

The Financial Condition of Pueblo County

A Financial Assessment Based on Public Records

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August 2026

Letter to the Citizens of Pueblo County

Financial stewardship is one of the most important responsibilities entrusted to local government. Every dollar collected from taxpayers should be managed carefully, invested prudently, and reported transparently. The long-term financial health of Pueblo County affects every resident, whether through public safety, transportation, public health, elections, or the many other services provided by County government.

As a candidate for Pueblo County Treasurer and as a citizen with a background in finance and management, I believed it was important to develop a better understanding of the County's financial condition. Rather than relying upon summaries or commentary, I chose to review the County's own published financial documents, including adopted budgets, audited Annual Comprehensive Financial Reports, and the Official Statement issued in connection with the County's 2022 Certificates of Participation.

The purpose of this report is not to criticize individuals or assign responsibility for particular financial decisions. County finances are the product of decisions made over many years by elected officials, appointed administrators, department heads, and governing boards. Financial management is a shared responsibility, and no single office should be viewed as solely responsible for the County's overall financial condition.

Instead, this report seeks to answer several straightforward questions:

- What do the County's own financial records tell us about its current financial condition?
- What long-term financial trends are emerging?
- What risks deserve continued public attention?
- What opportunities exist to strengthen financial stewardship in the years ahead?

During the preparation of this assessment, Pueblo County also experienced the Aspen Acres Fire, one of the most significant disasters in its recent history. Because the fire remains an evolving event, its full financial impact cannot yet be determined. Accordingly, this report should be viewed as an assessment of the County's financial position at a particular point in time rather than a final accounting of all current events.

My hope is that this assessment contributes to a more informed public discussion about the County's finances. I hope readers will find that its conclusions are grounded in evidence, careful analysis, and a sincere desire to promote responsible stewardship of the public resources entrusted to Pueblo County.

Jonathan W. Ambler

August 2026

Executive Summary

The Financial Condition of Pueblo County

A Financial Assessment Based on Public Records

Purpose

This assessment examines Pueblo County's financial condition using the County's publicly available adopted budgets, Annual Comprehensive Financial Reports (ACFRs), and the Official Statement for the 2022 Series Certificates of Participation issued to finance the new detention facility.

The purpose of this report is not to evaluate the performance of any individual office or elected official. Financial management is a shared responsibility involving the Board of County Commissioners, the Budget and Finance Department, the Treasurer, other elected officials, and County departments. Rather, this assessment provides an objective review of the County's current financial position and the long-term trends reflected in its published financial records.

Because the Aspen Acres Fire remains an evolving event, the County's financial outlook continues to change. The full fiscal consequences of that disaster—including emergency response costs, infrastructure impacts, changes in assessed valuation, and potential state and federal reimbursements—are not yet known.

Overall Assessment

This assessment finds that Pueblo County's financial position has become less resilient over the past several years. The County's adopted General Fund ending balance was approximately \$20.7 million in the 2022 budget and \$0 in the 2026 adopted budget. This change reflects the cumulative effect of several years of financial decisions and changing economic conditions rather than the actions of any single budget year. At the same time, reduced liquidity, increasing long-term obligations, changing revenue trends, and the uncertain fiscal impact of the Aspen Acres Fire have narrowed the County's financial margin.

In August 2026, S&P Global Ratings lowered its rating on Pueblo County's Certificates of Participation from **A+ to A-** and assigned a **negative outlook**, citing weakening financial performance and reserves. This independent credit assessment is consistent with the declining financial resilience identified through the County records examined in this report.

The financial records reviewed do not indicate that Pueblo County is facing an immediate inability to meet its financial obligations. The County continues to receive unmodified opinions from its independent auditors and continues to provide essential public services.

However, the County has entered a period in which long-term financial stewardship has become increasingly important. A significant portion of this reduced capacity reflects planned capital investment rather than unexpected operating losses. Those investments have created valuable public assets, but they have also increased long-term financial commitments while reducing the financial cushion available to respond to future challenges.

The Aspen Acres Fire reinforces the importance of these findings. Although the full financial consequences remain uncertain, the fire demonstrates the importance of maintaining sufficient reserves and liquidity to respond to major emergencies while continuing normal County operations.

Principal Findings

This assessment identified five significant themes.

1. Financial reporting remains a strength.

Independent auditors continue to issue unmodified opinions on the County's financial statements. The County's published budgets, ACFRs, and financing documents provide an important foundation for evaluating its financial condition.

2. Financial resilience has declined.

The County's available financial cushion has diminished over the period reviewed. While a significant portion of this change reflects planned capital investment rather than unexpected operating losses, the County now has less capacity to absorb unexpected financial events than it did several years ago. S&P Global Ratings' August 2026 downgrade of the County's Certificates of Participation from A+ to A-, with a negative outlook, provides an independent indication of concern regarding weakening financial performance and reserves.

3. Long-term obligations have increased.

Construction of the new detention facility and other capital improvements has increased the County's long-term financial commitments. The benefits of these investments will extend for decades, but so will the associated financial responsibilities.

4. Revenue conditions have changed.

Several recurring revenue sources remain stable, while others—notably excess marijuana sales tax revenues—have declined significantly. This places greater importance on long-term financial planning and prudent management of recurring expenditures.

5. The Aspen Acres Fire introduces significant uncertainty.

The County now faces substantial but as yet unquantified financial consequences resulting from one of the largest disasters in its recent history. Emergency response, infrastructure restoration, recovery efforts, and potential changes in future revenues will influence the County's financial condition for years to come.

Long-Term Outlook

Pueblo County's financial future will depend less upon constructing new public facilities and more upon sustaining those already in place.

The financial records suggest that future success will depend upon:

- rebuilding available reserves;
- preserving adequate liquidity;
- managing long-term debt responsibly;
- maintaining structural balance between recurring revenues and expenditures;
- adapting to changing revenue conditions; and
- responding effectively to the long-term financial consequences of the Aspen Acres Fire.

None of these issues individually indicates an immediate inability to meet the County's financial obligations. Collectively, they indicate that prudent long-term financial planning will become increasingly important during the coming decade.

Conclusion

This assessment concludes that Pueblo County's financial resilience has declined during a period of significant capital investment, increasing long-term obligations, changing revenue trends, and extraordinary natural disaster.

The County's published financial records demonstrate both significant strengths and important challenges. Independent audits continue to support the reliability of the County's financial reporting, while the County continues to provide essential public services and maintain valuable public assets. At the same time, declining reserves, reduced liquidity, increasing long-term obligations, and changing revenue conditions have reduced the County's financial capacity to respond to future challenges. The August 2026 S&P rating action provides an additional independent indication that weakening financial performance and reserves warrant continued attention.

Strengthening the County's financial capacity through careful planning, prudent financial stewardship, and responsible long-term decision-making will help ensure that Pueblo County remains prepared to meet both its long-term obligations and unforeseen events.

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Scope and Methodology

This assessment evaluates the financial condition of Pueblo County using publicly available financial records and related official documents. Primary sources include:

- Pueblo County Adopted Budgets (2022 through 2026)
- Pueblo County Annual Comprehensive Financial Reports
- Official Statement for the Series 2022A Certificates of Participation
- August 2026 S&P Global Ratings action concerning Pueblo County's Certificates of Participation
- Other publicly available County financial publications identified where applicable

This report is not an independent financial audit, nor is it an evaluation of the performance of any individual office, elected official, or County employee. Where financial decisions are relevant to understanding the County's financial condition, they are examined for their financial effects rather than for the purpose of assigning individual responsibility.

Responsibility for County finances is shared among numerous elected officials, appointed administrators, department heads, and governing bodies. Consequently, this report evaluates the County's financial condition rather than attempting to attribute responsibility for particular financial outcomes.

Throughout the report, every effort has been made to distinguish among:

- Facts directly supported by County financial documents and other authoritative sources;
- Analysis derived from those facts; and
- Observations and recommendations offered for future consideration.

This assessment is necessarily limited by the information available in the public records reviewed. Adopted budgets, audited financial statements, financing documents, and other authoritative public sources provide important information about the County's financial condition, but they do not necessarily provide sufficient detail to reconstruct every financial decision, cash-flow development, or change in financial expectations occurring during the period examined.

Where uncertainty exists—particularly regarding the continuing financial effects of the Aspen Acres Fire—that uncertainty is identified rather than resolved through speculation.

PART I – CURRENT FINANCIAL CONDITION

Overview

Pueblo County enters the second half of 2026 with substantial public assets and financial statements that continue to receive unmodified opinions from independent auditors. At the same time, the County's financial flexibility has diminished following several years of significant capital investment, increasing long-term obligations, changing revenue conditions, and reduced available reserves. The uncertain fiscal consequences of the Aspen Acres Fire add another significant challenge.

In August 2026, S&P Global Ratings lowered its rating on Pueblo County's Certificates of Participation from **A+ to A-** and assigned a **negative outlook**, citing weakening financial performance and reserves. The rating action provides an additional independent indication that the County's reduced financial resilience warrants continued attention.

This section summarizes the County's present financial condition based upon its published financial records and other authoritative public information.

Audit and Financial Reporting

Finding

The County's audited financial reporting through 2024 provides a strong foundation for evaluating its historical financial condition.

Evidence

- Independent auditors issued an unmodified opinion on the 2024 Annual Comprehensive Financial Report, concluding that the financial statements were fairly presented in accordance with generally accepted accounting principles.
- No material weaknesses in internal control over financial reporting were identified during the audit.
- Pueblo County has consistently demonstrated a commitment to comprehensive financial reporting through publication of detailed annual financial statements.

Observation

The 2024 unmodified audit opinion provides assurance regarding the fair presentation of the County's financial statements for that reporting period. It does not evaluate subsequent changes in financial systems, accounting processes, or financial administration occurring after the period covered by the audit. Changes in accounting classifications and financial presentation can also limit direct comparisons across reporting periods and should be considered when evaluating financial trends.

General Fund

Finding

The General Fund has substantially less budgeted financial cushion than it did several years ago.

Evidence

- The 2022 adopted budget projected a General Fund ending balance of approximately \$20.7 million.
- The 2026 adopted budget projects a General Fund ending balance of \$0.

- This change developed over multiple budget years and should not be attributed to the decisions of any single year.
- The 2026 adopted budget identifies rebuilding available reserves as an important financial objective.

Observation

The reduction in the General Fund's budgeted ending balance reflects the cumulative effects of financial decisions and changing conditions over several years. Planned capital investment has contributed to the use of available resources, while operating demands and changing revenue conditions have also affected the County's financial position. Rebuilding available reserves would increase the County's capacity to respond to future emergencies, revenue changes, and other unexpected financial demands.

Cash and Investments

Finding

The County continues to maintain substantial cash and investment balances, although those balances should not be interpreted as unrestricted resources available for general operations.

Evidence

- Cash and investment balances remain significant.
- Investment earnings have become an important source of County revenue.
- County investments continue to be managed within the framework established by Colorado law.

Observation

Cash management is one of the County's most important financial responsibilities. Maintaining sufficient liquidity, preserving principal, and prudently managing investment resources will remain important as the County's financial conditions evolve. The amount of cash and investments held County-wide should also be considered in conjunction with the restrictions, commitments, and purposes associated with those resources.

Long-Term Debt and Credit Rating

Finding

The County's long-term debt increased significantly following major capital projects, particularly construction of the new detention facility. In August 2026, S&P Global Ratings lowered its rating on the County's Certificates of Participation from A+ to A- and assigned a negative outlook.

Evidence

- The Series 2022A Certificates of Participation financed construction of the new detention facility.
- Debt service extends through 2052.
- The financing structure defers much of the principal repayment until the later years of the repayment schedule.
- In August 2026, S&P Global Ratings lowered its rating on Pueblo County's Certificates of Participation from **A+** to **A-**.
- S&P assigned a **negative outlook** and cited weakening financial performance and reserves in announcing the rating action.
- The rating action applies to the County's Certificates of Participation and should not be interpreted as a downgrade of every County financial obligation.

Observation

The County's debt financed long-lived public assets that will benefit the community for many years. Nevertheless, the long repayment period requires continued attention to future affordability and long-range financial planning.

The August 2026 rating action is significant because it represents an independent assessment of increased financial risk associated with the County's lease-appropriation obligations. It does not indicate that the County is presently unable to meet its obligations, but the combination of a two-notch downgrade and negative outlook reinforces the importance of rebuilding reserves, maintaining adequate financial flexibility, and demonstrating sustainable financial performance.

Revenue Trends

Finding

The County continues to receive substantial recurring revenues, although the composition and performance of several revenue sources have changed.

Evidence

- Property tax revenues remain an important source of recurring revenue.
- Investment earnings have provided meaningful support during recent years.
- Marijuana-related revenues have declined substantially from earlier levels.
- The County has recognized the need to monitor changing revenue conditions.

Observation

The County's financial position will increasingly depend upon recurring, sustainable revenue sources rather than accumulated reserves or temporary revenue growth. Long-term financial planning should continue to recognize changing economic conditions and distinguish between recurring revenues and revenues that may fluctuate substantially from year to year.

Aspen Acres Fire

Finding

The Aspen Acres Fire introduces substantial financial uncertainty that cannot yet be fully determined.

Evidence

- Emergency response and recovery activities remain ongoing.
- Property losses are significant.
- Final estimates of County expenditures and potential reimbursements are not yet available.
- Long-term effects on assessed valuation, infrastructure, and County finances remain uncertain.

Observation

Major disasters often affect local government finances for several years after the emergency itself has ended. As damage assessments and recovery plans are completed, the County should continue updating the public regarding both the costs of the response and the anticipated financial impact of recovery efforts.

Summary of Current Financial Condition

The County's financial records indicate that Pueblo County continues to meet its financial obligations and maintain substantial public assets. At the same time, significant capital investments, reduced available reserves, increasing long-term obligations, changing revenue conditions, and the developing financial effects of the Aspen Acres Fire have reduced the County's financial flexibility.

The August 2026 S&P rating action provides an independent indication that weakening financial performance and reserves have become sufficiently significant to affect the credit assessment of the County's Certificates of Participation. The negative outlook indicates that continued attention to the County's financial trajectory is warranted.

The financial records reviewed do not indicate an immediate inability to meet the County's financial obligations. They do, however, demonstrate a reduced margin for responding to unexpected events and changing financial conditions. Preserving liquidity, rebuilding available reserves, managing long-term obligations, and maintaining structural balance between recurring revenues and expenditures will therefore become increasingly important.

PART II – LONG-TERM FINANCIAL OUTLOOK

Overview

Financial stewardship requires more than balancing a single year's budget. Counties make decisions whose effects extend decades into the future. Capital investments, debt obligations, pension commitments, infrastructure maintenance, and emergency preparedness all require long-term planning.

Pueblo County has recently completed one of the most significant periods of capital investment in its history. As those projects transition from construction to operation, the County's financial priorities will likewise change. The emphasis will increasingly shift from financing new assets to maintaining those assets, rebuilding financial flexibility, and preparing for future obligations.

This section identifies the principal long-term financial issues that emerge from the County's published financial records and other authoritative public information.

Financial Flexibility

Finding

The County's most immediate long-term objective should be rebuilding financial flexibility.

Evidence

- Recent capital investments reduced available reserves while creating long-lived public assets.
- The 2026 adopted budget identifies rebuilding fund balances and controlling expenditures as important priorities.
- In August 2026, S&P Global Ratings cited weakening financial performance and reserves when it lowered the County's Certificates of Participation rating from A+ to A- and assigned a negative outlook.
- The Aspen Acres Fire demonstrates the importance of maintaining resources that can respond to unexpected events before outside reimbursement becomes available.

Observation

Financial flexibility is measured not only by total assets but also by the County's ability to respond to unforeseen circumstances. Rebuilding unrestricted reserves should remain an important objective as major capital projects are completed.

Long-Term Debt

Finding

The County's long-term debt obligations extend over several decades and require continued attention to affordability and financial capacity.

Evidence

- The Series 2022A Certificates of Participation extend through 2052.
- The financing structure defers much of the principal repayment until later years.
- The detention facility represents a long-lived public asset that will require both debt service and ongoing operating expenditures.

- The August 2026 S&P downgrade of the County's Certificates of Participation to A-, with a negative outlook, reinforces the importance of maintaining sufficient financial capacity to support these obligations.

Observation

Long-term debt should be viewed together with the useful life of the assets it finances. The County's challenge is not simply making annual payments, but ensuring that future budgets remain capable of supporting those obligations while continuing to fund essential public services.

Revenue Sustainability

Finding

Future financial resilience will depend upon maintaining recurring revenues sufficient to support recurring expenditures.

Evidence

- Property taxes continue to provide an important recurring revenue base.
- Marijuana-related revenues have declined substantially from earlier levels.
- Investment earnings have provided meaningful support during recent years but may fluctuate as interest-rate conditions change.

Observation

Temporary or unusually strong revenue sources should not be assumed to continue indefinitely. Long-range financial planning should emphasize recurring revenue streams capable of supporting ongoing County operations through varying economic conditions.

Capital Assets

Finding

The County's recent capital program now shifts toward long-term asset stewardship.

Evidence

- Major construction projects have been completed or are nearing completion.
- The County now owns substantial public infrastructure requiring continuing maintenance and eventual replacement.

Observation

The financial commitment associated with public infrastructure does not end when construction is complete. Maintenance, equipment replacement, technology upgrades, and operating costs become the next phase of financial responsibility. Long-term capital planning should continue beyond the completion of current projects.

Pension and Other Long-Term Obligations

Finding

Long-term employee benefit obligations remain an important component of the County's overall financial position.

Evidence

- Pension liabilities represent long-term financial commitments.
- Future contribution requirements will depend upon actuarial assumptions, investment performance, and workforce demographics.

Observation

Pension obligations should be monitored as part of the County's overall long-term financial planning. While these liabilities are expected to be funded over many years, they influence future budget flexibility and should remain a consideration in financial decision-making.

Emergency Preparedness

Finding

The Aspen Acres Fire illustrates the financial importance of emergency preparedness.

Evidence

- Disaster response requires immediate expenditures before reimbursement is received.
- Final recovery costs remain uncertain.
- Future emergencies cannot be predicted but should be anticipated.

Observation

Emergency preparedness extends beyond operational planning. Maintaining adequate liquidity, reserves, and financial flexibility enables the County to respond effectively while continuing normal government operations. Financial resilience should therefore be viewed as an essential component of public safety.

Financial Outlook

Based upon the financial records reviewed, Pueblo County appears capable of meeting its current financial obligations. However, future financial success will depend upon disciplined management of several interconnected issues:

- rebuilding unrestricted financial reserves;
- maintaining structural balance between recurring revenues and expenditures;
- managing long-term debt responsibly;
- preserving adequate liquidity;
- planning for capital maintenance;
- adapting to changing economic conditions; and
- responding effectively to the financial consequences of major emergencies.

The financial records reviewed do not indicate an immediate inability to meet the County's financial obligations. They do, however, indicate that reduced reserves, long-term obligations, changing revenue conditions, and increased uncertainty have narrowed the County's financial margin and increased the importance of disciplined long-range planning.

Summary

Pueblo County's long-term financial outlook will depend substantially upon its ability to rebuild financial flexibility following a period of significant capital investment. The County now enters a period in which maintaining public assets, meeting long-term obligations, restoring available reserves, and maintaining structural balance will become increasingly important.

The County possesses substantial public assets and continues to meet its financial obligations, but reduced reserves and the August 2026 S&P rating action demonstrate that rebuilding financial capacity deserves sustained attention. Continued financial discipline, transparent reporting, and long-term planning will be important to strengthening the County's ability to meet future challenges while maintaining essential public services.

PART III – OBSERVATIONS AND RECOMMENDATIONS

Overview

The purpose of this assessment is to improve public understanding of Pueblo County's financial condition rather than to evaluate individual decisions or prescribe specific policy choices. Nevertheless, several broader observations and recommendations emerge consistently from the review of the County's published financial records and other authoritative public information.

These recommendations focus on financial management principles rather than particular tax, spending, or program decisions. They are offered for future financial planning and public discussion.

Observation 1 – Audited Financial Reporting Provides an Important Foundation

The County's audited financial statements through 2024 provide an important foundation for public accountability and financial analysis. The publication of detailed budgets, Annual Comprehensive Financial Reports, and financing documents allows citizens to examine significant aspects of the County's financial condition using primary source materials.

An unmodified audit opinion provides assurance regarding the fair presentation of the financial statements for the period covered by the audit. It does not, however, evaluate subsequent changes in financial systems, accounting processes, or financial administration.

Recommendation

Continued emphasis on timely, comprehensive, and comparable financial reporting will be important. As accounting classifications, systems, or presentation methods change, maintaining the ability to compare financial results across reporting periods is particularly important for both public accountability and effective financial management.

Observation 2 – Capital Investment Has Changed the County's Financial Position

Recent years have been characterized by significant capital investment, including construction of the new detention facility and other long-lived public assets.

These investments have expanded the County's public infrastructure while also increasing long-term financial commitments and reducing available financial flexibility. The financial effects therefore extend well beyond the construction period.

Recommendation

As the County transitions from construction to operation, financial planning should increasingly emphasize asset maintenance, operating costs, future replacement requirements, long-term debt obligations, and restoration of available reserves.

Observation 3 – Rebuilding Financial Flexibility Should Be a Priority

The County's financial records demonstrate a substantial reduction in available financial cushion over the period reviewed. The 2022 adopted budget projected a General Fund ending

balance of approximately \$20.7 million, while the 2026 adopted budget projects an ending balance of \$0.

In August 2026, S&P Global Ratings lowered its rating on the County's Certificates of Participation from A+ to A- and assigned a negative outlook, citing weakening financial performance and reserves.

The Aspen Acres Fire further demonstrates the importance of maintaining sufficient financial capacity to respond to unexpected events.

Recommendation

Rebuilding available reserves and preserving adequate liquidity should be important financial priorities. Restoring financial flexibility would increase the County's ability to absorb revenue fluctuations, respond to emergencies, meet unexpected expenditures, and manage future economic uncertainty.

Observation 4 – Long-Term Financial Planning Is Increasingly Important

Many of the County's most significant financial obligations extend well beyond the annual budget cycle.

Debt service, employee benefit obligations, capital maintenance, asset replacement, and emergency preparedness all require planning that spans many years rather than focusing exclusively on a single fiscal year. At the same time, changing revenue conditions can materially affect the resources available to meet those obligations.

Recommendation

The County should continue developing and using multi-year financial forecasts that incorporate known long-term obligations, recurring expenditures, anticipated capital requirements, reserve needs, and reasonable ranges of future revenue assumptions.

Regular multi-year forecasting can help identify structural imbalances, future debt pressures, reserve requirements, and changing revenue conditions before those issues become immediate budget problems. Longer-term forecasts should complement, rather than replace, shorter-term cash-flow and budget monitoring.

Observation 5 – Recurring Revenues and Expenditures Should Remain Structurally Balanced

The County continues to receive substantial recurring revenues, but the performance of individual revenue sources changes over time. Marijuana-related revenues have declined substantially from earlier levels, while investment earnings and other revenues may fluctuate with economic and interest-rate conditions.

A sustainable financial structure depends upon recurring revenues being sufficient to support recurring expenditures without continued reliance upon reserves or unusually strong temporary revenues.

Recommendation

Long-range financial planning should clearly distinguish recurring revenues from temporary or unusually variable sources and recurring expenditures from one-time costs. Maintaining

structural balance between recurring revenues and recurring expenditures will reduce pressure on reserves and improve the County's ability to respond to changing economic conditions.

Observation 6 – Emergencies Reinforce the Importance of Financial Resilience

The Aspen Acres Fire serves as a reminder that major emergencies affect both County operations and County finances.

Disaster response can require substantial immediate expenditures before state, federal, insurance, or other reimbursements become available. Some costs may not ultimately be reimbursed, and longer-term effects on infrastructure, assessed valuation, and County revenues may continue after the immediate emergency has ended.

Recommendation

Financial resilience should be viewed as an important component of emergency preparedness. Maintaining sufficient liquidity, available reserves, and financial flexibility enhances the County's ability to respond effectively to emergencies while continuing essential public services.

As recovery from the Aspen Acres Fire continues, regular public reporting regarding expenditures, reimbursements, and longer-term financial effects would improve both financial planning and public understanding.

Observation 7 – The Credit Rating Warrants Continued Attention

The August 2026 S&P Global Ratings action represents an independent assessment of increased financial risk associated with the County's Certificates of Participation. The rating was lowered from A+ to A-, and S&P assigned a negative outlook while citing weakening financial performance and reserves.

The rating action does not indicate that the County is presently unable to meet its financial obligations, nor should the Certificates of Participation rating be interpreted as a rating of every County financial obligation. It does, however, provide an important external indicator that the County's financial trajectory warrants continued attention.

Recommendation

The County should focus on strengthening the underlying financial conditions that support long-term creditworthiness rather than managing solely to achieve a particular credit rating. Rebuilding reserves, maintaining structural balance, preserving adequate liquidity, and demonstrating sustainable financial performance would strengthen the County's overall financial resilience while also addressing conditions relevant to future credit assessments.

Concluding Observations

Several consistent themes emerge from this assessment.

First, Pueblo County's financial condition cannot be understood by reviewing a single document or a single fiscal year. Budgets, audited financial statements, financing documents, and other authoritative financial information provide different perspectives that together produce a more

complete understanding of the County's finances. Changes in financial classifications and presentation also require care when making comparisons across reporting periods.

Second, the County's current financial position reflects decisions and changing conditions accumulated over several years and should not be attributed to any single budget year or individual office. Significant capital investment has created valuable long-lived public assets, but it has also contributed to increased long-term obligations and reduced available financial flexibility.

Third, the County's financial resilience has declined. The reduction in available reserves, changing revenue conditions, and increasing long-term commitments have narrowed the County's ability to absorb unexpected financial events. The August 2026 S&P rating action provides an additional independent indication that weakening financial performance and reserves warrant continued attention.

Fourth, rebuilding financial capacity will require more than balancing individual annual budgets. Maintaining structural balance, rebuilding available reserves, preserving liquidity, managing long-term obligations, and using multi-year financial forecasting can provide County leadership with earlier warning of developing financial pressures.

Finally, the financial consequences of the Aspen Acres Fire remain uncertain. The disaster has increased the importance of financial resilience at a time when the County's available financial cushion has already diminished. As recovery continues, future financial reports should provide additional information regarding emergency expenditures, reimbursements, infrastructure impacts, assessed valuation, and longer-term fiscal effects.

The County continues to meet its financial obligations and possesses substantial public assets. The principal challenge identified by this assessment is therefore not an immediate inability to meet current obligations, but the need to rebuild the financial capacity necessary to meet long-term commitments and respond effectively to future uncertainty.

Conclusion

This assessment began with a straightforward question:

What do Pueblo County's own financial records tell us about its financial condition?

The answer is both reassuring in some respects and cautionary in others.

Pueblo County continues to meet its financial obligations and possesses substantial public assets. Its audited financial statements through 2024 received unmodified opinions from independent auditors, providing an important foundation for evaluating its historical financial condition. Major public investments have expanded County infrastructure and created assets that will serve the community for many years.

At the same time, the County's financial resilience has declined. The adopted General Fund ending balance was approximately \$20.7 million in the 2022 budget and \$0 in the 2026 adopted budget. Long-term financial obligations have increased, certain revenue sources have weakened, and the County has less financial flexibility available to respond to changing economic conditions and unforeseen events.

In August 2026, S&P Global Ratings provided an additional independent indication of these concerns when it lowered its rating on Pueblo County's Certificates of Participation from **A+ to A-** and assigned a **negative outlook**, citing weakening financial performance and reserves. The rating action does not indicate that the County is presently unable to meet its obligations, nor does it represent a downgrade of every County financial obligation. It does, however, reinforce the importance of rebuilding financial capacity.

The review of the County's budgets, Annual Comprehensive Financial Reports, financing documents, and other authoritative financial information consistently identified several themes.

The first is that **rebuilding financial flexibility should be a priority**. Available reserves provide more than an accounting cushion. They allow government to absorb revenue fluctuations, respond to emergencies, address unexpected expenditures, and continue providing essential services when circumstances change.

The second is that **long-term financial planning is increasingly important**. Capital investments made today create obligations that extend decades into the future. Debt service, employee benefit obligations, asset maintenance, equipment replacement, and operating costs must all be supported by future revenues. Regular multi-year forecasting can help identify developing financial pressures before they become immediate budget problems.

The third is that **structural balance matters**. Recurring expenditures ultimately must be supported by sustainable recurring revenues. The decline in marijuana-related revenues demonstrates why unusually strong or temporary revenue sources should not be assumed to continue indefinitely. Maintaining structural balance will reduce pressure on reserves and strengthen the County's ability to adapt to changing economic conditions.

The fourth is that **transparent and comparable financial reporting remains essential**. Pueblo County's published budgets, audited financial statements, and financing documents provide important information for evaluating its finances. As accounting classifications, financial systems, and presentation methods change over time, maintaining timely reporting and the ability to make meaningful comparisons across reporting periods will remain important for both financial management and public accountability.

Finally, **financial resilience is an important component of emergency preparedness**. The Aspen Acres Fire demonstrates that governments may be required to commit substantial resources

immediately while reimbursements and longer-term financial consequences remain uncertain. Maintaining adequate liquidity and available reserves improves the County's ability to respond to emergencies while continuing normal operations.

Public finance is a shared responsibility. Pueblo County's current financial position reflects decisions and changing conditions accumulated over many years involving elected officials, appointed administrators, department heads, employees, and governing boards. No single budget year, financial statement, office, or individual decision fully explains the County's current position. Likewise, strengthening the County's financial condition will require cooperation across County government.

The financial consequences of the Aspen Acres Fire remain uncertain. As additional information becomes available, future budgets and audited financial statements should provide a clearer understanding of emergency expenditures, reimbursements, infrastructure restoration, changes in assessed valuation, and other longer-term fiscal effects. Those developments should be incorporated into future assessments of the County's financial condition.

This report should therefore be viewed as a **baseline assessment rather than a final judgment**. It reflects the County's financial position based upon the information available at the time of its preparation and establishes a point of reference against which future financial reports and developments may be evaluated.

Pueblo County continues to possess substantial public assets and the capacity to meet its current financial obligations. The principal challenge identified by this assessment is not an immediate inability to meet those obligations, but a diminished financial margin with which to address future demands.

Rebuilding available reserves, preserving liquidity, maintaining structural balance, managing long-term obligations, strengthening multi-year financial planning, and maintaining transparent financial reporting will be central to rebuilding the County's financial capacity for the years ahead.

Acknowledgements

This assessment was prepared using publicly available financial information published by Pueblo County and other authoritative sources, including adopted budgets, Annual Comprehensive Financial Reports, official financing documents, and the August 2026 S&P Global Ratings action concerning Pueblo County's Certificates of Participation.

The preparation of this report was undertaken independently and reflects the author's analysis of those publicly available records. Any errors or omissions are solely the responsibility of the author.

The author expresses appreciation to the public officials, professional staff, auditors, and financial professionals whose work in preparing and publishing these documents makes informed public review possible.

Principal Sources

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