San Miguel County, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2025

HINKLE & COMPANY PC
Strategic Business Advisors

San Miguel County, Colorado

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HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report

Board of County Commissioners
San Miguel County, Colorado
Telluride, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate 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 for Opinions

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

Responsibilities of Management for the Financial Statements

The County's 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *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 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 risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information such as budgetary comparison information be presented to supplement the basic financial statements. Such information, 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 combining and individual nonmajor fund financial statements, the 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* 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 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 listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2026 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Hinkle & Company, PC

Englewood, Colorado
September 16, 2026

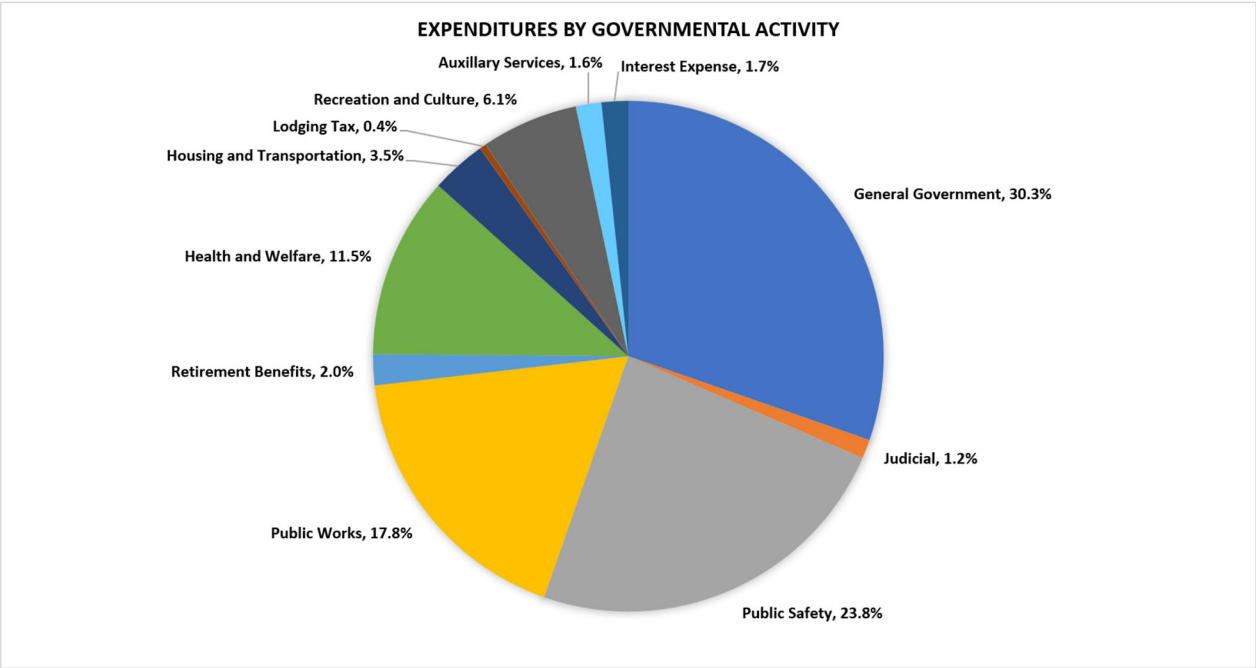
Management's Discussion and Analysis

As management of San Miguel County, we offer to readers of San Miguel County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2025. We encourage readers to review the information furnished in the basic financial statements to better understand the financial position of San Miguel County.

Financial Highlights

- San Miguel County's assets total $172.7 million. The liabilities and deferred inflows of resources total $22.2 million. Assets exceed liabilities and deferred inflows of resources by $150.5 million at the end of 2025. Of this amount, $28.3 million may be used to meet the County's ongoing obligations to citizens. The remaining $93.3 million are invested in capital assets and $28.9 million is restricted for other purposes.
- Governmental funds reported combined ending fund balances of $60.8 million, an increase of $11.6 million from the fund balances in 2024.
- The County's fund balance for the General Fund was $32.4 million, an increase of $6.6 million.
- New debt increased by $834,716 which is a direct result of newly leased vehicles.
- General property, sales and other taxes totaled $27.9 million, or 66.5% of general revenues.
- It is the goal of the county to maintain an operating reserve in the general fund equal to approximately six months of operating expenditures. On December 31, 2025, the General Fund had over six months of operating reserves.

The chart below represents expenditures by governmental activity for the year ended 2025.



Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to San Miguel County's basic financial statements, which are: 1. Government-wide financial statements; 2. Fund financial statements; and 3. Notes to the financial statements. This report also contains other supplemental information in addition to the basic financial statements themselves.

Government-wide financial statements

The government-wide financial statements are designed to provide readers with a broad overview of San Miguel County finances and in a manner similar to a private sector business.

The statement of net position presents information on all of the County's assets, deferred outflow of resources, liabilities and deferred inflow of resources with the 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.

The statement of activities presents information showing how the County's net position changed over the past year. All changes in net position are reported as soon as an "event" causing a change occurs, regardless of when related cash flows actually take place.

As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future financial periods; for example, grants not yet reimbursed or vacation leave which has been earned but not yet used.

Both of the government-wide financial statements distinguish activities of San Miguel County that are primarily supported by taxes and state/federal monies (intergovernmental activities) from activities that are intended to be funded primarily from user fees and charges (business-type activities). The governmental activities of the County include general government, public safety, public health and welfare, parks and open space, road and bridge, and agriculture/natural resources.

The government-wide financial statements include not only San Miguel County government itself (known as the primary government), but also legally separate entities, the San Miguel County Housing Authority, and the San Miguel County Solid Waste Disposal District, which have significant operational and financial relationships with the County.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or purposes. San Miguel County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements.

However, governmental fund financial statements focus on near-term flows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the County's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, as readers may better understand the impact of the County's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

San Miguel County maintains seventeen governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues,

expenditures and changes in fund balance for the major funds (General, Road and Bridge, Capital, and Grant funds); and for the non-major governmental funds (Human Services, Contingent, Transit, Retirement, Parks and Open Space, Conservation Trust, Lodging Tax, Vegetation Management, Early Childhood Care, Mental Health Services, Public Health, Energy, and COVID-19 funds). Dependent Districts are consolidated and presented as a single aggregated entity.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's operations. San Miguel County has one fiduciary fund, the Treasurer's Custodial Fund. This fund is used to account for cash held by the County Treasurer for distribution to other governments.

The County's financial statements include the accounts of all county operations including general operations (general fund), and special revenue funds. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Other Districts/Spending Authorities

The San Miguel County Board of County Commissioners is the governing board for various spending authorities and special districts. Depending on the statutory authority of generating revenues, these are operated similar to Governmental Funds or operated as Enterprise Funds. The BOCC oversees the service plan delivery of these districts and spending authorities.

- San Miguel County Housing Authority
  Created on or about December 11, 1980 and activated in 1991 to facilitate employee housing projects in the Telluride region via bond issues, writing and receiving grants, and administering the County's deed restriction program. Annual budgets are prepared and included in the County's budget as a component unit to San Miguel County. The governing body of the San Miguel County Housing Authority is the San Miguel County Board of County Commissioners. Most functions of the Authority are contracted to the San Miguel Regional Housing Authority. This Authority administers the policies at the direction of the San Miguel County Housing Authority.

- San Miguel County Solid Waste Disposal District
  An entity created in 1991 pursuant to the provisions of 30-20-201 C.R.S. to assist in providing current and long-term disposal of solid waste, trash and garbage within San Miguel County. The Board of County Commissioners act as the governing board.

- San Miguel County Recreation District #1

The San Miguel County Recreation District #1 was created in 1998 to provide administration and oversight of parks/recreation functions within the boundaries of the R1 school district. No revenue source is approved or authorized and no budget or appropriation has been made for the 2025 year.

Economic Factors & Future Budget

In 2025, for lodging, which is a valuable indicator of economic activity in the County, total occupancy was down by 4% year over year reflecting a 41% occupancy rate. Paid occupancy was similarly down with a total of 34%, and the average daily rate (ADR) for a room was flat at $670 in 2025 compared to $667 in 2024. Sales tax has also been flat in the Towns of Telluride and Mountain Village, which account for the majority of sales tax collections in San Miguel County. Tourism spending and visitation levels have come back to levels more similar to what was experienced before the pandemic; however, we face headwinds from the recent labor dispute between the County's largest employers and one of its unions, and other economic slowdowns akin to those experienced at the State and National levels.

Although housing stock continues to be limited, with few new homes being constructed and sales volumes having abated in 2024 from the peak seen in 2022 and 2023, home values continued to rise, resulting in increased property tax collections for 2024. Legislation passed in the 2024 state legislative session capped future property tax collections starting for 2025 values and beyond.

We have seen interest rates decline on county investments since the 2024 calendar year, and there are indications of future rate reductions by the Federal Open Market Committee (FOMC) in the future. The interest rates as approved by the FOMC impact critical aspects of the broader economy including employment, growth, and inflation.

Investment interest for 2023 exceeded 2022 and continued into 2024, but we expect softening of this revenue source in the coming years with market volatility as a result of policy posture and the changes in employment trends. Inflationary factors will increase costs for various goods and services, and may be a challenge to the FOMC reducing target Federal Funds rates in response to the employment picture. Investment income in 2024 was still significant for San Miguel County and partially due to significant fund reserves, but were beginning to lower throughout the 2024 calendar year.

The County saw a significant increase of valuation in 2023 and again in the 2025 valuation cycles. In the former we utilized a temporary tax credit to limit the total capture of allowed revenue and in the latter the County was subject to the State of Colorado's new 5.25% revenue limitation created by a combination of Senate Bill 24-233 and House Bill 2024B-1001which were passed in 2024. The County did not utilize the ballot authorization to adjust our rates per the Revenue Stabilization measure passed in 2021 for the 2024, 2025 nor 2026 budget years although the State continued to amend assessment methodology which creates eligibility to engage in

recalculation therefrom. As a result of the increasingly complicated valuation, assessment, and limitations on allowable collections from legislative action, the County has been collecting a restricted amount of revenue annually which had previously been allowed under our broad form ballot question in 2005.

Building, planning and road fees have been generating more revenue after the adoption of the new fee structures in 2022 and 2023 combined with significant activity that is expected to be highly variable on an annual basis. As a testament to that variability, permit numbers have been on a decline since 2023 which has blunted the effect of rate adjustments.

The County has continued to face legal challenges to the amendments of the Employee Housing Impact Fee; appeals have proceeded through District and Appellate Court levels, and a final appeal at the State Supreme Court has been filed. The County has proceeded with the designed fee increases based on market rate adjustments of square foot costs for construction in a phased approach as we had avoided the programmatic fee amendments due to litigation until the 2025 year. This delayed implementation of fee adjustments impacted these revenues for the 2024 year, were adjusted on a graduated basis in 2025 and are finally indexed to local building costs moving forward from 2026 as originally designed.

With the voter approved reallocation of .5 mills from the Parks and Open Space mill levy for developing housing in 2024, the county has begun to collect dedicated property tax resources for building affordable housing starting in fiscal year 2025 and beyond. A very large hotel development was initiated in Mountain Village in the 2026 year which yielded significant use tax receipts, and other large projects are being planned in the Towns and within unincorporated San Miguel County which are likely to impact future building permits and use tax collections.

The dedicated staff of San Miguel County will continue to look for ways to improve processes and will work to maintain quality service levels for the citizens and taxpayers of San Miguel County. Staff continue to be committed to making wise spending decisions every day in order to make the most of every taxpayer dollar. This attitude is a key factor in successful budgeting and financial management.

The financial report is designed to provide a general overview of San Miguel County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be requested through the following link: CORA Request.

Basic Financial Statements

San Miguel County, Colorado
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets	
Cash and Cash Equivalents	$ 60,008,170
Property Taxes Receivable	16,554,062
Accounts Receivable	2,497,458
Accrued Interest	-
Due from Other Governments	75,509
Prepaid Expenses	2,273
Inventories, net	321,403
Capital Assets, *not Being Depreciated*	66,676,158
Capital Assets, *net of Accumulated Depreciation*	26,628,091
Total Assets	172,763,124
Liabilities	
Accounts Payable	1,374,106
Accrued Expenses	359,372
Deposit	128,500
Unearned Revenue	149,698
Long-Term Debt	
Due within One Year	1,341,377
Due in More Than One Year	2,323,582
Total Liabilities	5,676,635
Deferred Inflows of Resources	
Unavailable Revenue - Property Taxes	16,554,062
Total Deferred Inflows of Resources	16,554,062
Net Position	
Net Investment in Capital Assets	93,304,249
Restricted for:	
Emergencies - TABOR	907,232
Contingencies	1,500,000
Park and Recreation	394,389
Public Health and Welfare	-
Transportation	21,164
Housing	5,276,650
Tourism	8,414
Solid Waste	248,734
Capital Projects	9,192,980
Open Space	3,810,119
Highway and Streets	5,661,641
Energy	500,074
Childcare	1,024,665
Mental Health Services	406,897
Seizure Funds	1,385
Unrestricted, Unreserved	28,273,834
Total Net Position	$ 150,532,427

See Notes to Financial Statements.

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Primary Government: Governmental Activities	Net (Expense) Revenue and Change in Net Position: Primary Government: Total
Primary Government						
Governmental Activities						
General Government	$ 9,619,162	$ 2,850,257	$ 395,019	$ -	$ (6,373,886)	$ (6,373,886)
Judicial	381,849	9,860	18,496	-	(353,493)	(353,493)
Public Safety	7,553,634	95,234	664,793	-	(6,793,607)	(6,793,607)
Public Works	5,649,659	536,666	375,142	-	(4,737,851)	(4,737,851)
Retirement Benefits	616,826	-	-	-	(616,826)	(616,826)
Health and Welfare	3,634,149	166,675	410,347	-	(3,057,127)	(3,057,127)
Housing and Transportation	1,108,218	2,112,525	942,925	-	1,947,232	1,947,232
Economic Development	133,140	-	4,216	-	(128,924)	(128,924)
Recreation and Culture	1,938,669	307,902	218,566	-	(1,412,201)	(1,412,201)
Auxiliary Services	510,654	-	18,212	-	(492,442)	(492,442)
Interest Expense	535,328	-	-	-	(535,328)	(535,328)
Total Governmental Activities	31,681,288	6,079,119	3,047,716	-	(22,554,453)	(22,554,453)
Total Primary Government	$ 31,681,288	$ 6,079,119	$ 3,047,716	$ -	(22,554,453)	(22,554,453)
	General Revenues					
	Taxes					
	Property Tax				14,810,190	14,810,190
	Sales and Use Tax				8,702,628	8,702,628
	Other Taxes				4,447,487	4,447,487
	Grants and Contributions not Restricted				1,579,887	1,579,887
	Gain or (Loss) on Disposal of Assets				195,133	195,133
	Investment income				2,238,291	2,238,291
	Misc.				1,118,871	1,118,871
	Transfer In				1,032,626	1,032,626
	Transfers Out				(1,032,626)	(1,032,626)
	Total General Revenues and Transfers				33,092,487	33,092,487
	Change in Net Position				10,538,034	10,538,034
	Net Position, *Beginning of Year*				139,994,393	139,994,393
	Net Position, *End of Year*				$ 150,532,427	$ 150,532,427

See Notes to Financial Statements.

San Miguel County, Colorado
Balance Sheet
Governmental Funds
December 31, 2025

	General	Road and Bridge	Sales Tax Capital Projects	Grants	Non-Major Governmental Funds	Total
Assets						
Cash and Cash Equivalents	$ 31,988,169	$ 5,290,113	$ 8,445,646	$ 217,211	$ 14,067,031	$ 60,008,170
Property Taxes Receivable	8,397,416	2,951,367	-	-	5,461,357	16,810,140
Accounts Receivable	1,225,960	287,988	389,559	369,552	43,830	2,316,889
Accrued Interest	-	-	-	-	-	-
Prepaid Expenses	2,273	-	-	-	-	2,273
Inventories	-	321,403	-	-	-	321,403
Total Assets	$ 41,613,818	$ 8,850,871	$ 8,835,205	$ 586,763	$ 19,572,218	$ 79,458,875
Liabilities						
Accounts Payable	$ 408,761	$ 77,038	$ 23,755	$ 202,363	$ 662,189	$ 1,374,106
Accrued Expenses	-	-	-	-	49,451	49,451
Accrued Salaries	257,976	49,075	-	2,870	-	309,921
Unearned Revenue	100,337	-	-	-	-	100,337
Deposit	16,750	111,750	-	-	49,361	177,861
Total Liabilities	783,824	237,863	23,755	205,233	761,001	2,011,676
Deferred Inflows of Resources						
Property Taxes	8,397,416	2,951,367	-	-	5,205,279	16,554,062
Fund Balance						
Restricted for:						
Emergencies - TABOR	907,232	-	-	-	-	907,232
Contingencies	-	-	-	-	1,500,000	1,500,000
Park and Recreation	-	-	-	-	394,389	394,389
Public Health and Welfare	-	-	-	-	-	-
Transportation	-	-	-	-	21,164	21,164
Housing	-	-	-	-	5,276,650	5,276,650
Tourism	-	-	-	-	8,414	8,414
Solid Waste	-	-	-	-	248,734	248,734
Capital Projects	-	-	8,811,450	381,530	-	9,192,980
Open Space	-	-	-	-	3,810,119	3,810,119
Highway and Streets	-	5,661,641	-	-	-	5,661,641
Energy	-	-	-	-	500,074	500,074
Childcare	-	-	-	-	1,024,665	1,024,665
Mental Health Services	-	-	-	-	406,897	406,897
Seizure Funds	1,385	-	-	-	-	1,385
Committed						
Employee Benefits	-	-	-	-	70,382	70,382
Air Quality	-	-	-	-	195,118	195,118
Vegetation Management	-	-	-	-	79,698	79,698
Unassigned	31,523,961	-	-	-	69,634	31,593,595
Total Fund Balance	32,432,578	5,661,641	8,811,450	381,530	13,605,938	60,893,137
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 41,613,818	$ 8,850,871	$ 8,835,205	$ 586,763	$ 19,572,218	$ 79,458,875

See Notes to Financial Statements.

San Miguel 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 Balance of Governmental Funds	$	60,893,137
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		93,304,249
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		(2,213,594)
Accrued Compensated Absences		(1,451,365)
Total Net Position of Governmental Activities	$	150,532,427

See Notes to Financial Statements.

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

	General	Road and Bridge	Sales Tax Capital Projects	Grants	Non-Major Governmental Funds	Total
Revenues						
Taxes	$ 15,507,918	$ 4,780,486	$ 2,813,203	$ -	$ 4,858,698	$ 27,960,305
Licenses and Permits	593,377	21,493	-	-	18,212	633,082
Charges for Services	2,805,282	-	-	-	4,058,679	6,863,961
Intergovernmental	460,666	24,050	108,500	-	1,274,677	1,867,893
Grant Income	-	-	-	1,212,069	129,717	1,341,786
Investment Income	2,125,401	-	-	-	112,890	2,238,291
Miscellaneous	194,422	149,140	-	-	784,739	1,128,301
Total Revenues	21,687,066	4,975,169	2,921,703	1,212,069	11,237,612	42,033,619
Expenditures						
Current						
General Government	7,639,193	-	-	-	-	7,639,193
Judicial	381,849	-	-	-	-	381,849
Public Safety	6,167,007	-	-	-	-	6,167,007
Public Works	-	4,995,202	-	-	138,951	5,134,153
Retirement Benefits	-	-	-	-	616,826	616,826
Health and Welfare	-	-	-	-	3,618,704	3,618,704
Housing and Transportation	-	-	-	-	1,108,422	1,108,422
Economic Development	-	-	-	-	121,415	121,415
Energy Programs	-	-	63,230	-	11,725	74,955
Vegetation Management	-	-	-	-	156,866	156,866
Childcare	-	-	-	-	963,067	963,067
Recreation and Culture	-	-	-	-	1,476,146	1,476,146
Auxiliary Services	510,654	-	-	-	-	510,654
Grants	-	-	-	1,122,445	-	1,122,445
Capital Outlay	-	-	1,174,732	-	-	1,174,732
Debt Service						
Principal	-	-	233,618	-	-	233,618
Interest and Fiscal Charges	-	-	28,470	-	-	28,470
Total Expenditures	14,698,703	4,995,202	1,500,050	1,122,445	8,212,122	30,528,522
Excess Revenues Over (Under) Expenditures	6,988,363	(20,033)	1,421,653	89,624	3,025,490	11,505,097
Other Financing Sources (Uses)						
Proceeds from Sale of Assets	6,677	121,757	49,261	-	8,008	185,703
Transfers In	274,371	-	-	235,664	522,591	1,032,626
Transfers Out	(638,708)	(43,102)	-	(17,762)	(333,054)	(1,032,626)
Other Financing Sources (Uses)	(357,660)	78,655	49,261	217,902	197,545	185,703
Net Change in Fund Balance	6,630,703	58,622	1,470,914	307,526	3,223,035	11,690,800
Fund Balance, *Beginning of Year*	25,801,875	5,603,019	7,340,536	74,004	10,382,903	49,202,337
Fund Balance, *End of Year*	$ 32,432,578	$ 5,661,641	$ 8,811,450	$ 381,530	$ 13,605,938	$ 60,893,137

See Notes to Financial Statements.

San Miguel County, Colorado

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

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

Net Change in Fund Balance of Governmental Funds	$	11,690,800
Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.		
Capital Outlays		(3,913)
Depreciation Expense		(638,765)
Repayments of long-term liabilities are expenditures in governmental funds, but they reduce long-term liabilities in the statement of net position and do not affect the statement of activities.		
Principal Payments on Long-Term Debt Capital Leases		561,476
New Lease Liabilities		(834,716)
Change in Accrued Compensated Absences		(236,848)
Change in Net Position of Governmental Activities	$	10,538,034

See Notes to Financial Statements.

San Miguel County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2025

	Fiduciary Funds
Assets	
Cash and Investments	$ 338,801
Total Assets	338,801
Liabilities	
Due to Other Governments	-
Total Liabilities	-
Net Position	
Restricted for Other Governments	$ 338,801

See Notes to Financial Statements.

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

	Fiduciary Funds
Additions	
Tax Collections for Other Governments	$ -
Other Collections	42,358
Total Additions	42,358
Deductions	
Payments to Other Governments	-
Total Deductions	-
Net Increase in Fiduciary Net Position	42,358
Net Position, *Beginning of Year*	296,443
Net Position, *End of Year*	$ 338,801

See Notes to Financial Statements.

Note 1: Summary of Significant Accounting Policies

The financial statements of the San Miguel County, Colorado (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

The County is a political subdivision organized under the statues of the State of Colorado. The County is located in western Colorado with a population of approximately 7,900. The principal towns are Telluride, Mountain Village and Norwood. San Miguel County is governed by a three-member Board of County Commissioners (the Board). The County is included in the Seventh Judicial District which includes five (5) other local counties that are each served by the same elected District Attorney. Each commissioner is elected at large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - Assessor, Clerk and Recorder, Coroner, Sheriff, Surveyor and Treasurer. The Treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents to include, but not limited to, general administration, public safety, highways and streets, health and human services, public improvements, planning, zoning, airport, predatory animal and weed control.

Related Entities

Public Trustee
The Public Trustee is a state statutorily mandated position, whose financial transactions are independent of the County. However, all expenditures and associated funding transactions relating to the operations of the County Office of the Public Trustee are included in the General Fund.

Jointly Funded Organizations
The County, in conjunction with other counties, shares in the financial support of the District Attorney of the Seventy Judicial District of the State of Colorado. In 2025, the County contributed $251,197 for the operation of the District Attorney.

The County, in conjunction with other Towns within San Miguel County, share in the financial support of the San Miguel Regional Housing Authority. The County contributed $109,065 for the operation of the Housing Authority. The County records housing funds in the Dependent District Fund.

Note 1: Summary of Significant Accounting Policies (Continued)

Component Units

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

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

The County Commissioners are also member of the Board of the San Miguel Solid Waste Disposal District, and they approve their budget. Therefore, their financial statements are included in the County's financial reports. Based on the application of these criteria, San Miguel Solid Waste Disposal District is considered a component unit and is included in the County's financial statement reports.

Government-wide and Fund Financial Statements

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

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements *(Continued)*

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*. Major individual funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 90 days except for property taxes which are considered available if they are collectible withing 60 days of the end of the current year.

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

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded when payment is due. Compensated absences, claims and judgements are expected to be liquidated with expendable available resources and are reported as expenditures and a fund liability of the governmental fund that will pay for it.

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each category-*governmental and fiduciary*-are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds.

Deferred Outflows / Inflows of Resources

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

The County reports the following major governmental funds:

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

Road and Bridge Fund accounts for maintenance of all county roads and bridges which includes salaries and benefits, and other expenses related to maintenance. The main revenues are highway users' fees and property taxes.

Capital Fund accounts for revenues derived from sales tax. One half of the sales tax revenue collected annually is designated for capital expenditures or debt service.

Grant Fund accounts for revenue derived from grants to be used for grant projects.

The County reports the following non-major funds:

Parks and Open Space Fund accounts for the administration and operations of the parks and recreation areas and for the purchase of land for open space. The sources of funds include property taxes, grants, and other revenue sources.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The County reports the following non-major funds: (Continued)

Lodging Tax Fund accounts for revenues derived from lodging tax to be used for marketing and advertising.

COVID-19 Fund accounts for revenues derived from Coronavirus relief funds to be used to help businesses with economic support during the pandemic.

Human Services Fund accounts for the administration and operations of the County's public health and welfare system.

Transit Fund accounts for the collection of transportation impact fees and other sources designated for mass transit and other transportation services.

Retirement Fund accounts for revenues from property taxes designated for a county employee retirement program.

Conservation Trust Fund reflects the receipt of the County's share of Colorado Lottery funds and money from other sources to be used for recreational purposes within the County.

Contingent Fund reflects the accumulation and disbursement of funds set aside to be used as needed for unforeseen contingencies.

Public Health Fund accounts for revenues and expenditures related to the administration of public health services and programs.

Energy Fund is for the sole purpose of funding capital expenses associated with the purchase, installation, and /or construction of renewable energy and/or energy conservation facilities or projects located within San Miguel County.

Vegetation Management Fund accounts for resources of the County which are dedicated for the purpose of providing vegetation management services to entities.

Early Childhood Care and Education Fund accounts for resources of the County which are dedicated for the purpose of improving the availability, accessibility, quality and affordability of early childhood care and education.

Mental Health Services Fund is for the sole purpose of funding community-based mental health and substance abuse treatment services. The resources of funds include property taxes to be used for mental health services.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The County reports the following non-major funds: (Continued)

Dependent District Funds are special revenue funds used to account for the revenue from property taxes and other revenues designated for specific purposes. The San Miguel County Housing Authority's general fund has been blended as a dependent district.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated. In the Statement of Activities, internal service fund transactions have been eliminated.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments.

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

Assets, Liabilities and Net Position/Fund Balances

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

Receivables & Payables - Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual for compensated absences and capital leases.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Interfund Transactions - Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year end, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government- wide financial statements as "internal balances." These amounts are eliminated in the Total Column on the "statement of net assets" column. Any residual balances outstanding between "discrete presented component units" and the "primary government" are reported on a separate line.

Inventory - Inventory is valued at the lower of cost (first-in, first-out) method. Inventories in most Governmental funds are recorded as expenditures when purchased. Inventories in the Road and Bridge Fund are recorded as expenditures when consumed rather than when purchased.

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

Contraband Proceeds - The Colorado Contraband Forfeiture Act requires the proceeds from the seizure of contraband be audited although they are not subject to the appropriations process. During 2025, the County had no proceeds from the seizures of contraband.

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

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

Buildings & Improvements	20 - 40 years
Equipment & Furniture	5 - 10 years

It is the County's policy to capitalize all infrastructure purchased after July 1, 1980.

Note 1: Summary of Significant Accounting Policies (Continued)

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

Compensated Absences - A maximum of 96.2 to 192 hours' vacation per year may be accumulated by each employee, up to 192 to 384 hours. Employees will be paid for up to the maximum accumulation of unused vacation days upon separation from County service after three months continuous service.

Employees hired on or after March 1, 2013:

After ten (10) years of continuous service, upon separation from employment (either voluntary or involuntary), the terminating employee will be paid at the current rate of pay for 50% of the unused accrued sick leave, up to 720 hours. After fifteen (15) years will be paid 75% of the unused accrued sick leave, up to 720 hours. After twenty (20) years will be paid 100% of the unused accrued sick leave, up to 720 hours.

Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

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

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

Fund Equity - In the fund financial statements, governmental funds report non-spendable amounts that are (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances. Restrictions of fund balance represents amounts that are restricted for specific fund purposes stipulated by external resource providers constitutionally or through enabling legislation.

Committed fund balances include amounts that can only be used for the specific purposes determined by the passage of a resolution by the Board of County Commissioners. Commitments may be modified or changed only by the Board of County Commissioners approving a new resolution. Assigned fund balance includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by the County Administrator. Unassigned fund balance includes amounts that do not meet any of the above criteria. The County may report positive unassigned fund balances only in the general fund and negative unassigned fund balances may be reported in all funds.

Note 1: Summary of Significant Accounting Policies (Continued)

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

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 County Commissioners' have provided otherwise in its commitment or assignment actions.

Net position is reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

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

- *Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* - This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the County on a daily basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Note 1: Summary of Significant Accounting Policies (Continued)

Property Taxes *(Continued)*

Taxes levied in 2025 for collection in 2026 are recorded in governmental funds as taxes receivable and deferred inflows of resources as of December 31, 2025, since the amount is measurable but not available until 2026. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

Unearned Revenue

Unearned revenues include amounts recorded in accounts receivable activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Estimates

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

Subsequent Events

The County has evaluated subsequent events for recognition or disclosure through September 16, 2026, the date the financial statements were available for issuance.

Note 2: Cash and Investments

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

Petty Cash	$	3,021
Demand Deposits and Cash		24,843,588
Certificates of Deposits and Savings		5,642,511
Investments		29,857,851
Total	$	60,346,971

A summary of investments are reported in the financial statements as follows:

Governmental Funds	$	60,008,170
Fiduciary Funds		338,801
Total	$	60,346,971

Note 2: Cash and Investments (Continued)

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

Peak Investments	$ 2,036,095
ColoTrust	12,027,821
CSLIP	5,057,610
CSAFE-Colorado Core	10,736,325
Total	$ 29,857,851

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the County had bank deposits of $24,843,588. Collateralized with securities held by the financial institutions' agents but not in the County's name.

Investments

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

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

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

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

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

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

Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to $1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. ColoTrust is rated AAAm by Standard and Poor's.

Local Government Investment Pools - The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate as an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the CRS, to pool surplus funds for investment purposes and is in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools operate similarly to a money market fund and are measured at the net asset value per share, with each share valued at $1. The pools are rated AAAm by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 2: Cash and Investments (Continued)

Investments *(Continued)*

At December 31, 2025, the County had $12,027,821 and $10,736,325 invested in the Colorado Local Government Liquid Asset Trust (Colotrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds.

Colorado Core fund is an ultra-short duration, enhanced cash fund intended for short to intermediate term surplus monies of its participants, with an emphasis placed on limiting the risk of negative fair market valuations away from $2.00 while maintaining high credit quality and adequate liquidity. This fund publishes its fair market valuation daily and its holdings monthly. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips, repurchase agreements collateralized by U.S. Treasury Notes and other investments. This fund is rated AAAf/S1 by Fitch. The S1 is the highest Fund Market Risk Sensitivity Rating. The AAAf rating is the highest fund credit rating from Fitch.

At December 31, 2025, the County's investments carried a fair market value as follows:

	Level 1	Level 2	Total
FNMA	$ -	$ 501,130	$ 501,130
FFCB	-	299,136	299,136
Certificates of Deposits	-	1,214,660	1,214,660
Total	$ -	$ 2,014,926	2,014,926
Money Market Funds			21,169
Total Investments			$ 2,036,095

Note 3: Capital Assets

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

	(Restated) Balance 12/31/2024	Additions	Transfers	Deletions	Balance 12/31/2025
Governmental Activities					
Capital Assets, *Not Being Depreciated*					
Land & Water Rights	$ 11,134,662	$ 277,324	$ -	$ -	$ 11,411,986
Construction in Progress	141,066	48,865	(141,066)	-	48,865
Infrastructure	55,716,035	53,140	-	(553,868)	55,215,307
Total Capital Assets, *Not Being Depreciated*	66,991,763	379,329	(141,066)	(553,868)	66,676,158
Capital Assets, *Being Depreciated*					
Buildings and Improvements	30,900,162	287,274	-	(317,324)	30,870,112
Equipment and Furniture	14,361,081	751,980	-	(809,952)	14,303,109
Intangible Right to Use Subscription Assets	82,341	-	-	-	82,341
Right to Use Assets	778,933	834,716	-	(435,002)	1,178,647
Total Capital Assets, *Being Depreciated*	46,122,517	1,873,970	-	(1,562,278)	46,434,209
Less Accumulated Depreciation					
Buildings and Improvements	(10,111,941)	(686,719)	-	-	(10,798,660)
Equipment and Furniture	(8,937,777)	(604,294)	-	809,952	(8,732,119)
Intangible Right to Use Subscription Assets	(41,877)	(18,049)	-	-	(59,926)
Right to Use Assets	(75,758)	(139,655)	-	-	(215,413)
Total Accumulated Depreciation	(19,167,353)	(1,448,717)	-	809,952	(19,806,118)
Total Capital Assets, Being Depreciated, *Net*	26,955,164	425,253	-	(752,326)	26,628,091
Governmental Activities, Capital Assets, *Net*	$ 93,946,927	$ 804,582	$ (141,066)	$ (1,306,194)	$ 93,304,249

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

Governmental Activities	
General Government	$ 539,973
Public Safety	419,295
Public Works	374,086
Recreation and Culture	105,813
Human Services	9,550
Total Depreciation Expense	$ 1,448,717

Note 4: Long-Term Debt

Governmental Activities

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

	Balance 12/31/24	Additions	Payments	Balance 12/31/25	Due Within One Year
Governmental Activities					
Construction Leases	$ 1,441,884	$ -	$ (233,618)	$ 1,208,266	$ 241,050
Right to Use Leases	481,391	834,716	(319,419)	996,688	221,196
Intangible - SBITA	17,079	-	(8,439)	8,640	8,312
Compensated Absences	1,214,517	236,848	-	1,451,365	870,819
Total Governmental Activities	$ 3,154,871	$ 1,071,564	$ (561,476)	$ 3,664,959	$ 1,341,377

Construction Leases

The County has adopted the policy of acquiring certain fixed assets through the use of lease purchase agreements. For the lease purchase backed by the full faith and credit of the County, debt service is accounted for in the fund that accounts for the function associated with the asset.

Vectra Bank, construction lease for $2,000,000, for office expansion project and office annex for the sheriff's department. Semi-annual payments on June 1st, interest only, and December 1st, interest, and principal, through June 2030 at 2.06% annual interest rate.

Webster - Sterling National Bank, construction lease for $658,094, for solar projects. Semi-annual payments on June 1st, interest only, and December 1st, interest and principal, through February 2035 at 2.33% annual interest rate.

At December 31, 2025, the annual debt service for the Vectra Bank construction lease is as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 200,000	$ 25,052	$ 225,052
2027	205,000	19,925	224,925
2028	205,000	14,686	219,686
2029	210,000	9,334	219,334
2030	70,000	3,200	73,200
2031	69,713	1,009	70,722
Total	$ 959,713	$ 73,206	$ 1,032,919

Note 4: Long-Term Debt (Continued)

Construction Leases *(Continued)*

At December 31, 2025, the annual debt service for the Webster - Sterling National Bank construction lease is as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 221,196	$ 58,854	$ 280,050
2027	235,316	45,114	280,430
2028	235,992	30,269	266,261
2029	194,418	15,639	210,057
2030	109,766	2,727	112,493
Total	$ 996,688	$ 152,603	$ 1,149,291

Lease - Right to Use Assets

As of December 31, 2025, San Miguel County, Colorado had 19 active leases. The leases have payments that range from $192 to $717,000 per year and interest rates that range from 0.2580% to 5.4200%. As of December 31, 2025, the total combined value of the lease liability is $996,688. The combined value of the right to use asset, as of December 31, 2025 of $1,178,647 with accumulated amortization of $215,413 is included within the Lease Class activities table found below. The leases had $0 of Variable Payments and $0 of Other Payments, not included in the Lease Liability, within the Fiscal Year.

At December 31, 2025, the following is the future principal and interest payments on the lease right to use assets:

Year Ending December 31,	Principal	Interest	Total
2026	$ 8,312	$ 187	$ 8,499
2027	328	8	336
Total	$ 8,640	$ 195	$ 8,835

Lease Liability - Subscription Based Information Technology Arrangements

As of December 31, 2025, San Miguel County, Colorado had 8 active subscriptions. The subscriptions have payments that range from $186 to $15,600 per year and interest rates that range from 2.45% to 3.76%. As of December 31, 2025, the total combined value of the lease liability is $8,640.

Note 4: Long-Term Debt (Continued)

Lease Liability - Subscription Based Information Technology Arrangements
(Continued)

The combined value of the right to use assets, as of December 31, 2025 of $82,341 with accumulated amortization of $59,926.

Year Ending December 31,	Principal	Interest	Total
2026	$ 41,050	5,791	$ 46,841
2027	43,585	4,835	48,420
2028	46,225	3,819	50,044
2029	48,977	2,743	51,720
2030	50,000	1,200	51,200
2031	18,716	794	19,510
Total	$ 248,553	$ 19,182	$ 267,735

Note 5: Interfund Transfers

Interfund transfers to and from various funds, were to cover the costs of operations, capital, and retirement benefits. During the year ended December 31, 2025, transfers consisted of the following:

Fund	Transfers In	Transfers Out
General	$ 274,371	$ 638,708
Road and Bridge	-	43,102
Sales Tax - Capital Improvement	-	-
Parks and Open Space	37,591	53,000
COVID-19	-	248,609
Grants	235,664	17,762
Human Services	50,000	-
Contingent	-	-
Vegetation	135,000	-
Housing	-	23,327
Public Health	300,000	8,118
Total	$ 1,032,626	$ 1,032,626

Note 6: Retirement Plans

Defined Contribution Plan

All eligible employees participate in the Colorado Retirement Association (CRA) (the Plan), a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible upon hire with San Miguel County, and elected officials are eligible to participate immediately. Employee contributions are 100% vested immediately upon employee participation in the plan and employer contributions are 100% invested after five years of service.

The County must contribute 5% of the compensation of each participant. Each participant contributes a minimum amount equal to the County's contribution. For the year ended December 31, 2025, employee contributions totaled $550,557 and the County recognized pension expense of $550,557.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. 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.

Deferred Compensation Plan

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f), administered by Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan). After five years' experience, the employer will match up to 1.5% of an employee's voluntary contribution.

The Plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The County has no other liability other than to make the required monthly contribution.

Note 7: Colorado Contraband Forfeiture Act

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

Note 8: TABOR Amendment Reserve

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

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

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

TABOR also required local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of the fiscal year spending for the fiscal year ending after December 31, 1995. The County has reserved a portion of the December 31, 2025 year-end balances in the General Fund for this purpose in the aggregate amount of $907,000, which is the approximate required emergency reserve.

Note 9: Risk Management

Colorado Counties Casualty and Property Pool (CAPP)

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

Note 9: Risk Management (Continued)

Colorado Counties Casualty and Property Pool (CAPP) *(Continued)*

On December 31, 2025, CAPP had assets of $33,762,267, liabilities of $23,939,800 (including $22,655,070 reserved for losses and claims), and members' equity of $9,822,467. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2025, amounted to $17,540,103 and total expenses were $17,773,221, resulting in loss income before return of surplus of $253,118.

Colorado Workers' Compensation Pool (CWCP)

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

Note 10: Commitments and Contingencies

Grant Programs

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

Litigation

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

Note 10: Commitments and Contingencies (Continued)

Insurance Pools

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

Required Supplementary Information

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

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 9,092,295	$ 7,834,177	$ (1,258,118)
Sales and Use Taxes	3,125,000	5,889,425	2,764,425
Specific Ownership Taxes	310,000	250,608	(59,392)
Other	1,459,578	1,533,708	74,130
Charges for Services	2,062,362	2,805,282	742,920
Intergovernmental	482,162	460,666	(21,496)
Licenses and Fees	368,450	593,377	224,927
Interest Income	2,000,000	2,125,401	125,401
Miscellaneous	113,860	194,422	80,562
Total Revenues	19,013,707	21,687,066	2,673,359
Expenditures			
Current			
General Government	13,492,697	7,639,193	5,853,504
Judicial	104,421	381,849	(277,428)
Public Safety	1,942,311	6,167,007	(4,224,696)
Auxiliary Services	434,434	510,654	(76,220)
Total Expenditures	15,973,863	14,698,703	1,275,160
Excess Revenues Over (Under) Expenditures	3,039,844	6,988,363	3,948,519
Other Financing Sources (Uses)			
Gain on Sale of Assets	-	6,677	6,677
Transfers In	288,455	274,371	(14,084)
Transfers Out	(1,338,208)	(638,708)	699,500
Total Other Financing Sources	(1,049,753)	(357,660)	692,093
Net Change in Fund Balance	1,990,091	6,630,703	4,640,612
Fund Balance, *Beginning of Year*	25,801,875	25,801,875	-
Fund Balance, *End of Year*	$ 27,791,966	$ 32,432,578	$ 4,640,612

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

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 1,272,986	$ 2,398,221	$ 1,125,235
Specific Ownership Taxes	23,000	76,826	53,826
Penalties and Interest	1,750	12,235	10,485
Total Taxes	1,297,736	2,487,282	1,189,546
Licenses and Permits	24,000	21,493	(2,507)
Charges for Services	-	-	-
Intergovernmental	2,353,482	2,316,656	(36,826)
Miscellaneous	250	149,738	149,488
Total Revenues	3,675,468	4,975,169	1,299,701
Expenditures			
Current			
Public Works:			
Maintenance of Conditions	1,916,465	2,145,792	(229,327)
Snow and Ice Removal	58,030	23,668	34,362
Public Works	2,551,293	2,825,742	(274,449)
Total Expenditures	4,525,788	4,995,202	(469,414)
Excess Revenues Over (Under) Expenditures	(850,320)	(20,033)	830,287
Other Financing Sources (Uses)			
Gain on Sale of Assets	-	121,757	121,757
Transfers In	750,000	-	(750,000)
Transfers Out	(25,000)	(43,102)	(18,102)
Net Change in Fund Balance	(125,320)	58,622	183,942
Fund Balance, *Beginning of Year*	5,603,019	5,603,019	-
Fund Balance, *End of Year*	$ 5,477,699	$ 5,661,641	$ 183,942

San Miguel County, Colorado
Budgetary Comparison Schedule
Sales Tax Capital Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Sales and Use Tax	$ 2,500,000	$ 2,813,203	$ 313,203
Contributions - Local Agency	108,500	108,500	-
Total Revenues	2,608,500	2,921,703	313,203
Expenditures			
Capital Outlay	1,581,952	1,237,962	343,990
Debt Service			
Principal	272,629	233,618	39,011
Interest	-	28,470	(28,470)
Total Expenditures	1,854,581	1,500,050	354,531
Excess Revenues Over (Under) Expenditures	753,919	1,421,653	667,734
Other Financing Source (Uses)			
Proceeds from Sale of Assets	-	49,261	49,261
Transfers In	-	-	-
Net Change in Fund Balance	753,919	1,470,914	716,995
Fund Balance, *Beginning of Year*	7,340,536	7,340,536	-
Fund Balance, *End of Year*	$ 8,094,455	$ 8,811,450	$ 716,995

San Miguel County, Colorado
Budgetary Comparison Schedule
Grant Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Grants	$ 1,770,219	$ 1,212,069	$ (558,150)
Total Revenues	1,770,219	1,212,069	(558,150)
Expenditures			
Current			
Grants	2,096,821	1,122,445	974,376
Total Expenditures	2,096,821	1,122,445	974,376
Excess Revenues Over (Under) Expenditures	(326,602)	89,624	416,226
Other Financing Sources (Uses)			
Transfers In	239,738	235,664	(4,074)
Transfers Out	(38,289)	(17,762)	20,527
Total Other Financing Sources (Uses)	201,449	217,902	16,453
Net Change in Fund Balance	(125,153)	307,526	432,679
Fund Balance, *Beginning of Year*	74,004	74,004	-
Fund Balance, *End of Year*	$ (51,149)	$ 381,530	$ 432,679

Note 1: Stewardship, Compliance, and Accountability

Budgetary Information

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

- Prior to October 15, the County Manager submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The budget is prepared by funds and departments, and includes actual data from the prior year, current year and budget year estimated revenues and expenditures.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31st, the budget is legally enacted, and the required mill levy is adopted through the passage of a resolution. This resolution authorizes an appropriation at each fund level and lapses at year end. The fund then becomes the level of control upon which expenditures cannot legally exceed appropriations.
- All appropriations lapse at the end of the year.
- Budgeted amounts in this report are as originally adopted or as amended by the Board of Commissioners during the year through supplemental appropriation.

The budgetary control is maintained at the department level for the general fund and at specific fund level for all other funds. The budget shows various classifications by object and by function. All annual appropriations lapse at year end.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

Supplementary Information

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

	Parks & Open Space	Lodging Tax Tourism	COVID-19	Transit	Contingent
Assets					
Cash and Cash Equivalents	$ 3,967,863	$ 24,300	$ 248,609	$ 182,380	$ 1,500,000
Property Taxes Receivable	1,359,182	-	-	17,813	-
Accounts Receivable	1,318	27,603	-	-	-
Total Assets	$ 5,328,363	$ 51,903	$ 248,609	$ 200,193	$ 1,500,000
Liabilities					
Accounts Payable	$ 149,644	$ 43,489	$ 248,609	$ 179,029	$ -
Accrued Salaries	9,418	-	-	-	-
Compensated Absences	-	-	-	-	-
Deposit	-	-	-	-	-
Deferred Revenue	-	-	-	-	-
Total Liabilities	159,062	43,489	248,609	179,029	-
Deferred Inflows of Resources					
Property Taxes	1,359,182	-	-	-	-
Fund Balance					
Restricted for:					
Contingencies	-	-	-	-	1,500,000
Parks and Recreation	-	-	-	-	-
Public Health and Welfare	-	-	-	-	-
Committed					
Transportation	-	-	-	21,164	-
Housing	-	-	-	-	-
Tourism	-	8,414	-	-	-
Solid Waste	-	-	-	-	-
Employee Benefits	-	-	-	-	-
Capital Projects	-	-	-	-	-
Open Space	3,810,119	-	-	-	-
Highway and Streets	-	-	-	-	-
Energy	-	-	-	-	-
Air Quality	-	-	-	-	-
Vegetation Management	-	-	-	-	-
Childcare	-	-	-	-	-
Mental Health Services	-	-	-	-	-
Capital Acquisition	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balance	3,810,119	8,414	-	21,164	1,500,000
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 5,328,363	$ 51,903	$ 248,609	$ 200,193	$ 1,500,000

(Continued)

San Miguel County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Human Services	Retirement	Conservation Trust	Public Health	Energy
Assets					
Cash and Cash Equivalents	$ 6,518	$ 74,279	$ 369,910	$ 202,645	$ 503,085
Property Taxes Receivable	286,277	529,693	24,479	83,224	-
Accounts Receivable	-	-	-	-	-
Total Assets	$ 292,795	$ 603,972	$ 394,389	$ 285,869	$ 503,085
Liabilities					
Accounts Payable	$ 1,451	$ (14,848)	$ -	$ 32,110	$ 3,011
Accrued Salaries	6,237	18,745	-	15,051	-
Compensated Absences	-	-	-	-	-
Deposit	-	-	-	-	-
Deferred Revenue	5,771	-	-	43,590	-
Total Liabilities	13,459	3,897	-	90,751	3,011
Deferred Inflows of Resources					
Property Taxes	209,702	529,693	-	-	-
Fund Balance					
Restricted for:					
Contingencies	-	-	-	-	-
Parks and Recreation	-	-	394,389	-	-
Public Health and Welfare	-	-	-	-	-
Committed	-	-	-	-	-
Transportation	-	-	-	-	-
Housing	-	-	-	-	-
Tourism	-	-	-	-	-
Solid Waste	-	-	-	-	-
Employee Benefits	-	70,382	-	-	-
Capital Projects	-	-	-	-	-
Open Space	-	-	-	-	-
Highway and Streets	-	-	-	-	-
Energy	-	-	-	-	500,074
Air Quality	-	-	-	195,118	-
Vegetation Management	-	-	-	-	-
Childcare	-	-	-	-	-
Mental Health Services	-	-	-	-	-
Capital Acquisition	-	-	-	-	-
Unassigned	69,634	-	-	-	-
Total Fund Balance	69,634	70,382	394,389	195,118	500,074
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 292,795	$ 603,972	$ 394,389	$ 285,869	$ 503,085

(Continued)

San Miguel County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2025
(Continued)

	Vegetation Management	Early Childhood Care	Mental Health Services	Dependent Districts	Total Nonmajor Governmental Funds
Assets					
Cash and Cash Equivalents	$ 75,931	$ 1,014,683	$ 414,550	$ 5,482,278	$ 14,067,031
Property Taxes Receivable	6,232	1,174,995	1,168,970	810,492	5,461,357
Accounts Receivable	-	-	-	14,909	43,830
Total Assets	$ 82,163	$ 2,189,678	$ 1,583,520	$ 6,307,679	$ 19,572,218
Liabilities					
Accounts Payable	$ 2,465	$ -	$ 11,610	$ 5,619	$ 662,189
Accrued Salaries	-	-	-	-	49,451
Compensated Absences	-	-	-	-	-
Deposit	-	-	-	-	-
Deferred Revenue	-	-	-	-	49,361
Total Liabilities	2,465	-	11,610	5,619	761,001
Deferred Inflows of Resources					
Property Taxes	-	1,165,013	1,165,013	776,676	5,205,279
Fund Balance					
Restricted for:					
Contingencies	-	-	-	-	1,500,000
Park and Recreation	-	-	-	-	394,389
Public Health and Welfare	-	-	-	-	-
Committed	-	-	-	-	-
Transportation	-	-	-	-	21,164
Housing	-	-	-	5,276,650	5,276,650
Tourism	-	-	-	-	8,414
Solid Waste	-	-	-	248,734	248,734
Employee Benefits	-	-	-	-	70,382
Capital Projects	-	-	-	-	-
Open Space	-	-	-	-	3,810,119
Employee Benefits	-	-	-	-	-
Energy	-	-	-	-	500,074
Air Quality	-	-	-	-	195,118
Vegetation Management	79,698	-	-	-	79,698
Childcare	-	1,024,665	-	-	1,024,665
Mental Health Services	-	-	406,897	-	406,897
Capital Acquisition	-	-	-	-	-
Unassigned	-	-	-	-	69,634
Total Fund Balance	79,698	1,024,665	406,897	5,525,384	13,605,938
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 82,163	$ 2,189,678	$ 1,583,520	$ 6,307,679	$ 19,572,218

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

	Parks & Open Space	Lodging Tax Tourism	COVID-19	Transit	Contingent
Revenues					
Taxes	$ 1,306,019	$ 121,849	$ -	$ -	$ -
Licenses and Permits	-	-	-	-	-
Charges for Services	1,000	-	1	-	-
Intergovernmental	-	-	-	-	-
Grant Income	-	-	-	-	-
Investment Income	-	-	-	4,916	-
Miscellaneous	33,420	-	-	630,621	-
Total Revenues	1,340,439	121,849	1	635,537	-
Expenditures					
Current					
Public Safety	-	-	-	-	-
Retirement Benefits	-	-	-	-	-
Health and Welfare	-	-	43	-	-
Housing and Transportation	-	-	-	630,484	-
Economic Development	-	121,415	-	-	-
Energy Programs	-	-	-	-	-
Vegetation Management	-	-	-	-	-
Childcare	-	-	-	-	-
Recreation and Culture	1,476,146	-	-	-	-
Grants	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	1,476,146	121,415	43	630,484	-
Excess Revenues Over (Under) Expenditures	(135,707)	434	(42)	5,053	-
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	8,008	-	-	-	-
Transfers In	37,591	-	-	-	-
Transfers Out	(53,000)	-	(248,609)	-	-
Other Financing Sources (Uses)	(7,401)	-	(248,609)	-	-
Net Change in Fund Balance	(143,108)	434	(248,651)	5,053	-
Fund Balance, *Beginning of Year*	3,953,227	7,980	248,651	16,111	1,500,000
Fund Balance, *End of Year*	$ 3,810,119	$ 8,414	$ -	$ 21,164	$ 1,500,000

(Continued)

San Miguel County, Colorado

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

	Human Services	Retirement	Conservation Trust	Public Health	Energy
Revenues					
Taxes	$ 182,837	$ 509,165	$ -	$ -	$ -
Licenses and Permits	-	-	-	55,408	352,726
Charges for Services	-	-	-	128,716	-
Intergovernmental	1,579,887	-	-	357,676	-
Grant Income	-	-	-	-	-
Investment Income	-	-	15,752	-	-
Miscellaneous	-	61,623	35,188	3,257	-
Total Revenues	1,762,724	570,788	50,940	545,057	352,726
Expenditures					
Current					
Public Safety	-	-	-	-	-
Retirement Benefits	-	616,826	-	-	-
Health and Welfare	1,811,498	-	-	807,771	-
Housing and Transportation	-	-	-	-	-
Economic Development	-	-	-	-	-
Energy Programs	-	-	-	-	11,725
Vegetation Management	-	-	-	-	-
Childcare	-	-	-	-	-
Recreation and Culture	-	-	-	-	-
Grants	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	1,811,498	616,826	-	807,771	11,725
Excess Revenues Over (Under) Expenditures	(48,774)	(46,038)	50,940	(262,714)	341,001
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	-	-	-	-	-
Transfers In	50,000	-	-	300,000	-
Transfers Out	-	-	-	(8,118)	-
Other Financing Sources (Uses)	50,000	-	-	291,882	-
Net Change in Fund Balance	1,226	(46,038)	50,940	29,168	341,001
Fund Balance, *Beginning of Year*	68,408	116,420	343,449	165,950	159,073
Fund Balance, *End of Year*	$ 69,634	$ 70,382	$ 394,389	$ 195,118	$ 500,074

(Continued)

San Miguel County, Colorado

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

	Vegetation Management	Early Childhood Care	Mental Health Services	Dependent Districts	Total Nonmajor Governmental Funds
Revenues					
Taxes	$ -	$ 979,478	$ 979,466	$ 779,884	$ 4,858,698
Licenses and Permits	18,212	-	-	-	18,212
Charges for Services	8,591	-	-	2,112,525	4,058,679
Intergovernmental	-	-	-	866,543	1,274,677
Grant Income	-	-	-	-	129,717
Investment Income	-	41,735	19,771	30,716	112,890
Miscellaneous	10,630	-	10,000	-	784,739
Total Revenues	37,433	1,021,213	1,009,237	3,789,668	11,237,612
Expenditures					
Current					
Public Safety	-	-	-	138,951	138,951
Retirement Benefits	-	-	-	-	616,826
Health and Welfare	-	-	999,392	-	3,618,704
Housing and Transportation	-	-	-	477,938	1,108,422
Economic Development	-	-	-	-	121,415
Energy Programs	-	-	-	-	11,725
Vegetation Management	156,866	-	-	-	156,866
Childcare	-	963,067	-	-	963,067
Recreation and Culture	-	-	-	-	1,476,146
Grants	-	-	-	-	-
Capital Outlay	-	-	-	-	-
Total Expenditures	156,866	963,067	999,392	616,889	8,212,122
Excess Revenues Over (Under) Expenditures	(119,433)	58,146	9,845	3,172,779	3,025,490
Other Financing Sources (Uses)					
Proceeds from Sale of Assets	-	-	-	-	8,008
Transfers In	135,000	-	-	-	522,591
Transfers Out	-	-	-	(23,327)	(333,054)
Other Financing Sources (Uses)	135,000	-	-	(23,327)	197,545
Net Change in Fund Balance	15,567	58,146	9,845	3,149,452	3,223,035
Fund Balance, *Beginning of Year*	64,131	966,519	397,052	2,375,932	10,382,903
Fund Balance, *End of Year*	$ 79,698	$ 1,024,665	$ 406,897	$ 5,525,384	$ 13,605,938

See Accompanying Independent Auditor's Report.

San Miguel County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds - Dependent Districts
December 31, 2025

	San Miguel Disposal District	San Miguel County Housing Authority	Total Dependent Districts
Assets			
Cash and Cash Equivalents	$ 233,909	$ 5,248,369	$ 5,482,278
Other Receivables	14,909	810,492	825,401
Total Assets	$ 248,818	$ 6,058,861	$ 6,307,679
Liabilities			
Accounts Payable	$ 84	$ 5,535	$ 5,619
Total Liabilities	84	5,535	5,619
Deferred Inflows of Resources			
Property Taxes	-	776,676	776,676
Fund Balance			
Restricted for:			
Housing	-	5,276,650	5,276,650
Solid Waste	248,734	-	248,734
Total Fund Balance	248,734	5,276,650	5,525,384
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	$ 248,818	$ 6,058,861	$ 6,307,679

San Miguel County, Colorado

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

	San Miguel Disposal District	San Miguel County Housing Authority	Total Dependent Districts
Revenues			
Taxes	$ 126,827	$ 653,057	$ 779,884
Charges for Services	-	2,112,525	2,112,525
Intergovernmental	25,054	841,489	866,543
Investment Income	-	30,716	30,716
Total Revenues	151,881	3,637,787	3,789,668
Expenditures			
Current			
Public Safety	138,951	-	138,951
Urban Development			
Housing and Transportation	-	477,938	477,938
Total Expenditures	138,951	477,938	616,889
Excess Revenues Over Expenses	12,930	3,159,849	3,172,779
Other Financing Sources (Uses)			
Transfers In	-	-	-
Transfers Out	-	(23,327)	(23,327)
Other Financing Sources (Uses)	-	(23,327)	(23,327)
Change in Fund Balance	12,930	3,136,522	3,149,452
Fund Balance, *Beginning of Year*	235,804	2,140,128	2,375,932
Fund Balance, *End of Year*	$ 248,734	$ 5,276,650	$ 5,525,384

See Accompanying Independent Auditor's Report.

San Miguel County, Colorado
Budgetary Comparison Schedule
Parks and Open Space Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Tax	$ 1,272,786	$ 1,261,951	$ (10,835)
Specific Ownership Tax	28,000	40,510	12,510
Other	4,250	24,409	20,159
Total Taxes	1,305,036	1,326,870	21,834
Intergovernmental	-	-	-
Charges for Services	-	1,000	1,000
Miscellaneous			
Event Center Fees	2,800	3,495	695
Fairground Fees	1,500	2,479	979
Other Fees	2,100	6,595	4,495
Total Miscellaneous	6,400	12,569	6,169
Total Revenues	1,311,436	1,340,439	29,003
Expenditures			
Current			
Recreation	768,723	789,161	(20,438)
Open Space Commission	210,400	117,567	92,833
Historical Preservation	228,954	41,378	187,576
Fairgrounds and Regional Park	239,728	178,994	60,734
Parks Administration	318,926	349,046	(30,120)
Total Expenditures	1,766,731	1,476,146	290,585
Excess Revenues Over (Under) Expenditures	(455,295)	(135,707)	319,588
Other Financing Sources (Uses)			
Gain on Sale of Assets	-	8,008	8,008
Transfer In	37,591	37,591	-
Transfers Out	(53,000)	(53,000)	-
Net Change in Fund Balance	(470,704)	(143,108)	327,596
Fund Balance, *Beginning of Year*	3,953,227	3,953,227	-
Fund Balance, *End of Year*	$ 3,482,523	$ 3,810,119	$ 327,596

See Accompanying Independent Auditor's Report.

San Miguel County, Colorado
Budgetary Comparison Schedule
Lodging Tax Tourism Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Lodging Tax	$ 120,000	$ 121,849	$ 1,849
Total Revenues	120,000	121,849	1,849
Expenditures			
Current			
Economic Development	120,000	121,415	(1,415)
Total Expenditures	120,000	121,415	(1,415)
Net Change in Fund Balance	-	434	434
Fund Balance, *Beginning of Year*	7,980	7,980	-
Fund Balance, *End of Year*	$ 7,980	$ 8,414	$ 434

San Miguel County, Colorado
Budgetary Comparison Schedule
COVID-19 Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Grant Income	$ -	$ -	$ -
Miscellaneous	-	1	1
Total Revenues	-	1	1
Expenditures			
Current			
Grants	-	43	(43)
Total Expenditures	-	43	(43)
Excess Revenues Over (Under) Expenditures	-	(42)	(42)
Other Financing Sources (Uses)			
Transfers In (Out)	(242,166)	(248,609)	(6,443)
Net Change in Fund Balance	(242,166)	(248,651)	(6,485)
Fund Balance, *Beginning of Year*	248,651	248,651	-
Fund Balance, *End of Year*	$ 6,485	$ -	$ (6,485)

San Miguel County, Colorado
Budgetary Comparison Schedule
Transit Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
RETA Fees	$ 300,000	$ 630,621	$ 330,621
Other	100,346	-	(100,346)
Interest Income	8,000	4,916	(3,084)
Total Revenues	408,346	635,537	227,191
Expenditures			
Current			
Transportation	400,700	630,484	(229,784)
Total Expenditures	400,700	630,484	(229,784)
Net Change in Fund Balance	7,646	5,053	(2,593)
Fund Balance, *Beginning of Year*	16,111	16,111	-
Fund Balance, *End of Year*	$ 23,757	$ 21,164	$ (2,593)

San Miguel County, Colorado
Budgetary Comparison Schedule
Contingent Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Other Financing Source (Uses)			
Transfers In (Out)	$ -	$ -	$ -
Total Other Financing Sources (Uses)	-	-	-
Net Change in Fund Balance	-	-	-
Fund Balance, *Beginning of Year*	1,500,000	1,500,000	-
Fund Balance, *End of Year*	$ 1,500,000	$ 1,500,000	$ -

San Miguel County, Colorado
Budgetary Comparison Schedule
Human Services Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 197,877	$ 177,218	$ (20,659)
Specific Ownership Taxes	5,500	5,619	119
Program Revenue	1,977,300	1,579,887	(397,413)
Total Revenues	2,180,677	1,762,724	(417,953)
Expenditures			
Current			
Health and Welfare	2,195,600	1,811,498	384,102
Total Expenditures	2,195,600	1,811,498	384,102
Excess Revenues Over (Under) Expenditures	(14,923)	(48,774)	(33,851)
Other Financing Source (Uses)			
Transfers In (Out)	-	50,000	50,000
Net Change in Fund Balance	(14,923)	1,226	16,149
Fund Balance, *Beginning of Year*	68,408	68,408	-
Fund Balance, *End of Year*	$ 53,485	$ 69,634	$ 16,149

San Miguel County, Colorado
Budgetary Comparison Schedule
Retirement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
General Property Tax	$ 495,997	$ 492,088	$ (3,909)
Delinquent Tax	250	15,816	15,566
Specific Ownership Tax	13,000	-	(13,000)
Penalty and Interest	1,000	1,261	261
Charges for Services	-	-	-
Forfeitures	49,000	61,623	12,623
Total Revenues	559,247	570,788	11,541
Expenditures			
Current			
Retirement Benefits - Employers Contributions	579,000	616,826	(37,826)
Total Expenditures	579,000	616,826	(37,826)
Net Change in Fund Balance	(19,753)	(46,038)	(26,285)
Fund Balance, *Beginning of Year*	116,420	116,420	-
Fund Balance, *End of Year*	$ 96,667	$ 70,382	$ (26,285)

San Miguel County, Colorado
Budgetary Comparison Schedule
Conservation Trust Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental			
State Lottery Proceeds	$ 35,000	$ 35,188	$ 188
Investment Income	8,000	15,752	7,752
Total Revenues	43,000	50,940	7,940
Expenditures			
Current			
Capital Outlay - Auxiliary Services	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	43,000	50,940	7,940
Fund Balance, *Beginning of Year*	343,449	343,449	-
Fund Balance, *End of Year*	$ 386,449	$ 394,389	$ 7,940

San Miguel County, Colorado
Budgetary Comparison Schedule
Public Health Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Intergovernmental	$ 331,534	$ 357,676	$ 26,142
Licenses and Permits	81,760	55,408	(26,352)
Charges for Service	91,145	128,716	37,571
Other	-	3,257	3,257
Total Revenues	504,439	545,057	40,618
Expenditures			
Current			
Health and Welfare	785,140	807,771	(22,631)
Total Expenditures	785,140	807,771	(22,631)
Excess Revenues Over (Under) Expenditures	(280,701)	(262,714)	17,987
Other Financing Source (Uses)			
Transfers In	300,000	300,000	-
Transfers Out	(8,118)	(8,118)	-
Net Change in Fund Balance	11,181	29,168	17,987
Fund Balance, *Beginning of Year*	165,950	165,950	-
Fund Balance, *End of Year*	$ 177,131	$ 195,118	$ 17,987

San Miguel County, Colorado
Budgetary Comparison Schedule
Energy Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services	$ 70,000	$ 352,726	$ 282,726
Total Revenues	70,000	352,726	282,726
Expenditures			
Current			
Energy Programs	-	11,725	(11,725)
Total Expenditures	-	11,725	(11,725)
Net Change in Fund Balance	70,000	341,001	271,001
Fund Balance, *Beginning of Year*	159,073	159,073	-
Fund Balance, *End of Year*	$ 229,073	$ 500,074	$ 271,001

San Miguel County, Colorado
Budgetary Comparison Schedule
Vegetation Management Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Charges for Services	$ -	$ 9,791	$ 9,791
Intergovernmental	5,000	18,212	13,212
Total Revenues	5,000	28,003	23,003
Expenditures			
Current			
Vegetation Management	165,539	156,866	8,673
Total Expenditures	165,539	156,866	8,673
Excess Revenues Over (Under) Expenditures	(160,539)	(128,863)	31,676
Other Financing Source (Uses)			
Gain on Sale of Assets	-	9,430	9,430
Transfers In	150,906	135,000	(15,906)
Net Change in Fund Balance	(9,633)	15,567	25,200
Fund Balance, *Beginning of Year*	64,131	64,131	-
Fund Balance, *End of Year*	$ 54,498	$ 79,698	$ 25,200

San Miguel County, Colorado
Budgetary Comparison Schedule
Early Childhood Care Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 954,340	$ 946,424	$ (7,916)
Specific Ownership Taxes	-	30,390	30,390
Other	24,000	2,664	(21,336)
Intergovernmental	-	-	-
Interest Income	38,000	41,735	3,735
Total Taxes	1,016,340	1,021,213	4,873
Intergovernmental			
P.I.L.T.	199	-	(199)
Total Revenues	1,016,539	1,021,213	4,674
Expenditures			
Current			
Childcare			
Professional Services	865,000	934,600	(69,600)
Treasurer Fees	28,615	28,467	148
Total Expenditures	893,615	963,067	(69,452)
Net Change in Fund Balance	122,924	58,146	(64,778)
Fund Balance, *Beginning of Year*	966,519	966,519	-
Fund Balance, *End of Year*	$ 1,089,443	$ 1,024,665	$ (64,778)

San Miguel County, Colorado
Budgetary Comparison Schedule
Mental Health Services Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 954,145	$ 946,409	$ (7,736)
Specific Ownership Taxes	22,000	30,393	8,393
Other	2,746	12,664	9,918
Interest Income	23,750	19,771	(3,979)
Total Revenues	1,002,641	1,009,237	6,596
Expenditures			
Current			
Health and Welfare			
Professional Fees	1,018,009	970,923	47,086
Treasurers' Fees	28,615	28,469	146
Total Expenditures	1,046,624	999,392	47,232
Net Change in Fund Balance	(43,983)	9,845	53,828
Fund Balance, *Beginning of Year*	397,052	397,052	-
Fund Balance, *End of Year*	$ 353,069	$ 406,897	$ 53,828

San Miguel County, Colorado
Budgetary Comparison Schedule
San Miguel Disposal District Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Taxes			
Property Taxes	$ 125,190	$ 122,448	$ (2,742)
Specific Ownership Tax	2,500	3,987	1,487
Penalty and Interest	500	265	(235)
Other	3,000	-	(3,000)
Charges for Service			
Intergovernmental	5,820	25,181	19,361
Total Revenues	137,010	151,881	14,871
Expenditures			
Current			
Waste Disposal	89,506	138,951	(49,445)
Total Expenditures	89,506	138,951	(49,445)
Net Change in Fund Balance	47,504	12,930	(34,574)
Fund Balance, *Beginning of Year*	235,804	235,804	-
Fund Balance, *End of Year*	$ 283,308	$ 248,734	$ (34,574)

San Miguel County, Colorado
Budgetary Comparison Schedule
San Miguel County Housing Authority Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance *Positive (Negative)*
Revenues				
Taxes	$ 645,393	$ 645,393	$ 653,057	$ 7,664
Charges for Services	645,000	645,000	2,954,014	2,309,014
Interest	28,500	-	30,716	30,716
Total Revenues	1,318,893	1,290,393	3,637,787	2,347,394
Expenditures				
Current				
Housing and Transportation	725,494	725,494	477,938	247,556
Total Expenditures	725,494	725,494	477,938	247,556
Other Financing Sources (Uses)				
Transfers Out	(54,121)	(54,121)	(23,327)	30,794
Net Change in Fund Balance	539,278	510,778	3,136,522	2,625,744
Fund Balance, *Beginning of Year*	2,140,128	2,140,128	2,140,128	-
Fund Balance, *End of Year*	$ 2,679,406	$ 2,650,906	$ 5,276,650	$ 2,625,744

Compliance Section

HINKLE & COMPANY PC
Strategic Business Advisors

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of County Commissioners
San Miguel County, Colorado
Telluride, CO

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 San Miguel 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 September 16, 2026.

Internal Control Over Financial Reporting

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

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

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

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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 on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

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

Hinkle & Company, PC

Englewood, Colorado
September 16, 2026

HINKLE & COMPANY PC
Strategic Business Advisors

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
San Miguel County, Colorado
Telluride, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

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

Auditor's Responsibilities for the Audit of Compliance
Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance
We have audited the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of 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. We issued our report thereon dated September 16, 2026, which contained unmodified opinions on those financial statements. 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 schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hinkle & Company, PC

Englewood, Colorado
September 16, 2026

San Miguel County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025

Federal Grantor/Pass - Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
NCRS - Composting Grant	10.935		$ 87,640
Passed through Colorado Department of Human Services			
Food Assistance Program - Admin	10.561		89,092
Passed through Colorado Department of Public Health & Environment			
Special Supplemental Nutrition Program for WIC	10.557		53,651
Special Supplemental Nutrition Program for WIC - Non Cash	10.557		54,569
Total U.S. Department of Agriculture			284,952
U.S. DEPARTMENT OF TRANSPORTATION			
Federal Highway Administration			
Passed through Colorado Department of Transportation			
Lawson Hill Trail (Project #26003)	20.205		28,877
Total U.S. Department of Transportation			28,877
U.S. DEPARTMENT OF TREASURY			
Passed through Colorado Department of Local Affairs			
IHOI - Housing Planning Grant	21.027		100,598
Passed through Colorado Department of Human Services			
SLFRF	21.027		(122)
Total U.S. Department of Treasury			100,476
U.S. ENVIRONMENTAL PROTECTION AGENCY			
Brownsfield Cooperative Agreement	66.818		154,865
Total U.S. Environmental Protection Agency			154,865

(Continued)

San Miguel County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2025
(Continued)

Federal Grantor/Pass - Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF HUMAN SERVICES			
Passed Through Colorado Department of Public Health and Environment			
State of Colorado -ELC2.3	93.323		$ 21,600
Public Health - PHEP	93.069	NU90TP922028	30,047
Immunization Core Services (IMM3)	93.268	NH75OT000066	19,287
Immunization Core/IMM4	93.268	NH23IP922600	5,119
Cultural Navigation	93.268	NH23IP922600	46,560
OPHP LPHA (Maternal and Child Health)	93.994	B0445202	8,118
Injury Prevention Grant	93.136		6,214
Passed Through Colorado Department of Human Services			
Title XX Medicaid	93.778		106,198
IV-E REL Guard	93.090		16,893
Temporary Assistance to Needy Families (TANF)	93.558		45,267
IV-D Admin	93.563		34,311
Low Income Home Energy Assistance (LEAP)	93.568		(770)
Childcare and Development Block Grant - Discretionary	93.575		213,464
CCDF Match/Mandatory	93.596		48,845
IV-B Child Welfare	93.645		818
IV-E Foster Care	93.658		34,067
IV-E Adoption	93.659		7,102
Title XX Block Grant	93.667		2,492
IV-E Prev	93.472		1,328
Kinship	93.471		2,821
Total U.S. Department of Human Services			649,781
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Colorado Department of Public Safety			
Emergency Management Performance Grant	97.042	EMD2023EP00004	62,415
Homeland Security Grant - 2021 (21SHS22WR)	97.067		91,333
Homeland Security Grant - 2022 (22SHS23WR)	97.067		100,177
Homeland Security Grant - 2023 (23SHS24WR)	97.067		11,199
Homeland Security Grant - 2024 (24SHS25WR)	97.067		2,220
Total U.S. Department of Homeland Security			267,344
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 1,486,295

See Notes to the Schedule of Expenditures of Federal Awards.

San Miguel County, Colorado

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards 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. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are generally reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the Cost Principles in Office of Management and Budget Circular A-87, Cost Principles for State, Local and Indian Tribal Governments or the cost principles contained in the Uniform Guidance. As such, certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Subrecipients

The County did not pass through any federal funds to sub-recipients during the year ended December 31, 2025.

Note 4: De Minimis Cost Rate

The County has elected to use the 15 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Note 5: Basis of Presentation

The County's Department of Human Services operates several federally funded human services programs where benefits are provided to qualified citizens. The revenue and expenditures associated with these federal programs are recognized in the County's basic financial statements.

San Miguel County, Colorado

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

Section I: Summary of Auditor's Results

Financial Statements

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

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

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

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

Federal Awards

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

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

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

☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimed

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

Identification of major federal program:

Cluster/Program	Assistance Listing Number
Brownfields Cooperative Agreement	66.818
Child Care and Development Fund Cluster	93.575, 93.596
Medicaid Cluster	93.778

San Miguel County, Colorado

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

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

Auditee qualified as a low-risk auditee as that term is defined in Uniform Guidance?

☐ Yes ☒ No

Section II: Financial Statement Findings

None.

Section III: Federal Award Findings and Questioned Costs

There are no current year findings or questioned costs related to the major federal award programs which are required to be reported in accordance with Section 2 CFR 200.516 of the Uniform Guidance.

San Miguel County, Colorado

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

Section I: Financial Statement Prior Audit Findings

None.

Section II: Findings Required to be Reported by the Uniform Guidance

None

State Compliance

LOCAL HIGHWAY FINANCE REPORT

STATE:		
COLORADO		
THIS INFORMATION FROM THE RECORDS OF:	**PREPARED BY:**	**REPORT YEAR ENDING DATE(mm/yyyy):**
San Miguel County	Ashley Lamers ashleyl@sanmiguelcountyco.gov	12/2025

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other Local Imposts:		**A.4. Miscellaneous Local Receipts:**	
a. Property Taxes and Assesments	2,410,456.41	a. Interest on investments	0.00
b. Non-property Taxes and Assessments Imposts	76,826.34	b. Other Misc. Local Receipts	295,302.78
c. Total (a + b)	$ 2,487,282.75	**c. Total (a + b)**	$ 295,302.78
ITEM	**AMOUNT**	**ITEM**	**AMOUNT**
C. Receipts from State Government		**D. Receipts from Federal Government**	
1. Highway-user Taxes (from Item I.C.5.)	2,292,605.59	1. FHWA (from Item I.D.5.)	0.00
2. State General Funds		2. Other Federal Agencies:	104,813.59
3. Other State funds:			
a. State Bond Proceeds			
b. Non-State Bond Proceeds	16,922.29		
c. Total (a + b)	$ 16,922.29		
4. Total (1 + 2 + 3c)	$ 2,309,527.88	**3. Total (1 + 2)**	$ 104,813.59

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)	$ 2,487,282.75
4. Miscellaneous Local Receipts (from page 1, Item II.A4.c)	$ 295,302.78
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)	$ 2,782,585.53
B. Private Contributions	
C. Receipts from State government (from page 1, Item II.C.4)	$ 2,309,527.88
D. Receipts from Federal government (from page 1, Item II.D.3)	$ 104,813.59
E. Total receipts (A.7 + B + C + D)	$ 5,196,927.00

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:	1,987,155.43
3. Road and Street Services:	
a. Snow and Ice Removal	63,443.05
b. Other & Traffic Control Operations	
c. Total (a + b)	$ 63,443.05
4. General Administration & Miscellaneous	2,889,452.00
5. Highway Law Enforcement and Safety	
6. Total (1 through 5)	$ 4,940,050.48
B. Debt Service on Local Obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a + b)	$ -
3. Total (1c + 2c)	$ -
C. Payments to State for Highways	
D. Payments to Toll Facilities	
E. Total Expenditures (A6 + B3 + C + D)	$ 4,940,050.48

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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