

COSTILLA COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2019



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

COSTILLA COUNTY, COLORADO
TABLE OF CONTENTS
December 31, 2019

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Fund Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Fund Net Position	11
Statement of Cash Flows	12
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities	13
Notes to the Basic Financial Statements	14
Required Supplementary Information	
Schedules of Revenues, Expenditures, and Changes in Fund Balance	
Budget and Actual Major Funds	
General Fund	30
Road and Bridge Fund	31
Social Services Fund	32
Public Health Fund	33
Supplementary Information	
Combining Schedules of Nonmajor Governmental Funds	
Combining Balance Sheet	34
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	35
Schedule of Expenditures/Expenses and Transfers Out, Budget and Actual, All Non-Major Governmental Funds, and Major Proprietary Fund	36
Other Schedules and Reports	
Schedule of Expenditures of Federal Awards	37
Notes to the Schedule of Expenditures of Federal Awards	40
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	41
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	43
Schedule of Findings and Questioned Costs	45
Summary Schedule of Prior Audit Findings	46
Local Highway Finance Report	

INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Costilla County, Colorado
San Luis, Colorado



Wall,
Smith,
Bateman Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Costilla County, Colorado (the County) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management 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.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information as 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 required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or

to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 28, 2020, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 28, 2020

COSTILLA COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

COSTILLA COUNTY, COLORADO

STATEMENT OF NET POSITION

December 31, 2019

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	TOTAL
ASSETS			
Current Assets			
Cash and Cash Equivalents	\$ 9,088,416	\$ 137,969	\$ 9,226,385
Property Taxes Receivable	2,214,022	-	2,214,022
Accounts Receivable	66,782	5,399	72,181
Due from Other Governments	986,286	-	986,286
Prepaid Expenses	200,800	-	200,800
Inventory	181,292	-	181,292
Total Current Assets	12,737,598	143,368	12,880,966
Noncurrent Assets			
Capital Assets			
Land	1,267,834	-	1,267,834
Construction in Progress	14,803	-	14,803
Buildings	10,121,863	-	10,121,863
Equipment	8,013,394	-	8,013,394
Infrastructure	5,451,637	-	5,451,637
Water and Sewer Plant	-	4,606,133	4,606,133
Less: Accumulated Depreciation/Depletion	(11,912,380)	(2,994,162)	(14,906,542)
Total Noncurrent Assets	12,957,151	1,611,971	14,569,122
TOTAL ASSETS	25,694,749	1,755,339	27,450,088
LIABILITIES			
Current Liabilities			
Accounts Payable	238,591	14,728	253,319
Due to Other Governments	6,428	-	6,428
Unearned Revenue - Other	120,214	-	120,214
Accrued Interest Payable	-	318	318
Bonds Payable	-	15,000	15,000
Lease Purchase Agreement	50,000	-	50,000
Capital Leases Payable	338,864	-	338,864
Notes Payable	41,334	-	41,334
Compensated Absences	4,686	-	4,686
Total Current Liabilities	800,117	30,046	830,163
Noncurrent Liabilities			
Bonds Payable	-	-	-
Lease Purchase Agreement	393,000	-	393,000
Capital Leases Payable	1,073,851	-	1,073,851
Notes Payable	89,010	-	89,010
Compensated Absences	67,451	-	67,451
Total Noncurrent Liabilities	1,623,312	-	1,623,312
TOTAL LIABILITIES	2,423,429	30,046	2,453,475
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Unavailable Revenue - Property Tax	2,214,022	-	2,214,022
NET POSITION			
Net Investment in Capital Assets	10,971,092	1,596,971	12,568,063
Restricted for TABOR	347,000	-	347,000
Unrestricted	9,739,206	128,322	9,867,528
TOTAL NET POSITION	\$ 21,057,298	\$ 1,725,293	\$ 22,782,591

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

					Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
		Program Revenues					
		Charges for Services	Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Business-Type Activities	TOTAL
Functions/Programs	Expenses						
Primary Government:							
Governmental Activities:							
General Government	\$ 3,660,005	\$ 620,679	\$ 470,640	\$ 58,429	\$ (2,510,257)	\$ -	\$ (2,510,257)
Public Safety	915,623	130,376	46,210	-	(739,037)	-	(739,037)
Health and Welfare	6,063,504	694,182	5,929,980	-	560,658	-	560,658
Highways and Streets	3,646,126	207,743	4,979,016	717,598	2,258,231	-	2,258,231
Auxiliary Services	146,572	-	103,253	-	(43,319)	-	(43,319)
Culture and Recreation	134,367	-	51,530	55,027	(27,810)	-	(27,810)
Interest Expense	69,569	-	-	-	(69,569)	-	(69,569)
Total Governmental Activities	14,635,766	1,652,980	11,580,629	831,054	(571,103)	-	(571,103)
Business-Type Activities							
Water	146,194	115,005	-	3,095	-	(28,094)	(28,094)
Sanitation	115,353	52,765	-	2,020	-	(60,568)	(60,568)
Total Business-Type Activities	261,547	167,770	-	5,115	-	(88,662)	(88,662)
Total Primary Government	\$ 14,897,313	\$ 1,820,750	\$ 11,580,629	\$ 836,169	(571,103)	(88,662)	(659,765)
General Revenues and Transfers:							
Taxes							
General Property Taxes - Net					2,331,208	-	2,331,208
Sales Taxes					274,197	-	274,197
Other Taxes					208,961	-	208,961
Payment in Lieu of Taxes					1,056	-	1,056
Interest on Investments					529	492	1,021
Miscellaneous					113,628	-	113,628
Transfers					(15,450)	15,450	-
Total General Revenues and Transfers					2,914,129	15,942	2,930,071
Change in Net Position					2,343,026	(72,720)	2,270,306
Net Position - Beginning of Year					18,714,272	1,798,013	20,512,285
Net Position - End of Year					\$ 21,057,298	\$ 1,725,293	\$ 22,782,591

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2019

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Cash Equivalents	\$ 2,367,546	\$ 6,290,833	\$ 181,899	\$ 130,589	\$ 117,549	\$ 9,088,416
Receivables						
Property Taxes Receivable	1,818,885	-	336,248	-	58,889	2,214,022
Accounts Receivable	-	-	-	66,782	-	66,782
Due From Other Funds	-	4,953	-	-	-	4,953
Due From Other Governments	477,944	326,056	79,976	102,310	-	986,286
Prepaid Expenses	104,124	96,676	-	-	-	200,800
Inventory	-	165,848	-	15,444	-	181,292
TOTAL ASSETS	\$ 4,768,499	\$ 6,884,366	\$ 598,123	\$ 315,125	\$ 176,438	\$ 12,742,551
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 202,096	\$ 16,165	\$ -	\$ 18,951	\$ 1,379	\$ 238,591
Due to Other Funds	-	-	-	4,953	-	4,953
Due to Other Governments	-	-	6,428	-	-	6,428
Unearned Revenue - Other	103,023	-	17,191	-	-	120,214
TOTAL LIABILITIES	305,119	16,165	23,619	23,904	1,379	370,186
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenue - Property Tax	1,818,885	-	336,248	-	58,889	2,214,022
FUND BALANCE						
Nonspendable						
Inventory	-	165,848	-	15,444	-	181,292
Prepaid Expenditures	104,124	96,676	-	-	-	200,800
Restricted						
TABOR Amendment Reserve	109,000	158,000	54,000	26,000	-	347,000
Committed						
Capital Projects	-	-	-	-	27,745	27,745
Health and Welfare	-	-	184,256	249,777	-	434,033
Highway and Streets	-	6,447,677	-	-	-	6,447,677
Culture and Recreation	-	-	-	-	88,425	88,425
Assigned						
Designated for Future Use	495,000	-	-	-	-	495,000
Unassigned	1,936,371	-	-	-	-	1,936,371
TOTAL FUND BALANCE	2,644,495	6,868,201	238,256	291,221	116,170	10,158,343
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 4,768,499	\$ 6,884,366	\$ 598,123	\$ 315,125	\$ 176,438	\$ 12,742,551

COSTILLA COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2019

Total governmental fund balances	\$	10,158,343
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		12,957,151
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease Purchase Agreement	\$	(443,000)
Capital Leases Payable		(1,412,715)
Note Payable		(130,344)
Compensated Absences		(72,137)
		<u>(2,058,196)</u>
Net position of governmental activities	\$	<u><u>21,057,298</u></u>

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2019

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	2,364,814	-	381,850	-	67,702	\$ 2,814,366
Intergovernmental Revenue	1,767,455	5,715,955	4,275,511	1,332,038	23,628	13,114,587
Licenses and Permits	31,551	-	-	-	-	31,551
County Ordinances	70,110	-	-	-	-	70,110
Charges for Services	656,461	188,402	-	-	-	844,863
Miscellaneous	86,595	30,854	-	431	885	118,765
TOTAL REVENUES	4,976,986	5,935,211	4,657,361	1,332,469	92,215	16,994,242
EXPENDITURES						
Current Expenditures						
General Government	3,683,164	-	-	-	750	3,683,914
Public Safety	836,940	-	-	-	-	836,940
Health and Welfare	1,000	-	4,604,119	1,331,946	-	5,937,065
Highways and Streets	-	2,718,885	-	-	-	2,718,885
Auxiliary Services	146,572	-	-	-	-	146,572
Culture and Recreation	-	-	-	-	130,436	130,436
Capital Outlay	232,684	1,976,589	-	-	-	2,209,273
Debt Service	60,126	427,638	71,882	-	-	559,646
TOTAL EXPENDITURES	4,960,486	5,123,112	4,676,001	1,331,946	131,186	16,222,731
Excess (deficiency) of revenues over expenditures	16,500	812,099	(18,640)	523	(38,971)	771,511
OTHER FINANCING SOURCES (USES)						
Capital Lease Proceeds	-	341,959	-	-	-	341,959
Sale of Land	-	-	-	-	-	-
Note Proceeds	100,000	-	-	-	-	100,000
Transfers from Other Funds	-	-	-	27,000	-	27,000
Transfers to Other Funds	(42,450)	-	-	-	-	(42,450)
TOTAL OTHER FINANCING SOURCES (USES)	57,550	341,959	-	27,000	-	426,509
Net change in fund balance	74,050	1,154,058	(18,640)	27,523	(38,971)	1,198,020
Fund Balance at Beginning of Year	2,570,445	5,714,143	256,896	263,698	155,141	8,960,323
Fund Balance at End of Year	\$ 2,644,495	\$ 6,868,201	\$ 238,256	\$ 291,221	\$ 116,170	\$ 10,158,343

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds \$ 1,198,020

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity in the capital assets in the current period.

Capital Asset Additions	\$	2,438,831	
Capital Asset Deletions Net of Accumulated Depreciation		(106,510)	
Depreciation Expense		(1,229,252)	
			1,103,069

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the activity in debt in the current period.

Lease Purchase Agreement Payment		47,000	
Capital Lease Proceeds		(341,959)	
Capital Lease Payments/ Decrease in Debt Obligation		396,625	
Note Proceeds		(100,000)	
Note Payments		46,452	
			48,118

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences		(6,181)	
----------------------	--	---------	--

Change in net position of governmental activities	\$	2,343,026	
--	-----------	------------------	--

COSTILLA COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF NET POSITION
December 31, 2019

	WATER AND SANITATION FUND
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 137,969
Accounts Receivable	5,399
Total Current Assets	<u>143,368</u>
Noncurrent Assets	
Capital Assets	
Water and Sewer Plant	4,606,133
Less: Accumulated Depreciation/Depletion	<u>(2,994,162)</u>
Total Noncurrent Assets	<u>1,611,971</u>
TOTAL ASSETS	<u>1,755,339</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	14,728
Accrued Interest Payable	318
Bonds Payable (current portion)	<u>15,000</u>
Total Current Liabilities	<u>30,046</u>
TOTAL LIABILITIES	<u>30,046</u>
NET POSITION	
Net Investment in Capital Assets	1,596,971
Unrestricted	<u>128,322</u>
TOTAL NET POSITION	<u><u>\$ 1,725,293</u></u>

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND NET POSITION
For the Year Ended December 31, 2019

	WATER AND SANITATION FUND
OPERATING REVENUES	
Charges for Services	\$ 167,770
Total Charges for Services	167,770
Total operating revenues	167,770
OPERATING EXPENSES	
Salaries and Benefits	81,485
Supplies	15,032
Utilities	21,864
Professional Services	16,727
Repairs and Maintenance	16,142
Permits and Fees	6,424
Depreciation Expense	101,140
Miscellaneous	1,808
Total operating expenses	260,622
Operating Income (Loss)	(92,852)
NONOPERATING REVENUES (EXPENSES)	
Interest on Deposits	492
Interest Expense	(925)
Total Nonoperating Revenues (Expenses)	(433)
Income (Loss) Before Other Revenue	(93,285)
CAPITAL CONTRIBUTIONS AND TRANSFERS	
Tap Fees	5,115
Transfer In	15,450
Total Capital Contributions and Transfers	20,565
Change in Net Position	(72,720)
Net Position, Beginning of Year	1,798,013
Net Position, End of Year	\$ 1,725,293

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

**WATER AND
SANITATION
FUND**

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Customers	\$ 168,316
Cash Payments to Suppliers for Goods and Services	(64,887)
Cash Payments to Employees for Services	(81,485)

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

21,944

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

-

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	(5,253)
Cash Received from Tap Fees	5,115

NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES

(138)

CASH FLOWS FROM INVESTING ACTIVITIES

Interest on Deposits	492
----------------------	-----

NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES

492

NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

22,298

CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR

115,671

CASH AND CASH EQUIVALENTS AT END OF YEAR

\$ 137,969

**RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED)
BY OPERATING ACTIVITIES**

Operating Income (Loss)	\$ (92,852)
-------------------------	-------------

Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:

Depreciation Expense	101,140
(Increase) Decrease in Accounts Receivable	546
Increase (Decrease) in Accounts Payable	13,110

NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

\$ 21,944

NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES

General Fund paid current year debt payment of \$15,450.

COSTILLA COUNTY, COLORADO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2019

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents	\$ 256,456
TOTAL ASSETS	<u>\$ 256,456</u>
LIABILITIES	
Funds Held for Others	\$ 256,456
TOTAL LIABILITIES	<u>\$ 256,456</u>

The accompanying notes are an integral part of this financial statement.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

Costilla County was created as a quasi-municipal corporation by the legislature in 1913 for the purpose of exercising a part of the political power 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 five other elected officials - assessor, clerk and recorder, coroner, sheriff, and treasurer. The treasurer is also the County Public Trustee. The County provides the following services: public safety (sheriff), highways and streets, health and welfare, water and sanitation system, property tax collection and distribution, land use planning and regulations, culture and recreation, library, and general administrative services.

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 a majority of the funds held; and the funds that are accessible are also significant to the County

Based on the aforementioned criteria, Costilla County has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the County and its component units, if any, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental 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. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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 when all applicable eligibility requirements imposed by the provider are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road and Bridge Fund** is used to account for the maintenance and improvements of streets and highways. The sources of funds include highway user's fees and other revenue sources.
- The **Social Services Fund** is used to account for the operations of social programs; i.e. Temporary Assistance to Needy Families, Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.
- The **Public Health Fund** is used to account for the multiple programs of providing health services. Financing is provided by grants and fees for services.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is dependent upon determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Water and Sanitation Fund are service fees charged to customers. Operating expenses for the Water and Sanitation Fund consist primarily of salaries and operating expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

The Proprietary Fund is 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 year, are accrued.

Fiduciary fund financial statements consist of the Treasurer's Agency Fund established to record transactions relating to assets held by the County as an agent for individuals, governmental entities, and non-public 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 regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash and Cash Equivalents

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable. The 2019 property tax levy due January 1, 2020, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources.

Inventories

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 nonspendable fund balance, which indicates that it does not constitute "available spendable resources" even though they are a component of net current assets.

Inventory in the Public Health Fund consists of USDA Commodities on hand to be issued under the supplemental foods program. The inventory is valued at the most recent USDA prices. Inventory policy on government-wide statements is consistent with the fund statements.

Capital Assets

Capital assets, which include land, construction in progress, buildings, equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items) and water and sewer plant are reported in the applicable governmental and business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	20-30
Equipment	5-15
Infrastructure	20-50

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as an other financing source and debt payments are reported as debt service expenditures.

Compensated Absences

The County's policy allows employees to accumulate unused vacation leave up to 80 hours. However, not all of the County offices adhere to this policy. The Treasurer does not carry over any unused leave. All vacation leave pay is accrued when incurred in the government-wide financial statements. A liability is reported in the governmental funds only if they have matured, for example as a result of employee retirements or resignations.

Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – 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 components of net position.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Fund Balance

Fund balances are reported by classification based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned and unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assigned actions.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Costilla County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff, which shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Formal budgetary integration is employed as a management control device for all funds of the County. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP). The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners adopted supplemental appropriations during 2019. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

Stewardship

Total expenses exceeded budgeted appropriations in the Conservation Trust Fund by \$4,108. This may be a violation of Colorado Revised Statutes 22-44-115(1).

NOTE 3 CASH, DEPOSITS AND INVESTMENTS

A summary of cash, deposits, and investments for the County are as follows:

Cash on hand	\$ 1,210
Cash deposited with banks	9,405,217
Investments	<u>76,414</u>
Total cash, deposits, and investments: (Book Balance)	9,482,841
Less: amounts related to Trust & Agency Funds	<u>(256,456)</u>
Total cash, deposits, and investments on Statement of Net Position	<u><u>\$ 9,226,385</u></u>

Cash and Deposits

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2019, \$9,519,825 was exposed to credit risk. Deposits exposed to credit risk, if any, are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

The County's investment policy and Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investments contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk – Investments

The County's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The policy allows for the investment in local government investment pools.

Interest Rate Risk

Colorado Revised Statutes and the County's investment policy limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

The Colorado Government Liquid Asset Trust (ColoTrust), is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. As of December 31, 2019, the local government investment pools (Colotruster) in which the County had invested were rated AAAm by Standard & Poor's.

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2019, the County had an estimated property tax receivable split between the funds as follows:

General Fund	\$ 1,818,885
Social Services Fund	336,248
Library Fund	58,889
	\$ 2,214,022

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 5 ACCOUNTS RECEIVABLE

At December 31, 2019, the County had accounts receivable as follows:

Public Health Fund (net of allowance for uncollectible accounts of \$0)	\$ 66,782
Water and Sanitation Fund (net of allowance for uncollectible accounts of \$856)	5,399
Total Accounts Receivable, Net	<u><u>\$ 72,181</u></u>

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The County reports interfund balances between many of its funds. The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2019, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Road and Bridge	Public Health Fund	<u><u>\$ 4,953</u></u>

Interfund Transfers

Interfund transfers for the year ended December 31, 2019, were as follows:

Water and Sanitation Fund	General Fund	\$ 15,450
Public Health Fund	General Fund	<u>27,000</u>
		<u><u>\$ 42,450</u></u>

The General Fund transferred \$15,450 to the Water and Sanitation Fund to pay the 2019 debt payment. The General Fund transferred \$27,000 to the Public Health Fund to assist in operating expenses.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 1,062,957	\$ 204,877	\$ -	\$ 1,267,834
Construction in Progress	569,168	1,613,414	2,167,779	14,803
Total capital assets not being depreciated	<u>1,632,125</u>	<u>1,818,291</u>	<u>2,167,779</u>	<u>1,282,637</u>
Capital assets being depreciated				
Buildings	10,075,888	45,975	-	10,121,863
Equipment	7,671,898	645,096	303,600	8,013,394
Infrastructure	3,354,389	2,097,248	-	5,451,637
Total capital assets being depreciated	<u>21,102,175</u>	<u>2,788,319</u>	<u>303,600</u>	<u>23,586,894</u>
Less accumulated depreciation for:				
Buildings	4,502,807	290,034	-	4,792,841
Equipment	5,573,614	710,113	197,090	6,086,637
Infrastructure	803,797	229,105	-	1,032,902
Total accumulated depreciation	<u>10,880,218</u>	<u>1,229,252</u>	<u>197,090</u>	<u>11,912,380</u>
Total capital assets being depreciated, net	<u>10,221,957</u>	<u>1,559,067</u>	<u>106,510</u>	<u>11,674,514</u>
<i>Governmental Activities Capital Assets, net</i>	<u><u>\$ 11,854,082</u></u>	<u><u>\$ 3,377,358</u></u>	<u><u>\$ 2,274,289</u></u>	<u><u>\$ 12,957,151</u></u>
	Balance 12/31/2018	Additions	Deletions	Balance 12/31/2019
<i>Business-type Activities</i>				
Capital assets being depreciated				
Water and Sewer Line equipment	\$ 4,600,880	\$ 5,253	\$ -	\$ 4,606,133
Less: accumulated depreciation	(2,893,022)	(101,140)	-	(2,994,162)
Total capital assets not being depreciated	<u>1,707,858</u>	<u>(95,887)</u>	<u>-</u>	<u>1,611,971</u>
<i>Business-type Activities Capital Assets, net</i>	<u><u>\$ 1,707,858</u></u>	<u><u>\$ (95,887)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,611,971</u></u>

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General Government	\$ 121,653
Public Safety	78,557
Health and Welfare	148,150
Highways and Streets	876,961
Culture and Recreation	3,931
Total depreciation expense - governmental activities	<u>\$ 1,229,252</u>

Business-type activities:

Water	\$ 49,117
Sanitation	52,023
Total depreciation expense - business-type activities	<u>\$ 101,140</u>

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability balances for the year ended December 31, 2019, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<i>Governmental Activities:</i>					
Lease Purchase Agreements	\$ 490,000	\$ -	\$ 47,000	\$ 443,000	\$ 50,000
Capital Leases Payable	1,467,381	341,959	396,625	1,412,715	338,864
Notes Payable	76,796	100,000	46,452	130,344	41,334
Compensated Absences	65,956	6,181	-	72,137	4,686
Total Governmental Activities	<u>\$ 2,100,133</u>	<u>\$ 448,140</u>	<u>\$ 490,077</u>	<u>\$ 2,058,196</u>	<u>\$ 434,884</u>
<i>Business-type Activities:</i>					
Revenue Bonds Payable	\$ 29,000	\$ -	\$ 14,000	\$ 15,000	\$ 15,000
Total Business-type Activities	<u>\$ 29,000</u>	<u>\$ -</u>	<u>\$ 14,000</u>	<u>\$ 15,000</u>	<u>\$ 15,000</u>

GOVERNMENTAL ACTIVITIES

Lease Purchase Agreement

An annually renewable Lease Purchase Agreement, dated June 15, 2007, was entered into between Alpine Bank (the "Bank"), as lessor, and Costilla County, Colorado (the "County"), as lessee. The bank issued \$869,000 at 5.2% interest, to the County for the purchase of the Health and Human Services Complex under construction. The County is leasing the building back via the Lease Purchase Agreement. The County used the proceeds from the sale to construct and equip the Social Services wing of the Costilla County Health and Human Services Complex. The complex is included in fixed assets at a cost of \$2,547,072 with accumulated depreciation of \$1,018,825.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Payments are due to the Bank in semi-annual installments through June 15, 2027. The County can purchase the building back at any time for the purchase option price included in the lease. Principal and interest were paid during 2019 in the amount of \$47,000 and \$24,882 respectively, from the Social Services Fund.

The annual debt service for the Lease Purchase Agreement is as follows:

	Principal	Interest	Total
2020	\$ 50,000	\$ 22,386	\$ 72,386
2021	53,000	19,760	72,760
2022	55,000	16,978	71,978
2023	58,000	14,066	72,066
2024	61,000	11,024	72,024
2025-2027	166,000	13,156	179,156
	<u>\$ 443,000</u>	<u>\$ 97,370</u>	<u>\$ 540,370</u>

Capital Leases Payable

The County is obligated under certain leases accounted for as capital leases. These agreements are backed by the full faith and credit of the County and debt service is provided by the fund purchasing the equipment. The leased assets and related obligations are accounted for in the statement of net position and the statement of activities. The cost of the equipment equaled \$2,722,330 and the related accumulated depreciation equaled \$1,236,430 as of December 31, 2019.

Description	Original Amount	Payment Terms	Payment Amount	Balloon Payment	Interest Rate	Responsible Fund	12/31/2019 Balance
Caterpillar Motor Grader	\$ 224,833	5 Annual	\$ 48,017	\$ 50,000	2.50%	R&B	\$ 49,584
Caterpillar Motor Grader	147,047	5 Annual	27,340	50,000	2.50%	R&B	49,353
John Deere Motor Grader	232,050	6 Annual	42,484	50,000	3.50%	R&B	126,399
Caterpillar Motor Grader	187,800	7 Annual	23,218	73,218	2.70%	R&B	151,014
Caterpillar Motor Grader	161,400	7 Annual	21,915	50,000	2.70%	R&B	125,812
Caterpillar Motor Grader	240,102	7 Annual	36,299	50,000	2.70%	R&B	179,665
Caterpillar Motor Grader	147,900	7 Annual	16,886	50,000	2.70%	R&B	135,007
John Deere Motor Grader	317,816	5 Annual	75,197	50,000	3.50%	R&B	253,922
John Deere Motor Grader	182,322	5 Annual	37,148	50,000	4.25%	R&B	182,322
John Deere Motor Grader	159,637	5 Annual	30,849	50,000	4.25%	R&B	159,637
							<u>\$ 1,412,715</u>

The annual debt service for the Capital Leases Payable is as follows:

	Principal	Interest	Total
2020	\$ 338,864	\$ 46,508	\$ 385,372
2021	248,168	35,828	283,996
2022	264,264	27,250	291,514
2023	197,878	18,438	216,316
2024	298,431	11,695	310,126
2025-2027	65,110	1,758	66,868
	<u>\$ 1,412,715</u>	<u>\$ 141,477</u>	<u>\$ 1,554,192</u>

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Notes Payable

On April 15, 2015 the County entered into a \$117,265 government obligation contract with Kansas State Bank, payable in annual installments of \$25,000 beginning on April 15, 2016, at 2.5% interest for the purchase of three police vehicles. Final payment is due April 15, 2019. Principal and interest payments are paid from the General Fund. The principal balance at December 31, 2019 was \$0. These capital assets are recorded in the fixed assets of the government-wide financial statements at \$117,265 less accumulated depreciation of \$117,265.

On November 17, 2016 the County entered into a \$65,000 government obligation contract with Kansas State Bank, payable in annual installments of \$17,477 beginning on February 5, 2017, at 4.75% interest for the purchase of report management system software. Final payment is due February 15, 2020. Principal and interest payments are paid from the General Fund. The principal balance at December 31, 2019 was \$16,684. This capital asset is recorded in the fixed assets of the government-wide financial statements at \$65,000 less accumulated depreciation of \$39,000.

On January 20, 2018 the County entered into a \$27,355 government obligation contract with Kansas State Bank, payable in annual installments of \$7,372 beginning on January 20, 2018, at 5.13% interest for the purchase of a Chrysler Pacifica. Final payment is due January 20, 2021. Principal and interest payments are paid from the General Fund. The principal balance at December 31, 2019 was \$13,660. This capital asset is recorded in the fixed assets of the government-wide financial statements at \$27,355 less accumulated depreciation of \$10,942.

On February 25, 2019 the County entered into a \$100,000 government obligation contract with Kansas State Bank, payable in annual installments of \$23,281 beginning on February 25, 2020, at 5.219% interest for the purchase of a three patrol vehicles. Final payment is due February 25, 2024. Principal and interest payments are paid from the General Fund. The principal balance at December 31, 2019 was \$100,000. This capital asset is recorded in the fixed assets of the government-wide financial statements at \$125,000 less accumulated depreciation of \$25,000.

	Principal	Interest	Total
2020	\$ 41,334	\$ 6,797	\$ 48,131
2021	25,950	4,703	30,653
2022	19,947	3,334	23,281
2023	21,002	2,279	23,281
2024	22,111	1,169	23,280
	\$ 130,344	\$ 18,282	\$ 148,626

BUSINESS-TYPE ACTIVITIES

Revenue Bonds Payable

\$260,300 in water and sewer revenue bonds were issued in 1979 to help pay for construction of the system. The bonds carry a 5% coupon. Principal and interest payments are due annually on April 1, and are paid from the Water and Sanitation Fund directly to the Farmers Home Administration. Final payment is due in 2020.

The annual debt service for the Enterprise Fund is as follows:

	Principal	Interest	Total
2020	\$ 15,000	\$ 750	\$ 15,750

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 9 OPERATING LEASES

The County is committed under various leases for heavy equipment and office equipment. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$138,874.

NOTE 10 RETIREMENT

Pension Plans

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

Employees are eligible after completing twelve months of service with Costilla County, and participation is mandatory. Employee contributions are always 100% vested, and the employer match follows a five-year vesting schedule of 20% per year after the first year of participation. Employees are fully vested after a five-year participation period. Elected officials are 100% vested immediately upon participation.

The County must contribute 4% of the compensation of each participant. Each participant contributes a minimum amount equal to the County's contribution, and is permitted to make additional contributions not to exceed 10% of their compensation. For the year ended December 31, 2019, employee contributions totaled \$126,451 and the County recognized pension expense of \$126,451. The County recognized \$7,997 of forfeitures in retirement expense during 2019.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The Plan may be amended by resolution of the Board of County Commissioners but it may not be amended beyond the limits established by state statute.

Deferred Compensation Plan

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f), administered by Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan).

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

NOTE 11 TABOR AMENDMENT RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. In November 1997, the voters of Costilla County passed a ballot issue which stated that the County shall "be permitted to collect, retain, and expend the full proceeds of the County taxes, grants, fees and other revenues, and other funds

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

collected, notwithstanding Article X, Section 20 of the Colorado Constitution from the date of January 1, 1996, provided that no local tax rate or mill levy shall be increased without further voter approval.”

The amendment also requires that Emergency Reserves be established. These reserves must be at least three percent of fiscal year spending. The Emergency Reserve has been presented as a restricted net position/fund balance in the financial statements. The County is not allowed to use the Emergency Reserve to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 12 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.

At December 31, 2019, CAPP had assets of \$22,027,018, liabilities of \$9,576,725 (including \$8,115,641 reserved for losses and claims), and members' equity of \$12,450,293. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2019, amounted to \$7,781,626 and total expenses were \$7,473,308, resulting in net income before return of surplus of \$308,318.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

NOTE 13 SEGMENT INFORMATION FOR ENTERPRISE FUND

Because water and sanitation services are provided for in one fund, several items cannot be allocated between each segment. Therefore, a condensed statement of cash flows, as well as some line items have been omitted in the segment information. The following is a summary of operating income and expense information on the various segments of the Water and Sanitation Fund. All services are provided from a single enterprise fund.

	Water	Sanitation	Total
Charges for Services	\$ 115,005	\$ 52,765	\$ 167,770
Total Operating Revenue	<u>115,005</u>	<u>52,765</u>	<u>167,770</u>
Operating Expenses	96,614	62,868	159,482
Depreciation Expenses	49,117	52,023	101,140
Total Operating Expenses	<u>145,731</u>	<u>114,891</u>	<u>260,622</u>
OPERATING INCOME (LOSS)	(30,726)	(62,126)	(92,852)
Nonoperating Revenues (Expenses)			
Transfer In-General Fund	7,725	7,725	15,450
Interest Income	246	246	492
Interest Expense	(463)	(462)	(925)
Total Nonoperating Revenues (Expenses)	<u>7,508</u>	<u>7,509</u>	<u>15,017</u>
Capital Contributions (Water and Sewer Taps)	<u>3,095</u>	<u>2,020</u>	<u>5,115</u>
Change in Net Position	(20,123)	(52,597)	(72,720)
BEGINNING NET POSITON			1,798,013
ENDING NET POSITION			<u><u>\$ 1,725,293</u></u>
Current Assets			\$ 143,368
Capital Assets (net of accumulated depreciation of \$2,994,162)	728,402	883,569	1,611,971
TOTAL ASSETS			<u><u>1,755,339</u></u>
Current Liabilities	7,523	7,523	15,046
Long-Term Liabilities	7,500	7,500	15,000
TOTAL LIABILITIES			<u><u>30,046</u></u>
Net Investment in Capital Assets			1,596,971
Net Working Capital			128,322
TOTAL EQUITY			<u><u>\$ 1,725,293</u></u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grants

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 amount 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.

COSTILLA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2019

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP). CAPP has 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 has 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 is not presently determinable.

Litigation

The County is currently the defendant in several lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements; accordingly, no provision for losses has been recorded.

Construction Projects

The County is in the process of completing a paving project. The estimated completion date for this project is in 2021. Total project costs to date are approximately \$511,000 with total estimated project costs of \$1,500,000.

NOTE 15 SUBSEQUENT EVENT

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity throughout the County could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The County has been awarded for \$531,000 of Coronavirus Aid, Relief, and Economic Security (CARES) Act funding to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as the potential impact is unknown at this time.

COSTILLA COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

COSTILLA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Taxes	\$ 2,204,226	\$ 2,204,226	\$ 2,364,814	\$ 160,588
Intergovernmental Revenue	1,001,638	1,761,702	1,767,455	5,753
Licenses and Permits	52,000	52,000	31,551	(20,449)
County Ordinance	15,250	15,250	70,110	54,860
Charges for Services	525,216	525,216	656,461	131,245
Miscellaneous	56,229	56,229	86,595	30,366
TOTAL REVENUES	3,854,559	4,614,623	4,976,986	362,363
EXPENDITURES				
General Government	2,641,641	3,469,512	3,683,164	(213,652)
Public Safety	995,567	995,567	836,940	158,627
Health and Welfare	1,000	1,000	1,000	-
Auxiliary Services	154,358	154,358	146,572	7,786
Capital Outlay	399,065	399,065	232,684	166,381
Debt Service	-	-	60,126	(60,126)
TOTAL EXPENDITURES	4,191,631	5,019,502	4,960,486	59,016
Excess (deficiency) of revenues over expenditures	(337,072)	(404,879)	16,500	421,379
OTHER FINANCING SOURCES (USES)				
Sale of Land	-	-	-	-
Note Proceeds	-	-	100,000	100,000
Transfers In	-	-	-	-
Transfers Out	-	-	(42,450)	(42,450)
TOTAL OTHER FINANCING SOURCES (USES)	-	-	57,550	57,550
Net change in fund balance	(337,072)	(404,879)	74,050	478,929
Fund Balance at beginning of year	2,070,110	2,070,110	2,570,445	500,335
Fund Balance at end of year	\$ 1,733,038	\$ 1,665,231	\$ 2,644,495	\$ 979,264

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

COSTILLA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenue	\$ 4,706,540	\$ 5,246,251	\$ 5,715,955	\$ 469,704
Charges for Services	188,402	188,402	188,402	-
Miscellaneous	14,650	14,650	30,854	16,204
TOTAL REVENUES	4,909,592	5,449,303	5,935,211	485,908
EXPENDITURES				
Highways and Streets	4,169,315	4,666,615	2,718,885	1,947,730
Capital Outlay	592,977	766,657	1,976,589	(1,209,932)
Debt Service	497,300	497,300	427,638	69,662
TOTAL EXPENDITURES	5,259,592	5,930,572	5,123,112	807,460
Excess (deficiency) of revenues over expenditures	(350,000)	(481,269)	812,099	1,293,368
OTHER FINANCING SOURCES (USES)				
Capital Lease Proceeds	350,000	350,000	341,959	(8,041)
TOTAL OTHER FINANCING SOURCES (USES)	350,000	350,000	341,959	(8,041)
Net change in fund balance	-	(131,269)	1,154,058	1,285,327
Fund Balance at beginning of year	5,219,997	5,219,997	5,714,143	494,146
Fund Balance at end of year	\$ 5,219,997	\$ 5,088,728	\$ 6,868,201	\$ 1,779,473

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

COSTILLA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 282,104	\$ 282,104	\$ 381,850	\$ 99,746
Intergovernmental Revenue	4,961,947	4,961,947	4,275,511	(686,436)
TOTAL REVENUES	<u>5,244,051</u>	<u>5,244,051</u>	<u>4,657,361</u>	<u>(586,690)</u>
EXPENDITURES				
Health and Welfare	5,157,424	5,157,424	4,604,119	553,305
Debt Service	75,000	75,000	71,882	3,118
TOTAL EXPENDITURES	<u>5,232,424</u>	<u>5,232,424</u>	<u>4,676,001</u>	<u>556,423</u>
Excess (deficiency) of revenues over expenditures	11,627	11,627	(18,640)	(30,267)
Fund Balance at beginning of year	<u>366,033</u>	<u>366,033</u>	<u>256,896</u>	<u>(109,137)</u>
Fund Balance at end of year	<u><u>\$ 377,660</u></u>	<u><u>\$ 377,660</u></u>	<u><u>\$ 238,256</u></u>	<u><u>\$ (139,404)</u></u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

COSTILLA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUBLIC HEALTH FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Intergovernmental Revenue	\$ 1,482,297	\$ 1,482,297	\$ 1,332,038	\$ (150,259)
Interest on Deposits	700	700	431	(269)
TOTAL REVENUES	1,482,997	1,482,997	1,332,469	(150,528)
EXPENDITURES				
Health and Welfare	1,657,452	1,657,452	1,331,946	325,506
TOTAL EXPENDITURES	1,657,452	1,657,452	1,331,946	325,506
Excess (deficiency) of revenues over expenditures	(174,455)	(174,455)	523	174,978
OTHER FINANCING SOURCES (USES)				
Transfer from Other Funds	-	-	27,000	27,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	27,000	27,000
Net change in fund balance	(174,455)	(174,455)	27,523	201,978
Fund Balance at beginning of year	336,643	336,643	263,698	(72,945)
Fund Balance at end of year	\$ 162,188	\$ 162,188	\$ 291,221	\$ 102,033

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

COSTILLA COUNTY, COLORADO

SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the County. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

COSTILLA COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

Library Fund – This fund is used to account for property tax revenues of the library district. These funds are used for the operation of the library.

Conservation Trust Fund – This fund is used to account for the County share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks and other public recreational facilities.

CAPITAL PROJECTS FUNDS

Capital Projects Fund – Capital project funds are used to account for and report on financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

COSTILLA COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2019

	NONMAJOR SPECIAL REVENUE FUNDS			TOTAL NONMAJOR GOVERNMENTAL
	LIBRARY FUND	CONSERVATION TRUST FUND	CAPITAL PROJECTS FUND	
ASSETS				
Cash and Cash Equivalents	\$ 41,121	\$ 48,683	\$ 27,745	\$ 117,549
Property Taxes Receivable	58,889	-	-	58,889
TOTAL ASSETS	<u>\$ 100,010</u>	<u>\$ 48,683</u>	<u>\$ 27,745</u>	<u>\$ 176,438</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 1,379	\$ -	\$ -	\$ 1,379
TOTAL LIABILITIES	<u>1,379</u>	<u>-</u>	<u>-</u>	<u>1,379</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	58,889	-	-	58,889
FUND BALANCE				
Committed				
Capital Projects	-	-	27,745	27,745
Culture and Recreation	39,742	48,683	-	88,425
TOTAL FUND BALANCE	<u>39,742</u>	<u>48,683</u>	<u>27,745</u>	<u>116,170</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 100,010</u>	<u>\$ 48,683</u>	<u>\$ 27,745</u>	<u>\$ 176,438</u>

COSTILLA COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2019

	NONMAJOR SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
	LIBRARY FUND	CONSERVATION TRUST FUND		
REVENUES				
Taxes	\$ 67,702	\$ -	\$ -	\$ 67,702
Intergovernmental Revenue	-	23,628	-	23,628
Miscellaneous	787	98	-	885
TOTAL REVENUES	68,489	23,726	-	92,215
EXPENDITURES				
Current Expenditures				
General Government	-	-	750	750
Culture and Recreation	83,450	46,986	-	130,436
TOTAL EXPENDITURES	83,450	46,986	750	131,186
Excess (deficiency) of revenues over expenditures	(14,961)	(23,260)	(750)	(38,971)
Fund Balance at beginning of year	54,703	71,943	28,495	155,141
Fund Balance at end of year	\$ 39,742	\$ 48,683	\$ 27,745	\$ 116,170

COSTILLA COUNTY, COLORADO
SCHEDULE OF EXPENDITURES/EXPENSES AND TRANSFERS OUT
BUDGET AND ACTUAL
ALL NON-MAJOR GOVERNMENTAL FUNDS,
AND MAJOR PROPRIETARY FUND
For the Year Ended December 31, 2019

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON	ADJUSTMENTS TO BUDGETARY	EXPENDITURES ON THE	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL	THE GAAP BASIS	BASIS	BUDGETARY BASIS	POSITIVE (NEGATIVE)
Governmental Funds						
Non-major Governmental Funds						
Special Revenue Funds						
Library Fund	\$ 100,265	\$ 100,265	\$ 83,450	\$ -	\$ 83,450	\$ 16,815
Conservation Trust Fund	42,878	42,878	46,986	-	46,986	(4,108)
Total Special Revenue Funds	143,143	143,143	130,436	-	130,436	12,707
Capital Projects Funds						
Capital Projects Fund	28,495	28,495	750	-	750	27,745
Total Capital Projects Funds	28,495	28,495	750	-	750	27,745
Total Non-major Governmental Funds	<u>\$ 171,638</u>	<u>\$ 171,638</u>	<u>\$ 131,186</u>	<u>\$ -</u>	<u>\$ 131,186</u>	<u>\$ 40,452</u>
Proprietary Fund						
Major Proprietary Fund						
Water and Sanitation Fund	\$ 219,277	\$ 219,277	\$ 261,547	\$ (87,140)	\$ 174,407	\$ 44,870
Total Major Proprietary Fund	<u>\$ 219,277</u>	<u>\$ 219,277</u>	<u>\$ 261,547</u>	<u>\$ (87,140)</u>	<u>\$ 174,407</u>	<u>\$ 44,870</u>

Adjustments to budgetary basis include principal reductions on long-term debt, costs of capitalized assets, and depreciation expense.

COSTILLA COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

COSTILLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster			
Department of Health and Human Services			
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ 54,838
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	15,963
<i>Total Department of Health and Human Services</i>			<u>70,801</u>
Total CCDF Cluster			<u>70,801</u>
Food Distribution Cluster			
Department of Agriculture			
Commodity Supplemental Food Program	10.565	Colorado Department of Human Services,N/A	130,353
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	76,065
<i>Total Department of Agriculture</i>			<u>206,418</u>
Total Food Distribution Cluster			<u>206,418</u>
TANF Cluster			
Department of Health and Human Services			
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	327,108
<i>Total Department of Health and Human Services</i>			<u>327,108</u>
Total TANF Cluster			<u>327,108</u>
Medicaid Cluster			
Department of Health and Human Services			
Medical Assistance Program	93.778	Colorado Department of Health Care Policy & Financing,N/A	143,670
Medical Assistance Program	93.778	Colorado Department of Health Care Policy & Financing and Conejos County,OLTC	106,330
<i>Total Department of Health and Human Services</i>			<u>250,000</u>
Total Medicaid Cluster			<u>250,000</u>
SNAP Cluster			
Department of Agriculture			
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	513
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	58,620
<i>Total Department of Agriculture</i>			<u>59,133</u>
Total SNAP Cluster			<u>59,133</u>
Forest Service Schools and Roads Cluster			
Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury	243
<i>Total Department of Agriculture</i>			<u>243</u>
Total Forest Service Schools and Roads Cluster			<u>243</u>
Total All Clusters			<u>913,703</u>

COSTILLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Other Programs			
United States Department of Homeland Security			
Emergency Management Performance Grants	97.042	Colorado Department of Local Affairs,N/A	32,323
<i>Total United States Department of Homeland Security</i>			<u>32,323</u>
United States Department of Agriculture			
Community Forest and Open Space Conservation Program (CFP)	10.689		55,027
Emergency Watershed Protection Program	10.923		895,481
<i>Total United States Department of Agriculture</i>			<u>950,508</u>
United States Department of the Interior			
Partners for Fish and Wildlife	15.631		7,377
<i>Total United States Department of the Interior</i>			<u>7,377</u>
United States Department of Health and Human Services			
		Colorado Department of Public Health and	
Public Health Emergency Preparedness	93.069	Environment,HW19CJ/HW20CJ	12,960
Guardianship Assistance	93.090	Colorado Department of Human Services,N/A	864
		Colorado Department of Public Health and Environment,JG20CH	766
Immunization Cooperative Agreements	93.268		
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	Colorado Department of Public Health and Environment, N/A	372
PPHF Capacity Building Assistance to Strengthen Public Health Immunization Infrastructure and Performance	93.539	Colorado Department of Public Health and Environment, JG17CH/JG18CH	6,302
Child Support Enforcement	93.563	Colorado Department of Human Services,N/A	87,009
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	344,573
Community Services Block Grant	93.569	Colorado Department of Local Affairs and SLV Community Action Agency,N/A	24,772
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	7,301
Foster Care_Title IV-E	93.658	Colorado Department of Human Services,N/A	212,671

COSTILLA COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	12,227
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	18,207
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Colorado Department of Human Services,N/A	103,262
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment,ND19FL/ND20FL	<u>5,122</u>
<i>Total United States Department of Health and Human Services</i>			836,408
United States Department of Housing and Urban Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Colorado Department of Local Affairs,N/A	<u>863,048</u>
<i>Total United States Department of Housing and Urban Development</i>			863,048
<i>Total Other Programs</i>			<u>2,689,664</u>
<i>Total Expenditures of Federal Awards</i>			<u><u>\$ 3,603,367</u></u>

COSTILLA COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2019

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Costilla County, Colorado under programs of the federal government for the year ended December 31, 2019. The information in this Schedule 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Costilla County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Costilla County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on 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. Pass-through identifying numbers are presented where available. The County did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2019. In addition, the County did not pass-through federal funds to subrecipients.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

**INDEPENDENT AUDITORS' 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**



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Costilla County, Colorado
San Luis, Colorado

We have audited, in accordance with the 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, the business-type activities, each major fund, and the aggregate remaining fund information of Costilla County, Colorado (the County), as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 28, 2020.

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 (internal control) 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, 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.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 28, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Costilla County, Colorado
San Luis, Colorado

Report on Compliance for Each Major Federal Program

We have audited Costilla County, Colorado's (the County) compliance with the types of compliance requirements described 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, 2019. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Programs

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 its major federal program for the year ended December 31, 2019.

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 28, 2020

COSTILLA COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported
- Noncompliance material to financial statements noted? _____yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____yes X no
- Significant deficiency(ies) identified that are **not** considered to be material weakness(es)? _____yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?

_____yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.923	Emergency Watershed Protection Program
14.228	Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as a low-risk auditee?

_____yes X no

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None

COSTILLA COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

Section II – Financial Statement Findings

Finding 2018-001: Internal Control Over Financial Reporting

Type of finding: Internal Control (material weakness) and Compliance (material noncompliance)

Condition: The County does not have a complete system of internal control to prevent and detect financial misstatements.

Status: Implemented

Section III – Federal Award Findings and Questioned Costs

Finding 2018-002: TANF Cluster, CFDA No. 93.558
U.S. Department of Health and Human Services
(Repeat of Finding 2017-001, 2016-002, 2015-001)

Passed through Colorado Department of Human Services

Compliance Requirement: Eligibility and Special Tests and Provisions

Grant No.: Not applicable

Type of finding: Internal Control (significant deficiency) and Compliance (noncompliance)

Condition: The County Department is not maintaining complete and accurate case files or obtaining information in a timely manner for TANF program clients. Three of the fifteen cases reviewed were missing required information.

Status: Implemented

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		Costilla County
		YEAR ENDING : December 2019
This Information From The Records Of (example - City of _ or County of _): Costilla County	Prepared By: Phone:	Julie Albert (719) 672-3372

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	0
4. Miscellaneous local receipts (from page 2)	269,013
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	341,959
d. Total (a. + b. + c.)	341,959
7. Total (1 through 6)	610,972
B. Private Contributions	
C. Receipts from State government (from page 2)	5,181,357
D. Receipts from Federal Government (from page 2)	484,841
E. Total receipts (A.7 + B + C + D)	6,277,170

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,649,932
2. Maintenance:	2,809,982
3. Road and street services:	
a. Traffic control operations	8,237
b. Snow and ice removal	56,828
c. Other	
d. Total (a. through c.)	65,065
4. General administration & miscellaneous	170,495
5. Highway law enforcement and safety	
6. Total (1 through 5)	4,695,474
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	40,782
b. Redemption	386,856
c. Total (a. + b.)	427,638
3. Total (1.c + 2.c)	427,638
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	5,123,112

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	1,457,612	341,959	386,856	1,412,715

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,714,143	6,277,170	5,123,112	6,868,201	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	30,611
6. Total (1. through 5.)	0	h. Other	238,402
c. Total (a. + b.)	0	i. Total (a. through h.)	269,013
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	4,938,895	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	243
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	19,341	d. Federal Transit Admin	
d. Other (Specify) - Fire Mitigation	32,514	e. U.S. Corps of Engineers	
e. Other (Specify)-DOLAetc	190,607	f. Other Federal	484,598
f. Total (a. through e.)	242,462	g. Total (a. through f.)	484,841
4. Total (1. + 2. + 3.f)	5,181,357	3. Total (1. + 2.g)	
		(Carry forward to page 1)	
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		13,153	13,153
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		0	0
(3). System Preservation		1,578,302	1,578,302
(4). System Enhancement & Operation		58,477	58,477
(5). Total Construction (1) + (2) + (3) + (4)	0	1,636,779	1,636,779
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,649,932	1,649,932
		(Carry forward to page 1)	
Notes and Comments:			