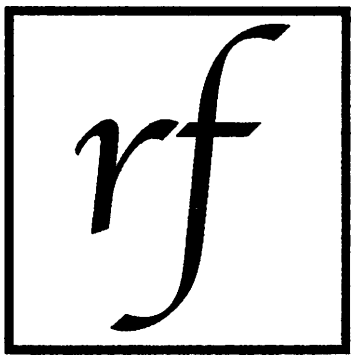


Phillips County, Colorado

Financial Statements

December 31, 2025

Phillips County, Colorado
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Independent Auditor's Report

Board of County Commissioners
Phillips County, Colorado

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Phillips County, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Phillips County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Phillips 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 Phillips County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-iv and 28-32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Phillips County's basic financial statements. The supplementary information on pages 33-39 is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

rfarmer, llc

July 8, 2026

Phillips County, Colorado
Management's Discussion and Analysis

December 31, 2025

As management of Phillips County, Colorado (the "County"), we offer readers of the county's financial statements a brief overview and analysis of some key financial factors of the County for the fiscal year ended December 31, 2025.

County Profile

Phillips County is a small, agriculturally based county in the northeast corner of Colorado. It was established in 1889 and encompasses 680 square miles. The U.S. Census Bureau estimated countywide population at 4,530 people. The county has three incorporated municipalities – Paoli – 51; Haxtun – 981; and Holyoke, the County Seat – 2,346. The County also has a small, unincorporated community of Amherst. The total unincorporated population is 1,152.

Key Financial Factors

Healthy annual end-of-year fund balances and stable or increased assessed values are key components of the County's financial health.

Fund Balance Review:

	2021	2022	2023	2024	2025
General	$ 2,256,906	$ 2,778,279	$ 3,291,614	$ 4,031,050	$ 3,782,195
Road & Bridge	1,719,327	1,195,518	1,139,035	1,029,065	1,669,841
Human Services	271,007	367,488	490,010	550,405	642,044
Capital Expenditures	601,408	762,536	687,928	989,096	1,049,531
ARPA Project	0	0	0	0	0
Other	231,230	227,423	386,224	563,351	734,917
	$ 5,079,878	$ 5,331,244	$ 5,994,811	$ 7,162,967	$ 7,878,528

The fund balance comparison shows an increase overall. After years of low fund balance, the Human Services fund has shown steady increases since 2019. This can be tied directly to a reduction in work force. Should the demands of the department require additional staff, the fund balance would need to be watched closely. The Road & Bridge fund will also need to be monitored due to an emphasis on replacing aging equipment. The American Recovery Plan Act fund was fully expended by the end of 2025.

Assessed Value of the County

2021	2022	2023	2024	2025
$ 100,458,180	$ 97,360,110	$ 101,147,210	$ 99,270,880	$ 106,444,640

In the five-year period from 2021 to 2025, the County's assessed value increased $5,986,460, a 5.96% increase. From 2024 to 2025, the assessed value of residential property increased 26.1%, commercial property increased 8.49%, industrial property decreased 21.01% and agricultural property decreased 1.69%.

Next Year's Budget and Rates: The General Fund balance at the end of fiscal year 2025 was $3,782,195. A reserve is necessary to start the year and provide basic services to the residents and visitors of Phillips County. An adequate reserve at year-end on which to operate a minimum of four months or 30% of the approved expenditure budget is considered a fiscally responsible policy and furthermore, recommended by the county auditor, for the majority of the property tax revenue is received in April of each year.

Capital Assets and Debt Administration:

Due to the COVID-19 pandemic, the Federal government passed the American Recovery Plan Act (ARPA) which allotted the county $828,990, $414,495 received in 2021 and $414,495 in 2022. ARPA expenditures are made from Fund 66. The County's major purchases for capital assets in 2025 were:

Easi-File Cabinet	Fund 10 – Clerk	$3,621
Copier	Fund 10 – Treasurer/Assr.	6,694
Security Cameras	Fund 61	27,191
2021 For F-150 Pickup	Fund 10/61 – Sheriff	15,000
24-port switch	Fund 64 – Comm Center	2,500
Event Ctr. LED Lights	Fund 61	22,871
Walker Mower Deck	Fund 61 – Maintenance	4,590
Fairgrounds Fence Project	Fund 61	8,404
1979 John Deere 4440 Tractor	Fund 61 – Landfill	27,018
2021 Chevrolet Silverado Pickup	Fund 61 – Landfill	32,266
Sundance 3-PT Disk	Fund 20 – R&B	5,445
Storage Containers (3)	Fund 20 – R&B	20,400
Pleasant Valley Shop	Fund 20 – R&B	102,108
CTS Bottom Dump Trailers (2)	Fund 66 – ARPA	88,800
Land Purchase	Fund 20 – R&B	39,875
	TOTAL	**$ 406,783**

Request for information: This brief financial overview is designed to highlight key components of the County's finances for all those with an interest. Questions concerning any of the information provided in this overview or requests for additional financial information should be addressed to the Phillips County Administration Office, 221 S. Interocean Ave., Holyoke, CO 80734.

Basic Financial Statements

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

	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 7,623,764
Receivables	3,294,565
Due from other governmental agencies	32,927
Inventories	89,192
Capital assets:	
Land	308,442
Infrastructure	2,849,896
Buildings	9,487,804
Equipment	6,786,646
Vehicles	2,077,873
Less: accumulated depreciation	(13,213,201)
Total Capital Assets	8,297,460
Total Assets	19,337,908
LIABILITIES	
Accounts payable and accrued expenses	136,346
Due to other governmental agencies	15,317
Long-term liabilities:	
Due in more than one year:	
Compensated absences	261,011
Closure and post-closure costs	419,277
Total Liabilities	831,951
DEFERRED IN-FLOW OF RESOURCES	
Deferred revenues-property taxes	3,010,254
NET POSITION	
Net investment in capital assets	8,297,460
Restricted for:	
TABOR and enabling legislation	223,049
Unrestricted	6,975,194
Total Net Position	$ 15,495,703

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

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

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position Primary Government: Governmental Activities
Primary government:					
Governmental Activities:					
General Government	$ 2,315,681	$ 396,644	$ 158,390	$ -	$ (1,760,647)
Public Safety	1,163,558	327,393	176,465	-	(659,700)
Highways and Streets	2,396,917	15,042	1,589,834	-	(792,041)
Health & Welfare	550,574	-	395,867	8,000	(146,707)
Culture and Recreation	826,060	59,963	14,000	115,011	(637,086)
Sanitation	520,044	223,538	-	-	(296,506)
Judicial	126,761	-	-	-	(126,761)
Total primary government	7,899,595	1,022,580	2,334,556	123,011	(4,419,448)
General revenues:					
Taxes:					
Property taxes, levied for general purposes					$ 2,797,749
Sales & use taxes					1,024,458
Specific Ownership taxes					346,877
Unrestricted investment earnings					329,250
Miscellaneous					220,874
Special item - gain (loss) on disposition of assets					91,967
Total general revenues, special items, and transfers					4,811,175
Change in net position					391,727
Net position - beginning					15,103,976
Net position - ending					$ 15,495,703

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

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

	General	Road & Bridge	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
ASSETS						
Cash and cash equivalents	$ 3,784,485	$ 1,486,356	$ 617,752	$ 1,031,395	$ 703,773	$ 7,623,761
Taxes receivable, net	2,389,682	397,039	170,311	53,222	-	3,010,254
Due from State	-	-	32,927	-	-	32,927
Other receivables	39,802	187,104	6,682	18,798	31,924	284,310
Inventories	23,555	65,637	-	-	-	89,192
Total assets	6,237,524	2,136,136	827,672	1,103,415	735,697	11,040,444
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	65,647	69,256	-	662	780	136,345
Payable to other governments	-	-	15,317	-	-	15,317
Total liabilities	65,647	69,256	15,317	662	780	151,662
Deferred Cash In-flow of Resources:						
Deferred revenue-property taxes	2,389,682	397,039	170,311	53,222	-	3,010,254
Fund balances:						
Restricted for:						
TABOR and enabling legislation	207,000	-	(32,098)	-	-	174,902
Non-spendable-Inventory	23,555	65,637	-	-	-	89,192
Unassigned	3,551,640	-	-	-	-	3,551,640
Committed, reported in:						
Special revenue funds	-	1,604,204	674,142	1,049,531	734,917	4,062,794
Total fund balances	3,782,195	1,669,841	642,044	1,049,531	734,917	7,878,528
Total liabilities and fund balances	$ 6,237,524	$ 2,136,136	$ 827,672	$ 1,103,415	$ 735,697	$ 11,040,444

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

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

Total fund balance, governmental funds	$ 7,878,528
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	8,297,460
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(680,285)
Net Position of Governmental Activities in the Statement of Net Position	$ 15,495,703

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

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

	General	Road & Bridge	Human Services	Capital Expenditures	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	$2,273,187	$ 369,155	$ 155,396	$ 11	$ -	$ -	$ 2,797,749
SO Tax	281,500	45,751	19,625	-	-	-	346,876
Sales, Use and miscellaneous taxes	232,312	803,565	-	-	-	-	1,035,877
Fees and fines	4,014	-	-	-	-	-	4,014
Licenses and permits	2,380	-	-	-	-	-	2,380
Intergovernmental	377,830	1,578,414	388,886	60,307	115,011	14,000	2,534,448
Charges for services	391,555	3,650	-	245,196	-	314,903	955,304
Investment earnings	328,549	-	-	-	-	700	329,249
Miscellaneous	89,791	14,769	-	14,687	-	8,000	127,247
Rent received	90,372	-	-	-	-	-	90,372
Total revenues	4,071,490	2,815,304	563,907	320,201	115,011	337,603	8,223,516
EXPENDITURES							
Current:							
General government	2,148,634	17,773	-	129,927	-	82	2,296,416
Public safety	1,007,289	-	-	-	-	97,659	1,104,948
Streets & Highways	-	2,086,093	-	-	-	-	2,086,093
Health and Welfare	65,270	-	485,304	-	-	-	550,574
Culture and recreation	548,745	-	-	-	26,211	1,400	576,356
Judicial	126,761	-	-	-	-	-	126,761
Sanitation	465,527	-	-	-	-	-	465,527
Capital outlay	17,815	167,828	-	129,838	88,800	2,500	406,781
Total Expenditures	4,380,041	2,271,694	485,304	259,765	115,011	101,641	7,613,456
Excess (deficiency) of revenues over expenditures	(308,551)	543,610	78,603	60,436	-	235,962	610,060
OTHER FINANCING SOURCES (USES)							
Other sources	-	-	3,036	-	-	-	3,036
Transfers in	80,397	-	10,000	-	-	16,000	106,397
Transfers out	(26,000)	-	-	-	-	(80,397)	(106,397)
Total other financing sources and uses	54,397	-	13,036	-	-	(64,397)	3,036
SPECIAL ITEM							
Proceeds from sale of assets	5,300	97,167	-	-	-	-	102,467
Net change in fund balances	(248,854)	640,777	91,639	60,436	-	171,565	715,563
Fund balances - beginning	4,031,049	1,029,064	550,405	989,095	-	563,352	7,162,965
Fund balances - ending	$3,782,195	$1,669,841	$ 642,044	$ 1,049,531	$ -	$ 734,917	$ 7,878,528

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

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

Net change in fund balances - total governmental funds:	$ 715,563
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of $406,781 was less than depreciation of $740,741 in the current period.	(333,960)
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(10,500)
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:	
Change in Landfill closure and post-closure costs	(11,470)
Change in Compensated Absences	32,094
Change in net position of governmental activities	$ 391,727

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

Phillips County, Colorado
Custodial Funds
Statement of Fiduciary Net Position
December 31, 2025

	Custodial Funds
ASSETS	
Cash and cash equilvalents	$ 8,951,389
Total assets	8,951,389
LIABILITIES	
Due to other governmental units	8,951,389
Total liabilities	$ 8,951,389

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

Phillips County, Colorado
Custodial Funds
Statement of Changes in Fiduciary Net Position
December 31, 2025

	Custodial Funds
Additions:	
Collections for 2025	20,442,899
Total additions	
Deductions:	
Disbursements for 2025	(19,758,922)
Total deductions	
Change in Net Position	683,977
Cash, beginning of the year	8,267,412
Cash, end of the year	$ 8,951,389

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

Note 1 Summary of Significant Accounting Policies

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

Government-wide Financial Statements

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

Financial Reporting Entity

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

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

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

Measurement Focus

Government-wide Financial Statements

The government-wide statements focus on the County as a whole. The *Statement of Net Position* and the *Statement of Activities* are presented using the economic resources measurement focus. Other than the fiduciary funds, all revenues and expenses and all current and long-term assets, deferred outflows of resources, liabilities and deferred inflows of resources of the County are reported, including capital and lease assets, depreciation, and long-term debt. Certain interfund governmental activity has been eliminated from these statements. Since assets of the fiduciary funds are not available to the County, these funds are not reported in the government-wide statements.

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant

extent, on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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

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

Fund Financial Statements

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

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

MAJOR FUNDS

Governmental Fund Type:

General Fund

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

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

Road and Bridge Fund

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

Human Services Fund

This Fund administers human services programs under state and federal regulations. Programs include, but are not limited to, Medicaid, Supplemental Nutrition Assistance

Program (SNAP), Child Welfare Program, Aging and Adult Services, Job Training Services, and Temporary Assistance to Needy Families (TANF). Colorado counties are required by State law to maintain a Human Services Fund. Besides receiving most of its revenue from federal and state grants, this fund receives property taxes to cover the County's portion to pay for these programs.

Capital Expenditures Fund

This fund accounts for the financial resources that are collected and used to acquire or construct major capital assets, including facilities, land, and other county-wide projects.

NONMAJOR FUNDS

Governmental Type:

Special Revenue Funds

These funds account for revenues generated from various sources such as sales and property taxes, grants, impact and other fees, and contributions. These funds expend those revenues for ambulance replacement, culture & recreation, and E-911, and other areas.

Fiduciary Fund Type:

Treasurer's Custodial Fund

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

Public Trustee Funds

The foreclosure and lease activities of the Public Trustee's office are accounted for in the Treasurer's Custodial Fund.

Basis of Accounting

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

Government-wide, Proprietary, and Fiduciary Fund Financial Statements

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

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

Governmental Fund Financial Statements

Governmental funds are reported using the modified-accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all

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

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

Budgetary Accounting

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

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

The legal level of budgetary control, that is the level at which expenditures cannot legally exceed the appropriated amount, is established at the individual fund level for all funds.
No supplemental budgets were adopted for 2025.

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

Implementation of New Accounting Standards

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

New Accounting Standards

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

GASB Statement No. 103 – *Financial Reporting Model Improvements*. This statement is a significant update to the financial reporting model, including enhanced guidance for the management's discussion and analysis (MD&A) and required changes in subtotals for

operating income/loss in proprietary fund statements. It also requires budgetary comparison schedules to be presented as required supplementary information.

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

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

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

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

Receivables

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

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

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

Inventories

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

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure, are reported in the government-wide financial statements. The County defines capital and subscription assets as assets with an initial individual cost of $2,000 or more and a useful life of more than one year. Land is capitalized regardless of cost. Infrastructure assets are long-lived capital assets that are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. All capital assets are valued at historical

cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated acquisition value at the date of donation. Infrastructure assets that cost more than the following amounts will be capitalized:

Gravel roads	$ 500,000
Bridges	75,000
Other infrastructure	$ 250,000

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

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

Capital, Lease and Subscription Assets

Buildings and Improvements	50 – 75 Years
Infrastructure – Bridges and Roads	50 Years
Heavy Equipment	5 – 10 Years
Office Machinery and Equipment	5 – 10 Years
Passenger Vehicles	5 – 10 Years
Computer Equipment	5 – 10 Years

Personal Time Off (PTO)

PTO leave is earned based on date of hire. Full-time employees as of the conversion date received from 15.25 hours to 20.5 hours PTO monthly, depending on length of service and work schedule. Those employed after July 1, 2022, receive from 8.25 hours to 20.5 hours of PTO per month, again dependent on length of service and work schedule. Permanent part-time employees who work at least 20 hours per week receive a pro-rated monthly amount of PTO. New employees may use accrued PTO for purposes other than sick leave after three months of service. At separation of service, employees will be paid out for unused PTO at their current hourly rate of pay.

Net Position

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

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

Fund Balances

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for general use because they are legally restricted by outside

parties for a specific purpose. Fund balance commitments are not external legal restrictions but are reserved for a specific purpose by formal action of the County's Board of County Commissioners. If the funds are not spent on the committed purpose then removal of the commitment also requires formal action of the Board.

Only the General Fund can have a positive unassigned fund balance. Reserves for emergencies required under TABOR are appropriated in the General Fund.

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

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

Note 3 Accounting Policies for Revenues and Expenditures/Expenses

Revenues

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

Capital contributions from a governmental fund to a proprietary fund are recognized as revenue in the proprietary fund, net of the accumulated depreciation that would have accrued, if the asset had been in the proprietary fund since it was first acquired by the County.

Use of Estimates

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

Note 4 Stewardship, Compliance, and Accountability

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

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

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

The County levies 28.280 mills for property taxes to be collected in 2026. The official mill levy of the County is 28.280 mills. There was no temporary mill levy reduction for property tax collections in 2026. Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

TABOR requires that an emergency reserve be established. This reserve must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service) in years after 1994. An emergency reserve totaling $207,000 has been presented as a restriction of fund balance in the General Fund. The County is not allowed to use the emergency reserve to compensate for economic conditions, revenue shortfalls, or salary and benefit increases.

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

Note 5 Cash/Cash Equivalents and Investments

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

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

Cash/Cash Equivalents

In addition to having funds in local banks, the County invested $244,405 in U.S. Treasury Securities with a Moody Rating of Aa1 and $951,512 in various U.S. Government Bonds with a Moody Rating of Aa1 and a S&P Rating of AA+. The investments are included in the cash and cash equivalent balance on the financial statements due to the liquidity of the investments.

Deposits in local government investment pools are included in Cash/Cash Equivalents. While not covered by the FDIC or PDPA, the Colorado Division of Securities routinely monitors the investment pools with regard to operations and investments. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal mechanisms of the pooled funds. The County can redeem cash from the Colorado Surplus Asset Fund Trust (CSAFE) Cash Fund account as often as

needed without penalty or notice period. At December 31, 2025, the County had $1,035,363 in the CSAFE Cash Fund. The County has also invested $934,965 in ColoTrust Plus+. ColoTrust is a statutory trust organized and existing under the laws of the State of Colorado and is intended solely for the use of Colorado local governments; the Trust was created on January 1, 1985, by and Indenture of Trust in accordance with the Pooling Act. ColoTrust is designed to provide local governments a convenient for investing in high quality, short- to medium-term securities carefully chosen to provide for safety and liquidity while still prioritizing interest earnings. ColoTrust is rated AAAm by S&P Global Ratings. The investments are included in cash and cash equivalents to due the liquidity of the investments. The net asset value is stable $1.00 per share. The County has invested $256,322 in Centennial State Liquid Investment Pool (CSLIP). CSLIP is a local government investment pool trust fund organized pursuant to Section 24-75-710 C.R.S. exclusively available to local governments in the state of Colorado. CSLIP seeks to maintain a stable $1.00 per share Net Asset Value. CSLIP is rated AAAm by S&P Global Ratings. CSLIP was organized in May 2024. The investments are included in cash and cash equivalents due to the liquidity of the investments. The State Securities Commissioner administers and enforces the requirements of creating and operating the local government investment pools. The pools operate similarly to a money market fund and each share in Colotrust and CSAFE-Cash is equal in value to $1.00. Shares in CSAFE-Core are equal in value to $2.00. CSAFE-Cash is rated AAAmmf by Fitch Ratings as of December 31, 2024, and has a weighted average maturity of 20 days. CSAFE-Core fund is rated AAAf by Fitch Ratings and has a weighted average maturity of 34 days. Only the CSAFE-Core account has redemption restrictions, and it is limited to 3 redemptions per month with a notice period of 1 business day. These local government investment pools are established by State statute for local government entities in Colorado to pool and invest surplus funds. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions.

Investments

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

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

Fair Value

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices

in active markets for identical assets. The County had no Level 1 investments as of December 31, 2025. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities' relationship to benchmark quoted prices. The County's Level 2 investments are detailed below:

Investments by Type

Investment Type	Fair Value	Fair Value Hierarchy
US Treasury Securities	$ 244,405	Level 1
US Government Bonds	951,512	Level 1
COLOTRUST	934,965	
CSLIP	256,322	

Interest Rate Risk

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

Credit Risk

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

Concentration of Credit Risk

The County's investments comply with State law which limits the concentration of corporate and bank securities to fifty percent of the County's overall portfolio and to five percent of the Couty's portfolio in any single issuer. There is no State law or County policy limitation of the concentration of U.S. Government or U.S. government agency securities. As of December 31, 2025, there were three U.S. Government or U.S. government agency securities investments in one issuer exceeding five percent of all investments:

US Treasury Securities
US Government Bonds
COLOTRUST
CSLIP

Custodial Credit Risk

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

Foreign Currency Risk

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

Note 6 Receivables

The details for other receivables shown below are for each of the major funds and the non-major governmental funds. Please see the table on the following page for applicable breakouts:

Funds	General Fund	Road and Bridge Fund	Human Services Fund	Capital Expenditures Fund	Other Governmental Funds
Accounts Receivable	$ 39,802	$ 187,104	$ 6,682	$ 18,798	$ 31,924

Most of these receivables are for sales and other taxes due to the County across various funds. The road and bridge fund includes the highway users tax fund monies.

Note 7 Interfund Transactions

Interfund Receivables/Payables

Transactions between the various funds of the County can result in receivables and payables at year-end. The sum of all balances presented in the following tables agrees with the sum of interfund balances presented in the balance sheets for the governmental funds. Interfund balances not expected to be repaid within one year of the financial statement date are reported in the governmental fund balance sheets as advances to other funds.

Interfund Transfers

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

	Transfers In	Transfers Out
General Fund	$ -	$ 106,397
Ambulance	16,000	-
Human Services	10,000	-
Aggregate Other Governmental Funds	80,397	-
Total	$ 106,397	$ 106,397

Note 8 **Capital Assets**

Primary Government

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

	Beginning Balance	Additions	Deletions	Ending Balances
Governmental Activities:				
Land	$ 268,567	$ 39,875	$ -	$ 308,442
Total Capital Assets, Not Being Depreciated	268,567	39,875	-	308,442
Capital Assets Being Depreciated:				
Infrastructure	2,849,896	-	-	2,849,896
Buildings	9,403,696	102,108	(18,000)	9,487,804
Equipment	6,554,114	232,532	-	6,786,646
Vehicles	2,138,120	32,266	(92,514)	2,077,872
Total Capital Assets Being Depreciated	20,954,826	366,906	(110,514)	21,202,218
Less Accumulated Depreciation	(12,572,474)	(740,741)	100,014	(13,213,201)
Total Capital Assets Being Depreciated, Net	8,373,352	(373,835)	(10,500)	7,989,017
Governmental Activities Capital Assets, Net	$ 8,641,919	$ (333,960)	$ (10,500)	$ 8,297,459

Depreciation and amortization expense charged to functions/programs of the primary government's governmental activities during the year ended December 31, 2025 was as follows:

Governmental activities:	
General Government	$ 52,345
Public Safety	58,610
Public Works	310,824
Sanitation	43,047
Health & Welfare	-
Culture & Recreation	275,915
Total depreciation expense-governmental activities	$ 740,741

Note 9 **Commitments**

The County does not have any material commitments.

Note 10 **Related Party Transactions**

The County did not have any material related party transactions during 2025.

Note 11 **Fund Balance**

Nonspendable

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

Restricted

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

Committed

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

Assigned

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

Unassigned

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

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

Note 12 Retirement Plan

All eligible County officials and employees participate in the Colorado Retirement Association (CRA) defined contribution retirement plan (the Plan) authorized by State statute.

The Plan is a defined contribution plan administered by the CRA. Employee contributions are always 100% vested and begin after one year of employment. Employees are eligible for the county match after one year of employment with the County and participation is mandatory. The County match follows a five-year vesting schedule of 20 percent per year which begins one year after employment. Employees are 100 percent vested after the five-year participation period. Employees age 55 or older are 100% vested upon participation. Elected officials are 100 percent vested immediately upon participation.

The County and employees each contributed 4 percent of the employee's salary into the Plan for 2025 based on the employee's irrevocable initial decision. Employees could have contributed up to a maximum of $69,000 in 2025, minus their 401(a) contribution, but including the County match, to the Plan on a voluntary after-tax basis.

In 2025 the County contributed $102,589 and employees contributed $102,589.

The total compensation of County employees was $2,914,144 in 2025. Compensation of employees covered by the Plan was $2,564,734 in 2025. The difference represents seasonal and temporary employees, bonuses, and overtime wages. The Plan has no unfunded liability since it is a defined contribution plan.

The Plan may be amended by resolution of the Board of County Commissioners, but it may not be amended beyond the limits established by state statute. A separate CRA audited benefit plan report is available on the CRA website: https://www.cra-online.org.

Note 13 Deferred Compensation

The County offers its benefits-eligible employees a traditional pre-tax and Roth after-tax deferred compensation plan created in accordance with Internal Revenue Code Section 457 and offered through both CRA and Nationwide Retirement Solutions. The regular contribution limit (for employees under age 50) was $23,000, and the contribution limit for age 50 and older was $30,500. The deferred compensation plan permits employees to defer a portion of their salary to future years. Access to the withdrawal of funds from the deferred compensation plan(s) are available to employees following termination, retirement, death, or an unforeseeable emergency.

All assets and income of the deferred compensation plan are held in trust by a third party for the exclusive benefit of the participants and their beneficiaries, and per federal law, are not available to the County or its creditors. As a result, the assets and liabilities of the deferred compensation plan are not included in the County's financial statements.

Note 14 Risk Management

The County is exposed to various risks of loss through its operations and physical assets. Those exposures may include injuries to employees, bodily injuries to others, theft, destruction of physical assets (such as buildings or vehicles), and damage to the property of others. Additional exposures to loss may result from the decisions of elected officials and employees. Financial protection from these potential losses is provided to the taxpayers through commercial insurance. Insurance settlements have not exceeded insurance coverage for each of the past three fiscal years.

Property and Casualty Insurance

The County insures itself against property and casualty losses through a number of insurance policies. A description of the County's risk financing/insurance program is as follows:

Liability

Coverage furnished under the Public Liability Policy includes general liability, automobile liability, law enforcement liability, and public official's liability, which includes liability arising from the acts of public officials.

Theft and Fraud

Insurance is provided for crime losses with a $50,000 deductible (per occurrence) for dishonesty, theft, forgery/alteration, computer fraud, and wire transfer fraud. Crime coverage includes employee dishonesty ($5,000,000 limit), forgery or alteration ($5,000,000 limit), theft and destruction of currency and securities ($300,000 limit), robbery ($300,000 limit) with a $5,000 deductible, computer fraud ($5,000,000 limit), and wire transfers fraud ($5,000,000 limit).

Workers' Compensation

Workers' Compensation coverage is provided within statutory limits.

Property Loss

The County maintains coverage under a commercial property policy with a blanket limit. Buildings and contents, electronic data processing, telephone equipment, towers, antennas, and equipment breakdown are insured for a blanket policy limit of $250,000,000. Deductibles for property insurance vary from $100,000 for standard losses to $500,000 for losses due to flood for properties in flood zone "A". Earthquake coverage has a sublimit of $100,000,000, flood coverage is limited to $2,500,000 for locations in flood zone "A". Additional flood coverage is provided for properties in flood zone "A" under the FEMA flood insurance program. Business interruption coverage also applies for both real and personal property losses, and boiler and machinery losses up to $5,177,944 with some exceptions. Various additional sub-limits apply to selected exposures.

Claims and Judgments

The amounts paid on Colorado lawsuits and claims are significantly restricted by the Colorado Governmental Immunity Act (the Act), limiting recovery for most claims to $350,000 per person and $990,000 per occurrence as of July 1, 2013, and barring many other claims in their entirety. There is also a 180-day reporting requirement under the Act.

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

Note 15 Contingencies

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

Note 16 Landfill

State and federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. At December 31, 2025, the County closed approximately 29.5% of the estimated capacity of the landfill. The County expects the closure and post-closure liability to be $419,277 to cover the last cell open at the time of closure. The amount is based on what it would cost to perform all closure and post-closure care in 2018, adjusted by the inflation percentages. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The County expects to close the landfill in the year 2061. The County has completed the financial assurance report; however, no contributions have been made to a trust to finance closure and post-closure care. As of year-end, the county has not restricted any assets for the payment of the closure and post-closure care costs.

Note 17 Long-Term Debt

Changes in long-term debt are as follows:

	Beginning Balance	Additions	Payments	Ending Balances	Current Portion
Compensated Absences	$ 293,102	$ -	$ 32,091	$ 261,011	$ -
Closure and Post-Closure Costs	407,807	11,470	-	419,277	-
	$ 700,909	$ 11,470	$ 32,091	$ 680,288	$ -

Required Supplementary Information

Phillips County, Colorado
Budget and Actual (with Variances)
General
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 2,287,567	$ 2,287,567	$ 2,273,187	$ (14,380)
SO Tax	240,000	240,000	281,500	41,500
Sales and miscellaneous taxes	214,000	214,000	232,312	18,312
Fees and fines	4,300	4,300	4,014	(286)
Licenses and permits	1,500	1,500	2,380	880
Intergovernmental	313,517	313,517	377,830	64,313
Charges for services	371,000	371,000	391,555	20,555
Investment earnings	150,000	150,000	328,549	178,549
Rent	91,640	91,640	90,372	(1,268)
Miscellaneous	(7,977)	(7,977)	89,791	97,768
Total revenues	3,665,547	3,665,547	4,071,490	405,943
EXPENDITURES				
Current:				
General Government	2,262,234	2,262,234	2,148,634	113,600
Public Safety	1,081,483	1,081,483	1,007,289	74,194
Health and sanitation	523,291	523,291	530,797	(7,506)
Culture and recreation	556,960	556,960	548,745	8,215
Judicial	126,761	126,761	126,761	-
Capital Outlay	25,194	25,194	17,815	7,379
Total Expenditures	4,575,923	4,575,923	4,380,041	195,882
Excess (deficiency) of revenues over expenditures	(910,376)	(910,376)	(308,551)	601,825
OTHER FINANCING SOURCES (USES)				
Transfers in	80,397	80,397	80,397	-
Transfers out	(26,000)	(26,000)	(26,000)	-
Total other financing sources and uses	54,397	54,397	54,397	-
SPECIAL ITEM				
Proceeds from sale of assets	-	-	5,300	5,300
Net change in fund balances	(855,979)	(855,979)	(248,854)	607,125
Fund balances - beginning	2,792,606	2,792,606	4,031,049	1,238,443
Fund balances - ending	$ 1,936,627	$ 1,936,627	$ 3,782,195	$ 1,845,568

Phillips County, Colorado
Budget and Actual (with Variances)
Road & Bridge
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 370,757	$ 370,757	$ 369,155	$ (1,602)
SO Taxes	45,000	45,000	45,751	751
Sales and miscellaneous taxes	642,000	642,000	803,565	161,565
Intergovernmental	1,629,256	1,629,256	1,578,414	(50,842)
Charges for services	-	-	3,650	3,650
Miscellaneous	-	-	14,769	14,769
Total revenues	2,687,013	2,687,013	2,815,304	128,291
EXPENDITURES				
Current:				
General government	12,500	12,500	17,773	(5,273)
Highways and roads	2,192,440	2,192,440	2,086,093	106,347
Capital Outlay	320,000	320,000	167,828	152,172
Total Expenditures	2,524,940	2,524,940	2,271,694	253,246
Excess (deficiency) of revenues over expenditures	162,073	162,073	543,610	381,537
SPECIAL ITEM				
Proceeds from sale capital assets	15,000	15,000	97,167	(82,167)
Net change in fund balances	177,073	177,073	640,777	463,704
Fund balances - beginning	910,598	910,958	1,029,064	118,106
Fund balances - ending	$ 1,087,671	$ 1,088,031	$ 1,669,841	$ 581,810

Phillips County, Colorado
Budget and Actual (with Variances)
Human Services
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ 316,088	$ 316,088	$ 155,396	$ (160,692)
Senior Exemption	6,000	6,000	3,036	
SO Taxes	30,000	30,000	19,625	(10,375)
Intergovernmental	766,858	766,858	388,886	(377,972)
Miscellaneous	6,300	6,300	-	(6,300)
Total revenues	1,125,246	1,125,246	566,943	(555,339)
EXPENDITURES				
Current:				
Health and human services	1,016,068	1,016,068	485,304	530,764
Total Expenditures	1,016,068	1,016,068	485,304	530,764
Excess (deficiency) of revenues over expenditures	109,178	109,178	81,639	(24,575)
OTHER FINANCING SOURCES (USES)				
Transfers in	15,000	15,000	10,000	5,000
Total other financing sources and uses	15,000	15,000	10,000	5,000
Net change in fund balances	124,178	124,178	91,639	(32,539)
Fund balances - beginning	446,916	446,916	550,405	103,489
Fund balances - ending	$ 571,094	$ 571,094	$ 642,044	$ 70,950

Phillips County, Colorado
Budget and Actual (with Variances)
Capital Expenditures
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	$ -	$ -	$ 11	$ 11
Intergovernmental	-	-	60,307	60,307
Charges for services	209,000	209,000	245,196	36,196
Miscellaneous	17,000	17,000	14,687	(2,313)
Total revenues	226,000	226,000	320,201	94,201
EXPENDITURES				
Current:				
General government	205,000	205,000	129,927	75,073
Capital Outlay	380,000	380,000	129,838	250,162
Total Expenditures	585,000	585,000	259,765	325,235
Excess (deficiency) of revenues over expenditures	(359,000)	(359,000)	60,436	419,436
Net change in fund balances	(359,000)	(359,000)	60,436	419,436
Fund balances - beginning	676,772	676,772	989,095	312,323
Fund balances - ending	$ 317,772	$ 317,772	$ 1,049,531	$ 731,759

Phillips County, Colorado
Budget and Actual (with Variances)
American Recovery Plan
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 115,011	$ 115,011	$ 115,011	$ -
Total revenues	115,011	115,011	115,011	-
EXPENDITURES				
Current:				
Culture and recreation	-	-	26,211	(26,211)
Capital Outlay	115,011	115,011	88,800	26,211
Total Expenditures	115,011	115,011	115,011	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - ending	$ -	$ -	$ -	$ -

Supplementary Information

Phillips County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2025

	Ambulance Replacement	Conservation Trust	E911	Total Governmental Funds
ASSETS				
Cash and cash equivalents	$ 84,017	$ 73,635	$ 546,121	$ 703,773
Other receivables	8,013	134	23,777	31,924
Total assets	92,030	73,769	569,898	735,697
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	780	780
Total liabilities	-	-	780	780
Fund balances:				
Committed	92,030	73,768	569,119	734,917
Total fund balances	92,030	73,768	569,119	734,917
Total liabilities and fund balances	$ 92,030	$ 73,768	$ 569,899	$ 735,697

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

	Ambulance Replacement	Conservation Trust	E911	Total-Other Governmental Funds
REVENUES				
Intergovernmental	$ -	$ 14,000	$ -	$ 14,000
Charges for services	-	-	314,903	314,903
Investment earnings	204	496	-	700
Miscellaneous	8,000	-	-	8,000
Total revenues	8,204	14,496	314,903	337,603
EXPENDITURES				
Current:				
General government	82	-	-	82
Public Safety	-	-	97,659	97,659
Culture and recreation	-	1,400	-	1,400
Capital Outlay	-	-	2,500	2,500
Total Expenditures	82	1,400	100,159	101,641
Excess (deficiency) of revenues over expenditures	8,122	13,096	214,744	235,962
OTHER FINANCING SOURCES (USES)				
Transfers in	16,000	-	-	16,000
Transfers out	-	-	(80,397)	(80,397)
Total other financing sources and uses	16,000	-	(80,397)	(64,397)
Net change in fund balances	24,122	13,096	134,347	171,565
Fund balances - beginning	67,908	60,672	434,772	563,352
Fund balances - ending	$ 92,030	$ 73,768	$ 569,119	$ 734,917

Phillips County, Colorado
Budget and Actual (with Variances)
Ambulance Replacement
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	$ 81	$ 81	$ 204	123
Miscellaneous	16,000	16,000	8,000	(8,000)
Total revenues	16,081	16,081	8,204	(7,877)
EXPENDITURES				
Current:				
General government	68,103	68,103	82	68,021
Public Safety	136,032	136,032	-	136,032
Total Expenditures	204,135	204,135	82	204,053
Excess (deficiency) of revenues over expenditures	(188,054)	(188,054)	8,122	196,176
OTHER FINANCING SOURCES				
Proceeds from capital leases	32,000	32,000	-	32,000
Transfers in	(16,000)	(16,000)	16,000	(32,000)
Total other financing sources and uses	16,000	16,000	16,000	-
Net change in fund balances	(172,054)	(172,054)	24,122	196,176
Fund balances - beginning	36,022	36,022	67,908	31,886
Fund balances - ending	$ (136,032)	$ (136,032)	$ 92,030	$ 228,062

Phillips County, Colorado
Budget and Actual (with Variances)
Conservation Trust
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	$ 14,000	$ 14,000	$ 14,000	$ -
Investment earnings	300	300	496	196
Total revenues	14,300	14,300	14,496	196
EXPENDITURES				
Current:				
Culture and recreation	438	438	1,400	(962)
Total Expenditures	438	438	1,400	(962)
Excess (deficiency) of revenues over expenditures	13,862	13,862	13,096	(766)
Net change in fund balances	13,862	13,862	13,096	(766)
Fund balances - beginning	46,595	46,595	60,672	14,077
Fund balances - ending	$ 60,457	$ 60,457	$ 73,768	$ 13,311

Phillips County, Colorado
Budget and Actual (with Variances)
E911
For the year ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	$ 262,300	$ 262,300	$ 314,903	$ 52,603
Total revenues	262,300	262,300	314,903	52,603
EXPENDITURES				
Current:				
Public Safety	94,928	94,928	97,659	(2,731)
Capital Outlay	10,000	10,000	2,500	7,500
Total Expenditures	104,928	104,928	100,159	4,769
Excess (deficiency) of revenues over expenditures	157,372	157,372	214,744	57,372
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,397)	(80,397)	(80,397)	-
Total other financing sources and uses	(80,397)	(80,397)	(80,397)	-
Net change in fund balances	76,975	76,975	134,347	57,372
Fund balances - beginning	260,119	260,119	434,772	174,653
Fund balances - ending	$ 337,094	$ 337,094	$ 569,119	$ 232,025

LOCAL HIGHWAY FINANCE REPORT

STATE:	
COLORADO	

THIS INFORMATION FROM THE RECORDS OF:	PREPARED BY:	REPORT YEAR ENDING DATE(mm/yyyy):
Phillips County	Andrew Nygaard andrew.nygaard@phillipscounty.co	12/2025

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

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Total (1 - (2 through 4))				

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	369,155.00	a. Interest on investments	
b. Non-property Taxes and Assessments Imposts	849,316.00	b. Other Misc. Local Receipts	214,567.00
c. Total (a + b)	$ 1,218,471.00	**c. Total (a + b)**	$ 214,567.00
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	1,479,434.00	1. FHWA (from Item I.D.5.)	
2. State General Funds		2. Other Federal Agencies:	
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds			
c. Total (a + b)	$ -		
4. Total (1 + 2 + 3c)	$ 1,479,434.00	**3. Total (1 + 2)**	$ -

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

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

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LOCAL HIGHWAY FINANCE REPORT

STATE: COLORADO

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

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from Local Sources:	
1. Local Highway-user Taxes	
a. Motor Fuel (from Item I.A.1)	
b. Motor Vehicle (from Item I.B.1)	
c. Total (a + b)	
2. General Fund Appropriations	
3. Other Local Imposts (from page 1, Item II.A3.c)	$ 1,218,471.00
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 214,567.00
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)	$ 1,433,038.00
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 1,479,434.00
D. Receipts from Federal government (from page 1, Item II.D.3)	$ -
E. Total receipts (A.7 + B + C + D)	$ 2,912,472.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital Outlay (from page 1, Item III.A1.d)	$ -
2. Maintenance:	2,115,638.00
3. Road and Street Services:	
a. Snow and Ice Removal	2,651.00
b. Other & Traffic Control Operations	3,963.00
c. Total (a + b)	$ 6,614.00
4. General Administration & Miscellaneous	149,442.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 2,271,694.00
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 2,271,694.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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