            |                      |
| Long-term Debt Payable                                                                                                                                                                                                                                                                                 | (14,586,557)         |
| Accrued Compensated Absences                                                                                                                                                                                                                                                                           | (1,619,925)          |
| Accrued Interest Payable                                                                                                                                                                                                                                                                               | (85,984)             |
| Lease Payable                                                                                                                                                                                                                                                                                          | (63,270)             |
| SBITA Payable                                                                                                                                                                                                                                                                                          | (155,054)            |
| Landfill Closure and Post-Closure                                                                                                                                                                                                                                                                      | <u>(1,404,033)</u>   |
| Total Net Position of Governmental Activities                                                                                                                                                                                                                                                          | <u>\$ 37,752,277</u> |

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

|                                                  | GENERAL             | ROAD AND<br>BRIDGE  | SOCIAL<br>SERVICES | DETENTION<br>CENTER |
|--------------------------------------------------|---------------------|---------------------|--------------------|---------------------|
| REVENUES                                         |                     |                     |                    |                     |
| Taxes                                            | \$ 5,178,180        | \$ 735,002          | \$ 726,327         | \$ -                |
| Licenses and Permits                             | 460,961             | -                   | -                  | -                   |
| Intergovernmental                                | 1,358,171           | 2,003,322           | 7,446,162          | 401,075             |
| Charges for Services                             | 468,216             | 4,570               | -                  | -                   |
| Fines and Forfeitures                            | 3,973               | -                   | -                  | -                   |
| Investment Income                                | 954,816             | -                   | -                  | 120,475             |
| Miscellaneous                                    | 354,810             | 56                  | -                  | -                   |
|                                                  | <u>8,779,127</u>    | <u>2,742,950</u>    | <u>8,172,489</u>   | <u>521,550</u>      |
| TOTAL REVENUES                                   |                     |                     |                    |                     |
| EXPENDITURES                                     |                     |                     |                    |                     |
| General Government                               | 3,831,544           | -                   | -                  | -                   |
| Public Safety                                    | 3,377,848           | -                   | -                  | 55,006              |
| Public Works                                     | 616,229             | 2,814,418           | -                  | -                   |
| Health and Welfare                               | 83,074              | -                   | 8,385,054          | -                   |
| Culture and Recreation                           | 35,613              | -                   | -                  | -                   |
| Conservation                                     | 118,425             | -                   | -                  | -                   |
| Capital Outlay                                   | 298,554             | 468,977             | -                  | 4,075,946           |
| Debt Service                                     |                     |                     |                    |                     |
| Principal                                        | 80,230              | -                   | -                  | 245,000             |
| Interest and Fees                                | 7,345               | -                   | -                  | 701,625             |
|                                                  | <u>8,448,862</u>    | <u>3,283,395</u>    | <u>8,385,054</u>   | <u>5,077,577</u>    |
| TOTAL EXPENDITURES                               |                     |                     |                    |                     |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES  | <u>330,265</u>      | <u>(540,445)</u>    | <u>(212,565)</u>   | <u>(4,556,027)</u>  |
| OTHER FINANCING SOURCES (USES)                   |                     |                     |                    |                     |
| Proceeds from Sale of Capital Assets             | -                   | 9,644               | -                  | -                   |
| Lease Proceeds                                   | 108,270             | -                   | -                  | -                   |
| SBITA Proceeds                                   | 190,284             | -                   | -                  | -                   |
| Insurance Recoveries                             | -                   | -                   | -                  | -                   |
| Transfers In                                     | -                   | -                   | -                  | -                   |
| Transfers Out                                    | (56,493)            | -                   | -                  | -                   |
|                                                  | <u>242,061</u>      | <u>9,644</u>        | <u>-</u>           | <u>-</u>            |
| TOTAL OTHER FINANCING<br>SOURCES (USES)          |                     |                     |                    |                     |
| CHANGES IN FUND BALANCES                         | 572,326             | (530,801)           | (212,565)          | (4,556,027)         |
| FUND BALANCE, Beginning,<br>as Originally Stated | 8,348,643           | 2,211,543           | 723,771            | 6,153,982           |
| Reclassification from Nonmajor to Major          | -                   | -                   | -                  | -                   |
| Restatement - Correction of an Error             | -                   | -                   | -                  | -                   |
|                                                  | <u>8,348,643</u>    | <u>2,211,543</u>    | <u>723,771</u>     | <u>6,153,982</u>    |
| FUND BALANCES, Beginning, as Restated            |                     |                     |                    |                     |
| FUND BALANCES, Ending                            | <u>\$ 8,920,969</u> | <u>\$ 1,680,742</u> | <u>\$ 511,206</u>  | <u>\$ 1,597,955</u> |

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

| AAA<br>SERVICES     | HEALTH              | CAPITAL<br>IMPROVEMENT<br>FUND | NONMAJOR<br>GOVERNMENTAL<br>FUNDS | TOTAL                |
|---------------------|---------------------|--------------------------------|-----------------------------------|----------------------|
| \$ -                | \$ -                | \$ 493,060                     | \$ 460,181                        | \$ 7,592,750         |
| -                   | -                   | -                              | -                                 | 460,961              |
| 1,146,456           | 2,689,066           | -                              | 1,780,664                         | 16,824,916           |
| -                   | 105,218             | -                              | 209,622                           | 787,626              |
| -                   | -                   | -                              | -                                 | 3,973                |
| -                   | -                   | -                              | 59,230                            | 1,134,521            |
| 1,035               | 200,911             | -                              | 255,392                           | 812,204              |
| <u>1,147,491</u>    | <u>2,995,195</u>    | <u>493,060</u>                 | <u>2,765,089</u>                  | <u>27,616,951</u>    |
| -                   | -                   | 43,457                         | 807,054                           | 4,682,055            |
| -                   | -                   | -                              | 3,131                             | 3,435,985            |
| -                   | -                   | -                              | 35,863                            | 3,466,510            |
| 1,555,998           | 3,002,615           | -                              | 1,682,718                         | 14,709,459           |
| -                   | -                   | -                              | 12,369                            | 47,982               |
| -                   | -                   | -                              | -                                 | 118,425              |
| -                   | -                   | -                              | 203,350                           | 5,046,827            |
| -                   | -                   | -                              | -                                 | 325,230              |
| -                   | -                   | -                              | -                                 | 708,970              |
| <u>1,555,998</u>    | <u>3,002,615</u>    | <u>43,457</u>                  | <u>2,744,485</u>                  | <u>32,541,443</u>    |
| <u>(408,507)</u>    | <u>(7,420)</u>      | <u>449,603</u>                 | <u>20,604</u>                     | <u>(4,924,492)</u>   |
| -                   | -                   | -                              | -                                 | 9,644                |
| -                   | -                   | -                              | -                                 | 108,270              |
| -                   | -                   | -                              | -                                 | 190,284              |
| -                   | -                   | -                              | 595,581                           | 595,581              |
| -                   | 56,493              | -                              | -                                 | 56,493               |
| -                   | -                   | -                              | -                                 | (56,493)             |
| <u>-</u>            | <u>56,493</u>       | <u>-</u>                       | <u>595,581</u>                    | <u>903,779</u>       |
| (408,507)           | 49,073              | 449,603                        | 616,185                           | (4,020,713)          |
| (327,045)           | 3,875,497           | -                              | 5,186,170                         | 26,172,561           |
| -                   | -                   | 2,720,363                      | (2,720,363)                       | -                    |
| 385,289             | -                   | -                              | -                                 | 385,289              |
| <u>58,244</u>       | <u>3,875,497</u>    | <u>2,720,363</u>               | <u>2,465,807</u>                  | <u>26,557,850</u>    |
| <u>\$ (350,263)</u> | <u>\$ 3,924,570</u> | <u>\$ 3,169,966</u>            | <u>\$ 3,081,992</u>               | <u>\$ 22,537,137</u> |

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

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

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE  
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

|                                                   |                |
|---------------------------------------------------|----------------|
| Net Change in Fund Balances of Governmental Funds | \$ (4,020,713) |
|---------------------------------------------------|----------------|

Governmental funds report capital outlays and leases as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:

|                                       |             |
|---------------------------------------|-------------|
| Depreciation and Amortization Expense | (1,165,700) |
| Capital Outlay                        | 5,046,837   |
| Loss on Disposal                      | (31,594)    |

|                                                                                                                                                                                                                                                             |           |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|
| Internal services funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet and employee insurance to individual funds are reported in the government-wide statement of activities as governmental activities. | (162,555) |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------|

Proceeds from borrowing increase the financial resources of the governmental funds but are not revenues to the government-wide financial statements.

|                |           |
|----------------|-----------|
| Lease Proceeds | (108,270) |
| SBITA Proceeds | (190,284) |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

This includes the changes in the following:

|                                              |           |
|----------------------------------------------|-----------|
| Principal Payments on COPs, Lease, and SBITA | 325,230   |
| Long-Term Debt Premium                       | 25,859    |
| Accrued Compensated Absences                 | (202,999) |
| Landfill Closure and Post-Closure            | (150,892) |
| Accrued Interest                             | 1,532     |

|                                                   |                     |
|---------------------------------------------------|---------------------|
| Change in Net Position of Governmental Activities | \$ <u>(633,549)</u> |
|---------------------------------------------------|---------------------|

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

|                                                   | GOVERNMENTAL ACTIVITIES |                   |                     |
|---------------------------------------------------|-------------------------|-------------------|---------------------|
|                                                   | INTERNAL SERVICE FUNDS  |                   |                     |
|                                                   | INTERNAL<br>SERVICES    | MEDICAL<br>TRUST  | TOTAL               |
| ASSETS                                            |                         |                   |                     |
| Cash and Investments                              | \$ 913,593              | \$ 1,011,560      | \$ 1,925,153        |
| Accounts Receivable                               | -                       | 15,002            | 15,002              |
| Capital Assets, <i>Not Being Depreciated, Net</i> | 269,569                 | -                 | 269,569             |
| <b>TOTAL ASSETS</b>                               | <b>1,183,162</b>        | <b>1,026,562</b>  | <b>2,209,724</b>    |
| LIABILITIES                                       |                         |                   |                     |
| Claims Payable                                    | -                       | 151,902           | 151,902             |
| Accrued Liabilities                               | -                       | 5,386             | 5,386               |
| <b>TOTAL LIABILITIES</b>                          | <b>-</b>                | <b>157,288</b>    | <b>157,288</b>      |
| NET POSITION                                      |                         |                   |                     |
| Net Investment in Capital Assets                  | 269,569                 | -                 | 269,569             |
| Unrestricted                                      | 913,593                 | 869,274           | 1,782,867           |
| <b>TOTAL NET POSITION</b>                         | <b>\$ 1,183,162</b>     | <b>\$ 869,274</b> | <b>\$ 2,052,436</b> |

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

|                                  | GOVERNMENTAL ACTIVITIES |                  |              |
|----------------------------------|-------------------------|------------------|--------------|
|                                  | INTERNAL SERVICE FUNDS  |                  |              |
|                                  | INTERNAL<br>SERVICES    | MEDICAL<br>TRUST | TOTAL        |
| OPERATING REVENUES               |                         |                  |              |
| Charges for Services             | \$ 206,755              | \$ 2,583,245     | \$ 2,790,000 |
| OPERATING EXPENSES               |                         |                  |              |
| Administration Fees              | -                       | 954,394          | 954,394      |
| Operating Supplies               | 53,974                  | -                | 53,974       |
| Claims                           | -                       | 1,988,020        | 1,988,020    |
| Depreciation                     | 114,087                 | -                | 114,087      |
| TOTAL OPERATING EXPENSES         | 168,061                 | 2,942,414        | 3,110,475    |
| NET OPERATING INCOME (LOSS)      | 38,694                  | (359,169)        | (320,475)    |
| NONOPERATING REVENUES            |                         |                  |              |
| Investment Income                | -                       | 37,708           | 37,708       |
| Gain from Sale of Capital Assets | 6,125                   | -                | 6,125        |
| TOTAL NONOPERATING REVENUES      | 6,125                   | 37,708           | 43,833       |
| CHANGE IN NET POSITION           | 44,819                  | (321,461)        | (276,642)    |
| NET POSITION, Beginning          | 1,138,343               | 1,190,735        | 2,329,078    |
| NET POSITION, Ending             | \$ 1,183,162            | \$ 869,274       | \$ 2,052,436 |

**OTERO COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
Year Ended December 31, 2025

|                                                                                                          | GOVERNMENTAL ACTIVITIES |                  |              |
|----------------------------------------------------------------------------------------------------------|-------------------------|------------------|--------------|
|                                                                                                          | INTERNAL SERVICE FUNDS  |                  |              |
|                                                                                                          | INTERNAL<br>SERVICES    | MEDICAL<br>TRUST | TOTAL        |
| CASH FLOWS FROM OPERATING ACTIVITIES                                                                     |                         |                  |              |
| Cash Received from Customers                                                                             | \$ 206,755              | \$ 2,591,275     | \$ 2,798,030 |
| Cash Payments to Vendors and Suppliers                                                                   | (53,974)                | (2,906,773)      | (2,960,747)  |
| NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES                                                      | 152,781                 | (315,498)        | (162,717)    |
| CASH FLOWS FROM CAPITAL AND<br>RELATED FINANCING ACTIVITIES                                              |                         |                  |              |
| Proceeds from Sale of Capital Assets                                                                     | 6,125                   | -                | 6,125        |
| Purchase of Capital Assets                                                                               | (121,658)               | -                | (121,658)    |
| NET CASH PROVIDED (USED) BY CAPITAL AND<br>RELATED FINANCING ACTIVITIES                                  | (115,533)               | -                | (115,533)    |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                                     |                         |                  |              |
| Investment Income                                                                                        | -                       | 37,708           | 37,708       |
| NET INCREASE (DECREASE) IN<br>CASH AND CASH EQUIVALENTS                                                  | 37,248                  | (277,790)        | (240,542)    |
| CASH AND CASH EQUIVALENTS, Beginning                                                                     | 876,345                 | 1,289,350        | 2,165,695    |
| CASH AND CASH EQUIVALENTS, Ending                                                                        | \$ 913,593              | \$ 1,011,560     | \$ 1,925,153 |
| RECONCILIATION OF OPERATING INCOME (LOSS) TO<br>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:        |                         |                  |              |
| Net Operating Income (Loss)                                                                              | \$ 38,694               | \$ (359,169)     | \$ (320,475) |
| Adjustments to reconcile operating income (loss) to<br>net cash provided (used) by operating activities: |                         |                  |              |
| Depreciation                                                                                             | 114,087                 | -                | 114,087      |
| Changes in Assets and Liabilities:                                                                       |                         |                  |              |
| Accounts Receivable                                                                                      | -                       | 8,030            | 8,030        |
| Accounts Payable                                                                                         | -                       | 32,876           | 32,876       |
| Accrued Liabilities                                                                                      | -                       | 2,765            | 2,765        |
| Total Adjustments                                                                                        | 114,087                 | 43,671           | 157,758      |
| NET CASH PROVIDED (USED) BY<br>OPERATING ACTIVITIES                                                      | \$ 152,781              | \$ (315,498)     | \$ (162,717) |

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

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

|                                                                     | CUSTODIAL FUNDS |                       | TOTAL              |
|---------------------------------------------------------------------|-----------------|-----------------------|--------------------|
|                                                                     | TREASURER       | CLERK AND<br>RECORDER | FIDUCIARY<br>FUNDS |
| ASSETS                                                              |                 |                       |                    |
| Cash and Cash Equivalents                                           | \$ 3,172,220    | \$ 503,234            | \$ 3,675,454       |
| LIABILITIES                                                         |                 |                       |                    |
| Due To Other Governments                                            | 315,943         | 503,234               | 819,177            |
| NET POSITION                                                        |                 |                       |                    |
| Restricted for Individuals, Organizations,<br>and Other Governments | 2,856,277       | -                     | 2,856,277          |
| TOTAL NET POSITION                                                  | \$ 2,856,277    | \$ -                  | \$ 2,856,277       |

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

|                                                   | CUSTODIAL FUNDS |                       | TOTAL              |
|---------------------------------------------------|-----------------|-----------------------|--------------------|
|                                                   | TREASURER       | CLERK AND<br>RECORDER | FIDUCIARY<br>FUNDS |
| ADDITIONS                                         |                 |                       |                    |
| Taxes and Fees Collected<br>for Other Governments | \$ 14,601,549   | \$ 10,589,125         | \$ 25,190,674      |
| DEDUCTIONS                                        |                 |                       |                    |
| Taxes and Fees Disbursed<br>to Other Governments  | 11,814,599      | 10,589,125            | 22,403,724         |
| CHANGES IN NET POSITION                           | 2,786,950       | -                     | 2,786,950          |
| NET POSITION, Beginning                           | 69,327          | -                     | 69,327             |
| NET POSITION, Ending                              | \$ 2,856,277    | \$ -                  | \$ 2,856,277       |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 1: Summary of Significant Accounting Policies**

Otero County (the County) was created by an act of legislature in 1889 and is governed by applicable Colorado Statutes. The County is managed by three Commissioners and provides the following services: public safety, road and bridges, health and social services, culture and recreation, public improvements, planning and zoning, tax and license assessments and collections, and general administrative services.

The accounting policies of the County conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the County's significant policies.

**Reporting Entity**

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

*Discretely Presented Component Units*

*The County Emergency Telephone Service Authority Board* - The Otero County Emergency Telephone Service Authority Board (the 911 Authority) was created for the purpose of providing emergency phone services for the County. All governmental entities of the County agreed to participate through an intergovernmental agreement. The County Commissioners have the power of appointment over the 911 Authority's Board of Directors and deemed to have oversight responsibility over the 911 Authority. The Authority is presented as a discretely presented component unit. The 911 Authority does not issue separate financial statements.

*Otero Partners, Inc. aka Small Business Development Fund* (the Organization) is an organization created for the purpose of establishing a revolving loan fund, which focuses on providing loans to small businesses and offering technical assistance through the local Small Business Development Center. This entity was formed by intergovernmental agreement with the County, Town of Fowler, Town of Manzanola, City of Rocky Ford, Town of Swink, City of La Junta, and Town of Cheraw. The Organization is a not-for-profit corporation under the Internal Revenue Code. Each of the participants appoints one board member to the governing body. The County has determined that this Organization should be included in the reporting entity, because its exclusion would render the financial statements misleading. The Organization does not issued separate financial statements.

*Joint Venture*

*Otero County Landfill, Inc.* - Otero County is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the County is responsible for contribution to operate and administer the three landfill sites, including the costs related to the closure and post-closure of each site. See Note 6 for the County's share of those estimated costs as of December 31, 2025. An annual audited financial report may be obtained from the administrative offices of the County.

*Related Organizations*

*Otero County Housing Authority* - The Otero County Housing Authority (The Authority) is governed by a five-member board appointed by the County's Board of County Commissioners. The Authority provides housing to certain qualified residents and is principally funded through federal grants and rental charges. Because the appointments are administrative in nature and control over the organization is at the federal government level, the Authority is treated as a related organization of the County rather than a component unit.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

**Government-wide and Fund Financial Statements**

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

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

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

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

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

The *Road and Bridge Fund* is used to account for the operations of the County Road Department. Financing is provided by transfers, state contributions and other miscellaneous revenues.

The *Social Services Fund* is used to account for federal, state, and local revenues to be used to provide welfare services to eligible individuals within the County.

The *Detention Center Fund* is used to account for construction and debt financing of the County's detention center facility.

The *AAA Services Fund* is used to account for federal, state, and local revenues to account for the provision of long-term care services to meet the needs of older individuals and their family caregivers within the County.

The *Health Fund* is used to account for programs that include public health nursing, immunizations, Women, Infant, and Children (WIC), environmental services, anti-smoking campaign, and emergency mitigation and response.

The *Capital Improvement Fund* is used to account for significant projects that include capital improvements related to the County's facilities and assets.

Additionally, the County reports the following fund type:

The *Internal Service Funds* are used to account for asset purchases exceeding \$1,000 for departmental use and health insurance benefits provided to other departments or agencies of the government. Internal service funds predominantly serve governmental funds.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

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

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

When both restricted and unrestricted resources are available for a specific use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position**

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

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

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

*Prepaid Expenses* – Certain payments to vendors reflect costs applicable to future years, and are reported as prepaid expenses.

*Inventories* – Inventory is valued at cost using the first-in first-out (FIFO) method and consists of expendable supplies held for consumption. Inventory is recorded as an expenditure / expense when consumed rather than when purchased.

*Capital Assets* – Capital assets include property, equipment, and infrastructure. These are reported in the applicable governmental activities and discretely presented component units columns in the government-wide financial statements. They are also reported in the proprietary funds in the fund financial statements.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. In addition, assets purchased for departmental use with a minimum cost of \$1,000 are purchased by the Internal Services Fund and billed to the departments quarterly for their use. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

|                         |               |
|-------------------------|---------------|
| Buildings               | 20 – 75 years |
| Building Improvements   | 20 years      |
| Infrastructure          | 25 years      |
| Vehicles                | 5 - 20 years  |
| Computers and Equipment | 3 - 10 years  |

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

*Long-Term Debt* – In the government-wide financial statements, long-term debt and other long-term obligations, including financed purchases, are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

*Compensated Absences* – Personnel accrue vacation leave based on the number years employed with the County up to a maximum carryover of 120 hours (15 days). Unused accumulated vacation leave benefits are paid upon separation/termination at their current pay rate. Sick leave is accumulated at a rate of six hours per month up to a maximum of 1,120 hours. Employees with over ten years of service receive 25% payment for any unused sick leave at the date of separation. Employees with less than ten years of service forfeit any accrued sick leave. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

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

*Net Position/Fund Balances* – In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the County imposes on itself by action of the Board of County Commissioners through ordinances.

Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. Commitments may be established, modified, or rescinded only through ordinances approved by the Board of County Commissioners. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

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

**Property Taxes**

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

**NOTE 2: Cash and Investments**

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

|              |                             |
|--------------|-----------------------------|
| Cash on Hand | \$ 1,540                    |
| Deposits     | 12,868,366                  |
| Investments  | <u>17,357,362</u>           |
| Total        | <u><u>\$ 30,227,268</u></u> |

Cash and cash equivalents are reported in the financial statements as follows:

|                                       |                             |
|---------------------------------------|-----------------------------|
| Governmental Activities               | \$ 24,951,860               |
| Fiduciary Funds                       | 3,675,454                   |
| Discretely Presented Component Units: |                             |
| E911                                  | 1,182,666                   |
| Small Business Development            | <u>417,288</u>              |
| Total                                 | <u><u>\$ 30,227,268</u></u> |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 2: Cash and Investments (Continued)**

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the County had bank deposits of \$11,978,672 collateralized with securities held by the financial institution's agent but not in the County's name.

**Investments**

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

- Obligations of the United States and certain U.S. Agency securities
- General obligation and revenue bonds of U.S. local government entities
- Certificates of deposit
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Local government investment pools, including Colorado Local Government Liquid Asset Trust (ColoTrust) and the Colorado Surplus Asset Fund Trust (CSAFE).

County's investment policy allows allocation of investments as follows:

| <u>Investment Type</u>                                                      | <u>Maximum %<br/>of Portfolio</u> |
|-----------------------------------------------------------------------------|-----------------------------------|
| U.S. Treasury Obligations                                                   | 100%                              |
| U.S. Government Operated Agency                                             | 75%                               |
| Bankers' Acceptances                                                        | 25%                               |
| Commercial Paper                                                            | 25%                               |
| Certificates of Deposit                                                     | 70%                               |
| Deposit Notes of Financial Institutions                                     | 10%                               |
| Repurchase Agreements                                                       | 10%                               |
| Bonds of the State and local governments in the State of Colorado           | 20%                               |
| Bonds of other states or local governments in other states                  | 10%                               |
| Otero County securities, certificates of participation or lease obligations | 10%                               |
| Investment Pools                                                            | 100%                              |
| Mutual Funds of U.S. Government Securities                                  | 25%                               |
| Mutual Funds of State and/or Local Government                               | 25%                               |

At December 31, 2025, the County's investments are reported as follows:

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 2: Cash and Investments (Continued)**

**Investments (Continued)**

| Investment Type                      | NSRO<br>Rating | Fair Value           | Maturity              |                     | % of<br>Investments | Fair Value<br>Hierarchy |
|--------------------------------------|----------------|----------------------|-----------------------|---------------------|---------------------|-------------------------|
|                                      |                |                      | Less Than<br>One Year | 1-5 Years           |                     |                         |
| Local Government Pools               | AAAm           | \$ 11,291,651        | \$ 11,291,651         | \$ -                | 65%                 | NAV                     |
| Certificates of Deposit (Negotiable) | N/A            | 6,065,711            | 2,132,376             | 3,933,335           | 35%                 | 2                       |
| Total Investments                    |                | <u>\$ 17,357,362</u> | <u>\$ 13,424,027</u>  | <u>\$ 3,933,335</u> | <u>100%</u>         |                         |

*Local Government Investment Pool* - At December 31, 2025, the County had \$11,291,651 invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust). The Pool is investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pool. Colotrust Plus+ operates similarly to a money market fund in conformity with the Securities and Exchange Commission's Rule 2a-7. Colotrust Plus+ reports its underlying investments at fair value. Colotrust Plus+ is measured using the net asset value method, with each share valued at \$1. Colotrust Plus+ is rated AAAm by Standard and Poor's. Investments of Colotrust Plus+ are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments. There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

*Fair Value Measurements* - At December 31, 2025, the County's investments in the local government investment pool were reported at the net asset value per share. Negotiable/nonparticipating certificates of deposit are reported as investments at fair value at Level 2 of the fair value hierarchy.

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

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

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

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

*Interest Rate Risk* - State statutes and investment policy limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years. Certificates of deposits were less than five years.

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

*Concentration of Credit Risk* - State statutes do not limit the amount the County may invest in a single issuer of investment securities, except for corporate securities. However, the County's investment policy limits investments in a single issuer of investment securities to the following categories. At December 31, 2025, the County complies the concentration of credit risk based on the investment policy.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 2: Cash and Investments (Continued)**

**Investments (Continued)**

*Custodial Credit Risk* – At December 31, 2025, the County’s investments in Brokered Certificates of Deposit were held by the counterparty (broker), but not in the County’s name.

**NOTE 3: Transfers**

During the year ended December 31, 2025, the General Fund subsidized the Health Fund in the amount of \$56,493.

**NOTE 4: Capital Assets**

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

|                                              | Balance<br>12/31/2024 | Additions            | Deletions              | Balance<br>12/31/2025 |
|----------------------------------------------|-----------------------|----------------------|------------------------|-----------------------|
| <b>Governmental Activities</b>               |                       |                      |                        |                       |
| Capital Assets, Not Being Depreciated:       |                       |                      |                        |                       |
| Land                                         | \$ 434,954            | \$ -                 | \$ -                   | \$ 434,954            |
| Easements                                    | 5,008,996             | -                    | -                      | 5,008,996             |
| Construction in Progress                     | 13,624,048            | 4,075,956            | (17,700,004)           | -                     |
| Total Capital Assets, Not Being Depreciated  | <u>19,067,998</u>     | <u>4,075,956</u>     | <u>(17,700,004)</u>    | <u>5,443,950</u>      |
| Capital Assets, Being Depreciated:           |                       |                      |                        |                       |
| Buildings and Improvements                   | 8,224,588             | 17,700,004           | (96,108)               | 25,828,484            |
| Infrastructure                               | 4,954,484             | -                    | -                      | 4,954,484             |
| Equipment                                    | 9,477,999             | 793,985              | (203,721)              | 10,068,263            |
| Right-to-Use Lease                           | -                     | 108,270              | -                      | 108,270               |
| Right-to-Use SBITA                           | -                     | 190,284              | -                      | 190,284               |
| Total Capital Assets, Being Depreciated:     | <u>22,657,071</u>     | <u>18,792,543</u>    | <u>(299,829)</u>       | <u>41,149,785</u>     |
| Less Accumulated Depreciation:               |                       |                      |                        |                       |
| Buildings and Improvements                   | (4,141,570)           | (574,308)            | 67,436                 | (4,648,442)           |
| Infrastructure                               | (3,293,542)           | (173,639)            | -                      | (3,467,181)           |
| Equipment                                    | (6,914,062)           | (366,162)            | 200,799                | (7,079,425)           |
| Right-to-Use Lease                           | -                     | (13,534)             | -                      | (13,534)              |
| Right-to-Use SBITA                           | -                     | (38,057)             | -                      | (38,057)              |
| Total Accumulated Depreciation               | <u>(14,349,174)</u>   | <u>(1,165,700)</u>   | <u>268,235</u>         | <u>(15,246,639)</u>   |
| Total Capital Assets, Being Depreciated, Net | <u>8,307,897</u>      | <u>17,626,843</u>    | <u>(31,594)</u>        | <u>25,903,146</u>     |
| Capital Assets, Governmental Activities, Net | <u>\$ 27,375,895</u>  | <u>\$ 21,702,799</u> | <u>\$ (17,731,598)</u> | <u>\$ 31,347,096</u>  |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 4: Capital Assets (Continued)**

Depreciation expense is allocated to the following programs:

|                         |                     |
|-------------------------|---------------------|
| General Government      | \$ 274,244          |
| Public Safety           | 440,423             |
| Public Works            | 408,328             |
| Public Health & Welfare | 39,877              |
| Culture & Recreation    | <u>2,828</u>        |
| Total                   | <u>\$ 1,165,700</u> |

Component Unit capital asset activity for the year ended December 31, 2025, is summarized below:

|                                           | Restated<br>Balance<br>12/31/2024 | Additions           | Deletions   | Balance<br>12/31/2025 |
|-------------------------------------------|-----------------------------------|---------------------|-------------|-----------------------|
| <b>Component Unit</b>                     |                                   |                     |             |                       |
| Capital Assets, Being Depreciated:        |                                   |                     |             |                       |
| Equipment                                 | <u>\$ 1,327,238</u>               | <u>-</u>            | <u>-</u>    | <u>\$ 1,327,238</u>   |
| Less Accumulated Depreciation:            |                                   |                     |             |                       |
| Equipment                                 | <u>(749,526)</u>                  | <u>(113,648)</u>    | <u>-</u>    | <u>(863,174)</u>      |
| Total Capital Assets, Component Unit, Net | <u>\$ 577,712</u>                 | <u>\$ (113,648)</u> | <u>\$ -</u> | <u>\$ 464,064</u>     |

**NOTE 5: Long-Term Debt**

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

|                                                 | Balance<br>12/31/2024 | Additions         | Reductions        | Balance<br>12/31/2025 | Due Within<br>One Year |
|-------------------------------------------------|-----------------------|-------------------|-------------------|-----------------------|------------------------|
| <b>Governmental Activities</b>                  |                       |                   |                   |                       |                        |
| COP, Series 2022                                | \$ 14,410,000         | \$ -              | \$ 245,000        | \$ 14,165,000         | \$ 260,000             |
| COP Premium, Series 2022                        | 447,416               | -                 | 25,859            | 421,557               | -                      |
| Lease Payable                                   | -                     | 108,270           | 45,000            | 63,270                | 6,669                  |
| SBITA Payable                                   | -                     | 190,284           | 35,230            | 155,054               | 70,460                 |
| Compensated Absences                            | 1,416,926             | 202,999           | -                 | 1,619,925             | 775,786                |
| Closure and Post-Closure (Joint Venture Equity) | <u>1,253,141</u>      | <u>150,892</u>    | <u>-</u>          | <u>1,404,033</u>      | <u>140,403</u>         |
| Total                                           | <u>\$ 17,527,483</u>  | <u>\$ 652,445</u> | <u>\$ 351,089</u> | <u>\$ 17,828,839</u>  | <u>\$ 1,253,318</u>    |
| <b>Discretely Presented Component Unit</b>      |                       |                   |                   |                       |                        |
| Financed Purchase                               | <u>\$ 583,975</u>     | <u>\$ -</u>       | <u>\$ 110,325</u> | <u>\$ 473,650</u>     | <u>\$ 113,469</u>      |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 5: Long-Term Debt (Continued)**

**Certificates of Participation**

On September 19, 2022, the County entered into a financed purchase agreement, Certificate of Participation, Series 2022, for the purpose of financing the construction, improvement and equipping of a Judicial Facility, which includes a new Sheriff's Office, Sheriff's Detention Facility Intake and Release Area, and related improvements. The project will transfer to the County upon final payment of the agreement. The County has the option to purchase the financed property by payment of the outstanding financed purchase agreement balance plus interest or an amount invested in noncancellable obligations issued or guaranteed by the U.S. sufficient to pay principal and interest on outstanding balance. Principal payments are due annually on November 15, through 2052. Interest payments are due semi-annually on May 15 and November 15, with interest accruing at interest rates between 4.50% to 5.00% per annum. Upon default, the Trustee may terminate the financed purchase obligation and take possession of the financed property, foreclose through the courts on or otherwise sell, trade-in, repossess or liquidate the property in any lawful manner.

Certificates of Participation payments to maturity are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u>     | <u>Interest</u>      | <u>Total</u>         |
|--------------------------------|----------------------|----------------------|----------------------|
| 2026                           | \$ 260,000           | \$ 687,875           | \$ 947,875           |
| 2027                           | 275,000              | 674,875              | 949,875              |
| 2028                           | 285,000              | 661,125              | 946,125              |
| 2029                           | 300,000              | 646,875              | 946,875              |
| 2030                           | 315,000              | 631,875              | 946,875              |
| 2031-2035                      | 1,835,000            | 2,906,375            | 4,741,375            |
| 2036-2040                      | 2,340,000            | 2,395,575            | 4,735,575            |
| 2041-2045                      | 3,015,000            | 1,730,687            | 4,745,687            |
| 2046-2050                      | 3,770,000            | 968,188              | 4,738,188            |
| 2051-2052                      | 1,770,000            | 127,063              | 1,897,063            |
| Total                          | <u>\$ 14,165,000</u> | <u>\$ 11,430,513</u> | <u>\$ 25,595,513</u> |

**Financed Purchase (Discretely Presented Component Unit)**

On January 13, 2022, the 911 Authority entered into a financed purchase agreement with Motorola Solutions Credit Company, LLC for acquisition of equipment, software, and upgrades of its E911 capital assets. The County will take ownership of the assets upon final payment of the agreement. Principal and interest payments are due annually on February 1, through 2029, with interest accruing at a fixed rate of 2.85% per annum. Capital assets of \$1,327,238 less accumulated depreciation of \$863,174 are reported under this agreement. This asset included as restatement for a correction of an error, as discussed in Note 11.

Financed purchase payments to maturity are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2026                           | \$ 113,469        | \$ 13,499        | \$ 126,968        |
| 2027                           | 116,703           | 10,265           | 126,968           |
| 2028                           | 120,029           | 6,939            | 126,968           |
| 2029                           | 123,449           | 3,518            | 126,967           |
| Total                          | <u>\$ 473,650</u> | <u>\$ 34,221</u> | <u>\$ 507,871</u> |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 5: Long-Term Debt (Continued)**

**Lease Payable**

On May 29, 2025, the County entered into a finance lease agreement with Clear Ballot Group, Inc (“Lessor”) to use voting system that includes Leased Hardware and Licensed Software to digitally scan, design, print, tabulate and adjudicate paper ballots, as well as provide tabulation reports. First lease payment in the amount of \$45,000 was paid in May of 2025. The remaining lease payments are due annually for the period May 2026 through May 2032 with option to purchase the hardware at the price determined by the Lessor. The County’s implied interest rate is 10% per annum. The finance lease is accounted for under GASB Statement No. 87, which requires recognition of a lease asset and lease liability. The total costs of \$108,270 were capitalized as Right-to-Use Lease Asset less accumulated amortization of \$13,534. See Note 4.

The future minimum lease payments and the net present value of these lease payments are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u> | <u>Interest</u>  | <u>Total</u>     |
|--------------------------------|------------------|------------------|------------------|
| 2026                           | \$ 6,669         | \$ 6,327         | \$ 12,996        |
| 2027                           | 7,336            | 5,660            | 12,996           |
| 2028                           | 8,069            | 4,927            | 12,996           |
| 2029                           | 8,876            | 4,120            | 12,996           |
| 2030                           | 9,764            | 3,232            | 12,996           |
| 2031-2032                      | 22,556           | 3,436            | 25,992           |
| Total                          | <u>\$ 63,270</u> | <u>\$ 27,702</u> | <u>\$ 90,972</u> |

**Subscription-Based Information Technology Arrangements (SBITA)**

On October 15, 2024, the County entered into subscription-based information technology arrangement (SBITA) with Government Software Assurance, Corp.(“GSA”) for the County Assessor’s Office. The SBITA grants the County the right to use CAMA (Computer Assisted Mass Appraisal) System for a period of 5 years. The SBITA requires annual payments of \$42,575 for the period January 2025 through January 2029. The implicit interest rate is 3.86% per annum. The arrangement provides renewal options on annual basis, by the execution of a new work order signed by both parties. The SBITA is accounted for under GASB Statement No.96, which requires recognition of a right-to-use subscription asset and a subscription liability. The SBITA is recorded as right-to-use asset of \$190,284 less accumulated amortization of \$38,057. See Note 4.

SBITA payments to maturity are as follows:

| <u>Year Ended December 31,</u> | <u>Principal</u>  | <u>Interest</u>  | <u>Total</u>      |
|--------------------------------|-------------------|------------------|-------------------|
| 2026                           | \$ 36,590         | \$ 5,985         | \$ 42,575         |
| 2027                           | 38,002            | 4,573            | 42,575            |
| 2028                           | 39,469            | 3,106            | 42,575            |
| 2029                           | 40,993            | 1,582            | 42,575            |
| Total                          | <u>\$ 155,054</u> | <u>\$ 15,246</u> | <u>\$ 170,300</u> |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 5: Long-Term Debt (Continued)**

**Landfill Closure and Post-Closure Liability (Joint Venture Equity)**

In 1994, Otero County entered into a joint venture through an intergovernmental agreement (the agreement) with multiple municipalities, including the City of La Junta, City of Rocky Ford, Town of Cheraw, Town of Swink, Town of Manzanola, and the Town of Fowler (members), for the organization, development, establishment, operation, administration, and common use of solid waste disposal sites within the County to be known as the Otero County Landfill, Inc. (OCLI). OCLI's board of directors are comprised of one official from each of the participating members. The County and other participating members contributed existing landfills to OCLI to operate and administer the three landfill sites. In 2024, OCLI operated and administered three landfill sites (with estimated closure years), including the Otero County Landfill No. 1 (Closed), the Otero County Landfill No. 2 (2027-2034), and the Manzanola Landfill (2025). These sites are governed by 6 C.C.R. 1007-2 regulations of the Colorado Department of Public Health and Environment, Hazardous Materials and Waste Management Division. OCLI issued annual audited financial statements, which may be obtained from the following website: [www.oterocounty.colorado.gov/landfill](http://www.oterocounty.colorado.gov/landfill). In 2024, the Hazardous Materials and Waste Division of the Colorado Department of Public Health and Environment has officially granted the release of closure costs connected to Otero County Landfill No. 1.

OCLI assumed the responsibility for the closure and post-closure requirements for the existing landfills and all purchases, construction, and operation costs of any new landfills established and operated by the agreement. The County and all participating members are required to annually contribute on a per capita basis to OCLI for operation and administrative costs. In 2025, the closure and post-closure costs allocated among the participating entities was \$2,137,000. Actual cost may be higher due to inflation, changes in technology, continuation of monitoring, and potential changes in regulations. In 2025, the County's share is approximately 66% of the \$2,137,000, amounting to \$1,404,033.

**NOTE 6: Risk Management**

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

**County Worker's Compensation Pool**

The County joined, together with other Counties in the State of Colorado, to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**Colorado Counties Casualty and Property Pool**

The County joined the Colorado Counties Casualty and Property Pool (CAPP) to obtain property and casualty insurance coverage. CAPP was created by various counties in the State of Colorado to provide affordable property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 6: Risk Management (Continued)**

**Employee Insurance**

The County has established a medical self-insured fund for the purpose of financing medical claims for eligible employees and covered dependents of the County. Premiums are charged by the Medical Trust Fund (Internal Service Fund) to each County department and their employees to cover costs, including medical and pharmacy claims and reinsurance premiums. The County paid claims until the stop-loss insurance threshold is reached. Stop-loss insurance premiums were provided by a commercial carrier for individual claims in excess of \$60,000 annually and covers 100% of the claim in excess of this limit. In addition, the County's had no maximum liability for the aggregate stop-loss coverage with a corridor factor of 125%. Settled claims have not exceeded the commercial coverage in any of the past three years.

The County records an estimated liability for medical insurance claims. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience. The following represents the changes in the claims payable for medical insurance for the County for the year ended December 31, 2025:

|                                  | For the year-ended December 31, |                    |                    |
|----------------------------------|---------------------------------|--------------------|--------------------|
|                                  | 2025                            | 2024               | 2023               |
| IBNR Claims Liability, Beginning | \$ 119,026                      | \$ 158,700         | \$ 164,400         |
| Claims and Changes in Estimates  | 2,020,896                       | 1,646,406          | 1,585,476          |
| Claims Payable                   | <u>(1,988,020)</u>              | <u>(1,686,080)</u> | <u>(1,591,176)</u> |
| IBNR Claims Liability, Ending    | <u>\$ 151,902</u>               | <u>\$ 119,026</u>  | <u>\$ 158,700</u>  |

**NOTE 7: Employee Retirement Plans**

**Defined Contribution Plan**

The County provides pension benefits for substantially all full-time employees through a defined contribution plan (401a) of the Colorado Retirement Association. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The County commissioners authorize the benefit terms and have the authority to amend these terms. In 2025, the County had 174 participants in the plan.

Employees contribute 6% of their salary to the plan with an equal amount contributed by the County. Vesting occurs at the rate of 20% per year or upon reaching 55 years of age. In 2025, the County and employees each made contributions of \$552,967, for a total of \$1,105,924. County contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the County. In 2025, the County reported forfeitures in the amount of \$6,809. The County had no outstanding liability for this plan at year end.

**NOTE 8: Intergovernmental Agreements**

The County annually contributes to the 16<sup>th</sup> Judicial District along with the neighboring counties, including Bent County and Crowley County to finance the operations of the District Attorney. In 2025, the 16<sup>th</sup> Judicial District was allocated an annual total of \$1,053,500, which included an annual contributions from the County in the amount of \$659,702.

**NOTE 9: Asset Impairment**

In 2025, the County's Fowler Shop was impaired as a result of a fire and removed from capital assets with a carrying value of \$28,672. The County received insurance recoveries in the amount of \$595,581 and incurred an impairment gain of \$566,909 reported in the statement of activities.

**OTERO COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2025

**NOTE 10: Commitments and Contingencies**

**Claims and Judgments**

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

**Tabor Amendment**

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

On November 7, 2005, the registered voters approved a ballot resolution authorizing the County to accept, retain, and spend, for use as the Board of County Commissioners deem appropriate, the full proceeds and revenues received from any and all grants awarded to the County, from any source, in the year 2006 and each year thereafter without affecting property tax revenues collected by the County.

The Amendment requires the County to establish a reserve for emergencies, representing 3% of qualifying expenditures with the exception Street Improvement Fund, explained in the following paragraph. At December 31, 2025, the County's emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$250,000.

**Litigation**

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

**NOTE 11: Restatements – Corrections of Errors**

The County identified corrections of errors to the prior year net position and fund balance, specifically related to the AAA Services Fund for the year ended December 31, 2024. The County had to recognize certain grant revenues in prior years incorrectly report as unearned revenue to comply with GASB Statement No. 33, *Accounting Exchange and Nonexchange Transactions*. In addition, the E911 Services Fund's, a discretely presented component unit, accumulated depreciation was overstated and should have been corrected as of December 31, 2024. These corrections to prior year balances were summarized as follows.

|                                                            | AAA Services<br>Fund | Total<br>Governmental<br>Funds | Governmental<br>Activities | Discretely<br>Presented<br>Component Unit<br>E911 Services |
|------------------------------------------------------------|----------------------|--------------------------------|----------------------------|------------------------------------------------------------|
| Net Position/Fund Balance, Beginning, as Originally Stated | \$ (327,045)         | \$ 26,172,561                  | \$ 38,000,537              | \$ 742,609                                                 |
| Deferred Revenue                                           | 385,289              | 385,289                        | 385,289                    | -                                                          |
| Capital Assets, Being Depreciated, Net                     | -                    | -                              | -                          | 246,238                                                    |
| Net Position/Fund Balance, Beginning, as Restated          | <u>\$ 58,244</u>     | <u>\$ 26,557,850</u>           | <u>\$ 38,385,826</u>       | <u>\$ 988,847</u>                                          |

## **REQUIRED SUPPLEMENTARY INFORMATION**

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

|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) |
|-------------------------------------------------|---------------------------------|---------------------|------------------------------------|
| REVENUES                                        |                                 |                     |                                    |
| Taxes                                           | \$ 4,849,272                    | \$ 5,178,180        | \$ 328,908                         |
| Licenses and Permits                            | 330,500                         | 460,961             | 130,461                            |
| Intergovernmental                               | 900,650                         | 1,358,171           | 457,521                            |
| Charges for Services                            | 447,220                         | 468,216             | 20,996                             |
| Fines and Forfeitures                           | 1,000                           | 3,973               | 2,973                              |
| Investment Income                               | 100,000                         | 954,816             | 854,816                            |
| Miscellaneous                                   | 240,214                         | 354,810             | 114,596                            |
|                                                 | <u>6,868,856</u>                | <u>8,779,127</u>    | <u>1,910,271</u>                   |
| TOTAL REVENUES                                  |                                 |                     |                                    |
| EXPENDITURES                                    |                                 |                     |                                    |
| General Government                              | 3,770,951                       | 2,976,156           | 794,795                            |
| Public Safety                                   | 3,195,142                       | 3,377,848           | (182,706)                          |
| Public Works                                    | 629,837                         | 616,229             | 13,608                             |
| Health and Welfare                              | 101,419                         | 83,074              | 18,345                             |
| Culture and Recreation                          | 37,231                          | 35,613              | 1,618                              |
| Economic Development                            | 136,538                         | 118,425             | 18,113                             |
| Intergovernmental                               | 940,568                         | 807,469             | 133,099                            |
| Miscellaneous                                   | 55,000                          | 47,919              | 7,081                              |
| Capital Outlay                                  | -                               | 298,554             | (298,554)                          |
| Debt Service                                    |                                 |                     |                                    |
| Principal                                       | -                               | 80,230              | (80,230)                           |
| Interest                                        | -                               | 7,345               | (7,345)                            |
|                                                 | <u>8,866,686</u>                | <u>8,448,862</u>    | <u>417,824</u>                     |
| TOTAL EXPENDITURES                              |                                 |                     |                                    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(1,997,830)</u>              | <u>330,265</u>      | <u>2,328,095</u>                   |
| OTHER FINANCING SOURCES (USES)                  |                                 |                     |                                    |
| Proceeds from Lease                             | -                               | 108,270             | 108,270                            |
| Proceeds from SBITA                             | -                               | 190,284             | 190,284                            |
| Transfers Out                                   | (56,493)                        | (56,493)            | -                                  |
|                                                 | <u>(56,493)</u>                 | <u>242,061</u>      | <u>298,554</u>                     |
| TOTAL OTHER FINANCING SOURCES (USES)            |                                 |                     |                                    |
| CHANGE IN FUND BALANCE                          | (2,054,323)                     | 572,326             | 2,626,649                          |
| FUND BALANCE, Beginning                         | <u>5,926,029</u>                | <u>8,348,643</u>    | <u>2,422,614</u>                   |
| FUND BALANCE, Ending                            | <u>\$ 3,871,706</u>             | <u>\$ 8,920,969</u> | <u>\$ 5,049,263</u>                |

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

|                                                 | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|-------------------------------------------------|--------------------|-----------------|--------------|------------------------------------|
| REVENUES                                        |                    |                 |              |                                    |
| Taxes                                           | \$ 701,043         | \$ 701,043      | \$ 735,002   | \$ 33,959                          |
| Intergovernmental                               | 2,035,000          | 2,035,000       | 2,003,322    | (31,678)                           |
| Charges for Services                            | 700                | 700             | 4,570        | 3,870                              |
| Miscellaneous                                   | 500                | 500             | 56           | (444)                              |
| TOTAL REVENUES                                  | 2,737,243          | 2,737,243       | 2,742,950    | 5,707                              |
| EXPENDITURES                                    |                    |                 |              |                                    |
| Public Works                                    | 2,864,201          | 2,864,201       | 2,801,804    | 62,397                             |
| Miscellaneous                                   | 13,000             | 13,000          | 12,614       | 386                                |
| Capital Outlay                                  | -                  | 469,000         | 468,977      | 23                                 |
| TOTAL EXPENDITURES                              | 2,877,201          | 3,346,201       | 3,283,395    | 62,806                             |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | (139,958)          | (608,958)       | (540,445)    | 68,513                             |
| OTHER FINANCING SOURCES (USES)                  |                    |                 |              |                                    |
| Proceeds from Sale of<br>Capital Assets         | 5,000              | 5,000           | 9,644        | 4,644                              |
| CHANGE IN FUND BALANCE                          | (134,958)          | (603,958)       | (530,801)    | 73,157                             |
| FUND BALANCE, Beginning                         | 2,071,437          | 2,071,437       | 2,211,543    | 140,106                            |
| FUND BALANCE, Ending                            | \$ 1,936,479       | \$ 1,467,479    | \$ 1,680,742 | \$ 213,263                         |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**SOCIAL SERVICES FUND**  
Year Ended December 31, 2025

|                         | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL            | VARIANCE<br>Positive<br>(Negative) |
|-------------------------|---------------------------------|-------------------|------------------------------------|
| REVENUES                |                                 |                   |                                    |
| Taxes                   | \$ 685,427                      | \$ 726,327        | \$ 40,900                          |
| Intergovernmental       | 4,859,794                       | 7,446,162         | 2,586,368                          |
|                         | <u>5,545,221</u>                | <u>8,172,489</u>  | <u>2,627,268</u>                   |
| TOTAL REVENUES          |                                 |                   |                                    |
| EXPENDITURES            |                                 |                   |                                    |
| Health and Welfare      | 4,953,675                       | 8,385,054         | (3,431,379)                        |
|                         | <u>591,546</u>                  | <u>(212,565)</u>  | <u>(804,111)</u>                   |
| CHANGE IN FUND BALANCE  |                                 |                   |                                    |
| FUND BALANCE, Beginning | 571,429                         | 723,771           | 152,342                            |
| FUND BALANCE, Ending    | \$ <u>1,162,975</u>             | \$ <u>511,206</u> | \$ <u>(651,769)</u>                |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**DETENTION CENTER FUND**  
Year Ended December 31, 2025

|                                                         | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL             | VARIANCE<br>Positive<br>(Negative) |
|---------------------------------------------------------|---------------------------------|--------------------|------------------------------------|
| REVENUES                                                |                                 |                    |                                    |
| Intergovernmental                                       | \$ 800,000                      | \$ 401,075         | \$ (398,925)                       |
| Investment Earnings                                     | 100,000                         | 120,475            | 20,475                             |
| <b>TOTAL REVENUES</b>                                   | <b>900,000</b>                  | <b>521,550</b>     | <b>(378,450)</b>                   |
| EXPENDITURES                                            |                                 |                    |                                    |
| Public Safety                                           | -                               | 55,006             | (55,006)                           |
| Capital Outlay                                          | 13,000,000                      | 4,075,946          | 8,924,054                          |
| Debt Service                                            |                                 |                    | -                                  |
| Principal                                               | 245,000                         | 245,000            | -                                  |
| Interest and Fees                                       | 700,125                         | 701,625            | (1,500)                            |
| <b>TOTAL EXPENDITURES</b>                               | <b>13,945,125</b>               | <b>5,077,577</b>   | <b>8,867,548</b>                   |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <b>(13,045,125)</b>             | <b>(4,556,027)</b> | <b>8,489,098</b>                   |
| OTHER FINANCING SOURCES (USES)                          |                                 |                    |                                    |
| Transfers In                                            | 1,000,000                       | -                  | (1,000,000)                        |
| <b>CHANGE IN FUND BALANCE</b>                           | <b>(12,045,125)</b>             | <b>(4,556,027)</b> | <b>7,489,098</b>                   |
| FUND BALANCE, Beginning                                 | 19,496,865                      | 6,153,982          | (13,342,883)                       |
| FUND BALANCE, Ending                                    | \$ 7,451,740                    | \$ 1,597,955       | \$ (5,853,785)                     |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**AAA SERVICES FUND**  
Year Ended December 31, 2025

|                                               | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) |
|-----------------------------------------------|---------------------------------|---------------------|------------------------------------|
| REVENUES                                      |                                 |                     |                                    |
| Intergovernmental                             | \$ 2,159,520                    | \$ 1,146,456        | \$ (1,013,064)                     |
| Miscellaneous                                 | 81,529                          | 1,035               | (80,494)                           |
|                                               | <u>2,241,049</u>                | <u>1,147,491</u>    | <u>(1,093,558)</u>                 |
| TOTAL REVENUES                                |                                 |                     |                                    |
| EXPENDITURES                                  |                                 |                     |                                    |
| Health and Welfare                            | 2,251,833                       | 1,555,998           | 695,835                            |
|                                               | <u>(10,784)</u>                 | <u>(408,507)</u>    | <u>(397,723)</u>                   |
| CHANGE IN FUND BALANCE                        |                                 |                     |                                    |
| FUND BALANCE, Beginning, as Originally Stated | 352,535                         | (327,045)           | (679,580)                          |
| Restatement - Correction of an Error          | -                               | 385,289             | 385,289                            |
|                                               | <u>352,535</u>                  | <u>58,244</u>       | <u>(294,291)</u>                   |
| FUND BALANCE, Beginning, as Restated          |                                 |                     |                                    |
| FUND BALANCE, Ending                          | \$ <u>341,751</u>               | \$ <u>(350,263)</u> | \$ <u>(692,014)</u>                |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**HEALTH FUND**  
Year Ended December 31, 2025

|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) |
|-------------------------------------------------|---------------------------------|---------------------|------------------------------------|
| REVENUES                                        |                                 |                     |                                    |
| Intergovernmental                               | \$ 1,885,638                    | \$ 2,689,066        | \$ 803,428                         |
| Charges for Services                            | 102,362                         | 105,218             | 2,856                              |
| Miscellaneous                                   | 19,926                          | 200,911             | 180,985                            |
|                                                 | <u>2,007,926</u>                | <u>2,995,195</u>    | <u>987,269</u>                     |
| TOTAL REVENUES                                  |                                 |                     |                                    |
| EXPENDITURES                                    |                                 |                     |                                    |
| Health and Welfare                              | 2,117,087                       | 1,694,163           | 422,924                            |
| Intergovernmental                               | 411,213                         | 1,303,477           | (892,264)                          |
| Miscellaneous                                   | 2,486                           | 4,975               | (2,489)                            |
|                                                 | <u>2,530,786</u>                | <u>3,002,615</u>    | <u>(471,829)</u>                   |
| TOTAL EXPENDITURES                              |                                 |                     |                                    |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(522,860)</u>                | <u>(7,420)</u>      | <u>515,440</u>                     |
| OTHER FINANCING SOURCES (USES)                  |                                 |                     |                                    |
| Transfers In                                    | <u>56,493</u>                   | <u>56,493</u>       | <u>-</u>                           |
| CHANGE IN FUND BALANCE                          | (466,367)                       | 49,073              | 515,440                            |
| FUND BALANCE, Beginning                         | <u>3,586,875</u>                | <u>3,875,497</u>    | <u>288,622</u>                     |
| FUND BALANCE, Ending                            | <u>\$ 3,120,508</u>             | <u>\$ 3,924,570</u> | <u>\$ 804,062</u>                  |

**OTERO COUNTY, COLORADO**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
December 31, 2024

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

- Prior to October 15<sup>th</sup>, the Finance Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 22<sup>nd</sup>, the budget is legally enacted through passage of an ordinance or resolution.
- The County Commissioners approve all budget transfers or revisions.
- Budgets are legally adopted at the fund level for all funds of the County except the Fiduciary Funds. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for certain interfund transactions that are reported as revenues and expenditures on a budgetary basis but not the GAAP basis of accounting. Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All budget appropriations lapse at fiscal year-end.

**Budget Compliance**

At December 31, 2025, the Social Services Fund, Health Fund, and the Medical Trust Fund actual expenditures/expenses exceeded budgeted appropriations by \$3,431,379, \$471,829, and \$27,880, respectively. This may be a violation of state statutes.

**Accountability**

At December 31, 2025, the Area Agency on Aging Services Fund reported a negative fund balance in the amount of \$350,263. This may be a violation of state statutes.

**COMBINING AND INDIVIDUAL NONMAJOR FUND STATEMENTS  
AND BUDGETARY COMPARISON SCHEDULES**

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

|                                                                                        | <u>INSURANCE</u>               | <u>CAPITAL<br/>IMPROVEMENT</u> | <u>CLERK<br/>HIRE</u>        | <u>CONSERVATION<br/>TRUST</u> |
|----------------------------------------------------------------------------------------|--------------------------------|--------------------------------|------------------------------|-------------------------------|
| <b>ASSETS</b>                                                                          |                                |                                |                              |                               |
| Cash and Investments                                                                   | \$ 1,131,980                   | \$ -                           | \$ 636,233                   | \$ 710,514                    |
| Accounts Receivable                                                                    | 8,522                          | -                              | 14,012                       | -                             |
| Taxes Receivable                                                                       | <u>415,601</u>                 | <u>-</u>                       | <u>-</u>                     | <u>-</u>                      |
| <br>TOTAL ASSETS                                                                       | <br><u>\$ 1,556,103</u>        | <br><u>\$ -</u>                | <br><u>\$ 650,245</u>        | <br><u>\$ 710,514</u>         |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b>           |                                |                                |                              |                               |
| <b>LIABILITIES</b>                                                                     |                                |                                |                              |                               |
| Accounts Payable                                                                       | \$ 137                         | \$ -                           | \$ 1,630                     | \$ 283                        |
| Accrued Liabilities                                                                    | -                              | -                              | 203                          | -                             |
| Unearned Revenue                                                                       | <u>-</u>                       | <u>-</u>                       | <u>-</u>                     | <u>-</u>                      |
| <br>TOTAL LIABILITIES                                                                  | <br><u>137</u>                 | <br><u>-</u>                   | <br><u>1,833</u>             | <br><u>283</u>                |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>                                               |                                |                                |                              |                               |
| Property Tax                                                                           | <u>415,601</u>                 | <u>-</u>                       | <u>-</u>                     | <u>-</u>                      |
| <br><b>FUND BALANCES</b>                                                               |                                |                                |                              |                               |
| Restricted for:                                                                        |                                |                                |                              |                               |
| Health and Welfare                                                                     | -                              | -                              | -                            | -                             |
| County Clerk                                                                           | -                              | -                              | 648,412                      | -                             |
| Conservation Trust                                                                     | -                              | -                              | -                            | 710,231                       |
| Conservation Easements                                                                 | -                              | -                              | -                            | -                             |
| Committed for:                                                                         |                                |                                |                              |                               |
| Insurance Premiums                                                                     | <u>1,140,365</u>               | <u>-</u>                       | <u>-</u>                     | <u>-</u>                      |
| <br>TOTAL FUND BALANCES                                                                | <br><u>1,140,365</u>           | <br><u>-</u>                   | <br><u>648,412</u>           | <br><u>710,231</u>            |
| <br><b>TOTAL LIABILITIES, DEFERRED<br/>INFLOWS OF RESOURCES, AND<br/>FUND BALANCES</b> | <br><u><u>\$ 1,556,103</u></u> | <br><u><u>\$ -</u></u>         | <br><u><u>\$ 650,245</u></u> | <br><u><u>\$ 710,514</u></u>  |

| GENERAL<br>HUMAN<br>SERVICES | LAND<br>TRUST | TOTAL        |
|------------------------------|---------------|--------------|
| \$ 903,455                   | \$ 68,036     | \$ 3,450,218 |
| 84,108                       | -             | 106,642      |
| -                            | -             | 415,601      |
| \$ 987,563                   | \$ 68,036     | \$ 3,972,461 |
| \$ 25,847                    | \$ -          | \$ 27,897    |
| -                            | -             | 203          |
| 446,768                      | -             | 446,768      |
| 472,615                      | -             | 474,868      |
| -                            | -             | 415,601      |
| 514,948                      | -             | 514,948      |
| -                            | -             | 648,412      |
| -                            | -             | 710,231      |
| -                            | 68,036        | 68,036       |
| -                            | -             | 1,140,365    |
| 514,948                      | 68,036        | 3,081,992    |
| \$ 987,563                   | \$ 68,036     | \$ 3,972,461 |

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

|                                                         | <u>INSURANCE</u>    | <u>CAPITAL<br/>IMPROVEMENT</u> | <u>CLERK<br/>HIRE</u> | <u>CONSERVATION<br/>TRUST</u> |
|---------------------------------------------------------|---------------------|--------------------------------|-----------------------|-------------------------------|
| <b>REVENUES</b>                                         |                     |                                |                       |                               |
| Taxes                                                   | \$ 460,181          | \$ -                           | \$ -                  | \$ -                          |
| Intergovernmental                                       | -                   | -                              | -                     | 59,273                        |
| Charges for Services                                    | -                   | -                              | 209,622               | -                             |
| Investment Income                                       | 25,335              | -                              | -                     | 30,797                        |
| Miscellaneous                                           | 252,440             | -                              | -                     | 2,687                         |
|                                                         | <u>737,956</u>      | <u>-</u>                       | <u>209,622</u>        | <u>92,757</u>                 |
| <b>TOTAL REVENUES</b>                                   |                     |                                |                       |                               |
|                                                         | <u>737,956</u>      | <u>-</u>                       | <u>209,622</u>        | <u>92,757</u>                 |
| <b>EXPENDITURES</b>                                     |                     |                                |                       |                               |
| General Government                                      | 579,872             | -                              | 227,182               | -                             |
| Public Works                                            | 33,331              | -                              | -                     | 2,532                         |
| Public Safety                                           | 3,131               | -                              | -                     | -                             |
| Health and Welfare                                      | -                   | -                              | -                     | -                             |
| Culture and Recreation                                  | -                   | -                              | -                     | 11,337                        |
| Capital Outlay                                          | 203,350             | -                              | -                     | -                             |
|                                                         | <u>819,684</u>      | <u>-</u>                       | <u>227,182</u>        | <u>13,869</u>                 |
| <b>TOTAL EXPENDITURES</b>                               |                     |                                |                       |                               |
|                                                         | <u>819,684</u>      | <u>-</u>                       | <u>227,182</u>        | <u>13,869</u>                 |
| <b>EXCESS OF REVENUES OVER<br/>(UNDER) EXPENDITURES</b> | <u>(81,728)</u>     | <u>-</u>                       | <u>(17,560)</u>       | <u>78,888</u>                 |
| <b>OTHER FINANCING SOURCES (USES)</b>                   |                     |                                |                       |                               |
| Insurance Recoveries                                    | 595,581             |                                |                       |                               |
|                                                         | <u>595,581</u>      |                                |                       |                               |
| <b>CHANGES IN FUND BALANCES</b>                         | 513,853             | -                              | (17,560)              | 78,888                        |
| <b>FUND BALANCES, Beginning,</b>                        |                     |                                |                       |                               |
| Originally Stated                                       | 626,512             | 2,720,363                      | 665,972               | 631,343                       |
| Reclassification from Nonmajor to Major                 | -                   | (2,720,363)                    | -                     | -                             |
|                                                         | <u>626,512</u>      | <u>-</u>                       | <u>665,972</u>        | <u>631,343</u>                |
| <b>FUND BALANCES, Beginning,<br/>as Reclassified</b>    |                     |                                |                       |                               |
|                                                         | <u>626,512</u>      | <u>-</u>                       | <u>665,972</u>        | <u>631,343</u>                |
| <b>FUND BALANCES, Ending</b>                            | <u>\$ 1,140,365</u> | <u>\$ -</u>                    | <u>\$ 648,412</u>     | <u>\$ 710,231</u>             |

| GENERAL<br>HUMAN<br>SERVICES | LAND<br>TRUST    | TOTAL               |
|------------------------------|------------------|---------------------|
| \$ -                         | \$ -             | \$ 460,181          |
| 1,721,391                    | -                | 1,780,664           |
| -                            | -                | 209,622             |
| -                            | 3,098            | 59,230              |
| 265                          | -                | 255,392             |
| <u>1,721,656</u>             | <u>3,098</u>     | <u>2,765,089</u>    |
| -                            | -                | 807,054             |
| -                            | -                | 35,863              |
| -                            | -                | 3,131               |
| 1,682,718                    | -                | 1,682,718           |
| -                            | 1,032            | 12,369              |
| -                            | -                | 203,350             |
| <u>1,682,718</u>             | <u>1,032</u>     | <u>2,744,485</u>    |
| <u>38,938</u>                | <u>2,066</u>     | <u>20,604</u>       |
|                              |                  | <u>595,581</u>      |
| 38,938                       | 2,066            | 616,185             |
| 476,010                      | 65,970           | 5,186,170           |
| -                            | -                | (2,720,363)         |
| <u>476,010</u>               | <u>65,970</u>    | <u>2,465,807</u>    |
| \$ <u>514,948</u>            | \$ <u>68,036</u> | \$ <u>3,081,992</u> |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL IMPROVEMENT FUND**  
Year Ended December 31, 2025

|                                                 | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL              | VARIANCE<br>Positive<br>(Negative) |
|-------------------------------------------------|---------------------------------|---------------------|------------------------------------|
| REVENUES                                        |                                 |                     |                                    |
| Property Taxes                                  | \$ 400,319                      | \$ 406,850          | \$ 6,531                           |
| Specific Ownership Taxes                        | 70,000                          | 86,210              | 16,210                             |
|                                                 | <u>470,319</u>                  | <u>493,060</u>      | <u>22,741</u>                      |
| TOTAL REVENUES                                  | <u>470,319</u>                  | <u>493,060</u>      | <u>22,741</u>                      |
| EXPENDITURES                                    |                                 |                     |                                    |
| General Government                              | 1,505,000                       | 35,316              | 1,469,684                          |
| Miscellaneous                                   | 12,000                          | 8,141               | 3,859                              |
|                                                 | <u>1,517,000</u>                | <u>43,457</u>       | <u>1,473,543</u>                   |
| TOTAL EXPENDITURES                              | <u>1,517,000</u>                | <u>43,457</u>       | <u>1,473,543</u>                   |
| EXCESS OF REVENUES OVER<br>(UNDER) EXPENDITURES | <u>(1,046,681)</u>              | <u>449,603</u>      | <u>1,496,284</u>                   |
| OTHER FINANCING SOURCES (USES)                  |                                 |                     |                                    |
| Transfers Out                                   | <u>(1,000,000)</u>              | <u>-</u>            | <u>1,000,000</u>                   |
| CHANGE IN FUND BALANCE                          | <u>(2,046,681)</u>              | <u>449,603</u>      | <u>2,496,284</u>                   |
| FUND BALANCE, Beginning                         | <u>2,775,471</u>                | <u>2,720,363</u>    | <u>(55,108)</u>                    |
| FUND BALANCE, Ending                            | <u>\$ 728,790</u>               | <u>\$ 3,169,966</u> | <u>\$ 2,441,176</u>                |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**INSURANCE FUND**  
Year Ended December 31, 2025

|                                | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|--------------------------------|--------------------|-----------------|--------------|------------------------------------|
| REVENUES                       |                    |                 |              |                                    |
| Property Tax                   | \$ 373,405         | \$ 373,405      | \$ 379,718   | \$ 6,313                           |
| Specific Ownership Tax         | 34,000             | 34,000          | 80,463       | 46,463                             |
| Investment Income              | 5,000              | 5,000           | 25,335       | 20,335                             |
| Miscellaneous                  | 270,000            | 270,000         | 252,440      | (17,560)                           |
| TOTAL REVENUES                 | 682,405            | 682,405         | 737,956      | 55,551                             |
| EXPENDITURES                   |                    |                 |              |                                    |
| General Government             | 504,014            | 504,014         | 563,530      | (59,516)                           |
| Public Safety                  | 2,500              | 2,500           | 3,131        | (631)                              |
| Public Works                   | 2,500              | 2,500           | 33,331       | (30,831)                           |
| Health and Welfare             | 2,500              | 2,500           | -            | 2,500                              |
| Miscellaneous                  | 8,500              | 8,500           | 16,342       | (7,842)                            |
| Capial Outlay                  | -                  | 325,000         | 203,350      | 121,650                            |
| TOTAL EXPENDITURES             | 520,014            | 845,014         | 819,684      | 25,330                             |
| OTHER FINANCING SOURCES (USES) |                    |                 |              |                                    |
| Insurance Recoveries           | -                  | -               | 595,581      | 595,581                            |
| CHANGE IN FUND BALANCE         | 162,391            | (162,609)       | 513,853      | 351,462                            |
| FUND BALANCE, Beginning        | 627,348            | 627,348         | 626,512      | (836)                              |
| FUND BALANCE, Ending           | \$ 789,739         | \$ 464,739      | \$ 1,140,365 | \$ 675,626                         |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CLERK HIRE FUND**  
Year Ended December 31, 2025

|                         | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL     | VARIANCE<br>Positive<br>(Negative) |
|-------------------------|--------------------|-----------------|------------|------------------------------------|
| REVENUES                |                    |                 |            |                                    |
| Charges for Services    | \$ 180,000         | \$ 180,000      | \$ 209,622 | \$ 29,622                          |
| EXPENDITURES            |                    |                 |            |                                    |
| General Government      | 222,532            | 227,532         | 227,182    | 350                                |
| CHANGE IN FUND BALANCE  | (42,532)           | (47,532)        | (17,560)   | 29,972                             |
| FUND BALANCE, Beginning | 550,184            | 550,184         | 665,972    | 115,788                            |
| FUND BALANCE, Ending    | \$ 507,652         | \$ 502,652      | \$ 648,412 | \$ 145,760                         |

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

|                         | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL            | VARIANCE<br>Positive<br>(Negative) |
|-------------------------|---------------------------------|-------------------|------------------------------------|
| REVENUES                |                                 |                   |                                    |
| Intergovernmental       | \$ 70,000                       | \$ 59,273         | \$ (10,727)                        |
| Investment Income       | 1,500                           | 30,797            | 29,297                             |
| Miscellaneous           | -                               | 2,687             | 2,687                              |
|                         | <u>71,500</u>                   | <u>92,757</u>     | <u>21,257</u>                      |
| TOTAL REVENUES          | <u>71,500</u>                   | <u>92,757</u>     | <u>21,257</u>                      |
| EXPENDITURES            |                                 |                   |                                    |
| Public Works            | 350,500                         | 2,532             | 347,968                            |
| Culture and Recreation  | 18,264                          | 11,337            | 6,927                              |
|                         | <u>368,764</u>                  | <u>13,869</u>     | <u>354,895</u>                     |
| TOTAL EXPENDITURES      | <u>368,764</u>                  | <u>13,869</u>     | <u>354,895</u>                     |
| CHANGE IN FUND BALANCE  | (297,264)                       | 78,888            | 376,152                            |
| FUND BALANCE, Beginning | <u>506,210</u>                  | <u>631,343</u>    | <u>125,133</u>                     |
| FUND BALANCE, Ending    | <u>\$ 208,946</u>               | <u>\$ 710,231</u> | <u>\$ 501,285</u>                  |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL HUMAN SERVICES FUND**  
Year Ended December 31, 2025

|                             | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL                | VARIANCE<br>Positive<br>(Negative) |
|-----------------------------|---------------------------------|-----------------------|------------------------------------|
| REVENUES                    |                                 |                       |                                    |
| Intergovernmental           | \$ 2,514,643                    | \$ 1,721,391          | \$ (793,252)                       |
| Miscellaneous               | <u>600</u>                      | <u>265</u>            | <u>(335)</u>                       |
| <br>TOTAL REVENUES          | <br><u>2,515,243</u>            | <br><u>1,721,656</u>  | <br><u>(793,587)</u>               |
| <br>EXPENDITURES            |                                 |                       |                                    |
| Health and Welfare          | <u>1,959,573</u>                | <u>1,682,718</u>      | <u>276,855</u>                     |
| <br>CHANGE IN FUND BALANCE  | <br>555,670                     | <br>38,938            | <br>(516,732)                      |
| <br>FUND BALANCE, Beginning | <br><u>620,146</u>              | <br><u>476,010</u>    | <br><u>(144,136)</u>               |
| <br>FUND BALANCE, Ending    | <br><u>\$ 1,175,816</u>         | <br><u>\$ 514,948</u> | <br><u>\$ (660,868)</u>            |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**LAND TRUST FUND**  
Year Ended December 31, 2025

|                         | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL    | VARIANCE<br>Positive<br>(Negative) |
|-------------------------|---------------------------------|-----------|------------------------------------|
| REVENUES                |                                 |           |                                    |
| Investment Income       | \$ 500                          | \$ 3,098  | \$ 2,598                           |
| EXPENDITURES            |                                 |           |                                    |
| Conservation            | 1,700                           | 1,032     | 668                                |
| CHANGE IN FUND BALANCE  | (1,200)                         | 2,066     | 3,266                              |
| FUND BALANCE, Beginning | 63,566                          | 65,970    | 2,404                              |
| FUND BALANCE, Ending    | \$ 62,366                       | \$ 68,036 | \$ 5,670                           |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**INTERNAL SERVICES FUND**  
Year Ended December 31, 2025

|                                            | ORIGINAL<br>AND FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|--------------------------------------------|---------------------------------|--------------|------------------------------------|
| OPERATING REVENUES                         |                                 |              |                                    |
| Charges for Services                       | \$ 207,005                      | \$ 206,755   | \$ (250)                           |
| OPERATING EXPENSES                         |                                 |              |                                    |
| Operating Supplies                         | 149,500                         | 53,974       | 95,526                             |
| Capital Outlay                             | 250,000                         | 121,658      | 128,342                            |
| TOTAL OPERATING EXPENSES                   | 399,500                         | 175,632      | 223,868                            |
| NET OPERATING INCOME (LOSS)                | (192,495)                       | 31,123       | 223,618                            |
| NONOPERATING REVENUES (EXPENSES)           |                                 |              |                                    |
| Gain(Loss) on Sale of Capital Assets       | -                               | 6,125        | 6,125                              |
| CHANGE IN NET POSITION,<br>BUDGETARY BASIS | \$ (192,495)                    | 37,248       | \$ 229,743                         |
| RECONCILIATION TO GAAP BASIS:              |                                 |              |                                    |
| Capital Outlay                             |                                 | 121,658      |                                    |
| Depreciation                               |                                 | (114,087)    |                                    |
| CHANGE IN NET POSITION, GAAP BASIS         |                                 | 44,819       |                                    |
| NET POSITION, Beginning                    |                                 | 1,138,343    |                                    |
| NET POSITION, Ending                       |                                 | \$ 1,183,162 |                                    |

**OTERO COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**INTERNAL SERVICE FUND - MEDICAL TRUST FUND**  
Year Ended December 31, 2025

|                                                     | ORIGINAL<br>BUDGET | FINAL<br>BUDGET | ACTUAL       | VARIANCE<br>Positive<br>(Negative) |
|-----------------------------------------------------|--------------------|-----------------|--------------|------------------------------------|
| OPERATING REVENUES                                  |                    |                 |              |                                    |
| Insurance Premiums                                  | \$ 2,550,000       | \$ 2,550,000    | \$ 2,583,245 | \$ 33,245                          |
| OPERATING EXPENSES                                  |                    |                 |              |                                    |
| General Government                                  | 932,534            | 944,534         | 948,562      | (4,028)                            |
| Miscellaneous                                       | 7,000              | 7,000           | 5,832        | 1,168                              |
| Insurance Claims                                    | 1,800,000          | 1,963,000       | 1,988,020    | (25,020)                           |
| TOTAL OPERATING EXPENSES                            | 2,739,534          | 2,914,534       | 2,942,414    | (27,880)                           |
| NET OPERATING INCOME (LOSS)                         | (189,534)          | (364,534)       | (359,169)    | 5,365                              |
| NONOPERATING REVENUES (EXPENSES)                    |                    |                 |              |                                    |
| Investment Income                                   | 20,000             | 20,000          | 37,708       | 17,708                             |
| CHANGE IN NET POSITION,<br>BUDGETARY AND GAAP BASIS | \$ (169,534)       | \$ (344,534)    | (321,461)    | \$ 23,073                          |
| NET POSITION, Beginning                             |                    |                 | 1,190,735    |                                    |
| NET POSITION, Ending                                |                    |                 | \$ 869,274   |                                    |

## **COMPLIANCE SECTION**

## **SINGLE AUDIT**

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

Board of County Commissioners  
Otero County, Colorado  
La Junta, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Otero County, Colorado (the County) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County and have issued our report thereon dated July 30, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of the County's internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

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

Board of County Commissioners  
Otero County, Colorado

### **County's Response to Findings**

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

### **Purpose of this Report**

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

*DMC Auditing and Consulting, LLC*

July 30, 2026  
Bailey, Colorado

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

Board of County Commissioners  
Otero County, Colorado  
La Junta, Colorado

**Report on Compliance for Each Major Federal Program**

**Opinion on Each Major Federal Program**

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

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

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 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 the County's 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.

Board of County Commissioners  
Otero County, Colorado

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.

*DMC Auditing and Consulting, LLC*

July 30, 2026  
Bailey, Colorado

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

| Federal Grantor/Pass-Through Grantor/Program Title                                                           | Federal Assistance Listing Number | Pass-Through Entity Identifying Number                            | Pass-through to Subrecipients | Expenditures     |
|--------------------------------------------------------------------------------------------------------------|-----------------------------------|-------------------------------------------------------------------|-------------------------------|------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                                                                        |                                   |                                                                   |                               |                  |
| <b><i>Direct</i></b>                                                                                         |                                   |                                                                   |                               |                  |
| <b><i>Forest Service Schools and Roads Cluster</i></b>                                                       |                                   |                                                                   |                               |                  |
| School and Roads - Grants to Counties                                                                        | 10.666                            | N/A                                                               | \$ -                          | \$ 5,131         |
| <b><i>Total Forest Service Schools and Roads Cluster</i></b>                                                 |                                   |                                                                   |                               | <b>5,131</b>     |
| <b><i>Passed Through Colorado Department of Human Services</i></b>                                           |                                   |                                                                   |                               |                  |
| <b><i>SNAP Cluster</i></b>                                                                                   |                                   |                                                                   |                               |                  |
| Supplemental Nutrition Assistance Program                                                                    | 10.551                            | N/A                                                               | -                             | 5,383            |
| State Administrative Matching Grants for the Supplemental Nutrition Assistance Program                       | 10.561                            | N/A                                                               | -                             | 434,682          |
| <b><i>Total SNAP Cluster</i></b>                                                                             |                                   |                                                                   |                               | <b>440,065</b>   |
| <b><i>Passed Through Colorado Department of Public Health and Environment</i></b>                            |                                   |                                                                   |                               |                  |
| WIC Special Supplemental Nutrition Program for Women, Infants, and Children                                  | 10.557                            | 08-FLA 00475                                                      | -                             | 873,176          |
| <b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>                                                                  |                                   |                                                                   |                               | <b>1,318,372</b> |
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                                                      |                                   |                                                                   |                               |                  |
| <b><i>Passed Through Colorado Department of Local Affairs</i></b>                                            |                                   |                                                                   |                               |                  |
| Community Development Block Grant (CDBG)                                                                     | 14.228                            | CDBGED-24-647                                                     | -                             | 75,400           |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                                                          |                                   |                                                                   |                               |                  |
| <b><i>Passed Through the Schreiber Research Group</i></b>                                                    |                                   |                                                                   |                               |                  |
| Telehealth Programs                                                                                          | 93.211                            | 1001294752                                                        | -                             | 109,412          |
| <b><i>Passed Through Colorado Department of Human Services</i></b>                                           |                                   |                                                                   |                               |                  |
| <b><i>Aging Cluster</i></b>                                                                                  |                                   |                                                                   |                               |                  |
| Special Programs for the Aging, Title III, Part B - Grants For Supportive Services and Senior Centers        | 93.044                            | N/A                                                               | 114,144                       | 188,229          |
| Special Programs for the Aging, Title III - Administration                                                   | 93.044                            | N/A                                                               | -                             | 61,033           |
| Special Programs for the Aging, Title III, Part C - Nutrition Services                                       | 93.045                            | N/A                                                               | 187,550                       | 327,472          |
| Nutrition Services Incentive Program                                                                         | 93.053                            | N/A                                                               | 42,662                        | 42,662           |
| <b><i>Subtotal Aging Cluster</i></b>                                                                         |                                   |                                                                   |                               | <b>619,396</b>   |
| <b><i>Child Care Development Fund Cluster</i></b>                                                            |                                   |                                                                   |                               |                  |
| Child Care and Development Block Grant                                                                       | 93.575                            | N/A                                                               | -                             | 115,705          |
| Child Care Mandatory and Matching Funds of the Child Care and Development Fund                               | 93.596                            | N/A                                                               | -                             | 39,393           |
| <b><i>Subtotal Child Care Development Fund Cluster</i></b>                                                   |                                   |                                                                   |                               | <b>155,098</b>   |
| Special Programs for the Aging Title VII Chapter 2 - Long-Term Care Ombudsman Services for Older Individuals | 93.042                            | 21 IHEA 160185;<br>24 IHEA 185262                                 | -                             | 3,107            |
| Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services          | 93.043                            | N/A                                                               | 6,400                         | 6,400            |
| Special Programs for the Aging, Title IV, and Title II, Discretionary Projects                               | 93.048                            | 21 IHEA 160185;<br>24 IHEA 185262                                 | -                             | 80,557           |
| National Family Caregiver Support Title III, Part E                                                          | 93.052                            | 21 IHEA 163704;<br>24 IHEA 181663 +<br>20-139143; 20-<br>139143A3 | 36,239                        | 36,239           |
| Guardianship Assistance                                                                                      | 93.090                            | N/A                                                               | -                             | 27,218           |
| Title IV-E Kinship Navigator Program                                                                         | 93.471                            | 21 IHEA 160185;<br>24 IHEA 185262                                 | -                             | 38,204           |
| Title IV-E Prevention Program                                                                                | 93.472                            | N/A                                                               | -                             | 17,959           |
| Temporary Assistance for Needy Families (TANF)                                                               | 93.558                            | N/A                                                               | -                             | 744,692          |
| Child Support Enforcement                                                                                    | 93.563                            | N/A                                                               | -                             | 355,671          |
| Low-Income Energy Assistance                                                                                 | 93.568                            | N/A                                                               | -                             | 1,383,559        |
| Stephanie Tubbs Jones Child Welfare Services Program                                                         | 93.645                            | N/A                                                               | -                             | 4,060            |
| Foster Care Title IV-E                                                                                       | 93.658                            | N/A                                                               | -                             | 322,836          |
| Adoption Assistance                                                                                          | 93.659                            | N/A                                                               | -                             | 201,449          |
| Social Services Block Grant                                                                                  | 93.667                            | N/A                                                               | -                             | 83,647           |
| Public Health Emergency Response : Public Health Crisis Response                                             | 93.354                            | CT,FHCA,2020135                                                   | -                             | 59,821           |

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

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u>                         | <u>Federal Assistance Listing Number</u> | <u>Pass-Through Entity Identifying Number</u> | <u>Pass-through to Subrecipients</u> | <u>Expenditures</u> |
|-----------------------------------------------------------------------------------|------------------------------------------|-----------------------------------------------|--------------------------------------|---------------------|
| <b><i>Passed Through Colorado Department of Healthcare Policy and Finance</i></b> |                                          |                                               |                                      |                     |
| <b><i>Medicaid Cluster</i></b>                                                    |                                          |                                               |                                      |                     |
| Medical Assistance Program                                                        | 93.778                                   | 19-110371A1; 20-GAE1002                       | -                                    | 1,176,859           |
| <b><i>Subtotal Medicaid Cluster</i></b>                                           |                                          |                                               |                                      | <u>1,176,859</u>    |
| Immunization Cooperative Agreements                                               | 93.268                                   | N/A                                           | -                                    | 58,650              |
| Epidemiology and Laboratory Capacity for Infectious Diseases                      | 93.323                                   | N/A                                           | -                                    | 117,827             |
| Collaboration with Academia to Strengthen Public Health                           | 93.967                                   | N/A                                           | -                                    | 103,786             |
| <b><i>Passed Through Administration for Children and Families</i></b>             |                                          |                                               |                                      |                     |
| Community Health Access and Rural Transformation (CHART) Model                    | 93.624                                   | 1001861014                                    | -                                    | 60,800              |
| <b><i>Passed Through Colorado Department of Local Affairs</i></b>                 |                                          |                                               |                                      |                     |
| Community Services Block Grant                                                    | 93.569                                   | CTGGI NLAA 202100002982                       | -                                    | 67,201              |
| <b><i>Passed Through Office of the Secretary</i></b>                              |                                          |                                               |                                      |                     |
| Medical Reserve Small Grant Program                                               | 93.008                                   | N/A                                           | -                                    | 22,840              |
| TOTAL U.S. DEPARTMENT OF HUMAN SERVICES                                           |                                          |                                               |                                      | <u>5,857,288</u>    |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                                       |                                          |                                               |                                      |                     |
| <b><i>Passed Through the Colorado Department of Public Safety</i></b>             |                                          |                                               |                                      |                     |
| Emergency Management Performance Grants                                           | 97.042                                   | 23EM-24-40                                    | -                                    | 42,915              |
| TOTAL EXPENDITURES OF FEDERAL AWARDS                                              |                                          |                                               | \$ <u>386,995</u>                    | \$ <u>7,293,975</u> |

**OTERO COUNTY, COLORADO**  
**SCHEDULE FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2025

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The County does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the County.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Non-cash expenditures are included in the schedule.

**NOTE 2: Summary of Significant Accounting Policies**

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

**NOTE 3: Indirect Cost Rate**

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

**NOTE 4: Value of Non-Cash Awards**

Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfers of \$9,776,600 are reported in the Social Services Fund and not reported in the Schedule of Expenditures of Federal Awards. SNAP benefits are provided exclusively by the electronic benefits method (EBT) and processed and determined by the State of Colorado. Therefore, SNAP benefits are not considered the County's federal award and not reported on the County's Schedule of Expenditures of Federal Awards.

**OTERO COUNTY, COLORADO**  
**SCHEDULE FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2025

**SECTION I: SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?

☐ Yes ☒ No

**Federal Awards**

Internal control over major federal programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

☐ Yes ☒ No

Identification of major federal programs:

| <u>Federal Assistance Listing Number</u> | <u>Name of Federal Cluster/Program</u>         |
|------------------------------------------|------------------------------------------------|
| 93.558                                   | Temporary Assistance for Needy Families (TANF) |
| 93.568                                   | Low-Income Energy Assistance                   |
| 93.778                                   | Medical Assistance Program                     |

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

Auditee qualified as low-risk auditee?

☐ Yes ☒ No

**OTERO COUNTY, COLORADO**  
**SCHEDULE FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2025

**SECTION II: FINANCIAL STATEMENT FINDINGS**

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

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

**Condition:** We identified several material corrections of errors in the County's financial statements for the fiscal year ended December 31, 2025. Several of these corrections required a restatement of the prior year's financial statements, including corrections related to revenue recognition in the corresponding fiscal year in accordance with GASBS No. 33. These audit adjustments primarily related to year-end accruals for expenditures and revenues and reclassifications for financial reporting purposes.

**Cause:** In 2025, the County's lacked internal controls over financial reporting. Certain accounts required material adjustments in order to correct the balances at year-end, including unearned revenue, accumulated depreciation, and several year-end accrual adjustments. Based on our discussion with current management, many of these internal controls have been implemented or addressed prior to the completion of the audit.

**Effect:** Lack of internal controls over financial reporting caused significant audit adjustments and restatements of prior year net position and fund balances.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County creates oversight over financial reporting of other departments such as the agency on area aging. In addition, we recommend that the County continue to implement processes to review and reconcile all balance sheet accounts periodically to implement effective internal controls over those reconciliations in order to prevent future misstatements and errors.

**Corrective Action Plan:** Reported on page 60.

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

No current year findings or questioned costs were reported.



**Rob Oquist** - Commissioner Dist. 1  
**Tim Knabenshue** - Commissioner Dist. 2  
**Jim Baldwin** - Commissioner Dist. 3  
**Rose Pugliese** - County Attorney  
**Kaysie Schmidt** - County Administrator

## Office of the Commissioners

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July 29, 2026

### **Corrective Action Plan:**

Finding: 2025-001

Type of Finding: Material Weakness in Internal Control over Financial Reporting

Otero County had the following regarding internal controls:

- A material error in the prior year financial statements related to the calculation and presentation of deferred revenue and the reporting of federal and state share of EBT expenditures.

Otero County concurs with finding 2025-001 and will implement the following corrective steps:

- The finance team will review the deferred revenue and the reporting of federal and state share of EBT expenditures for accuracy and consistency prior to the issuance of the annual audited financial statements.

Responsible Person: Tina Mascarenas, Finance Officer

Estimated implementation by: Immediately

## **STATE COMPLIANCE**

**LOCAL HIGHWAY FINANCE REPORT**STATE:  
COLORADO  
YEAR ENDING (mm/yy):  
12/2025This Information From The Records Of:  
OTERO COUNTYPrepared By:  
TINA MASCARENAS - tmascarenas@otero.gov.org**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          |
|-------------------------------------------------------------|-----------------|
| <b>A. Receipts from local sources:</b>                      |                 |
| 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                              |                 |
| 3. Other local imposts (from page 2)                        | \$ 735,001.00   |
| 4. Miscellaneous local receipts (from page 2)               | \$ 14,271.00    |
| 5. Transfers from toll facilities                           |                 |
| 6. Proceeds of sale of bonds and notes:                     |                 |
| a. Bonds - Original Issues                                  |                 |
| b. Bonds - Refunding Issues                                 |                 |
| c. Notes                                                    |                 |
| d. Total (a. + b. + c.)                                     | \$ -            |
| 7. Total (1 through 6)                                      | \$ 749,272.00   |
| <b>B. Private Contributions</b>                             |                 |
| <b>C. Receipts from State government</b><br>(from page 2)   | \$ 1,996,285.00 |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | \$ 7,037.00     |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | \$ 2,752,594.00 |

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES**

| ITEM                                             | AMOUNT          |
|--------------------------------------------------|-----------------|
| <b>A. Local highway expenditures:</b>            |                 |
| 1. Capital outlay (from page 2)                  | \$ 3,092,386.00 |
| 2. Maintenance:                                  |                 |
| 3. Road and street services:                     |                 |
| a. Traffic control operations                    | \$ 11,128.00    |
| b. Snow and ice removal                          |                 |
| c. Other                                         | \$ 53,065.00    |
| d. Total (a. through c.)                         | \$ 64,193.00    |
| 4. General administration & miscellaneous        | \$ 116,994.00   |
| 5. Highway law enforcement and safety            |                 |
| 6. Total (1 through 5)                           | \$ 3,273,573.00 |
| <b>B. Debt service on local obligations:</b>     |                 |
| 1. Bonds:                                        |                 |
| a. Interest                                      |                 |
| b. Redemption                                    |                 |
| c. Total (a. + b.)                               | \$ -            |
| 2. Notes:                                        |                 |
| a. Interest                                      |                 |
| b. Redemption                                    |                 |
| c. Total (a. + b.)                               | \$ -            |
| 3. Total (1.c + 2.c)                             | \$ -            |
| <b>C. Payments to State for highways</b>         |                 |
| <b>D. Payments to toll facilities</b>            |                 |
| <b>E. Total expenditures (A.6 + B.3 + C + D)</b> | \$ 3,273,573.00 |

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

|                              | Opening Debt | Amount Issued | Redemptions | Closing Debt |
|------------------------------|--------------|---------------|-------------|--------------|
| <b>A. Bonds (Total)</b>      |              |               |             | \$ -         |
| 1. Bonds (Refunding Portion) |              |               |             | \$ -         |
| <b>B. Notes (Total)</b>      |              |               |             | \$ -         |

**V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)**

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  | \$ 2,211,544.00      | \$ 2,752,594.00   | \$ 3,273,573.00        | \$ 1,690,565.00   | \$ -              |

Notes and Comments:

|                                                                |                                         |                                                       |                 |
|----------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------|-----------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                            |                                         | STATE:<br>COLORADO<br>YEAR ENDING (mm/yy):<br>12/2025 |                 |
| <b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>      |                                         |                                                       |                 |
| ITEM                                                           | AMOUNT                                  | ITEM                                                  | AMOUNT          |
| <b>A.3. Other local imposts:</b>                               |                                         | <b>A.4. Miscellaneous local receipts:</b>             |                 |
| a. Property Taxes and Assessments                              | \$ 606,490.00                           | a. Interest on investments                            |                 |
| b. Other local imposts:                                        |                                         | b. Traffic Fines & Penalties                          |                 |
| 1. Sales Taxes                                                 |                                         | c. Parking Garage Fees                                |                 |
| 2. Infrastructure & Impact Fees                                |                                         | d. Parking Meter Fees                                 |                 |
| 3. Liens                                                       |                                         | e. Sale of Surplus Property                           | \$ 9,644.00     |
| 4. Licenses                                                    |                                         | f. Charges for Services                               |                 |
| 5. Specific Ownership &/or Other                               | \$ 128,511.00                           | g. Other Misc. Receipts                               | \$ 4,627.00     |
| 6. Total (1. through 5.)                                       | \$ 128,511.00                           | h. Other                                              |                 |
| c. Total (a. + b.)                                             | \$ 735,001.00                           | i. Total (a. through h.)                              | \$ 14,271.00    |
| <i>(Carry forward to page 1)</i>                               |                                         | <i>(Carry forward to page 1)</i>                      |                 |
|                                                                |                                         |                                                       |                 |
| ITEM                                                           | AMOUNT                                  | ITEM                                                  | AMOUNT          |
| <b>C. Receipts from State Government</b>                       |                                         | <b>D. Receipts from Federal Government</b>            |                 |
| 1. Highway-user taxes (from Item I.C.5.)                       | \$ 1,962,562.00                         | 1. FHWA (from Item I.D.5.)                            |                 |
| 2. State general funds                                         |                                         | 2. Other Federal agencies:                            |                 |
| 3. Other State funds:                                          |                                         | a. Forest Service                                     |                 |
| a. State bond proceeds                                         |                                         | b. FEMA                                               |                 |
| b. Project Match                                               |                                         | c. HUD                                                |                 |
| c. Motor Vehicle Registrations                                 | \$ 33,723.00                            | d. Federal Transit Administration                     |                 |
| d. DOLA Grant                                                  |                                         | e. U.S. Corps of Engineers                            |                 |
| e. Other                                                       |                                         | f. Other Federal                                      | \$ 7,037.00     |
| f. Total (a. through e.)                                       | \$ 33,723.00                            | g. Total (a. through f.)                              | \$ 7,037.00     |
| 4. Total (1. + 2. + 3.f)                                       | \$ 1,996,285.00                         | 3. Total (1. + 2.g)                                   | \$ 7,037.00     |
| <i>(Carry forward to page 1)</i>                               |                                         | <i>(Carry forward to page 1)</i>                      |                 |
|                                                                |                                         |                                                       |                 |
| <b>III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL</b> |                                         |                                                       |                 |
|                                                                | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b)              | TOTAL<br>(c)    |
| <b>A.1. Capital outlay:</b>                                    |                                         |                                                       |                 |
| a. Right-Of-Way Costs                                          |                                         |                                                       | \$ -            |
| b. Engineering Costs                                           |                                         | \$ 103,054.00                                         | \$ 103,054.00   |
| c. Construction:                                               |                                         |                                                       |                 |
| (1). New Facilities                                            |                                         |                                                       | \$ -            |
| (2). Capacity Improvements                                     |                                         | \$ 630,089.00                                         | \$ 630,089.00   |
| (3). System Preservation                                       |                                         | \$ 1,890,266.00                                       | \$ 1,890,266.00 |
| (4). System Enhancement And Operation                          |                                         | \$ 468,977.00                                         | \$ 468,977.00   |
| (5). Total Construction (1)+(2)+(3)+(4)                        | \$ -                                    | \$ 2,989,332.00                                       | \$ 2,989,332.00 |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)            | \$ -                                    | \$ 3,092,386.00                                       | \$ 3,092,386.00 |
| <i>(Carry forward to page 1)</i>                               |                                         |                                                       |                 |
|                                                                |                                         |                                                       |                 |
| <b>Notes and Comments:</b>                                     |                                         |                                                       |                 |
|                                                                |                                         |                                                       |                 |