

Huerfano County, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2023



Huerfano County, Colorado

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December 31, 2023

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**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of County Commissioners
Huerfano County, Colorado
Walsenburg, 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 Huerfano County, Colorado (the County) as of and for the year ended December 31, 2023, 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, 2023, 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 presented on pages 34 - 39, 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.

The County has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

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 December 31, 2024 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.

Hick & Company, PC

Englewood, Colorado
December 31, 2024



Basic Financial Statements

Huerfano County, Colorado

Statement of Net Position

December 31, 2023

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and Cash Equivalents	\$ 5,556,695	\$ 779,517	\$ 6,336,212
Sales Taxes Receivable	321,690	-	321,690
Property Taxes Receivable	3,371,621	-	3,371,621
Due from Other Governments	2,046,215	-	2,046,215
Due from Other Funds	420,000	(420,000)	-
Inventories, net	34,588	-	34,588
Capital Assets, <i>not being depreciated</i>	2,811,773	2,100,000	4,911,773
Capital Asser, <i>net of accumulated depreciation</i>	20,747,120	1,341,150	22,088,270
Total Assets	35,309,702	3,800,667	39,110,369
Liabilities			
Accounts Payable	3,479,112	3,420	3,482,532
Accrued Salaries	229,562	-	229,562
Accrued Interest	560	-	560
Unearned Revenue	391,217	-	391,217
Long-term Debt			
Due within one year	456,426	195,843	652,269
Due in more than one year	8,410,521	2,706,312	11,116,833
Total Liabilities	12,967,398	2,905,575	15,872,973
Deferred Inflows of Resources			
Unavailable revenue - property taxes	2,846,494	-	2,846,494
Total Deferred inflows of resources	2,846,494	-	2,846,494
Net Position			
Net Investment in Capital Assets	14,691,946	-	14,691,946
Restricted for Emergencies (TABOR)	318,000	-	318,000
Unrestricted, Unreserved	4,485,864	895,092	5,380,956
Total Net Position	\$ 19,495,810	\$ 895,092	\$ 20,390,902

Huerfano County, Colorado
Statement of Activities
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General Government	\$ 5,767,738	\$ 1,383,361	\$ 285,748	\$ 1,153,264	\$ (2,945,365)	\$ -	\$ (2,945,365)
Public Safety	5,157,453	805,948	187,122	-	(4,164,383)	-	(4,164,383)
Public Works	3,311,761	232,373	1,795,956	-	(1,283,432)	-	(1,283,432)
Human Services	2,933,991	-	2,997,156	-	63,165	-	63,165
Health and Sanitation	379,925	108,753	70,000	-	(201,172)	-	(201,172)
Culture and Recreation	378,644	223,477	634,306	-	479,139	-	479,139
Interest on Long-Term Debt	408,408	-	-	-	(408,408)	-	(408,408)
Total Governmental Activities	<u>18,337,920</u>	<u>2,753,912</u>	<u>5,970,288</u>	<u>1,153,264</u>	<u>(8,460,456)</u>	<u>-</u>	<u>(8,460,456)</u>
Business-Type Activities							
Correctional Facility	4,778	-	-	-	-	(4,778)	(4,778)
Gardner Water and Sewer Improvement District	75,735	104,718	-	-	-	28,983	28,983
Asset Management Enterprise	752,802	-	-	-	-	(752,802)	(752,802)
Total Business-Type Activities	<u>833,315</u>	<u>104,718</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(728,597)</u>	<u>(728,597)</u>
Total Primary Government	<u>\$ 19,171,235</u>	<u>\$ 2,858,630</u>	<u>\$ 5,970,288</u>	<u>\$ 1,153,264</u>	<u>(8,460,456)</u>	<u>(728,597)</u>	<u>(9,189,053)</u>
General Revenues							
Taxes							
Property Tax					2,624,339	-	2,624,339
Sales and Use Tax					1,891,622	-	1,891,622
Specific Ownership Tax					246,642	-	246,642
Other Taxes					1,611,345	-	1,611,345
Investment income					290,971	10	290,981
Misc.					455,297	-	455,297
Transfer					(140,000)	140,000	-
Total General Revenues and Transfers					<u>6,980,216</u>	<u>140,010</u>	<u>7,120,226</u>
Change in Net Position					(1,480,240)	(588,587)	(2,068,827)
Net Position, Beginning of Year					20,976,050	1,483,679	22,459,729
Net Position, End of Year					<u>\$ 19,495,810</u>	<u>\$ 895,092</u>	<u>\$ 20,390,902</u>

See Notes to Financial Statements.

Huerfano County, Colorado
Balance Sheet
Governmental Funds
December 31, 2023

	General	Road and Bridge	Department of Human Services	Special Projects	Emergency Service	Disaster Recovery	Other Governmental Funds	Total
Assets								
Cash and Cash Equivalents	\$ 2,168,722	\$ 830,384	\$ 972,171	\$ (542,467)	\$ 906,018	\$ 1,009,844	\$ 212,023	\$ 5,556,695
Taxes Receivable	2,904,467	149,559	391,217	-	107,230	-	140,838	3,693,311
Due from Other Governments	-	-	2,046,215	-	-	-	-	2,046,215
Due from Other Funds	-	-	-	400,000	22,500	-	723,765	1,146,265
Inventories	-	34,588	-	-	-	-	-	34,588
Total Assets	\$ 5,073,189	\$ 1,014,531	\$ 3,409,603	\$ (142,467)	\$ 1,035,748	\$ 1,009,844	\$ 1,076,626	\$ 12,477,074
Liabilities								
Accounts Payable	\$ 300,478	\$ 37,188	\$ 2,438,272	\$ 739,710	\$ 19,539	\$ 15,101	\$ (71,176)	\$ 3,479,112
Accrued Salaries	174,101	33,276	-	-	22,185	-	-	229,562
Due to Other Funds	22,500	-	-	-	-	703,765	-	726,265
Deferred Revenue	-	-	391,217	-	-	-	-	391,217
Total Liabilities	497,079	70,464	2,829,489	739,710	41,724	718,866	(71,176)	4,826,156
Deferred Inflows of Resources								
Property Taxes	2,690,007	15,649	-	-	-	-	140,838	2,846,494
Fund Balance								
Restricted for TABOR	200,000	70,000	-	-	25,000	-	5,000	300,000
Committed	-	-	-	-	-	-	1,001,964	1,001,964
Unassigned	1,686,103	858,418	580,114	(882,177)	969,024	290,978	-	3,502,460
Total Fund Balance	1,886,103	928,418	580,114	(882,177)	994,024	290,978	1,006,964	4,804,424
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 5,073,189	\$ 1,014,531	\$ 3,409,603	\$ (142,467)	\$ 1,035,748	\$ 1,009,844	\$ 1,076,626	\$ 12,477,074

See Notes to Financial Statements.

Huerfano County, Colorado
 Reconciliation of Balance Sheet of the Governmental Funds
 to the Statement of Net Position
 December 31, 2023

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

Total Fund Balance of Governmental Funds	\$ 4,804,424
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.	23,558,893
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	(8,494,744)
Capital Leases Payable	(342,225)
Accrued Compensated Absences	(29,978)
Accrued Interest Payable	<u>(560)</u>
Total Net Position of Governmental Activities	<u>\$ 19,495,810</u>

Huerfano County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Year Ended December 31, 2023

	General	Road and Bridge	Department of Human Services	Special Projects	Emergency Service	Disaster Recovery	Other Governmental Funds	Total Governmental Funds
Revenues								
Taxes								
Property Tax	\$ 2,481,410	\$ 12,754	\$ -	\$ -	\$ -	\$ -	\$ 130,175	\$ 2,624,339
Specific Ownership Tax	231,605	1,409	-	-	-	-	13,628	246,642
Sales and Other Tax	2,240,201	1,367	-	-	1,131,129	-	12,491	3,385,188
Licenses and Permits	237,589	38,372	-	-	-	-	117,779	393,740
Charges for Services	1,758,823	194,001	-	-	74,538	-	365,170	2,392,532
Intergovernmental	199,138	1,795,956	2,997,156	-	-	-	652,685	5,644,935
Grant Income	7,926	-	-	1,360,691	-	-	40,000	1,408,617
Investment Income	290,606	-	-	-	-	1	365	290,972
Miscellaneous	383,976	90,613	-	50,510	11,494	-	4,124	540,717
Total Revenues	<u>7,831,274</u>	<u>2,134,472</u>	<u>2,997,156</u>	<u>1,411,201</u>	<u>1,217,161</u>	<u>1</u>	<u>1,336,417</u>	<u>16,927,682</u>
Expenditures								
Current								
General Government	3,746,759	-	-	-	43,726	-	395,531	4,186,016
Public Safety	3,574,369	-	-	-	683,883	197,417	21,447	4,477,116
Public Works	459,217	2,301,666	-	-	-	-	-	2,760,883
Health Services	258,586	-	2,933,991	-	-	-	121,339	3,313,916
Culture and Recreation	-	-	-	-	-	-	222,366	222,366
Capital Outlay	6,401	-	-	4,522,719	12,609	-	25,268	4,566,997
Debt Service								
Principal	265,000	-	-	-	47,462	-	-	312,462
Interest and Fiscal Charges	319,600	-	-	-	-	-	-	319,600
Total Expenditures	<u>8,629,932</u>	<u>2,301,666</u>	<u>2,933,991</u>	<u>4,522,719</u>	<u>787,680</u>	<u>197,417</u>	<u>785,951</u>	<u>20,159,356</u>
Excess Revenues Over (Under) Expenditures	<u>(798,658)</u>	<u>(167,194)</u>	<u>63,165</u>	<u>(3,111,518)</u>	<u>429,481</u>	<u>(197,416)</u>	<u>550,466</u>	<u>(3,231,674)</u>
Other Financing Sources (Uses)								
Transfers In	882,040	450,000	-	-	-	34,500	300,000	1,666,540
Transfers Out	-	-	-	(140,000)	(550,000)	-	(1,046,540)	(1,736,540)
Other Financing Sources (Uses)	<u>882,040</u>	<u>450,000</u>	<u>-</u>	<u>(140,000)</u>	<u>(550,000)</u>	<u>34,500</u>	<u>(746,540)</u>	<u>(70,000)</u>
Net Change in Fund Balance	83,382	282,806	63,165	(3,251,518)	(120,519)	(162,916)	(196,074)	(3,301,674)
Fund Balance, Beginning of Year	<u>1,802,721</u>	<u>645,612</u>	<u>516,949</u>	<u>2,369,341</u>	<u>1,114,543</u>	<u>453,894</u>	<u>1,203,038</u>	<u>8,106,098</u>
Fund Balance, End of Year	<u>\$ 1,886,103</u>	<u>\$ 928,418</u>	<u>\$ 580,114</u>	<u>\$ (882,177)</u>	<u>\$ 994,024</u>	<u>\$ 290,978</u>	<u>\$ 1,006,964</u>	<u>\$ 4,804,424</u>

See Notes to Financial Statements.

Huerfano 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, 2023

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

Net Change in Fund Balance of Governmental Funds	\$	(3,301,674)
<p>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.</p>		
Capital Outlays		2,317,810
Depreciation Expense		(907,757)
<p>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.</p>		
Principal Payments on Long-Term Debt Capital Leases		415,063
Change in Accrued Compensated Absences		(3,795)
Change in Accrued Interest Payable		113
		113
Change in Net Position of Governmental Activities	\$	(1,480,240)

Huerfano County, Colorado
Statement of Net Position
Proprietary Fund
December 31, 2023

Assets	Asset Management Enterprise	Correctional Facility	Gardner Water and Sewer Improvement District	Total
<i>Current Assets</i>				
Cash and Investments	\$ 711,495	\$ 11,049	\$ 56,973	\$ 779,517
Accounts Receivable	-	-	-	-
Total Current Assets	<u>711,495</u>	<u>11,049</u>	<u>56,973</u>	<u>779,517</u>
<i>Noncurrent Assets</i>				
Capital Assets, <i>not being depreciated</i>	2,100,000	-	-	2,100,000
Capital Assets, <i>Net of accumulated depreciation</i>	-	2,005	1,339,145	1,341,150
Total Noncurrent Assets	<u>2,100,000</u>	<u>2,005</u>	<u>1,339,145</u>	<u>3,441,150</u>
Total Assets	<u>2,811,495</u>	<u>13,054</u>	<u>1,396,118</u>	<u>4,220,667</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	-	-	3,420	3,420
Due to Other Funds	420,000	-	-	420,000
Current Maturities of Long-Term Debt	195,843	-	-	195,843
Total Current Liabilities	<u>615,843</u>	<u>-</u>	<u>3,420</u>	<u>619,263</u>
<i>Non-Current Liabilities</i>				
Notes Payable	2,706,312	-	-	2,706,312
Total Liabilities	<u>3,322,155</u>	<u>-</u>	<u>3,420</u>	<u>3,325,575</u>
Net Position				
Net Investment in Capital Assets	2,100,000	2,005	1,339,145	3,441,150
Unrestricted	(2,610,660)	11,049	53,553	(2,546,058)
Total Net Position	<u>\$ (510,660)</u>	<u>\$ 13,054</u>	<u>\$ 1,392,698</u>	<u>\$ 895,092</u>

Huerfano County, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Fund
For the Year Ended December 31, 2023

	Asset Management Enterprise	Correctional Facility	Gardner Water and Sewer Improvement District	Total
Operating Revenues				
Charges for Services	\$ -	\$ -	\$ 104,718	\$ 104,718
Total Operating Revenues	<u>-</u>	<u>-</u>	<u>104,718</u>	<u>104,718</u>
Operating Expenses				
Contractual Services	752,802	-	3,951	756,753
Utilities	-	-	11,986	11,986
Repairs and Maintenance	-	-	10,004	10,004
Other Supplies and Expenses	-	-	92	92
Miscellaneous Expenses	-	-	9,518	9,518
Depreciation	-	4,778	40,184	44,962
Total Operating Expenses	<u>752,802</u>	<u>4,778</u>	<u>75,735</u>	<u>833,315</u>
Net Operating Income	<u>(752,802)</u>	<u>(4,778)</u>	<u>28,983</u>	<u>(728,597)</u>
Non-Operating Revenues (Expenses)				
Interest Income	-	10	-	10
Transfers In	<u>140,000</u>	<u>-</u>	<u>-</u>	<u>140,000</u>
Change in Net Position	(612,802)	(4,768)	28,983	(588,587)
Net Position, Beginning of Year	102,142	17,822	1,363,715	1,483,679
Net Position, End of Year	<u>\$ (510,660)</u>	<u>\$ 13,054</u>	<u>\$ 1,392,698</u>	<u>\$ 895,092</u>

Huerfano County, Colorado
Statement of Cash Flows
Proprietary Fund
For the Year Ended December 31, 2023

	Asset Management Enterprise	Correctional Facility	Gardner Water and Sewer Improvement District	Total
Cash Flows From Operating Activities				
Cash Received from Customers	\$ -	\$ -	\$ 104,718	\$ 104,718
Cash Paid to Suppliers	<u>(752,802)</u>	<u>-</u>	<u>(33,411)</u>	<u>(786,213)</u>
Net Cash Provided by Operating Activities	<u>(752,802)</u>	<u>-</u>	<u>71,307</u>	<u>(681,495)</u>
Cash Flows From Investing Activities				
Transfers In	140,000	-	-	140,000
Interest Received	<u>-</u>	<u>10</u>	<u>-</u>	<u>10</u>
Net Cash Used by Capital and Related Financing Activities	<u>140,000</u>	<u>10</u>	<u>-</u>	<u>140,010</u>
Cash Flows From Capital and Related Financing Activities				
Principal Payments on Capital Debt and Leases	<u>1,242,710</u>	<u>-</u>	<u>-</u>	<u>1,242,710</u>
	<u>1,242,710</u>	<u>-</u>	<u>-</u>	<u>1,242,710</u>
Net Change in Cash and Cash Equivalents	629,908	10	71,307	701,225
Cash and Cash Equivalents, Beginning of Year	<u>81,587</u>	<u>11,039</u>	<u>(14,334)</u>	<u>78,292</u>
Cash and Cash Equivalents, End of Year	<u>\$ 711,495</u>	<u>\$ 11,049</u>	<u>\$ 56,973</u>	<u>\$ 779,517</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:				
Net Operating Income	\$ (752,802)	\$ (4,778)	\$ 28,983	\$ (728,597)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation Expense	-	4,778	40,184	44,962
Changes in Assets and Liabilities Related to Operations				
Accounts Payable	<u>-</u>	<u>-</u>	<u>2,140</u>	<u>2,140</u>
Net Cash Provided by Operating Activities	<u>\$ (752,802)</u>	<u>\$ -</u>	<u>\$ 71,307</u>	<u>\$ (681,495)</u>

Huerfano County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2023

	<u>Agency Funds</u>
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ <u>364,636</u>
Total Assets	<u>364,636</u>
Liabilities	
<i>Current Liabilities</i>	
Due to Other Governments	<u>364,636</u>
Total Current Liabilities	<u>364,636</u>
Net Position	
Unrestricted	<u>-</u>
Total Net Position	<u>\$ -</u>

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies

The financial statements of the Huerfano 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 statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the Board). 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 including general administration, public safety, highways and streets, health and human services, public improvements, planning, zoning, airport, predatory animal and weed control.

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.

Based on the application of these criteria, there are no component units included in the County's reporting entity.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. 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*, as are the proprietary fund financial statements. 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 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.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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

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

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

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

The *Road and Bridge Fund* - This 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 trust fund receipts and property taxes. The fund also sells fuel to other departments and governmental agencies within the County.

The *Human Service Fund* - This fund accounts for the public welfare costs paid to qualifying clients. The majority of federal funds expended are incurred through this fund. In addition to the federal funds received this fund also receives state funds and property taxes.

The *Special Projects Fund* - This fund accounts for certain projects and specific funds received that are for the overall good of the County that are not classified as being from one particular fund.

The *Emergency Services Fund* - During 2009, the voters approved an additional 1% sales tax to be used for emergency/dispatch services for all residents of the County.

The *Disaster Recovery Fund* - This fund accounts for grants and other funds received to use for disaster recovery projects.

Proprietary fund financial statements are used to account for activities which are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent years, are considered to be incurred.

Proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Position. The Statement of Revenues, Expenses and Changes in Net Position presents increases (revenue) and decreases (expenses) in total net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operating of the fund. All other expenses are reported as non-operating expenses.

The County reports the following major proprietary funds:

Correctional Facility - This fund accounts for funds received from a contract with CCA for the housing of prisoners. Currently no revenues of a material amount are being received as the local prison was closed.

Gardner Water & Sewer Improvement District - During 2011 the voters of the County approved a ballot question authorizing the County to take over operations of the improvement district. The fund accounts for water and sewer services to the Gardner area.

The County reports the following non-major funds:

Conservation Trust Fund - This fund accounts for lottery proceeds required to be expended solely on park and recreation improvements.

P.I.L.T Fund - This fund accounts for payments in lieu of taxes received from the federal government due to the amount of federally owned land in the County. The funds can be spent for any legal purpose.

Retirement Fund - This fund receives the Colorado Retirement Association (CRA) contributions from the eligible employees of each fund and pays the employee's and employer's share for the benefit of each eligible employee's retirement.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

Federal Forest Project Fund - This fund accounts for reimbursements received for search and rescue missions and for the cost of those missions.

Lodging Tax Tourism Fund - During 2006 the voters approved a lodging tax that is levied against each hotel or motel room rented. The funds collected will be spent for economic development.

Waste Transfer Station Fund - This fund accounts for the fees and related costs of operating a waste transfer station.

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.

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 except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The County applies all applicable GASB pronouncements to the business-type activities. 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 - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventory - Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the Road and Bridge Fund consists of expendable supplies held for use. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources", even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

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

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure owned by the County, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund 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 are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	75 years
Buildings & Improvements	50 - 75 years
Furniture & Fixtures	7 - 10 years
Machinery, Equipment, & Vehicle	5 – 10 years

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

Compensated Absences - Employees of the County are allowed to accumulate unused vacation and sick time depending on the length of employment. Upon termination of employment from the County, an employee will be compensated for all accrued vacation time at their current rate of pay. If an employee has unused sick time and ceases employment with the county, the sick time is cancelled and there is no provision for payment for unused sick leave.

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

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund 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.

Deferred 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.

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.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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

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.

Leases

The County is a party as a lessor and lessee for various noncancellable long-term leases of buildings, equipment, and land. The corresponding lease receivable or lease payable, are recorded in an amount equal to the present value of the expected future minimum lease payments received, respectively, discounted by an applicable interest rate.

Blended Component Unit

During 2022, the County created the Huerfano County Asset Management Corporation, a non-profit organization. This organization is accounted as a blended component unit as the Board of Directors and management of the corporation are the same as the County.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 1: Summary of Significant Accounting Policies (Continued)

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 December 31, 2024, the date the financial statements were available for issuance.

Note 2: Cash and Investments

A summary of cash and investments at December 31, 2023, follows:

Petty Cash	\$ 3,380
Cash Deposits	1,830,929
Investments	4,881,948
Total	<u>\$ 6,716,257</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 6,336,212
Agency Fund Cash	364,636
Total	<u>\$ 6,716,257</u>

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, 2023, the County had bank deposits of \$2,066,396 collateralized with securities held by the financial institutions' agents but not in the County's name.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 2: Cash and Investments (Continued)

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).

At December 31, 2023, the County had the following investments with the following maturities:

	S&P Rating	Carrying Amount	Less Than One Year	Less Than Five Years
Mutual Funds	N/A	\$ 721,944	\$ 721,944	\$ -
Local Government Pools	N/A	1,325,607	1,325,607	-
Money Market Funds	N/A	556,373	556,373	-
Government Bonds	AA+	345,079	-	345,079
Corporate Bonds	BB- to BBB-	430,978	-	430,978
Municipal Bonds	AA to A2	454,442	-	454,442
Certificate of Deposits	N/A	1,047,525	-	1,047,525
		<u>\$ 4,881,948</u>	<u>\$ 2,603,924</u>	<u>\$ 2,278,024</u>

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, 2023, 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.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 2: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pools - At December 31, 2023, the County had \$831,111 and \$1,435,776 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. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools 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 3: Capital Assets

Capital asset activity for the year ended December 31, 2023, is summarized below:

	Balance 12/31/2022	Additions	Transfer	Deletions	Balance 12/31/2023
Governmental Activities					
Capital Assets, <i>Not Being Depreciated</i>					
Land	\$ 639,334	\$ -	\$ -	\$ -	\$ 639,334
Construction in Progress	59,183	2,172,439	-	(59,183)	2,172,439
Total Capital Assets, <i>Not Being Depreciated</i>	698,517	2,172,439	-	(59,183)	2,811,773
Capital Assets, <i>Being Depreciated</i>					
Infrastructure	1,098,994	-	-	-	1,098,994
Buildings	29,179,122	-	-	59,183	29,238,305
Machinery & Equipment	10,055,553	145,371	-	-	10,200,924
Right to Use Leases	466,885	-	-	-	466,885
Total Capital Assets, <i>Being Depreciated</i>	40,800,554	145,371	-	59,183	41,005,108
Less Accumulated Depreciation					
Infrastructure	(102,571)	(14,649)	-	-	(117,220)
Buildings	(10,674,407)	(589,656)	-	-	(11,264,063)
Machinery & Equipment	(8,518,201)	(228,697)	-	-	(8,746,898)
Right to Use Leases	(55,052)	(74,755)	-	-	(129,807)
Total Accumulated Depreciation	(19,350,231)	(907,757)	-	-	(20,257,988)
Total Capital Assets, Being Depreciated, <i>Net</i>	21,450,323	(762,386)	-	59,183	20,747,120
Governmental Activities, Capital Assets, <i>Net</i>	\$ 22,148,840	\$ 1,410,053	\$ -	\$ -	\$ 23,558,893

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 3: Capital Assets (Continued)

	Balance 12/31/2022	Additions	Transfer	Deletions	Balance 12/31/2023
Business-type Activities					
Capital Assets, <i>Not Being Depreciated</i>					
Land - Thorne Ranch	\$ 2,100,000	\$ -	\$ -	\$ -	\$ 2,100,000
Construction in Progress	-	-	-	-	-
Total Capital Assets, <i>Not Being Depreciated</i>	<u>2,100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,100,000</u>
Capital Assets, <i>Being Depreciated</i>					
Distribution Assets	1,538,137	-	-	-	1,538,137
Equipment and Vehicles	622,853	-	-	-	622,853
Total Capital Assets, <i>Being Depreciated</i>	<u>2,160,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160,990</u>
Less Accumulated Depreciation					
Distribution Assets	(507,609)	(40,184)	-	-	(547,793)
Equipment and Vehicles	<u>(267,269)</u>	<u>(4,778)</u>	<u>-</u>	<u>-</u>	<u>(272,047)</u>
Total Accumulated Depreciation	<u>(774,878)</u>	<u>(44,962)</u>	<u>-</u>	<u>-</u>	<u>(819,840)</u>
Total Capital Assets, Being Depreciated, <i>Net</i>	<u>1,386,112</u>	<u>(44,962)</u>	<u>-</u>	<u>-</u>	<u>1,341,150</u>
Business-type Activities, Capital Assets, <i>Net</i>	<u>\$ 3,486,112</u>	<u>\$ (44,962)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,441,150</u>

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

Governmental Activities	
General Government	\$ 240,557
Public Safety	508,386
Public Works	155,625
Culture and Recreation	3,189
Human Services	-
	<u>907,757</u>
	<u>\$ 907,757</u>

Depreciation expense for the business-type activities was charged to programs of the County as follows:

Business-Type Activities	
Correctional Facility	\$ 4,778
Gardner Water & Sewer Improvement District	40,184
	<u>44,962</u>
	<u>\$ 44,962</u>

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

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, 2023:

<u>Governmental Activities</u>	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
COP - Judicial Center	\$ 7,990,000	\$ -	\$ (265,000)	\$ 7,725,000	\$ 280,000
Premium on COPs	847,818	-	(78,074)	769,744	75,484
Leases Payable (GASB 87)	414,214	-	(71,989)	342,225	70,964
Compensated Absences	26,183	3,795	-	29,978	29,978
Total Governmental Activities	\$ 9,278,215	\$ 3,795	\$ (415,063)	\$ 8,866,947	\$ 456,426

Business-Type Activities

The following is a summary of long-term debt transactions of the Business-Type activities for the year ended December 31, 2023

<u>Business-Type Activities</u>	<u>Balance 12/31/22</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/23</u>	<u>Due Within One Year</u>
Note Payable Thorne Ranch	\$ 1,659,445	\$ -	\$ (91,382)	\$ 1,568,063	\$ 57,846
Note Payable Asset Management	-	1,380,092	(46,000)	1,334,092	137,997
Total Business-Type Activities	\$ 1,659,445	\$ 1,380,092	\$ (137,382)	\$ 2,902,155	\$ 195,843

Certificates of Participation

During 2019, the County issued Certificates of Participation (COPs) for a new Judicial Center, the Judicial Center Facilities Project. The COPs will end at one of three occurrences; the County does not appropriate enough money to make the annual payments, the lease is paid in full before the maturity of the lease, or all the lease payments are made as required. Upon making all lease payments as required the property will belong to the County.

The lease requires semi-annual interest payments due on June 1 and December 1 of each year beginning December 1, 2020. The interest on the lease is 4.0% annually. The bonds are callable in 2029.

At the 2018 election, County electors approved an increase in the County's sales tax rate by 1%, with such sales tax effective January 1, 2020, with a fractional sunset of such tax on December 31, 2039, to a permanent rate of 0.25%. The County is allowed to collect and spend or reserve all revenues received from the tax for the purpose of providing continued operations of such facilities.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 4: Long-Term Debt (Continued)

The annual debt service for the Certificates of Participation are as follows:

Year Ending December 31,	Principal	Interest	Total
2024	\$ 280,000	\$ 309,000	\$ 589,000
2025	300,000	297,800	597,800
2026	315,000	285,800	600,800
2027	330,000	273,200	603,200
2028	355,000	260,000	615,000
2029-2033	2,100,000	1,069,800	3,169,800
2034-2038	2,720,000	602,400	3,322,400
2039	1,325,000	53,000	1,378,000
Total	<u>\$ 7,725,000</u>	<u>\$ 3,151,000</u>	<u>\$ 10,876,000</u>

Lease Liabilities

During 2020, the County entered into a lease purchase agreement for a CAT 140 motor grader. The terms of the agreement call for monthly payments of \$5,076 for 60 months including interest at 3.65%. At the end of the lease the County has the option to purchase the motor grader for \$1. The County exercised this option as it paid off the lease balance as of December 31, 2022.

During September 2021, the Huerfano County Sheriff's Office entered into an agreement with Motorola Solutions, Inc. for the purchase on new radio equipment. The terms of the lease were for 5 years, with a nominal interest rate of 2.870% with principal and interest payments in the amount of \$65,747 were to commence on October 1, 2022. The equipment was not delivered and did not become operational until summer of 2023. Title and interest of equipment therefore became effective in 2023. The first principal and interest payment were made on October 26, 2022. Subsequently, the lease was paid in full on December 5, 2022.

The County, as a lessee, has entered into lease agreements involving equipment and sand and gravel quarries. The annual principal and interest installments total approximately \$60,000 to \$80,000. Interest rates range from 1.00% to 2.06%.

The annual debt service for the leases are as follows:

	Payment	Interest	Principal	RTU Amortization	Net RTU
2024	\$ 77,062	\$ 6,098	\$ 70,964	\$ 72,510	264,567
2025	77,060	4,704	72,356	72,510	192,057
2026	76,831	3,288	73,543	72,288	119,769
2027	59,539	1,946	57,593	55,762	64,008
2028	69,869	2,101	67,768	64,008	-
Total	<u>\$ 360,361</u>	<u>\$ 18,137</u>	<u>\$ 342,224</u>	<u>\$ 337,078</u>	

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 4: Long-Term Debt (Continued)

Note Payable

During June of 2022, Huerfano County, through its blended component unit the Huerfano County Asset Management Corporation, acquired land known as the Thorne Ranch for \$2,100,000. The funds used to acquire the property were obtained with a loan of \$420,000 from the Special Projects Fund and a \$1,680,000 bank loan.

The note payable bank loan matures on August 1, 2042. The agreement calls for annual payments of \$129,548 which comprise of both principal and interest, beginning on August 1, 2023.

The annual debt service for the note payable is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 57,846	\$ 71,702	\$ 129,548
2025	60,431	69,116	129,547
2026	63,132	66,415	129,547
2027	65,955	63,593	129,548
2028	68,903	60,645	129,548
2029-2033	393,561	254,178	647,739
2034-2038	489,746	157,994	647,740
2039-2042	368,489	41,528	410,017
 Total	 <u>\$ 1,568,063</u>	 <u>\$ 785,171</u>	 <u>\$ 2,353,234</u>

During June of 2022, Huerfano County, through its blended component unit the Huerfano County Asset Management Corporation, executed a promissory note with San Isabel Electric Association in the amount of \$1,080,157. The proceeds on this note were first drawn down in May of 2023. These funds are being used to complete energy upgrades to County facilities.

The promissory notes is at 0% interest and with monthly installments until May 2034. The agreement calls for annual payments of \$146,497 which is comprised of both principal and program fees.

The annual debt service for the promissory note payable is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Program Fee</u>	<u>Total</u>
2024	\$ 137,997	\$ 8,500	\$ 146,497
2025	137,997	8,500	146,497
2026	137,997	8,500	146,497
2027	137,997	8,500	146,497
2028	137,997	8,500	146,497
2029-2033	641,480	42,500	683,980
2034	2,627	708	3,335
 Total	 <u>\$ 1,334,092</u>	 <u>\$ 85,708</u>	 <u>\$ 1,419,800</u>

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 5: Interfund and Component Unit Balances and Transactions

Interfund transfers during the year ended December 31, 2023, consisted of the following:

Transfers In	Transfers Out	Amount
General Fund	Asset Management Fund	\$ 162,040
Road & Bridge Fund	P.I.L.T	150,000
Parks and Recreation Fund	Emergency Services Fund	150,000
Total		<u>\$ 462,040</u>

Note 6: Retirement Plans

Defined Contribution Plan

The County provides pension benefits for all eligible full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (CCOERA), a defined contribution plan.

In a defined contribution plan, benefits depend solely on the amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate after completing 1 year of service. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee's wages each bi-weekly pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements.

The County's total payroll in 2023 was approximately \$6,578,496, of which qualifying compensation was \$4,987,406. Both the County and the covered employees made the required contributions, amounting to approximately \$199,454 from each the County and from employees. The County had forfeitures of \$11,077 that were used to pay part of their contributions. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to the Colorado Retirement Association, formerly CCOERA, 751 South Park Drive, Littleton, CO 80120 or by calling 1-800-352-0313.

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, 2023.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

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. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2023 year-end balances in the General Fund for this purpose in the aggregate amount of \$318,000, 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.

Huerfano County, Colorado
Notes to the Financial Statements
December 31, 2023

Note 9: Risk Management (Continued)

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 managements and legal counsel's opinion, would not be material to its financial statements.

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

Huerfano County, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Tax	\$ 2,511,758	\$ 2,511,758	\$ 2,481,410	\$ (30,348)
Specific Ownership Tax	234,169	234,169	231,605	(2,564)
Sales and Other Tax	1,640,925	1,640,925	2,240,201	599,276
Licenses and Permits	230,620	230,620	237,589	6,969
Charges for Services	473,750	473,750	1,758,823	1,285,073
Intergovernmental	26,000	26,000	199,138	173,138
Grant Income	140,786	140,786	7,926	(132,860)
Investment Income	60	60	290,606	290,546
Miscellaneous	23,340	23,340	383,976	360,636
Total Revenues	<u>5,281,408</u>	<u>5,281,408</u>	<u>7,831,274</u>	<u>2,549,866</u>
Expenditures				
Current:				
General Government	3,096,681	3,096,681	3,746,759	(650,078)
Public Safety	2,563,525	2,563,525	3,574,369	(1,010,844)
Public Works	451,320	451,320	459,217	(7,897)
Health Services	210,000	210,000	258,586	(48,586)
Capital Outlay	50,000	50,000	6,401	43,599
Debt Service				
Principal	264,000	264,000	265,000	(1,000)
Interest and Fiscal Charges	319,600	319,600	319,600	-
Total Expenditures	<u>6,955,126</u>	<u>6,955,126</u>	<u>8,629,932</u>	<u>(1,674,806)</u>
Excess Revenues Over (Under) Expenditures	(1,673,718)	(1,673,718)	(798,658)	875,060
Other Financing Sources (Uses)				
Transfers In	-	720,000	882,040	162,040
Net Change in Fund Balance	(1,673,718)	(953,718)	83,382	1,037,100
Fund Balance, Beginning of Year	<u>1,802,721</u>	<u>1,802,721</u>	<u>1,802,721</u>	<u>-</u>
Fund Balance, End of Year	<u>\$ 129,003</u>	<u>\$ 849,003</u>	<u>\$ 1,886,103</u>	<u>\$ 1,037,100</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Road and Bridge Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Tax	\$ 12,859	\$ 12,859	\$ 12,754	\$ (105)
Specific Ownership Tax	1,470	1,470	1,409	(61)
Sales and Other Tax	129	129	1,367	1,238
Licenses and Permits	24,750	24,750	38,372	13,622
Charges for Services	95,000	95,000	194,001	99,001
Intergovernmental	1,906,303	1,906,303	1,795,956	(110,347)
Grant Income	18,337	18,337	-	(18,337)
Miscellaneous	64,479	64,479	90,613	26,134
Total Revenues	<u>2,123,327</u>	<u>2,123,327</u>	<u>2,134,472</u>	<u>11,145</u>
Expenditures				
Current:				
Public Works	<u>2,614,588</u>	<u>2,614,588</u>	<u>2,301,666</u>	<u>312,922</u>
Total Expenditures	2,614,588	2,614,588	2,301,666	312,922
Excess Revenues Over (Under) Expenditures	(491,261)	(491,261)	(167,194)	324,067
Other Financing Sources (Uses)				
Transfers In	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>-</u>
Net Change in Fund Balance	(41,261)	(41,261)	282,806	324,067
Fund Balance, Beginning of Year	<u>335,813</u>	<u>335,813</u>	<u>645,612</u>	<u>309,799</u>
Fund Balance, End of Year	<u>\$ 294,552</u>	<u>\$ 294,552</u>	<u>\$ 928,418</u>	<u>\$ 633,866</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Department of Human Services Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Tax	\$ 359,710	\$ 359,710	\$ -	\$ (359,710)
County Revenues/Tax	37,000	37,000	-	(37,000)
Intergovernmental	<u>1,939,842</u>	<u>1,939,842</u>	<u>2,997,156</u>	<u>1,057,314</u>
Total Revenues	<u>2,336,552</u>	<u>2,336,552</u>	<u>2,997,156</u>	<u>660,604</u>
Expenditures				
Current:				
Health Services	<u>2,444,451</u>	<u>2,444,451</u>	<u>2,933,991</u>	<u>(489,540)</u>
Total Expenditures	<u>2,444,451</u>	<u>2,444,451</u>	<u>2,933,991</u>	<u>(489,540)</u>
Net Change in Fund Balance	(107,899)	(107,899)	63,165	171,064
Fund Balance, Beginning of Year	<u>279,292</u>	<u>279,292</u>	<u>516,949</u>	<u>237,657</u>
Fund Balance, End of Year	<u>\$ 171,393</u>	<u>\$ 171,393</u>	<u>\$ 580,114</u>	<u>\$ 408,721</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Special Projects/Capital Expenditure Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Intergovernmental	\$ 2,661,199	\$ 1,360,691	\$ (1,300,508)
Other	-	50,510	50,510
Total Revenues	2,661,199	1,411,201	(1,249,998)
Expenditures			
Capital Outlay	3,927,568	4,522,719	(595,151)
Total Expenditures	3,927,568	4,522,719	(595,151)
Excess Revenues Over (Under) Expenditures	(1,266,369)	(3,111,518)	(1,845,149)
Other Financing Source (Uses)			
Transfers Out	-	(140,000)	(140,000)
Net Change in Fund Balance	(1,266,369)	(3,251,518)	(1,985,149)
Fund Balance, Beginning of Year	2,369,341	2,369,341	-
Fund Balance, End of Year	\$ 1,102,972	\$ (882,177)	\$ (1,985,149)

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Emergency Services Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes			
Sales and Other Tax	\$ 950,000	\$ 1,131,129	\$ 181,129
Charges for Services	-	74,538	74,538
Grant Income	50,652	-	(50,652)
Miscellaneous	-	11,494	11,494
	1,000,652	1,217,161	216,509
Total Revenues			
Expenditures			
Current:			
Public Safety	904,401	727,609	176,792
Capital Outlay	30,000	60,071	(30,071)
	934,401	787,680	146,721
Total Expenditures			
Excess Revenues Over (Under) Expenditures	66,251	429,481	363,230
Other Financing Sources (Uses)			
Transfers Out	(550,000)	(550,000)	-
Net Change in Fund Balance	(483,749)	(120,519)	363,230
Fund Balance, Beginning of Year	(146,302)	1,114,543	1,260,845
Fund Balance, End of Year	\$ (630,051)	\$ 994,024	\$ 1,624,075

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Disaster Recovery Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Grant Income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current:			
Public Safety	1,258,661	197,416	1,061,245
Total Expenditures	1,258,661	197,416	1,061,245
Other Financing Source (Uses)			
Transfers In / (Out)	34,500	34,500	-
Net Change in Fund Balance	(1,224,161)	(162,916)	1,061,245
Fund Balance, Beginning of Year	95,001	453,894	358,893
Fund Balance, End of Year	\$ (1,129,160)	\$ 290,978	\$ 1,420,138

Huerfano County, Colorado
Notes to Required Supplementary Information
December 31, 2023

Note 1: Stewardship, Compliance, and Accountability

Budgets

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 Budget Officer 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 16, 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.

Supplementary Information

Huerfano County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2023

	Parks and Recreation	P.I.L.T.	Conservation Trust Fund	Waster Transfer Station	Retirement	Federal Forest Project	Lodging Tax and Tourism	Contingency	Total Non-major Fund
Assets									
Cash and Investments	\$ 148,393	\$ (273,487)	\$ 54,054	\$ 37,311	\$ 46,787	\$ 69,190	\$ 91,815	\$ 37,960	\$ 212,023
Taxes Receivable	-	-	-	-	140,838	-	-	-	140,838
Due from Other Funds	-	723,765	-	-	-	-	-	-	723,765
Total Assets	\$ 148,393	\$ 450,278	\$ 54,054	\$ 37,311	\$ 187,625	\$ 69,190	\$ 91,815	\$ 37,960	\$ 1,076,626
Liabilities									
Accounts Payable	5,282	-	-	8,947	(87,700)	-	2,295	-	(71,176)
Accrued Salaries	-	-	-	-	-	-	-	-	-
Due to Other Funds	-	-	-	-	-	-	-	-	-
Total Liabilities	5,282	-	-	8,947	(87,700)	-	2,295	-	(71,176)
Deferred Inflows of Resources									
Property Taxes	-	-	-	-	140,838	-	-	-	140,838
Fund Balance									
Restricted for Emergency	-	-	-	-	5,000	-	-	-	5,000
Committed	143,111	450,278	54,054	28,364	129,487	69,190	89,520	37,960	1,001,964
Total Fund Balance	143,111	450,278	54,054	28,364	134,487	69,190	89,520	37,960	1,006,964
Total Liabilities and Fund Balance	\$ 148,393	\$ 450,278	\$ 54,054	\$ 37,311	\$ 187,625	\$ 69,190	\$ 91,815	\$ 37,960	\$ 1,076,626

Huerfano County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2023

	Parks and Recreation	P.I.L.T.	Conservation Trust Fund	Waste Transfer Station	Retirement	Federal Forest Project	Lodging Tax and Tourism	Contingency	Total Non-major Fund
Revenues									
Taxes									
Property Tax	\$ -	\$ -	\$ -	\$ -	\$ 130,175	\$ -	\$ -	\$ -	\$ 130,175
Specific Ownership Tax	-	-	-	-	13,628	-	-	-	13,628
Sales and Other Tax	-	-	-	-	12,491	-	-	-	12,491
Licenses and Permits	-	-	-	-	-	-	117,779	-	117,779
Charges for Services	223,477	-	-	108,753	32,940	-	-	-	365,170
Intergovernmental	-	613,236	21,070	-	-	18,379	-	-	652,685
Grant Income	-	-	-	-	-	-	40,000	-	40,000
Investment Income	-	-	365	-	-	-	-	-	365
Miscellaneous	-	-	1,300	2,824	-	-	-	-	4,124
Total Revenues	223,477	613,236	22,735	111,577	189,234	18,379	157,779	-	1,336,417
Expenditures									
Current:									
General Government	-	38,405	15,084	16,462	173,333	-	152,247	-	395,531
Public Safety	-	-	-	-	-	21,447	-	-	21,447
Health Services	-	-	-	121,339	-	-	-	-	121,339
Culture and Recreation	216,366	6,000	-	-	-	-	-	-	222,366
Capital Outlay	3,148	22,120	-	-	-	-	-	-	25,268
Total Expenditures	219,514	66,525	15,084	137,801	173,333	21,447	152,247	-	785,951
Excess Revenues Over (Under) Expenditures	3,963	546,711	7,651	(26,224)	15,901	(3,068)	5,532	-	550,466
Other Financing Sources (Uses)									
Transfers In	100,000	-	-	-	-	-	-	200,000	300,000
Transfers Out	-	(884,500)	-	-	-	-	-	(162,040)	(1,046,540)
Net Change in Fund Balance	103,963	(337,789)	7,651	(26,224)	15,901	(3,068)	5,532	37,960	(196,074)
Fund Balance, Beginning of Year	39,148	788,067	46,403	54,588	118,586	72,258	83,988	-	1,203,038
Fund Balance, End of Year	\$ 143,111	\$ 450,278	\$ 54,054	\$ 28,364	\$ 134,487	\$ 69,190	\$ 89,520	\$ 37,960	\$ 1,006,964

See Accompanying Independent Auditor's Report.

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Asset Management Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Transfer In	\$ 140,000	\$ -	\$ (140,000)
Miscellaneous	10,000	-	(10,000)
Total Revenues	150,000	-	(150,000)
Expenditures			
Current:			
Rental/Real Estate	140,000	752,802	(612,802)
Total Expenditures	140,000	752,802	(612,802)
Excess Revenues Over (Under) Expenditures	10,000	(752,802)	(762,802)
Other Financing Sources (Uses)			
Transfers In	-	-	-
Net Change in Fund Balance	10,000	(752,802)	(762,802)
Fund Balance, Beginning of Year	102,142	102,142	-
Fund Balance, End of Year	\$ 112,142	\$ (650,660)	\$ (762,802)

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Correctional Facility Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Investment Income	\$ 8	\$ 10	\$ 2
Total Revenues	8	10	2
Expenditures			
Depreciation	11,008	4,778	6,230
Total Expenditures	11,008	4,778	6,230
Net Change in Fund Balance	(11,000)	(4,768)	6,232
Fund Balance, Beginning of Year	-	17,822	17,822
Fund Balance, End of Year	\$ (11,000)	\$ 13,054	\$ 24,054

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Gardner Water and Sewer Improvement District
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Charges for Services	\$ 105,500	\$ 105,500	\$ 104,718	\$ (782)
Miscellaneous	170	170	-	(170)
Total Revenue	<u>105,670</u>	<u>105,670</u>	<u>104,718</u>	<u>(952)</u>
Expenses				
Monitoring, Security Services and Wages	-	-	-	-
Contractual Services	1,680	1,680	3,951	(2,271)
Utilities	11,030	11,030	11,986	(956)
Repairs and Maintenance	5,000	5,000	10,004	(5,004)
Other Supplies and Expenses	4,637	4,637	92	4,545
Professional Fees	16,123	16,123	-	16,123
Miscellaneous Expenses	53,547	53,547	9,518	44,029
Depreciation	-	-	40,184	(40,184)
Total Expenses	<u>92,017</u>	<u>92,017</u>	<u>75,735</u>	<u>16,282</u>
Net Change in Fund Balance	13,653	13,653	28,983	15,330
Fund Balance, Beginning of Year	<u>10,959</u>	<u>10,959</u>	<u>1,363,715</u>	<u>1,352,756</u>
Fund Balance, End of Year	<u>\$ 24,612</u>	<u>\$ 24,612</u>	<u>\$ 1,392,698</u>	<u>\$ 1,368,086</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Parks and Recreation Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Transfers In	\$ 300,000	\$ 300,000	\$ 100,000	\$ (200,000)
Other	20,000	20,000	100,000	80,000
 Total Revenue	 320,000	 320,000	 200,000	 (120,000)
Expenses				
Current:				
Culture and Recreation	264,734	264,734	15,084	249,650
 Total Expenses	 264,734	 264,734	 15,084	 249,650
 Excess Revenues Over (Under) Expenditures	 55,266	 55,266	 184,916	 129,650
 Net Change in Fund Balance	 55,266	 55,266	 184,916	 129,650
 Fund Balance, Beginning of Year	 39,148	 39,148	 788,067	 748,919
 Fund Balance, End of Year	 \$ 94,414	 \$ 94,414	 \$ 972,983	 \$ 878,569

Huerfano County, Colorado
 Budgetary Comparison Schedule
 P.I.L.T Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 550,000	\$ 550,000	\$ 613,236	\$ 63,236
Total Revenue	550,000	550,000	613,236	63,236
Expenses				
Current:				
General Government	12,500	12,500	38,405	(25,905)
Culture and Recreation	6,000	6,000	6,000	-
Capital Outlay	-	-	22,120	(22,120)
Total Expenses	18,500	18,500	66,525	(48,025)
Excess Revenues Over (Under) Expenditures	531,500	531,500	546,711	15,211
Other Financing Source (Uses)				
Transfers Out	(834,500)	(834,500)	(884,500)	(50,000)
Net Change in Fund Balance	(303,000)	(303,000)	(337,789)	(34,789)
Fund Balance, Beginning of Year	245,986	245,986	788,067	542,081
Fund Balance, End of Year	\$ (57,014)	\$ (57,014)	\$ 450,278	\$ 507,292

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 21,070	\$ 7,070
Investment Income	32	32	365	333
Other	-	-	1,300	1,300
Total Revenue	<u>14,032</u>	<u>14,032</u>	<u>22,735</u>	<u>8,703</u>
Expenses				
Current:				
Culture and Recreation	<u>32,000</u>	<u>32,000</u>	<u>15,084</u>	<u>16,916</u>
Total Expenses	<u>32,000</u>	<u>32,000</u>	<u>15,084</u>	<u>16,916</u>
Excess Revenues Over (Under) Expenditures	(17,968)	(17,968)	7,651	25,619
Other Financing Source (Uses)				
Transfers In	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(17,968)	(17,968)	7,651	25,619
Fund Balance, Beginning of Year	<u>6,273</u>	<u>6,273</u>	<u>46,403</u>	<u>40,130</u>
Fund Balance, End of Year	<u>\$ (11,695)</u>	<u>\$ (11,695)</u>	<u>\$ 54,054</u>	<u>\$ 65,749</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Water Transfer Station
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Licenses and Permits	\$ 103,500	\$ 103,500	\$ 108,753	\$ 5,253
Miscellaneous	5	5	2,824	2,819
Total Revenue	<u>103,505</u>	<u>103,505</u>	<u>111,577</u>	<u>8,072</u>
Expenses				
Current:				
General Government	27,574	27,574	16,462	11,112
Health Services	78,300	78,300	121,339	(43,039)
Capital Outlay	10,000	10,000	-	10,000
Total Expenses	<u>115,874</u>	<u>115,874</u>	<u>137,801</u>	<u>(21,927)</u>
Excess Revenues Over Net Change in Fund Balance	(12,369)	(12,369)	(26,224)	29,999
Other Financing Source (Uses)				
Transfers Out	(20,000)	(20,000)	-	20,000
Net Change in Fund Balance	(32,369)	(32,369)	(26,224)	6,145
Fund Balance, Beginning of Year	<u>31,433</u>	<u>31,433</u>	<u>54,588</u>	<u>23,155</u>
Fund Balance, End of Year	<u>\$ (936)</u>	<u>\$ (936)</u>	<u>\$ 28,364</u>	<u>\$ 29,300</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Retirement Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Taxes				
Property Tax	\$ 136,837	\$ 136,837	\$ 130,175	\$ (6,662)
Specific Ownership Tax	10,000	10,000	13,628	3,628
Sales and Other Tax	-	-	12,491	12,491
Charges for Services	40,000	40,000	32,940	(7,060)
Miscellaneous	278	278	-	(278)
Total Revenue	<u>187,115</u>	<u>187,115</u>	<u>189,234</u>	<u>2,119</u>
Expenses				
Current:				
General Government	<u>194,555</u>	<u>194,555</u>	<u>173,333</u>	<u>21,222</u>
Total Expenses	<u>194,555</u>	<u>194,555</u>	<u>173,333</u>	<u>21,222</u>
Net Change in Fund Balance	(7,440)	(7,440)	15,901	23,341
Fund Balance, Beginning of Year	<u>82,692</u>	<u>82,692</u>	<u>118,586</u>	<u>35,894</u>
Fund Balance, End of Year	<u>\$ 75,252</u>	<u>\$ 75,252</u>	<u>\$ 134,487</u>	<u>\$ 59,235</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Federal Forest Project Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 16,000	\$ 16,000	\$ 18,378	\$ 2,378
Total Revenue	16,000	16,000	18,378	2,378
Expenses				
Current:				
Public Safety	63,636	63,636	21,446	42,190
Total Expenses	63,636	63,636	21,446	42,190
Net Change in Fund Balance	(47,636)	(47,636)	(3,068)	44,568
Fund Balance, Beginning of Year	-	-	72,258	72,258
Fund Balance, End of Year	\$ (47,636)	\$ (47,636)	\$ 69,190	\$ 116,826

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Housing Authority Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Transfer In	\$ -	\$ -	\$ -
Total Revenues	-	-	-
Expenditures			
Current:			
Professional Services	50,000	-	50,000
Total Expenditures	50,000	-	50,000
Excess Revenues Over (Under) Expenditures	(50,000)	-	50,000
Other Financing Sources (Uses)			
Transfers	-	-	-
Net Change in Fund Balance	(50,000)	-	50,000
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ (50,000)	\$ -	\$ 50,000

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Lodging Tax and Tourism Fund
 For the Year Ended December 31, 2023

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Lodging Tax	\$ 75,000	\$ 75,000	\$ 117,779	\$ 42,779
Grant Income	40,000	40,000	40,000	-
Total Revenue	<u>115,000</u>	<u>115,000</u>	<u>157,779</u>	<u>42,779</u>
Expenses				
Current:				
General Government	150,250	150,250	152,247	(1,997)
Total Expenses	<u>150,250</u>	<u>150,250</u>	<u>152,247</u>	<u>(1,997)</u>
Net Change in Fund Balance	(35,250)	(35,250)	5,532	40,782
Fund Balance, Beginning of Year	<u>17,709</u>	<u>17,709</u>	<u>83,988</u>	<u>66,279</u>
Fund Balance, End of Year	<u>\$ (17,541)</u>	<u>\$ (17,541)</u>	<u>\$ 89,520</u>	<u>\$ 107,061</u>

Huerfano County, Colorado
 Budgetary Comparison Schedule
 Contingency Fund
 For the Year Ended December 31, 2023

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Transfer In	\$ 200,000	\$ 200,000	\$ -
Total Revenues	200,000	200,000	-
Expenditures			
Current:			
Reserve	-	-	-
Total Expenditures	-	-	-
Excess Revenues Over (Under) Expenditures	200,000	200,000	-
Other Financing Sources (Uses)			
Transfers (Out)	(162,040)	(162,040)	-
Net Change in Fund Balance	37,960	37,960	-
Fund Balance, Beginning of Year	-	-	-
Fund Balance, End of Year	\$ 37,960	\$ 37,960	\$ -

Compliance Section



**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
Huerfano County, Colorado
Walsenburg, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each discretely presented component unit, each major fund, and the aggregate remaining fund information of Huerfano County, Colorado (the County) as of and for the year ended December 31, 2023, 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 December 31, 2024.

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 identify deficiencies in internal control as described in the accompanying Schedule of Findings and Questioned Costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Office Locations:

Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue,
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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 Huerfano County, Colorado's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hick & Company, PC

Englewood, Colorado
December 31, 2024





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
Huerfano County, Colorado
Walsenburg, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Huerfano 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, 2023. 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, 2023.

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.

Office Locations:

Colorado Springs, CO
Denver, CO
Frisco, CO
Tulsa, OK

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750 W. Hampden Avenue,
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Englewood,
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FAX: 303.796.1001
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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.



Report on Internal Control Over Compliance (Continued)

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, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County. We issued our report thereon dated December 31, 2024, 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.

Hick & Company, PC

Englewood, Colorado
December 31, 2024



Huerfano County, Colorado
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

Federal Grantor/Pass - Through Grantor Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Cluster	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Colorado Department of Human Services				
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program (SNAP)	10.551	N/A	\$ 163	\$ 163
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	174,272	174,272
Total U.S. Department of Agriculture			<u>174,435</u>	<u>174,435</u>
U.S. DEPARTMENT OF COMMERCE				
Direct				
<u>Economic Development Cluster</u>				
Economic Adjustment Assistance	11.307	N/A	<u>203,012</u>	<u>203,012</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT				
Direct				
Community Development Block Grant	14.228	N/A	-	-
U.S. DEPARTMENT OF TRANSPORTATION				
Direct				
Airport Improvement Program	20.106	N/A	-	-
Passed Through Colorado Department of Transportation				
<u>Highway Planning and Construction Cluster</u>				
Highway Planning and Construction	20.205		105,111	105,111
Total U.S. Department of Transportation			<u>105,111</u>	<u>105,111</u>
U.S. DEPARTMENT OF TREASURY				
Direct				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	-
Local Assistance and Tribal Consistency Fund	21.032	N/A	-	99,324
Passed Through Colorado Department of Human Services				
Coronavirus Relief Fund	21.019		-	-
Coronavirus State and Local Fiscal Recovery Funds	21.027		-	-
Total U.S. Department of Treasury			<u>-</u>	<u>99,324</u>
U.S. DEPARTMENT OF HUMAN SERVICES				
Passed Through Colorado Department of Human Services				
<u>Child Care Disaster Relief Cluster</u>				
Child Care and Development Block Grant	93.575	N/A	20,167	20,167
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	22,244	22,244
<u>Subtotal Child Care Disaster Relief Cluster</u>			42,411	-
Guardianship Assistance	93.090	N/A	-	1,077
Affordable Care Act (ACA) Personal Responsibility Education Program	93.092	N/A	-	6,818
Temporary Assistance for Needy Families (TANF)	93.558	N/A	-	490,845
Child Support Enforcement	93.563	N/A	-	123,921
Low-Income Energy Assistance	93.568	N/A	-	1,819
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	7,196
Foster Care Title IV-E	93.658	N/A	-	293,650
Adoption Assistance	93.659	N/A	-	73,921
Social Services Block Grant	93.667	N/A	-	35,284
Elder Abuse Prevention Interventions Program	93.747	N/A	-	1,359
<u>Medicaid Cluster</u>				
Medical Assistance Program	93.778	N/A	169,437	169,437
Total U.S. Department of Human Services			<u>211,848</u>	<u>1,247,738</u>
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			<u>\$ 694,406</u>	<u>\$ 1,829,620</u>

Huerfano County, Colorado
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2023

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, 2023.

Note 4: De minimis Cost Rate

The County has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

Huerfano County, Colorado
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2023

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	ALN Number
Temporary Assistance to Needy Family's (TANF)	93.558
Foster Care Title IV-E	93.658

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000.

Auditee qualified as a low-risk auditee as that term is defined in Uniform Guidance? Yes No

Huerfano County, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section II: Financial Statement Findings

Finding 2023-001 - The Huerfano County's Department of Human Services (HC-DHS) - Internal Control over Cash Reconciliation.

Criteria: Current accounting standards require an organization to have controls in place to ensure that cash accounts are reconciled properly.

Condition: As a result of our audit procedures, HC-DHS did not reconcile their cash activity with the Treasurer's office or with the County's accounting department.

Cause: The internal control processes for HS-DHS appear to be designed properly but failed to timely detect and correct and unrecorded cash transaction amount during their year-end closing cash reconciliations.

Effect: Cash was materially understated, which adversely impacted the year-end financial statements.

Questioned Costs: None reported.

Repeat Finding: No.

Recommendation: We recommend the HC-DHS add to their internal control process as a step to reconcile their cash ledger records with the Treasurer's office and the County's accounting department on a monthly basis.

Response: The HC-DHS agrees with the findings and has enhanced procedures to ensure all cash transactions are properly recorded and reconciled between the HC-DHS and the County Treasurer's office.

Finding 2023-002: - Huerfano County - Internal Control over Financial Reporting

Criteria: Huerfano County is required to maintain systems of controls and have trained personnel with the knowledge and expertise concerning preparing and review of GAAP based financial statements.

Condition: The County does not have sufficient internal controls over the preparation and review of the Generally Accepted Accounting Principles (GAAP) based on financial statements. Management may fail to prevent or detect financial statement errors.

Cause: The County did not have the ability to produce timely and accurate financial statements according to GAAP.

Effect: The County did not have the ability to produce timely and accurate financial statements.

Questioned Costs: None reported.

Huerfano County, Colorado
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2023

Section II: Financial Statement Findings (Continued)

Finding 2023-002: - Huerfano County - Internal Control over Financial Reporting (Continued)

Repeat Finding: No.

Recommendation: We recommend the County establish appropriate measures to ensure closing entry completeness to their accounting system to be able to accurately produce financial statements.

Views of Responsible Officials and Planned Corrective Actions: The County agrees and is establishing procedures to their financial reporting processes necessary to be able to produce timely and accurate financial reporting.

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.

Huerfano County, Colorado
Schedule of Prior Year Findings
For the Year Ended December 31, 2023

I. Financial Statement Prior Audit Findings

None.

II. Findings Required to be Reported by the Uniform Guidance

None.

State Compliance

The public report burden for this information collection is estimated to average 380 hours annually.

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/23

This Information From The Records Of: Huerfano County	Prepared By: Carl Young
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ -
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 2,238,993.18
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ -
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	\$ 24,646.87	c. Other	\$ 142,153.13
4. Miscellaneous local receipts (from page 2)	\$ 302,738.45	d. Total (a. through c.)	\$ 142,153.13
5. Transfers from toll facilities		4. General administration & miscellaneous	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,381,146.31
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 327,385.32	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 1,693,032.16	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ 27,837.12	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 2,048,254.60	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,381,146.31

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 645,612.00	\$ 2,048,254.60	\$ 2,381,146.31	\$ 312,720.29	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
 0

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	\$ 15,851.69	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 7,385.89	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 61,675.50
4. Licenses		f. Charges for Services	\$ 150,466.14
5. Specific Ownership &/or Other	\$ 1,409.29	g. Other Misc. Receipts	\$ 90,596.81
6. Total (1. through 5.)	\$ 8,795.18	h. Other	
c. Total (a. + b.)	\$ 24,646.87	i. Total (a. through h.)	\$ 302,738.45
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 1,662,046.16	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	\$ 27,837.12
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 30,986.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other		f. Other Federal ARPA	
f. Total (a. through e.)	\$ 30,986.00	g. Total (a. through f.)	\$ 27,837.12
4. Total (1. + 2. + 3.f)	\$ 1,693,032.16	3. Total (1. + 2.g)	\$ 27,837.12
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ -	\$ -
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ -	\$ -
<i>(Carry forward to page 1)</i>			

Notes and Comments: