

**Huerfano County, Colorado**

**Financial Statements**  
with Independent Auditor's Report

**December 31, 2021**



# Huerfano County, Colorado

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December 31, 2021

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**HINKLE &  
COMPANY**  
Strategic <sup>PC</sup>  
Business Advisors

## Independent Auditor's Report

Board of County Commissioners  
Huerfano County, Colorado  
Walsenberg, Colorado

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the business-type activities and each major fund of the Huerfano County, Colorado (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and each major fund of the County as of December 31, 2021, and the respective changes in financial position and cash flows 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.

#### **Emphasis of Matter**

As discussed in Note 1 to the financial statements, the beginning net position as of January 1, 2021 has been restated to reflect prior period adjustments to fixed assets. Accordingly, adjustments have been made to the beginning balance of net position as of January 1, 2021. Our opinion is not modified with respect to this matter.

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***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the 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.



**Other Matters**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the required supplementary information listed in the table of contents 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.

**Other Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Huerfano County, Colorado's basic financial statements. The supplementary information and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Hick & Company, PC*

Englewood, Colorado  
September 30, 2022



## **Basic Financial Statements**

**Huerfano County, Colorado**  
Statement of Net Position  
December 31, 2021

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 7,520,628	\$ 14,495	\$ 7,535,123
Accounts Receivable	-	4,776	4,776
Sales Taxes Receivable	359,970	-	359,970
Property Taxes Receivable	3,293,569	-	3,293,569
Due from Other Governments	161,760	-	161,760
Inventories, net	34,588	-	34,588
Capital Assets, <i>not being depreciated</i>	579,334	-	579,334
Capital Asser, <i>net of accumulated depreciation</i>	20,519,554	1,432,622	21,952,176
Total Assets	32,469,403	1,451,893	33,921,296
<b>Liabilities</b>			
Accounts Payable	543,056	763	543,819
Unearned Revenue	674,922	-	674,922
Long-term Debt			
Due within one year	474,410	-	474,410
Due in more than one year	9,028,757	-	9,028,757
Total Liabilities	10,721,145	763	10,721,908
<b>Deferred Inflows of Resources</b>			
Deferred inflows due to pensions			
Unavailable revenue - property taxes	2,618,549	-	2,618,549
Total Deferred inflows of resources	2,618,549	-	2,618,549
<b>Net Position</b>			
Net Investment in Capital Assets	11,595,721	-	11,595,721
Restricted for Emergencies (TABOR)	300,000	-	300,000
Unrestricted, unreserved	7,233,988	1,451,130	8,685,118
Total Net Position	\$ 19,129,709	\$ 1,451,130	\$ 20,580,839



**Huerfano County, Colorado**  
**Statement of Activities**  
For the Year Ended December 31, 2021

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		Total
					Governmental Activities	Business-Type Activities	
<b>Primary Government</b>							
<b>Governmental Activities</b>							
General Government	\$ 3,760,555	\$ 1,193,972	\$ 1,434,642	\$ 111,145	\$ (1,020,796)	\$ -	\$ (1,020,796)
Public Safety	4,465,464	751,026	79,945	36,319	(3,598,174)	-	(3,598,174)
Public Works	2,951,439	91,564	1,857,943	-	(1,001,932)	-	(1,001,932)
Human Services	2,246,508	-	2,291,273	-	44,765	-	44,765
Health and Sanitation	281,626	77,835	-	-	(203,791)	-	(203,791)
Culture and Recreation	110,999	199	578,232	140,349	607,781	-	607,781
Interest on Long-term Debt	235,797	-	-	-	(235,797)	-	(235,797)
<b>Total Governmental Activities</b>	<u>14,052,388</u>	<u>2,114,596</u>	<u>6,242,035</u>	<u>287,813</u>	<u>(5,407,944)</u>	<u>-</u>	<u>(5,407,944)</u>
<b>Business-Type Activities</b>							
Correctional Facility	14,182	-	-	-	-	(14,182)	(14,182)
Gardner Water and Sewer Improvement District	158,245	90,197	-	45,396	-	(22,652)	(22,652)
<b>Total Business-Type Activities</b>	<u>172,427</u>	<u>90,197</u>	<u>-</u>	<u>45,396</u>	<u>-</u>	<u>(36,834)</u>	<u>(36,834)</u>
<b>Total Primary Government</b>	<u>\$ 14,224,815</u>	<u>\$ 2,204,793</u>	<u>\$ 6,242,035</u>	<u>\$ 333,209</u>	<u>\$ (5,407,944)</u>	<u>\$ (36,834)</u>	<u>\$ (5,444,778)</u>
<b>General Revenues</b>							
Taxes							
Property Tax					2,388,112	-	2,388,112
Sales and Use Tax					1,608,275	-	1,608,275
Specific ownership Tax					281,375	-	281,375
Other Taxes					1,478,287	-	1,478,287
Investment income					286,007	10	286,017
Misc.					241,846	306	242,152
<b>Total General Revenues and Transfers</b>					<u>6,283,902</u>	<u>316</u>	<u>6,284,218</u>
Change in Net Position					<u>875,958</u>	<u>(36,518)</u>	<u>839,440</u>
<b>Net Position, Beginning of year as previously stated</b>					18,776,080	1,518,256	20,294,336
Restatement					<u>(522,329)</u>	<u>(30,608)</u>	<u>(552,937)</u>
<b>Net position, Beginning of year restated</b>					<u>18,253,751</u>	<u>1,487,648</u>	<u>19,741,399</u>
<b>Net Position, End of year</b>					<u>\$ 19,129,709</u>	<u>\$ 1,451,130</u>	<u>\$ 20,580,839</u>

See Notes to Financial Statements.

**Huerfano County, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2021**

	General	Road & Bridge	Department of Human Services	Special Projects	Emergency Service	Disaster Recovery	Other Governmental Funds	Total
<b>Assets</b>								
Cash and cash equivalents	\$ 2,406,817	\$ 548,490	\$ 713,995	\$ 1,686,881	\$ 719,003	\$ 659,082	\$ 786,360	\$ 7,520,628
Taxes receivable	2,692,098	14,395	853,076	-	164,973	-	833,318	4,557,860
Inventories	-	34,588	-	-	-	-	-	34,588
<b>Total Assets</b>	<b><u>\$ 5,098,915</u></b>	<b><u>\$ 597,473</u></b>	<b><u>\$ 1,567,071</u></b>	<b><u>\$ 1,686,881</u></b>	<b><u>\$ 883,976</u></b>	<b><u>\$ 659,082</u></b>	<b><u>\$ 1,619,678</u></b>	<b><u>\$ 12,113,076</u></b>
<b>Liabilities</b>								
Accounts Payable	\$ 56,056	\$ 32,008	\$ 382,176	\$ 6,732	\$ 50,958	\$ 4,108	\$ 27,314	\$ 559,352
Due to Other Funds	22,500	-	-	-	-	703,765	-	726,265
Deferred Revenue	-	-	674,922	-	-	-	-	674,922
<b>Total Liabilities</b>	<b><u>78,556</u></b>	<b><u>32,008</u></b>	<b><u>1,057,098</u></b>	<b><u>6,732</u></b>	<b><u>50,958</u></b>	<b><u>707,873</u></b>	<b><u>27,314</u></b>	<b><u>1,960,539</u></b>
<b>Deferred Inflows of Resources</b>								
Property Taxes	<u>2,474,601</u>	<u>14,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>129,553</u>	<u>2,618,549</u>
<b>Fund Balance</b>								
Restricted for TABOR	200,000	70,000	-	-	25,000	-	5,000	300,000
Committed	-	-	-	-	-	-	1,457,811	1,457,811
Unassigned	<u>2,345,758</u>	<u>481,070</u>	<u>509,973</u>	<u>1,680,149</u>	<u>808,018</u>	<u>(48,791)</u>	<u>-</u>	<u>5,776,177</u>
<b>Total Fund Balance</b>	<b><u>2,545,758</u></b>	<b><u>551,070</u></b>	<b><u>509,973</u></b>	<b><u>1,680,149</u></b>	<b><u>833,018</u></b>	<b><u>(48,791)</u></b>	<b><u>1,462,811</u></b>	<b><u>7,533,988</u></b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b><u>\$ 5,098,915</u></b>	<b><u>\$ 597,473</u></b>	<b><u>\$ 1,567,071</u></b>	<b><u>\$ 1,686,881</u></b>	<b><u>\$ 883,976</u></b>	<b><u>\$ 659,082</u></b>	<b><u>\$ 1,619,678</u></b>	<b><u>\$ 12,113,076</u></b>

See Notes to Financial Statements.

**Huerfano County, Colorado**  
 Reconciliation of Balance Sheet of the Governmental Funds  
 to the Statement of Net Position  
 December 31, 2021

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

Total Fund Balance of Governmental Funds	\$	7,533,988
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in governmental funds.		21,098,888
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		(9,232,838)
Capital Leases Payable		(191,774)
Accrued Compensated Absences		(78,555)
		(9,503,167)
Total Net Position of Governmental Activities	\$	19,129,709

**Huerfano County, Colorado**  
Statement of Revenues, Expenditures and Changes in Fund Balance  
Governmental Funds  
For the Year Ended December 31, 2021

	General	Road & Bridge	Department of Human Services	Special Projects	Emergency Service	Disaster Recovery	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>								
Taxes								
Property Tax	\$ 2,258,073	\$ 11,610	\$ -	\$ -	\$ -	\$ -	\$ 118,429	\$ 2,388,112
Specific Ownership Tax	265,966	1,543	-	-	-	-	13,866	281,375
Sales and Other Tax	1,979,838	118	-	-	1,014,719	-	1,149	2,995,824
Licenses and Permits	218,303	30,651	-	-	-	-	88,740	337,694
Charges for Services	1,470,361	60,913	-	-	24,043	-	117,268	1,672,585
Intergovernmental	79,656	1,857,943	2,291,273	-	5,000	-	1,148,528	5,382,400
Grant Income	46,495	15,628	-	247,162	22,081	815,437	2,643	1,149,446
Investment Income	123,165	20,972	-	61,587	42,616	23,752	13,915	286,007
Miscellaneous	252,776	43,014	-	114,234	4,012	501	20,366	434,903
Total Revenues	<u>6,694,633</u>	<u>2,042,392</u>	<u>2,291,273</u>	<u>422,983</u>	<u>1,112,471</u>	<u>839,690</u>	<u>1,524,904</u>	<u>14,928,346</u>
<b>Expenditures</b>								
Current								
General Government	2,694,103	-	-	-	-	-	359,718	3,053,821
Public Safety	2,694,284	-	-	-	806,819	738,411	7,020	4,246,534
Public Works	351,227	2,375,370	-	-	-	-	-	2,726,597
Health Services	196,427	-	2,234,854	-	-	-	85,199	2,516,480
Culture and Recreation	-	-	-	-	-	-	56,176	56,176
Capital Outlay	36,016	-	-	993,078	-	-	162,570	1,191,664
Debt Service								
Principal	265,364	-	-	-	-	-	-	265,364
Interest and Fiscal Charges	339,000	-	-	-	-	-	-	339,000
Total Expenditures	<u>6,576,421</u>	<u>2,375,370</u>	<u>2,234,854</u>	<u>993,078</u>	<u>806,819</u>	<u>738,411</u>	<u>670,683</u>	<u>14,395,636</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>118,212</u>	<u>(332,978)</u>	<u>56,419</u>	<u>(570,095)</u>	<u>305,652</u>	<u>101,279</u>	<u>854,221</u>	<u>532,710</u>
<b>Other Financing Sources (Uses)</b>								
Transfers In	150,000	600,000	-	400,000	-	-	-	1,150,000
Transfers Out	-	-	-	-	(550,000)	-	(600,000)	(1,150,000)
Other Financing Sources (Uses)	<u>150,000</u>	<u>600,000</u>	<u>-</u>	<u>400,000</u>	<u>(550,000)</u>	<u>-</u>	<u>(600,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	268,212	267,022	56,419	(170,095)	(244,348)	101,279	254,221	532,710
<b>Fund Balance, Beginning of Year</b>								
As previously Stated	2,277,546	253,440	453,554	1,850,244	1,077,366	(150,070)	1,208,590	6,970,670
<b>Restatement</b>	-	30,608	-	-	-	-	-	30,608
As Restated	<u>2,277,546</u>	<u>284,048</u>	<u>453,554</u>	<u>1,850,244</u>	<u>1,077,366</u>	<u>(150,070)</u>	<u>1,208,590</u>	<u>7,001,278</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,545,758</u>	<u>\$ 551,070</u>	<u>\$ 509,973</u>	<u>\$ 1,680,149</u>	<u>\$ 833,018</u>	<u>\$ (48,791)</u>	<u>\$ 1,462,811</u>	<u>\$ 7,533,988</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, 2021

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

Net Change in Fund Balance of Governmental Funds	\$	532,710
<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		878,052
Depreciation Expense		(993,693)
<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		537,444
Change in Accrued Compensated Absences		(78,555)
		875,958
Change in Net Position of Governmental Activities	\$	875,958

**Huerfano County, Colorado**  
Statement of Net Position  
Proprietary Fund  
December 31, 2021

	Correctional Facility	Gardner Water and Sewer Improvement District	Total
<b>Assets</b>			
<i>Current Assets</i>			
Cash and Investments	\$ 11,029	\$ 3,466	\$ 14,495
Accounts Receivable	-	4,776	4,776
Total Current Assets	11,029	8,242	19,271
<i>Noncurrent Assets</i>			
Capital Assets, <i>Net of accumulated depreciation</i>	13,558	1,419,064	1,432,622
Total Noncurrent Assets	13,558	1,419,064	1,432,622
Total Assets	24,587	1,427,306	1,451,893
<b>Liabilities</b>			
<i>Current Liabilities</i>			
Accounts Payable	-	763	763
Total Current Liabilities	-	763	763
<b>Net Position</b>			
Net Investment in Capital Assets	13,558	1,419,064	1,432,622
Unrestricted	11,029	7,479	18,508
Total Net Position	\$ 24,587	\$ 1,426,543	\$ 1,451,130

**Huerfano County, Colorado**  
Statement of Revenues, Expenses and Changes in Net Position  
Proprietary Fund  
For the Year Ended December 31, 2021

	Correctional Facility	Gardner Water and Sewer Improvement District	Total
<b>Operating Revenues</b>			
Charges for Services	\$ -	\$ 90,197	\$ 90,197
Operating Grants and Contributions	-	45,396	45,396
Miscellaneous	-	306	306
	-	135,899	135,899
<b>Operating Expenses</b>			
Monitoring, Security Services and Wages	-	35,381	35,381
Contractual Services	-	4,768	4,768
Utilities	-	12,777	12,777
Repairs and Maintenance	-	3,507	3,507
Other Supplies and Expenses	-	960	960
Professional Fees	2	-	2
Miscellaneous Expenses	-	60,668	60,668
Depreciation	14,180	40,184	54,364
	14,182	158,245	172,427
Total Operating Expenses	14,182	158,245	172,427
Net Operating Income	(14,182)	(22,346)	(36,528)
<b>Non-Operating Revenues (Expenses)</b>			
Interest Income	10	-	10
Change in Net Position	(14,172)	(22,346)	(36,518)
<b>Net Position, Beginning of year as previously stated</b>	38,759	1,479,497	1,518,256
Restatement	-	(30,608)	(30,608)
<b>Net Position, Beginning of year as restated</b>	38,759	1,448,889	1,487,648
<b>Net Position, End of Year</b>	\$ 24,587	\$ 1,426,543	\$ 1,451,130

**Huerfano County, Colorado**  
Statement of Cash Flows  
Proprietary Fund  
For the Year Ended December 31, 2021

	Correctional Facility	Gardner Water and Sewer Improvement District	Total
<b>Cash Flows From Operating Activities</b>			
Cash Received from Customers	\$ -	\$ 90,197	\$ 90,197
Cash Received from Others	-	45,702	45,702
Cash Paid to Suppliers	(2)	(87,520)	(87,522)
Cash Paid to Employees	-	(35,381)	(35,381)
	(2)	12,998	12,996
<b>Net Cash Provided by Operating Activities</b>			
<b>Cash Flows From Investing Activities</b>			
Interest received	10	-	10
	10	-	10
<b>Net Cash Used by Capital and Related Financing Activities</b>			
	8	12,998	13,006
<b>Net Change in Cash and Cash Equivalents</b>			
<b>Cash and Cash Equivalents, Beginning of Year</b>	11,021	(9,532)	1,489
<b>Cash and Cash Equivalents, End of Year</b>	\$ 11,029	\$ 3,466	\$ 14,495
<b>Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities:</b>			
Net Operating Income	\$ (14,182)	\$ (22,346)	\$ (36,528)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities			
Depreciation Expense	14,180	40,184	54,364
Changes in Assets and Liabilities Related to Operations			
Accounts Payable	-	(4,720)	(4,720)
Accrued Expenses	-	(120)	(120)
	(2)	12,998	12,996
<b>Net Cash Provided by Operating Activities</b>	\$ (2)	\$ 12,998	\$ 12,996



**Huerfano County, Colorado**  
Statement of Fiduciary Net Position  
Fiduciary Funds  
December 31, 2021

	Agency Funds
<b>Assets</b>	
<i>Current Assets</i>	
Cash and Investments	\$ <u>271,447</u>
Total Assets	<u>271,447</u>
<b>Liabilities</b>	
<i>Current Liabilities</i>	
Due to Other Governments	<u>271,447</u>
Total Current Liabilities	<u>271,447</u>
<b>Net Position</b>	
Unrestricted	<u>-</u>
Total Net Position	<u>\$ -</u>

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**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 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, 2021

**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, 2021

**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 public welfare costs paid to qualifying clients. The majority of federal funds expended are incurred through this fund. In addition to 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 fire loss mitigation due to the 2019 fire.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

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

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.

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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

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

The County reports the following non-major funds:

*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.

*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 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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

**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.

*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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

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

*Compensated Absences* - Employees of the County are allowed to accumulate unused vacation and sick time depending on 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.

*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.



**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

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

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.

*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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

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

**Estimates**

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

**Subsequent Events**

The County has evaluated subsequent events for recognition or disclosure through September 30, 2022, the date the financial statements were available for issuance.

**Note 2: Cash and Investments**

A summary of cash and investments at December 31, 2021, follows:

Petty Cash	\$ 4,080
Cash Deposits	2,202,445
Investments	<u>5,600,045</u>
Total	<u>\$ 7,806,570</u>

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

Cash and Investments	\$ 7,535,123
Agency Fund Cash	<u>271,447</u>
Total	<u>\$ 7,806,570</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, 2021, the County had bank deposits of \$3,065,702 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, 2021

**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, 2021, the County had the following investments with the following maturities:

	S&P Rating	Carrying Amount	Less Than One Year	Less Than Five Years
CSIP LGIP	N/A	\$ 320,866	320,866	-
ColoTrust	N/A	1,026,981	1,026,981	-
Csafe	N/A	1,216,123	1,216,123	-
Money Market Funds	N/A	847,235	847,235	-
Government Bonds	AA+	346,163	-	346,163
Corporate Bonds	BB- to BBB-	335,599	-	335,599
Municipal Bonds	AA to A2	959,096	-	959,096
Certificate of Deposits	N/A	547,982	-	547,982
		<u>\$ 5,600,045</u>	<u>\$ 3,411,205</u>	<u>\$ 2,188,840</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, 2021, 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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

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

**Investments** (Continued)

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

*Local Government Investment Pools* - At December 31, 2021, the County had \$1,026,981 and \$1,216,123 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, 2021, is summarized below:

<b>Governmental Activities</b>	<b>Balance 12/31/20</b>	<b>Additions</b>	<b>Transfer</b>	<b>Deletions</b>	<b>Balance 12/31/21</b>
<i>Capital Assets, Not Being Depreciated</i>					
Land	\$ 489,055	\$ 90,279	\$ -	\$ -	\$ 579,334
Construction in Progress	14,106,967	704,517	(14,811,484)	-	-
<b>Total Capital Assets, Not Being Depreciated</b>	<b>14,596,022</b>	<b>794,796</b>	<b>(14,811,484)</b>	<b>-</b>	<b>579,334</b>
<i>Capital Assets, Being Depreciated</i>					
Infrastructure	1,098,994				1,098,994
Buildings	13,588,074	8,001	14,811,484	-	28,407,559
Machinery & Equipment	9,331,055	75,255	-	-	9,406,310
<b>Total Capital Assets, Being Depreciated</b>	<b>24,018,123</b>	<b>83,256</b>	<b>14,811,484</b>	<b>-</b>	<b>38,912,863</b>
<i>Less Accumulated Depreciation</i>					
Infrastructure	(73,266)	(14,652)	-	-	(87,918)
Buildings	(9,515,077)	(568,886)	-	-	(10,083,963)
Machinery & Equipment	(7,811,274)	(410,154)	-	-	(8,221,428)
<b>Total Accumulated Depreciation</b>	<b>(17,399,617)</b>	<b>(993,692)</b>	<b>-</b>	<b>-</b>	<b>(18,393,309)</b>
<b>Total Capital Assets, Deign Depreciated, Net</b>	<b>6,618,506</b>	<b>(910,436)</b>	<b>14,811,484</b>	<b>-</b>	<b>20,519,554</b>
<b>Governmental Activities, Capital Assets, Net</b>	<b>\$ 21,214,528</b>	<b>\$ (115,640)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 21,098,888</b>

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**Note 3: Capital Assets (Continued)**

<b>Business-type Activities</b>	<b>Balance 12/31/20</b>	<b>Additions</b>	<b>Transfer</b>	<b>Deletions</b>	<b>Balance 12/31/21</b>
<i>Capital Assets, Being Depreciated</i>					
Distribution Assets	1,538,137	-	-	-	1,538,137
Equipment and Vehicles	<u>622,853</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>622,853</u>
Total Capital Assets, <i>Being Depreciated</i>	<u>2,160,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,160,990</u>
<i>Less Accumulated Depreciation</i>					
Distribution Assets	(427,690)	(40,184)	-	-	(467,874)
Equipment and Vehicles	<u>(246,314)</u>	<u>(14,180)</u>	<u>-</u>	<u>-</u>	<u>(260,494)</u>
Total Accumulated Depreciation	<u>(674,004)</u>	<u>(54,364)</u>	<u>-</u>	<u>-</u>	<u>(728,368)</u>
Total Capital Assets, Being Depreciated, <i>Net</i>	<u>1,486,986</u>	<u>(54,364)</u>	<u>-</u>	<u>-</u>	<u>1,432,622</u>
Governmental Activities, Capital Assets, <i>Net</i>	<u>\$ 1,486,986</u>	<u>\$ (54,364)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,432,622</u>

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

**Governmental Activities**

General Government	\$ 511,167
Public Safety	218,771
Public Works	249,375
Culture and Recreation	2,964
Human Services	<u>11,415</u>
	<u>\$ 993,692</u>

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

**Business-Type Activities**

Correctional Facility	\$ 14,180
Gardner Water & Sewer Improvement District	<u>40,184</u>
	<u>\$ 54,364</u>

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Long-Term Debt**

**Governmental Activities**

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2021:

<u>Governmental Activities</u>	<u>Balance 12/31/20</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 12/31/21</u>	<u>Due Within One Year</u>
COP - Judicial Center	\$ 8,475,000	\$ -	\$ (235,000)	\$ 8,240,000	\$ 250,000
Premium on COPs	1,096,041	-	(103,203)	992,838	56,207
Sheriff's Office - Software	\$ 37,627	\$ -	\$ (37,627)	\$ -	\$ -
Equipment	109,130	-	(74,481)	34,649	34,649
CAT 140 Motor Grader	244,258	-	(87,133)	157,125	54,999
Compensated Absences	-	78,555	-	78,555	78,555
<b>Total Governmental Activities</b>	<b>\$ 9,962,056</b>	<b>\$ 78,555</b>	<b>\$ (537,444)</b>	<b>\$ 9,503,167</b>	<b>\$ 474,410</b>

**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, 2021

**Note 4: Long-Term Debt** (Continued)

**Certificates of Participation** (Continued)

Principal and interest payments are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 250,000	\$ 329,600	\$ 579,600
2023	265,000	319,600	584,600
2024	280,000	309,000	589,000
2025	300,000	297,000	597,000
2026	315,000	285,800	600,800
2027 - 2031	1,880,000	1,224,600	3,104,600
2032 - 2036	2,455,000	682,400	3,137,400
2037 - 2039	2,495,000	229,800	2,724,800
	<u>\$ 8,240,000</u>	<u>\$ 3,677,800</u>	<u>\$ 11,917,800</u>

**Capital Leases**

During 2017, the County entered into a lease-purchase agreement for specific software to be utilized by the sheriff's office. The terms of the lease required annual payments each June and carried interest at 3.954%. The lease was paid in full during 2021.

During 2019 the County entered into a lease purchase agreement for certain equipment. The agreement calls for five annual payments of \$41,167 which comprise of both principal and interest. Interest on the lease is at a rate of 6.45%. The first payment was made April 2019. The County has been prepaying its obligation on the lease. The principal and interest payments remaining on the lease are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 34,649	\$ 2,494	\$ 37,143

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 intends to exercise this option.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**Note 4: Long-Term Debt** (Continued)

**Capital Leases** (Continued)

The annual debt service for the capital leases is as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 54,999	\$ 5,912	\$ 60,911
2023	56,989	3,922	60,911
2024	45,137	1,862	46,999
	<u>\$ 157,125</u>	<u>\$ 11,696</u>	<u>\$ 168,821</u>

**Note 5: Retirement Plans**

**Defined Contribution Plan**

The County provides pension benefits for all 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 amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. 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 2021 was approximately \$5,644,600, of which qualifying compensation was \$4,443,372. Both the County and the covered employees made the required contributions, amounting to approximately \$177,762 from each the County and from employees. The County had forfeitures of \$8,429 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 Colorado Retirement Association, formerly CCOERA, 751 South Park Drive, Littleton, CO 80120 or by calling 1-800-352-0313.

**Note 6: 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, 2021.



**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**Note 7: 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 fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2021 year-end balances in the General Fund for this purpose in the aggregate amount of \$300,000, which is the approximate required emergency reserve.

**Note 8: 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, 2021

**Note 8: 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 9: Commitments and Contingencies**

**Grant Programs**

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

**Litigation**

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's 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.

**Huerfano County, Colorado**  
Notes to the Financial Statements  
December 31, 2021

**Note 10: Restatement**

The 2021 financial statements have been restated for the correction of several errors. Capital assets were restated to correct several errors related to the record of the capital asset cost basis and related depreciation. This restatement only affected the beginning net position of the governmental activities in the government-wide statements.

Additionally, the beginning fund balance of the Gardner Water and Sewer Improvement District and the Road and Bridge Fund were restated for a prior year error in the recording of various expenditures.

## **Required Supplementary Information**

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 General Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes				
Property Tax	\$ 2,316,506	\$ 2,316,506	\$ 2,258,073	\$ (58,433)
Specific Ownership Tax	234,052	234,052	265,966	31,914
Sales and Other Tax	1,808,095	1,808,095	1,979,838	171,743
Licenses and Permits	166,220	166,220	218,303	52,083
Charges for Services	1,532,590	1,532,590	1,470,361	(62,229)
Intergovernmental	46,790	46,790	79,656	32,866
Grant Income	77,119	77,119	46,495	(30,624)
Investment Income	31,750	31,750	123,165	91,415
Miscellaneous	57,543	57,543	252,776	195,233
<b>Total Revenues</b>	<u>6,270,665</u>	<u>6,270,665</u>	<u>6,694,633</u>	<u>423,968</u>
<b>Expenditures</b>				
Current:				
General Government	2,690,777	2,690,777	2,694,103	(3,326)
Public Safety	2,593,901	2,593,901	2,694,284	(100,383)
Public Works	373,247	373,247	351,227	22,020
Health Services	155,607	155,607	196,427	(40,820)
Capital Outlay	10,000	10,000	36,016	(26,016)
Debt Service				
Principal	235,000	235,000	265,364	(30,364)
Interest and Fiscal Charges	339,000	339,000	339,000	-
<b>Total Expenditures</b>	<u>6,397,532</u>	<u>6,397,532</u>	<u>6,576,421</u>	<u>(178,889)</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(126,867)	(126,867)	118,212	245,079
<b>Other Financing Sources (Uses)</b>				
Transfers In	-	150,000	150,000	-
<b>Net Change in Fund Balance</b>	(126,867)	23,133	268,212	245,079
<b>Fund Balance, Beginning of Year</b>	<u>2,277,546</u>	<u>2,277,546</u>	<u>2,277,546</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 2,150,679</u>	<u>\$ 2,300,679</u>	<u>\$ 2,545,758</u>	<u>\$ 245,079</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Road and Bridge Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes				
Property Tax	\$ 13,374	\$ 13,374	\$ 11,610	\$ (1,764)
Specific Ownership Tax	1,470	1,470	1,543	73
Sales and Other Tax	104	104	118	14
Licenses and Permits	30,950	30,950	30,651	(299)
Charges for Services	135,000	135,000	60,913	(74,087)
Intergovernmental	1,700,000	1,700,000	1,857,943	157,943
Grant Income	-	-	15,628	15,628
Investment Income	-	-	20,972	20,972
Miscellaneous	160,619	160,619	43,014	(117,605)
<b>Total Revenues</b>	<u>2,041,517</u>	<u>2,041,517</u>	<u>2,042,392</u>	<u>875</u>
<b>Expenditures</b>				
Current:				
Public Works	<u>2,383,596</u>	<u>2,383,596</u>	<u>2,375,370</u>	<u>8,226</u>
<b>Total Expenditures</b>	<u>2,383,596</u>	<u>2,383,596</u>	<u>2,375,370</u>	<u>8,226</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(342,079)	(342,079)	(332,978)	9,101
<b>Other Financing Sources (Uses)</b>				
Transfers In	<u>606,000</u>	<u>606,000</u>	<u>600,000</u>	<u>(6,000)</u>
Net Change in Fund Balance	263,921	263,921	267,022	3,101
<b>Fund Balance, Beginning of Year</b>	<u>284,048</u>	<u>284,048</u>	<u>284,048</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 547,969</u>	<u>\$ 547,969</u>	<u>\$ 551,070</u>	<u>\$ 3,101</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Department of Human Services Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes				
Property Tax	\$ 315,151	\$ 315,151	\$ -	\$ (315,151)
County Revenues/tax	37,000	37,000	-	(37,000)
Intergovernmental	1,945,888	1,945,888	2,291,273	345,385
Total Revenues	2,298,039	2,298,039	2,291,273	(6,766)
<b>Expenditures</b>				
Current:				
Health Services	2,374,907	2,374,907	2,234,854	140,053
Total Expenditures	2,374,907	2,374,907	2,234,854	140,053
<b>Net Change in Fund Balance</b>	(76,868)	(76,868)	56,419	133,287
<b>Fund Balance, Beginning of Year</b>	453,554	453,554	453,554	-
<b>Fund Balance, End of Year</b>	\$ 376,686	\$ 376,686	\$ 509,973	\$ 133,287

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Special Projects/Capital Expenditure Fund  
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 1,753,102	\$ 247,162	\$ (1,505,940)
Investment Income	-	61,587	61,587
Other	-	114,234	114,234
	1,753,102	422,983	(1,330,119)
<b>Total Revenues</b>			
<b>Expenditures</b>			
Capital Outlay	2,276,562	993,078	1,283,484
	2,276,562	993,078	1,283,484
<b>Total Expenditures</b>			
<b>Excess Revenues Over (Under) Expenditures</b>	(523,460)	(570,095)	(46,635)
<b>Other Financing Source (Uses)</b>			
Transfers In	50,000	400,000	350,000
	50,000	400,000	350,000
<b>Net Change in Fund Balance</b>	(473,460)	(170,095)	303,365
<b>Fund Balance, Beginning of Year</b>	27,595	1,850,244	1,822,649
	27,595	1,850,244	1,822,649
<b>Fund Balance, End of Year</b>	\$ (445,865)	\$ 1,680,149	\$ 2,126,014



**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Emergency Services Fund  
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Taxes	\$	\$	\$
Sales and Other Tax	810,000	1,014,719	204,719
Charges for Services	-	24,043	24,043
Intergovernmental	-	5,000	5,000
Grant Income	37,259	22,081	(15,178)
Investment Income	-	42,616	42,616
Miscellaneous	-	4,012	4,012
	<u>847,259</u>	<u>1,112,471</u>	<u>265,212</u>
<b>Expenditures</b>			
Current:			
Public Safety	1,320,344	806,819	513,525
Capital Outlay	25,000	-	25,000
	<u>1,345,344</u>	<u>806,819</u>	<u>538,525</u>
Total Expenditures			
	<u>1,345,344</u>	<u>806,819</u>	<u>538,525</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(498,085)	305,652	803,737
<b>Other Financing Sources (Uses)</b>			
Transfers Out	(550,000)	(550,000)	-
<b>Net Change in Fund Balance</b>	(1,048,085)	(244,348)	803,737
<b>Fund Balance, Beginning of Year</b>	27,595	1,077,366	1,049,771
<b>Fund Balance, End of Year</b>	<u>\$ (1,020,490)</u>	<u>\$ 833,018</u>	<u>\$ 1,853,508</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Disaster Recovery Fund  
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Grant Income	\$ 300,000	\$ 815,437	\$ 515,437
Investment Income	-	23,752	23,752
Miscellaneous	-	501	501
	300,000	839,690	539,690
<b>Expenditures</b>			
Current:			
Public Safety	-	738,411	(738,411)
	-	738,411	(738,411)
<b>Other Financing Source (Uses)</b>			
Transfers Out	(553,973)	-	553,973
	(253,973)	101,279	355,252
<b>Net Change in Fund Balance</b>			
	(253,973)	101,279	355,252
<b>Fund Balance, Beginning of Year</b>	27,595	(150,070)	(177,665)
	27,595	(150,070)	(177,665)
<b>Fund Balance, End of Year</b>	\$ (226,378)	\$ (48,791)	\$ 177,587
	(226,378)	(48,791)	177,587

**Huerfano County, Colorado**  
Notes to Required Supplementary Information  
December 31, 2021

**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 fund and department, 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, 2021

	P.I.L.T.	Conservation Trust Fund	Waster Transfer Station	Retirement	Federal Forest Project	Lodging Tax & Tourism	Total Non-major Fund
<b>Assets</b>							
Cash and Investments	\$ 472,920	\$ 22,921	\$ 48,336	\$ 115,508	\$ 53,761	\$ 72,914	\$ 786,360
Taxes receivable	703,765	-	-	129,553	-	-	833,318
<b>Total Assets</b>	<b>\$ 1,176,685</b>	<b>\$ 22,921</b>	<b>\$ 48,336</b>	<b>\$ 245,061</b>	<b>\$ 53,761</b>	<b>\$ 72,914</b>	<b>\$ 1,619,678</b>
<b>Liabilities</b>							
Accounts Payable	27,000	-	1,145	(2,999)	-	2,168	27,314
<b>Total Liabilities</b>	<b>27,000</b>	<b>-</b>	<b>1,145</b>	<b>(2,999)</b>	<b>-</b>	<b>2,168</b>	<b>27,314</b>
<b>Deferred Inflows of Resources</b>							
Property Taxes	-	-	-	129,553	-	-	129,553
<b>Fund Balance</b>							
Restricted for Emergency	-	-	-	5,000	-	-	5,000
Committed	1,149,685	22,921	47,191	113,507	53,761	70,746	1,457,811
<b>Total Fund Balance</b>	<b>1,149,685</b>	<b>22,921</b>	<b>47,191</b>	<b>118,507</b>	<b>53,761</b>	<b>70,746</b>	<b>1,462,811</b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ 1,176,685</b>	<b>\$ 22,921</b>	<b>\$ 48,336</b>	<b>\$ 245,061</b>	<b>\$ 53,761</b>	<b>\$ 72,914</b>	<b>\$ 1,619,678</b>

**Huerfano County, Colorado**  
Combining Statement of Revenues, Expenditures and Changes in Fund Balance  
Nonmajor Governmental Funds  
For the Year Ended December 31, 2021

	P.I.L.T.	Conservation Trust Fund	Waste Transfer Station	Retirement	Federal Forest Project	Lodging Tax & Tourism	Total Non-major Fund
<b>Revenues</b>							
Taxes							
Property Tax	\$ -	\$ -	\$ -	\$ 118,429	\$ -	\$ -	\$ 118,429
Specific Ownership Tax	-	-	-	13,866	-	-	13,866
Sales and Other Tax	-	-	-	1,149	-	-	1,149
Licenses and Permits	-	-	-	-	-	88,740	88,740
Charges for Services	-	-	77,835	39,433	-	-	117,268
Intergovernmental	1,113,865	18,340	-	-	16,323	-	1,148,528
Grant Income	-	-	-	-	-	2,643	2,643
Investment Income	959	1,652	1,741	4,380	2,491	2,692	13,915
Miscellaneous	10,991	-	9,375	-	-	-	20,366
<b>Total Revenues</b>	<b>1,125,815</b>	<b>19,992</b>	<b>88,951</b>	<b>177,257</b>	<b>18,814</b>	<b>94,075</b>	<b>1,524,904</b>
<b>Expenditures</b>							
Current:							
General Government	126,597	-	8,342	172,920	-	51,859	359,718
Public Safety	-	-	-	-	7,020	-	7,020
Health Services	-	-	85,199	-	-	-	85,199
Culture and Recreation	44,500	11,676	-	-	-	-	56,176
Capital Outlay	162,570	-	-	-	-	-	162,570
<b>Total Expenditures</b>	<b>333,667</b>	<b>11,676</b>	<b>93,541</b>	<b>172,920</b>	<b>7,020</b>	<b>51,859</b>	<b>670,683</b>
Excess Revenues Over (Under) Expenditures	792,148	8,316	(4,590)	4,337	11,794	42,216	854,221
<b>Other Financing Sources (Uses)</b>							
Transfers Out	(600,000)	-	-	-	-	-	(600,000)
<b>Net Change in Fund Balance</b>	<b>192,148</b>	<b>8,316</b>	<b>(4,590)</b>	<b>4,337</b>	<b>11,794</b>	<b>42,216</b>	<b>254,221</b>
<b>Fund Balance, Beginning of Year</b>	<b>957,537</b>	<b>14,605</b>	<b>51,781</b>	<b>114,170</b>	<b>41,967</b>	<b>28,530</b>	<b>1,208,590</b>
<b>Fund Balance, End of Year</b>	<b>\$ 1,149,685</b>	<b>\$ 22,921</b>	<b>\$ 47,191</b>	<b>\$ 118,507</b>	<b>\$ 53,761</b>	<b>\$ 70,746</b>	<b>\$ 1,462,811</b>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Correctional Facility Fund  
 For the Year Ended December 31, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Investment Income	\$ -	\$ 10	\$ 10
Total Revenues	-	10	10
<b>Expenditures</b>			
Professional Fees	-	2	(2)
Depreciation	-	14,180	(14,180)
Total Expenditures	-	14,182	(14,182)
<b>Net Change in Fund Balance</b>	-	(14,172)	(14,172)
<b>Fund Balance, Beginning of Year</b>	38,759	38,759	-
<b>Fund Balance, End of Year</b>	\$ 38,759	\$ 24,587	\$ (14,172)

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Gardner Water and Sewer Improvement District  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Charges for Services	\$ 88,200	\$ 88,200	\$ 90,197	\$ 1,997
Operating Grants and Contributions	85,402	85,402	45,396	(40,006)
Miscellaneous	170	170	306	136
	<u>173,772</u>	<u>173,772</u>	<u>135,899</u>	<u>(37,873)</u>
<b>Total Revenue</b>				
<b>Expenses</b>				
Monitoring, Security Services and Wages	20,320	20,320	35,381	(15,061)
Contractual Services	88,402	88,402	4,768	83,634
Utilities	10,930	10,930	12,777	(1,847)
Repairs and Maintenance	10,000	10,000	3,507	6,493
Other Supplies and Expenses	6,760	6,760	960	5,800
Professional Fees	12,123	12,123	-	12,123
Miscellaneous Expenses	52,964	52,964	60,668	(7,704)
Capital Outlay	7,800	7,800	-	7,800
Depreciation	-	-	40,184	(40,184)
	<u>209,299</u>	<u>209,299</u>	<u>158,245</u>	<u>51,054</u>
<b>Total Expenses</b>				
<b>Net Change in Fund Balance</b>	(35,527)	(35,527)	(22,346)	13,181
<b>Fund Balance, Beginning of Year</b>	<u>1,448,889</u>	<u>1,448,889</u>	<u>1,448,889</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 1,413,362</u>	<u>\$ 1,413,362</u>	<u>\$ 1,426,543</u>	<u>\$ 13,181</u>



**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 P.I.L.T Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 1,088,973	\$ 1,088,973	\$ 1,113,865	\$ 24,892
Investment Income	-	-	959	959
Miscellaneous	-	-	10,991	10,991
<b>Total Revenue</b>	<u>1,088,973</u>	<u>1,088,973</u>	<u>1,125,815</u>	<u>36,842</u>
<b>Expenses</b>				
Current:				
General Government	284,359	284,359	126,597	157,762
Culture and Recreation	5,850	5,850	44,500	(38,650)
Capital Outlay	250,000	250,000	162,570	87,430
<b>Total Expenses</b>	<u>540,209</u>	<u>540,209</u>	<u>333,667</u>	<u>206,542</u>
<b>Excess Revenues Over (Under) Expenditures</b>	548,764	548,764	792,148	243,384
<b>Other Financing Source (Uses)</b>				
Transfers Out	(600,000)	(600,000)	(600,000)	-
<b>Net Change in Fund Balance</b>	(51,236)	(51,236)	192,148	243,384
<b>Fund Balance, Beginning of Year</b>	<u>957,537</u>	<u>957,537</u>	<u>957,537</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 906,301</u>	<u>\$ 906,301</u>	<u>\$ 1,149,685</u>	<u>\$ 243,384</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Conservation Trust Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 11,444	\$ 11,444	\$ 18,340	\$ 6,896
Investment Income	32	32	1,652	1,620
Total Revenue	11,476	11,476	19,992	8,516
<b>Expenses</b>				
Current:				
Culture and Recreation	15,500	15,500	11,676	3,824
Total Expenses	15,500	15,500	11,676	3,824
<b>Net Change in Fund Balance</b>	(4,024)	(4,024)	8,316	12,340
<b>Fund Balance, Beginning of Year</b>	14,605	14,605	14,605	-
<b>Fund Balance, End of Year</b>	\$ 10,581	\$ 10,581	\$ 22,921	\$ 12,340

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Water Transfer Station  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Licenses and Permits	\$ 79,000	\$ 79,000	\$ 77,835	\$ (1,165)
Investment Income	-	-	1,741	1,741
Miscellaneous	5	5	9,375	9,370
<b>Total Revenue</b>	<u>79,005</u>	<u>79,005</u>	<u>88,951</u>	<u>9,946</u>
<b>Expenses</b>				
Current:				
General Government	11,155	11,155	8,342	(2,813)
Health Services	81,827	81,827	85,199	3,372
<b>Total Expenses</b>	<u>92,982</u>	<u>92,982</u>	<u>93,541</u>	<u>559</u>
<b>Excess Revenues Over Net Change in Fund Balance</b>	(13,977)	(13,977)	(4,590)	9,387
<b>Fund Balance, Beginning of Year</b>	<u>51,781</u>	<u>51,781</u>	<u>51,781</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 37,804</u>	<u>\$ 37,804</u>	<u>\$ 47,191</u>	<u>\$ 9,387</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Retirement Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Taxes				
Property Tax	\$ 113,794	\$ 113,794	\$ 118,429	\$ 4,635
Specific Ownership Tax	13,150	13,150	13,866	716
Sales and Other Tax	-	-	1,149	1,149
Charges for Services	-	-	39,433	39,433
Investment Income	-	-	4,380	4,380
Miscellaneous	250	250	-	(250)
<b>Total Revenue</b>	<u>127,194</u>	<u>127,194</u>	<u>177,257</u>	<u>50,063</u>
<b>Expenses</b>				
Current:				
General Government	<u>150,481</u>	<u>150,481</u>	<u>172,920</u>	<u>(22,439)</u>
<b>Total Expenses</b>	<u>150,481</u>	<u>150,481</u>	<u>172,920</u>	<u>(22,439)</u>
<b>Net Change in Fund Balance</b>	(23,287)	(23,287)	4,337	27,624
<b>Fund Balance, Beginning of Year</b>	<u>114,170</u>	<u>114,170</u>	<u>114,170</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 90,883</u>	<u>\$ 90,883</u>	<u>\$ 118,507</u>	<u>\$ 27,624</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Federal Forest Project Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Intergovernmental	\$ 15,000	\$ 15,000	\$ 16,323	\$ 1,323
Investment Income	-	-	2,491	2,491
<b>Total Revenue</b>	<u>15,000</u>	<u>15,000</u>	<u>18,814</u>	<u>3,814</u>
<b>Expenses</b>				
Current:				
Public Safety	39,331	39,331	7,020	32,311
<b>Total Expenses</b>	<u>39,331</u>	<u>39,331</u>	<u>7,020</u>	<u>32,311</u>
<b>Net Change in Fund Balance</b>	(24,331)	(24,331)	11,794	36,125
<b>Fund Balance, Beginning of Year</b>	<u>41,967</u>	<u>41,967</u>	<u>41,967</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 17,636</u>	<u>\$ 17,636</u>	<u>\$ 53,761</u>	<u>\$ 36,125</u>

**Huerfano County, Colorado**  
 Budgetary Comparison Schedule  
 Lodging Tax and Tourism Fund  
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>				
Lodging Tax	\$ 82,000	\$ 82,000	\$ 88,740	\$ 6,740
Grant Income	-	-	2,643	2,643
Investment Income	-	-	2,692	2,692
 Total Revenue	 <u>82,000</u>	 <u>82,000</u>	 <u>94,075</u>	 <u>12,075</u>
<b>Expenses</b>				
Current:				
General Government	44,000	44,000	51,859	(7,859)
 Total Expenses	 <u>44,000</u>	 <u>44,000</u>	 <u>51,859</u>	 <u>(7,859)</u>
<b>Net Change in Fund Balance</b>	38,000	38,000	42,216	4,216
<b>Fund Balance, Beginning of Year</b>	<u>28,530</u>	<u>28,530</u>	<u>28,530</u>	<u>-</u>
<b>Fund Balance, End of Year</b>	<u>\$ 66,530</u>	<u>\$ 66,530</u>	<u>\$ 70,746</u>	<u>\$ 4,216</u>

## **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, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County, and have issued our report thereon dated September 30, 2022.

***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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be material weaknesses.

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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, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Hick & Company, PC

Englewood, Colorado  
September 30, 2022





**Report on Compliance for Each Major Federal Program, Report on Internal Control Over Compliance, in Accordance with The *Uniform Guidance***

***Independent Auditor's Report***

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, 2021. 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, 2021.

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

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

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

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***Responsibilities of Management for Compliance***

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

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

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.



## **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-002. Our opinion on each major federal program is not modified with respect to these matters. *Government Auditing Standards* requires the auditor to perform limited procedures on Huerfano County's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Huerfano County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## **Report on Internal Control Over Compliance**

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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be a material weakness.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis.

*A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2021-002, to be significant deficiencies.

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.



## Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

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 as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Huerfano County's basic financial statements. We issued our report thereon, dated September 30, 2022, 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 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.

*Government Auditing Standards* requires the auditor to perform limited procedures on [Entity Name]'s response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Huerfano County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Hick & Company, PC*

Englewood, Colorado  
September 30, 2022, except for Note 5 in the Notes to SEFA,  
as to which the date is May 5, 2023.



**Huerfano County, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Passed Through Colorado Department of Human Services:				
State Administrative Matching Grant for the Supplemental Nutrition Assistance Program	10.561	NA	NA	\$ 123,037
Total U.S. Department of Agriculture				<u>123,037</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
American Rescue Plan Act - State-Local Fiscal Recovery Funds	21.019	NA	NA	97
Total U.S. Department of Treasury				<u>97</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
Passed Through Colorado Department of Human Services:				
IV-E Guard As PTE CDHS	93.090	NA	NA	1,287
PREP	93.092	NA	NA	138,990
Promoting Safe and Stable Families (PSSF)	93.556	NA	NA	29,621
Temporary Assistance for Needy Families-TANF	93.558	NA	NA	456,712
Child Support Enforcement IV-D	93.563	NA	NA	116,206
LEAP-Low Income Home Energy Assistance Program	93.568	NA	NA	17,843
Child Care and Development Block Grant	93.575	NA	NA	23,451
Child Care Mandatory and Matching funds of the Child Care and Development Fund	93.596	NA	NA	30,538
Medicaid PTE HCPF	93.778	NA	NA	167,010
Stephanie Tubbs Jones Child Welfare Services Program- IV-B	93.645	NA	NA	4,245
Foster Care IV-E	93.658	NA	NA	324,384
Adoption Assistance IV-E	93.659	NA	NA	50,275
Social Services Block Grant -Title XX	93.667	NA	NA	19,786
CRF PTE CDHS	93.747	NA	NA	2,683
Total U.S. Department of Health and Human Services				<u>1,383,031</u>
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>				
Direct Programs - Federal Aviation Administration:				
Airport Rescue Grant	20.106	NA	NA	-
Subt: Total U.S. Department of Transportation				<u>-</u>
<b>Total Expenditures of Federal Awards</b>				<b>\$ 1,506,165</b>

**Huerfano County, Colorado**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021

**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, 2021.

**Note 4: De minimis Cost Rate**

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

**Note 5: Reissuing of the Single Audit Report**

In preparation of the Schedule of Expenditures of Federal Awards, the County mis-reported certain federal expenditures or Federal Assistance Listing Numbers in its Single Audit Report dated September 30, 2022. It was also determined, a State SNAP program was mistakenly included in their original SEFA. Because of these changes, a revised Schedule of Expenditures of Federal Awards is presented, and additional compliance work has been performed which resulted in dual-dating of the Single Audit report.

**Huerfano County, Colorado**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended December 31, 2021

**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:

<b>Cluster/Program</b>	<b>CFDA Number</b>
Temporary Assistance to Needy Families	93.558
Foster Care IV-E	93.658

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

Auditee qualified as low-risk auditee?  Yes  No



**Huerfano County, Colorado**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021

**Section II: Financial Statement Findings**

Finding 2021-001:

The County does not have the internal accounting controls to timely and accurately produce annual financial reporting.

Criteria: Current accounting standards require an organization to have the policies and procedures in place to be able to generate timely and accurate financial statements.

Condition: The County was not able to generate the underlying financial information necessary to produce accurate financial reporting on a timely basis. The County needed substantial assistance and direction throughout the financial reporting process.

Cause: The County does not have sufficient financial reporting policies and procedures in place to prepare financial statements in a timely manner.

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

Questioned Costs: None reported.

Repeat Finding: No

Recommendation: We recommend the County establish financial reporting policies and procedures and take appropriate measures to ensure timely submission of the reporting package and data collection form within the required deadlines.

Views of Responsible Officials and Planned Corrective Actions: The County agrees and is making the necessary changes to their financial reporting process necessary to be able to produce timely and accurate financial reporting.

**Huerfano County, Colorado**  
Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021

**Section III: Federal Award Findings and Questioned Costs**

*Finding 2021-002:*

Inaccurate reporting of federal expenditures listed in SEFA.

*Criteria:* According to 2 CFR 200.303 requires non-Federal entities receiving Federal awards to establish and maintain internal controls designed to reasonably ensure compliance with Federal laws, regulations, and program compliance requirements. Effective internal controls should include procedures to ensure federal expenditures are accurately reported on the SEFA.

*Condition:* The County was not able to generate the complete SEFA report information necessary to produce accurate SEFA reporting on a timely basis.

*Context:* According to 2 CFR 200.510(b), a recipient of federal awards is required to prepare a schedule of expenditures of Federal awards (SEFA) for the period covered by the entity's financial statements and to provide total Federal awards expended for each individual Federal program and the Assistance Listings Number or other identifying number when the Assistance Listings information is not available. For a cluster of programs also provide the total for the cluster.

*Questioned Costs:* None.

*Effect or Potential Effect:* Failure to accurately report federal expenditures prohibits the accurate and timely completion of an audit in accordance with the Uniform Guidance which may result in the suspension or delay of federal funding.

*Cause:* In discussing these conditions with Management, they stated the unreported expenditures for the SEFA were due to not reconciling the SEFA report to the state funding agency reports.

*Recommendation:* We recommend the County establish SEFA reconciliation policies and procedures and take appropriate measures to ensure timely and accurate SEFA reports.

*Views of Responsible Officials and Planned Corrective Actions:* The County agrees and is making the necessary changes to their SEFA reconciliation process necessary to be able to produce timely and accurate SEFA reporting.

**Huerfano County, Colorado**  
Schedule of Prior Year Findings  
For the Year Ended December 31, 2021

**Findings Required to be Reported by the Uniform Guidance**

No items requiring follow up.

## **State Compliance**

<b>LOCAL HIGHWAY FINANCE REPORT</b>			City or County: Huerfano	
			YEAR ENDING : December 2021	
This Information From The Records Of Huerfano County:		Prepared By: John Galusha Phone: 719 738-3000, ext. 110		
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>				
ITEM	<b>A. Local Motor-Fuel Taxes</b>	<b>B. Local Motor-Vehicle Taxes</b>	<b>C. Receipts from State Highway-User Taxes</b>	<b>D. Receipts from Federal Highway Administration</b>
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				
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES</b>		
ITEM	AMOUNT	ITEM	AMOUNT	
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>		
1. Local highway-user taxes		1. Capital outlay (from page 2)	0	
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,389,330	
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)	14,846	c. Other	0	
4. Miscellaneous local receipts (from page 2)	807,301	d. Total (a. through c.)	0	
5. Transfers from toll facilities		4. General administration & miscellaneous	0	
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety		
a. Bonds - Original Issues		6. Total (1 through 5)	2,389,330	
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>		
c. Notes		1. Bonds:		
d. Total (a. + b. + c.)	0	a. Interest		
7. Total (1 through 6)	822,147	b. Redemption		
<b>B. Private Contributions</b>		c. Total (a. + b.)	0	
<b>C. Receipts from State government (from page 2)</b>	1,902,970	2. Notes:		
<b>D. Receipts from Federal Government (from page 2)</b>	1,630	a. Interest	14,945	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,726,747	b. Redemption	87,133	
		c. Total (a. + b.)		
		3. Total (1.c + 2.c)	102,078	
		<b>C. Payments to State for highways</b>		
		<b>D. Payments to toll facilities</b>		
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,491,408	
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Ending Debt
<b>A. Bonds (Total)</b>				
1. Bonds (Refunding Portion)				0
<b>B. Notes (Total)</b>	381,434	0	87,133	294,301
				0
<b>V. LOCAL ROAD AND STREET FUND BALANCE</b>				
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance
	253,440	2,726,747	2,491,408	488,779
				0
<b>Notes and Comments:</b>				

**HUERFANO COUNTY  
DEPARTMENT OF HUMAN SERVICES  
SHEILA HUDSON-MACCHIETTO  
DIRECTOR**



**Huerfano County, Colorado**

**Single Audit Corrective Action Plan  
For the Fiscal Year Ended December 31, 2021**

**Single Audit Finding**

Finding Reference Number: 2021-002

Description of Finding:

Inaccurate SEFA reporting of federal expenditures

Statement of Concurrence:

Huerfano County DHS agrees with the audit finding.

Corrective Action:

Huerfano County's DHS management has established reconciliation policies and procedures to ensure timely and accurate SEFA reports are created by the County and that their report agrees to the State oversight agency who provides their federal expenditure annual reports.

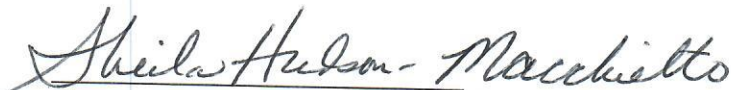
Name of Contact Person:

Sheila Hudson-Macchietto, Director – Huerfano County DHS: [sheila.hudson@state.co.us](mailto:sheila.hudson@state.co.us)

Projected Completion Date:

Effective immediately.

Sincerely yours,

  
Director – Huerfano County DHS

**121 West 6<sup>th</sup> Street, Walsenburg, Colorado 81089**

**Phone: 719-738-2810**

**Fax: 719-738-2549**