

**COSTILLA COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2021**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**COSTILLA COUNTY, COLORADO**  
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**December 31, 2021**

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# INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

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

## Report on the Audit of the Financial Statements

### *Opinions*

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, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and

**Certified Public Accountants**

*Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

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 is the responsibility of management and, 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.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial schedules themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial statements and 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 August 30, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

August 30, 2022

**COSTILLA COUNTY, COLORADO**

**BASIC FINANCIAL STATEMENTS**

# COSTILLA COUNTY, COLORADO

## STATEMENT OF NET POSITION

December 31, 2021

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and Cash Equivalents	\$ 8,256,346	\$ 162,381	\$ 8,418,727
Property Taxes Receivable	2,184,678	-	2,184,678
Accounts Receivable	76,451	5,399	81,850
Due from Other Governments	652,547	-	652,547
Prepaid Expenses	-	-	-
Inventory	196,323	-	196,323
<b>Total Current Assets</b>	<b>11,366,345</b>	<b>167,780</b>	<b>11,534,125</b>
<b>Noncurrent Assets</b>			
<b>Capital Assets</b>			
Land and Land Improvements	1,747,190	-	1,747,190
Construction in Progress	40,000	-	40,000
Buildings	10,121,863	-	10,121,863
Equipment	8,950,281	-	8,950,281
Infrastructure	6,859,262	-	6,859,262
Water and Sewer Plant	-	4,606,133	4,606,133
Less: Accumulated Depreciation/Depletion	(14,090,461)	(3,196,442)	(17,286,903)
<b>Total Noncurrent Assets</b>	<b>13,628,135</b>	<b>1,409,691</b>	<b>15,037,826</b>
<b>TOTAL ASSETS</b>	<b>24,994,480</b>	<b>1,577,471</b>	<b>26,571,951</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Accounts Payable	103,710	14,439	118,149
Due to Other Governments	1,143	-	1,143
Unearned Revenue - Other	429,406	-	429,406
Lease Purchase Agreement	55,000	-	55,000
Notes Payable	19,947	-	19,947
Compensated Absences	6,752	-	6,752
<b>Total Current Liabilities</b>	<b>615,958</b>	<b>14,439</b>	<b>630,397</b>
<b>Noncurrent Liabilities</b>			
Lease Purchase Agreement	285,000	-	285,000
Notes Payable	43,113	-	43,113
Compensated Absences	60,299	-	60,299
<b>Total Noncurrent Liabilities</b>	<b>388,412</b>	<b>-</b>	<b>388,412</b>
<b>TOTAL LIABILITIES</b>	<b>1,004,370</b>	<b>14,439</b>	<b>1,018,809</b>
<b>DEFERRED INFLOWS OF RESOURCES - CURRENT</b>			
Unavailable Revenue - Property Tax	2,184,678	-	2,184,678
<b>NET POSITION</b>			
Net Investment in Capital Assets	13,225,075	1,409,691	14,634,766
Restricted for TABOR	339,000	-	339,000
Unrestricted	8,241,357	153,341	8,394,698
<b>TOTAL NET POSITION</b>	<b>\$ 21,805,432</b>	<b>\$ 1,563,032</b>	<b>\$ 23,368,464</b>

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

**COSTILLA COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2021**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
<b>Primary Government:</b>							
<b>Governmental Activities:</b>							
General Government	\$ 2,657,852	\$ 920,395	\$ 99,012	\$ 40,000	\$ (1,598,445)	\$ -	\$ (1,598,445)
Public Safety	1,146,028	135,248	71,668	-	(939,112)	-	(939,112)
Health and Welfare	8,680,261	387,902	7,877,337	-	(415,022)	-	(415,022)
Highways and Streets	3,750,737	18,858	4,313,531	-	581,652	-	581,652
Auxiliary Services	147,524	-	28,358	-	(119,166)	-	(119,166)
Culture and Recreation	95,161	-	47,438	-	(47,723)	-	(47,723)
Interest Expense	34,265	-	-	-	(34,265)	-	(34,265)
<b>Total Governmental Activities</b>	<b>16,511,828</b>	<b>1,462,403</b>	<b>12,437,344</b>	<b>40,000</b>	<b>(2,572,081)</b>	<b>-</b>	<b>(2,572,081)</b>
<b>Business-Type Activities</b>							
Water	165,645	122,862	-	5,400	-	(37,383)	(37,383)
Sanitation	112,042	49,531	-	-	-	(62,511)	(62,511)
<b>Total Business-Type Activities</b>	<b>277,687</b>	<b>172,393</b>	<b>-</b>	<b>5,400</b>	<b>-</b>	<b>(99,894)</b>	<b>(99,894)</b>
<b>Total Primary Government</b>	<b>\$ 16,789,515</b>	<b>\$ 1,634,796</b>	<b>\$ 12,437,344</b>	<b>\$ 45,400</b>	<b>(2,572,081)</b>	<b>(99,894)</b>	<b>(2,671,975)</b>
<b>General Revenues and Transfers:</b>							
Taxes							
					2,415,339	-	2,415,339
					383,924	-	383,924
					192,156	-	192,156
					1,255	-	1,255
					71	-	71
					89,043	-	89,043
					-	-	-
<b>Total General Revenues and Transfers</b>					<b>3,081,788</b>	<b>-</b>	<b>3,081,788</b>
					509,707	(99,894)	409,813
<b>Net Position - Beginning of Year</b>					<b>21,295,725</b>	<b>1,662,926</b>	<b>22,958,651</b>
<b>Net Position - End of Year</b>					<b>\$ 21,805,432</b>	<b>\$ 1,563,032</b>	<b>\$ 23,368,464</b>

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

**COSTILLA COUNTY, COLORADO**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**December 31, 2021**

	<b>GENERAL FUND</b>	<b>ROAD AND BRIDGE FUND</b>	<b>SOCIAL SERVICES FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 3,295,747	\$ 4,404,944	\$ 283,637	\$ 272,018	\$ 8,256,346
Receivables					
Property Taxes Receivable	1,790,467	-	336,248	57,963	2,184,678
Accounts Receivable	14,715	-	18	61,718	76,451
Due From Other Governments	104,430	342,689	68,417	137,011	652,547
Prepaid Expenses	-	-	-	-	-
Inventory	-	177,116	-	19,207	196,323
<b>TOTAL ASSETS</b>	<b>\$ 5,205,359</b>	<b>\$ 4,924,749</b>	<b>\$ 688,320</b>	<b>\$ 547,917</b>	<b>\$ 11,366,345</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 37,570	\$ 41,929	\$ -	\$ 24,211	\$ 103,710
Due to Other Governments	-	-	1,143	-	1,143
Due to Other Funds	-	-	-	-	-
Unearned Revenue - Other	393,514	-	30,892	5,000	429,406
<b>TOTAL LIABILITIES</b>	<b>431,084</b>	<b>41,929</b>	<b>32,035</b>	<b>29,211</b>	<b>534,259</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Tax	1,790,467	-	336,248	57,963	2,184,678
<b>FUND BALANCE</b>					
Nonspendable					
Inventory	-	177,116	-	19,207	196,323
Restricted					
TABOR Amendment Reserve	115,000	131,000	63,000	30,000	339,000
Committed					
Capital Projects	-	-	-	27,745	27,745
Health and Welfare	-	-	257,037	293,029	550,066
Highway and Streets	-	4,574,704	-	-	4,574,704
Culture and Recreation	-	-	-	90,762	90,762
Assigned					
Designated for Future Use	420,000	-	-	-	420,000
Unassigned	2,448,808	-	-	-	2,448,808
<b>TOTAL FUND BALANCE</b>	<b>2,983,808</b>	<b>4,882,820</b>	<b>320,037</b>	<b>460,743</b>	<b>8,647,408</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b>\$ 5,205,359</b>	<b>\$ 4,924,749</b>	<b>\$ 688,320</b>	<b>\$ 547,917</b>	<b>\$ 11,366,345</b>

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

**COSTILLA COUNTY, COLORADO**  
**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2021**

<b>Total governmental fund balances</b>	\$	8,647,408
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.		13,628,135
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Lease Purchase Agreement	\$ (340,000)	
Note Payable	(63,060)	
Compensated Absences	(67,051)	
		(470,111)
<b>Net position of governmental activities</b>	\$	<b>21,805,432</b>

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, 2021**

	<b>GENERAL FUND</b>	<b>ROAD AND BRIDGE FUND</b>	<b>SOCIAL SERVICES FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>REVENUES</b>					
Taxes	\$ 2,539,905	\$ -	\$ 383,463	\$ 68,051	\$ 2,991,419
Intergovernmental Revenue	419,662	4,332,389	6,805,468	901,453	12,458,972
Licenses and Permits	20,763	-	-	-	20,763
County Ordinances	73,657	-	-	-	73,657
Charges for Services	900,177	-	-	387,902	1,288,079
Miscellaneous	123,117	38,385	-	27,143	188,645
<b>TOTAL REVENUES</b>	<b>4,077,281</b>	<b>4,370,774</b>	<b>7,188,931</b>	<b>1,384,549</b>	<b>17,021,535</b>
<b>EXPENDITURES</b>					
Current Expenditures					
General Government	2,543,528	-	-	-	2,543,528
Public Safety	1,093,604	-	-	-	1,093,604
Health and Welfare	1,000	-	7,096,293	1,397,833	8,495,126
Highways and Streets	-	2,654,607	-	-	2,654,607
Auxiliary Services	147,524	-	-	-	147,524
Culture and Recreation	-	-	-	91,230	91,230
Capital Outlay	72,973	890,351	-	55,531	1,018,855
Debt Service	30,653	1,109,451	72,760	-	1,212,864
<b>TOTAL EXPENDITURES</b>	<b>3,889,282</b>	<b>4,654,409</b>	<b>7,169,053</b>	<b>1,544,594</b>	<b>17,257,338</b>
Excess (deficiency) of revenues over expenditures	187,999	(283,635)	19,878	(160,045)	(235,803)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	17,108	-	-	23,019	40,127
Transfers to Other Funds	-	(40,127)	-	-	(40,127)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>17,108</b>	<b>(40,127)</b>	<b>-</b>	<b>23,019</b>	<b>-</b>
Net change in fund balance	205,107	(323,762)	19,878	(137,026)	(235,803)
<b>Fund Balance at Beginning of Year</b>	<b>2,778,701</b>	<b>5,206,582</b>	<b>300,159</b>	<b>597,769</b>	<b>8,883,211</b>
<b>Fund Balance at End of Year</b>	<b>\$ 2,983,808</b>	<b>\$ 4,882,820</b>	<b>\$ 320,037</b>	<b>\$ 460,743</b>	<b>\$ 8,647,408</b>

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, 2021**

**Net change in fund balances - total governmental funds** \$ (235,803)

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	\$	1,134,927	
Capital Asset Deletions Net of Accumulated Depreciation		(134,307)	
Depreciation Expense		<u>(1,433,709)</u>	(433,089)

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		53,000	
Capital Lease Payments/ Decrease in Debt Obligation		1,073,645	
Note Payments		<u>25,950</u>	1,152,595

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		<u>26,004</u>	
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**Change in net position of governmental activities** \$ 509,707

**COSTILLA COUNTY, COLORADO**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION**  
**December 31, 2021**

	<b>WATER AND SANITATION FUND</b>
<b>ASSETS</b>	
<b>Current Assets</b>	
Cash and Cash Equivalents	\$ 162,381
Accounts Receivable	5,399
<b>Total Current Assets</b>	167,780
<b>Noncurrent Assets</b>	
Capital Assets	
Water and Sewer Plant	4,606,133
Less: Accumulated Depreciation/Depletion	(3,196,442)
<b>Total Noncurrent Assets</b>	1,409,691
<b>TOTAL ASSETS</b>	1,577,471
<b>LIABILITIES</b>	
<b>Current Liabilities</b>	
Accounts Payable	14,439
<b>Total Current Liabilities</b>	14,439
<b>TOTAL LIABILITIES</b>	14,439
<b>NET POSITION</b>	
Net Investment in Capital Assets	1,409,691
Unrestricted	153,341
<b>TOTAL NET POSITION</b>	\$ 1,563,032

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, 2021**

	<b>WATER AND SANITATION FUND</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 172,393
Total Charges for Services	<u>172,393</u>
<b>Total operating revenues</b>	<u>172,393</u>
<b>OPERATING EXPENSES</b>	
Salaries and Benefits	84,353
Supplies	14,875
Utilities	24,888
Professional Services	9,040
Repairs and Maintenance	32,848
Permits and Fees	7,060
Depreciation Expense	101,140
Miscellaneous	3,483
<b>Total operating expenses</b>	<u>277,687</u>
Operating Income (Loss)	<u>(105,294)</u>
<b>CAPITAL CONTRIBUTIONS AND TRANSFERS</b>	
Tap Fees	5,400
Transfer In	-
<b>Total Capital Contributions and Transfers</b>	<u>5,400</u>
Change in Net Position	(99,894)
<b>Net Position, Beginning of Year</b>	<u>1,662,926</u>
<b>Net Position, End of Year</b>	<u><u>\$ 1,563,032</u></u>

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, 2021**

	<b>WATER AND SANITATION FUND</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 172,393
Cash Payments to Suppliers for Goods and Services	(93,014)
Cash Payments to Employees for Services	(84,353)
	(4,974)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	-
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Cash Received from Tap Fees	5,400
	5,400
<b>NET CASH PROVIDED (USED) FOR CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	-
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	426
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	161,955
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	\$ 162,381
 <b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating Income (Loss)	\$ (105,294)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation Expense	101,140
(Increase) Decrease in Accounts Receivable	-
Increase (Decrease) in Accounts Payable	(820)
	(4,974)
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	\$ (4,974)

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

**COSTILLA COUNTY, COLORADO**  
**FIDUCIARY FUNDS**  
**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES**  
**December 31, 2021**

	<b>AGENCY FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	\$ 326,784
<b>TOTAL ASSETS</b>	\$ 326,784
<b>LIABILITIES</b>	
Funds Held for Others	\$ 326,784
<b>TOTAL LIABILITIES</b>	\$ 326,784

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

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

**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, 2021**

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.

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 and expenses generally result from providing services and producing and delivering goods in connection with a

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

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 2021 property tax levy due January 1, 2022, 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, 2021**

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, 2021**

***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, 2021**

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 2021. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

**NOTE 3 CASH, DEPOSITS AND INVESTMENTS**

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

Cash on hand	\$ 1,240
Cash deposited with banks	8,587,354
Investments	156,917
Total cash, deposits, and investmets: (Book Balance)	8,745,511
Less: amounts related to Trust & Agency Funds	(326,784)
Total cash, deposits, and investments on Statement of Net Position	\$ 8,418,727

***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, 2021, \$7,828,845 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
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investments contracts

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

- 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, 2021, the local government investment pools (Colotruster) in which the County had invested were rated AAAM by Standard & Poor’s.

The Colorado Surplus Asset Fund Trust (C-SAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions, redemption notice periods or withdrawal restrictions. CSAFE investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. CSAFE measures all of its investments at amortized cost. CSAFE is rated AAAM by Standard & Poor’s.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At December 31, 2021, the County had an estimated property tax receivable split between the funds as follows:

General Fund	\$ 1,790,467
Social Services Fund	336,248
Library Fund	57,963
	<hr/>
	\$ 2,184,678
	<hr/> <hr/>

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 5 ACCOUNTS RECEIVABLE**

At December 31, 2021, the County had accounts receivable as follows:

General Fund	\$ 14,715
Social Services Fund	18
Public Health Fund (net of allowance for uncollectible accounts of \$0)	61,718
Water and Sanitation Fund (net of allowance for uncollectible accounts of \$856)	5,399
Total Accounts Receivable, Net	\$ 81,850

**NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

***Interfund Transfers***

Interfund transfers for the year ended December 31, 2021, were as follows:

Transfers In	Transfers Out	Amount
General Fund	Road and Bridge Fund	\$ 17,108
Public Health Fund	Road and Bridge Fund	23,019
		\$ 40,127

The Road and Bridge Fund transferred \$17,108 to the General Fund for reimbursement of professional fees and \$23,019 to the Public Health Fund for a vehicle.

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 7 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2021, was as follows:

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b><i>Governmental Activities</i></b>				
Capital assets not being depreciated				
Land and Land Improvements	\$ 1,747,190	\$ -	\$ -	\$ 1,747,190
Construction in Progress	-	40,000	-	40,000
Total capital assets not being depreciated	<u>1,747,190</u>	<u>40,000</u>	<u>-</u>	<u>1,787,190</u>
Capital assets being depreciated				
Buildings	10,121,863	-	-	10,121,863
Equipment	8,454,562	989,617	493,898	8,950,281
Infrastructure	6,753,952	105,310	-	6,859,262
Total capital assets being depreciated	<u>25,330,377</u>	<u>1,094,927</u>	<u>493,898</u>	<u>25,931,406</u>
Less accumulated depreciation for:				
Buildings	5,082,875	290,034	-	5,372,909
Equipment	6,612,775	837,758	359,591	7,090,942
Infrastructure	1,320,693	305,917	-	1,626,610
Total accumulated depreciation	<u>13,016,343</u>	<u>1,433,709</u>	<u>359,591</u>	<u>14,090,461</u>
Total capital assets being depreciated, net	<u>12,314,034</u>	<u>(338,782)</u>	<u>134,307</u>	<u>11,840,945</u>
<b><i>Governmental Activities Capital Assets, net</i></b>	<u>\$ 14,061,224</u>	<u>\$ (298,782)</u>	<u>\$ 134,307</u>	<u>\$ 13,628,135</u>
	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<b><i>Business-type Activities</i></b>				
Capital assets being depreciated				
Water and Sewer Line equipment	\$ 4,606,133	\$ -	\$ -	\$ 4,606,133
Less: accumulated depreciation	(3,095,302)	(101,140)	-	(3,196,442)
Total capital assets being depreciated, net	<u>1,510,831</u>	<u>(101,140)</u>	<u>-</u>	<u>1,409,691</u>
<b><i>Business-type Activities Capital Assets, net</i></b>	<u>\$ 1,510,831</u>	<u>\$ (101,140)</u>	<u>\$ -</u>	<u>\$ 1,409,691</u>

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

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

***Governmental activities:***

General Government	\$ 114,324
Public Safety	52,424
Health and Welfare	161,717
Highways and Streets	1,101,313
Culture and Recreation	3,931
Total depreciation expense - governmental activities	\$ 1,433,709

***Business-type activities:***

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

**NOTE 8 LONG-TERM LIABILITIES**

***Changes in Long-term Liabilities***

Long-term liability balances for the year ended December 31, 2021, were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<b><i>Governmental Activities:</i></b>					
Lease Purchase Agreements	\$ 393,000	\$ -	\$ 53,000	\$ 340,000	\$ 55,000
Capital Leases Payable	1,073,645	-	1,073,645	-	-
Notes Payable	89,010	-	25,950	63,060	19,947
Compensated Absences	93,055	-	26,004	67,051	6,752
Total Governmental Activities	\$ 1,648,710	\$ -	\$ 1,178,599	\$ 470,111	\$ 81,699

**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 \$1,188,629.

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 2021 in the amount of \$53,000 and \$19,760 respectively, from the Social Services Fund.

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

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

	Principal	Interest	Total
2022	\$ 55,000	\$ 16,978	\$ 71,978
2023	58,000	14,066	72,066
2024	61,000	11,024	72,024
2025	64,000	7,800	71,800
2026	67,000	4,446	71,446
2027	35,000	910	35,910
	\$ 340,000	\$ 55,224	\$ 395,224

***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 \$2,189,797 and the related accumulated depreciation equaled \$1,645,302 as of December 31, 2021. All capital leases were paid off in 2021.

***Notes Payable***

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, 2021 was \$0. This capital asset is recorded in the fixed assets of the government-wide financial statements at \$27,355 less accumulated depreciation of \$21,884.

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, 2021 was \$63,060. This capital asset is recorded in the fixed assets of the government-wide financial statements at \$125,000 less accumulated depreciation of \$75,000.

	Principal	Interest	Total
2022	\$ 19,947	\$ 3,334	\$ 23,281
2023	21,002	2,279	23,281
2024	22,111	1,170	23,281
	\$ 63,060	\$ 6,783	\$ 69,843

**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 \$94,603.

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 10 LEASE INCOME**

The County leases office space in the Public Health building to Rocky Mountain Health Maintenance Organization. The lease term is July 1, 2021 to June 30, 2022, with the option to renew annually. The lease calls for monthly payments to be made in the amount of \$2,000. Lease revenue recognized for this lease in 2021 totaled \$12,001.

**NOTE 11 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, 2021, employee contributions totaled \$133,972 and the County recognized pension expense of \$133,972. The County recognized \$1,459 of forfeitures in retirement expense during 2021.

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 12 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

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

to collect, retain, and expend the full proceeds of the County taxes, grants, fees and other revenues, and other funds 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 13 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, 2021, CAPP had assets of \$24,459,481, liabilities of \$13,771,973 (including \$11,331,661 reserved for losses and claims), and members' equity of \$10,687,508. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2021, amounted to \$9,383,724 and total expenses were \$8,897,447, resulting in net income before return of surplus of \$486,277.

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

**NOTE 14 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.

	<u>Water</u>	<u>Sanitation</u>	<u>Total</u>
Charges for Services	\$ 122,294	\$ 50,099	\$ 172,393
Total Operating Revenue	<u>122,294</u>	<u>50,099</u>	<u>172,393</u>
Operating Expenses	116,528	60,019	176,547
Depreciation Expenses	<u>49,117</u>	<u>52,023</u>	<u>101,140</u>
Total Operating Expenses	<u>165,645</u>	<u>112,042</u>	<u>277,687</u>
OPERATING INCOME (LOSS)	<u>(43,351)</u>	<u>(61,943)</u>	<u>(105,294)</u>
Capital Contributions (Water and Sewer Taps)	<u>4,000</u>	<u>1,400</u>	<u>5,400</u>
Change in Net Position	(39,351)	(60,543)	(99,894)
BEGINNING NET POSITON			1,662,926
ENDING NET POSITION			<u>\$ 1,563,032</u>
Current Assets			\$ 167,780
Capital Assets (net of accumulated depreciation of \$3,196,442)	630,163	779,528	<u>1,409,691</u>
TOTAL ASSETS			<u>1,577,471</u>
Current Liabilities	7,220	7,219	<u>14,439</u>
TOTAL LIABILITIES			<u>14,439</u>
Net Investment in Capital Assets			1,409,691
Net Working Capital			<u>153,341</u>
TOTAL EQUITY			<u>\$ 1,563,032</u>

**NOTE 15 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.

***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

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2021**

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.

***COVID-19***

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 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, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$ 2,212,313	\$ 2,262,313	\$ 2,539,905	\$ 277,592
Intergovernmental Revenue	267,385	477,711	419,662	(58,049)
Licenses and Permits	35,000	35,000	20,763	(14,237)
County Ordinance	-	-	73,657	73,657
Charges for Services	760,583	851,895	900,177	48,282
Miscellaneous	159,327	167,115	123,117	(43,998)
<b>TOTAL REVENUES</b>	<b>3,434,608</b>	<b>3,794,034</b>	<b>4,077,281</b>	<b>283,247</b>
<b>EXPENDITURES</b>				
General Government	2,465,905	2,817,543	2,543,528	274,015
Public Safety	1,022,108	1,029,896	1,093,604	(63,708)
Health and Welfare	1,000	1,000	1,000	-
Auxiliary Services	194,273	194,273	147,524	46,749
Capital Outlay	-	-	72,973	(72,973)
Debt Service	-	-	30,653	(30,653)
<b>TOTAL EXPENDITURES</b>	<b>3,683,286</b>	<b>4,042,712</b>	<b>3,889,282</b>	<b>153,430</b>
Excess (deficiency) of revenues over expenditures	(248,678)	(248,678)	187,999	436,677
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from Other Funds	-	-	17,108	17,108
Transfers to Other Funds	(6,500)	(6,500)	-	6,500
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(6,500)</b>	<b>(6,500)</b>	<b>17,108</b>	<b>23,608</b>
Net change in fund balance	(255,178)	(255,178)	205,107	460,285
<b>Fund Balance at beginning of year</b>	<b>1,668,186</b>	<b>1,668,186</b>	<b>2,778,701</b>	<b>1,110,515</b>
<b>Fund Balance at end of year</b>	<b>\$ 1,413,008</b>	<b>\$ 1,413,008</b>	<b>\$ 2,983,808</b>	<b>\$ 1,570,800</b>

**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, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Intergovernmental Revenue	\$ 3,763,916	\$ 4,265,516	\$ 4,332,389	\$ 66,873
Miscellaneous	11,893	11,893	38,385	26,492
<b>TOTAL REVENUES</b>	<b>3,775,809</b>	<b>4,277,409</b>	<b>4,370,774</b>	<b>93,365</b>
<b>EXPENDITURES</b>				
Highways and Streets	4,899,989	5,401,589	2,654,607	2,746,982
Capital Outlay	50,000	50,000	890,351	(840,351)
Debt Service	-	-	1,109,451	(1,109,451)
<b>TOTAL EXPENDITURES</b>	<b>4,949,989</b>	<b>5,451,589</b>	<b>4,654,409</b>	<b>797,180</b>
Excess (deficiency) of revenues over expenditures	(1,174,180)	(1,174,180)	(283,635)	890,545
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	-	-	(40,127)	(40,127)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>(40,127)</b>	<b>(40,127)</b>
Net change in fund balance	(1,174,180)	(1,174,180)	(323,762)	850,418
<b>Fund Balance at beginning of year</b>	<b>4,990,602</b>	<b>4,990,602</b>	<b>5,206,582</b>	<b>215,980</b>
<b>Fund Balance at end of year</b>	<b>\$ 3,816,422</b>	<b>\$ 3,816,422</b>	<b>\$ 4,882,820</b>	<b>\$ 1,066,398</b>

**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, 2021**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		
<b>REVENUES</b>				
Taxes	\$ 461,499	\$ 461,499	\$ 383,463	\$ (78,036)
Intergovernmental Revenue	5,104,966	7,419,666	6,805,468	(614,198)
<b>TOTAL REVENUES</b>	<b>5,566,465</b>	<b>7,881,165</b>	<b>7,188,931</b>	<b>(692,234)</b>
<b>EXPENDITURES</b>				
Health and Welfare	5,566,465	7,881,165	7,096,293	784,872
Debt Service	-	-	72,760	(72,760)
<b>TOTAL EXPENDITURES</b>	<b>5,566,465</b>	<b>7,881,165</b>	<b>7,169,053</b>	<b>712,112</b>
Excess (deficiency) of revenues over expenditures	-	-	19,878	19,878
<b>Fund Balance at beginning of year</b>	<b>242,155</b>	<b>242,155</b>	<b>300,159</b>	<b>58,004</b>
<b>Fund Balance at end of year</b>	<b>\$ 242,155</b>	<b>\$ 242,155</b>	<b>\$ 320,037</b>	<b>\$ 77,882</b>

**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.

***Public Health Fund*** – This fund is used to account for the multiple programs of providing health services. Financing is provided by grants and fees for services.

***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, 2021**

	NONMAJOR SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL
	PUBLIC HEALTH FUND	LIBRARY FUND	CONSERVATION TRUST FUND	CAPITAL PROJECTS FUND	
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 147,607	\$ 23,504	\$ 73,162	\$ 27,745	\$ 272,018
Property Taxes Receivable	-	57,963	-	-	57,963
Accounts Receivable	61,718	-	-	-	61,718
Due from Other Governments	137,011	-	-	-	137,011
Inventory	19,207	-	-	-	19,207
<b>TOTAL ASSETS</b>	<b>\$ 365,543</b>	<b>\$ 81,467</b>	<b>\$ 73,162</b>	<b>\$ 27,745</b>	<b>\$ 547,917</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 19,307	\$ 904	\$ -	\$ -	\$ 20,211
Security Deposit Payable	4,000	-	-	-	4,000
Unearned Revenue- Other	-	5,000	-	-	5,000
<b>TOTAL LIABILITIES</b>	<b>23,307</b>	<b>5,904</b>	<b>-</b>	<b>-</b>	<b>29,211</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Tax	-	57,963	-	-	57,963
<b>FUND BALANCE</b>					
Nonspendable					
Inventory	19,207	-	-	-	19,207
Restricted					
TABOR Amendment Reserve	30,000	-	-	-	30,000
Committed					
Capital Projects	-	-	-	27,745	27,745
Health and Welfare	293,029	-	-	-	293,029
Culture and Recreation	-	17,600	73,162	-	90,762
<b>TOTAL FUND BALANCE</b>	<b>342,236</b>	<b>17,600</b>	<b>73,162</b>	<b>27,745</b>	<b>460,743</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 365,543</b>	<b>\$ 81,467</b>	<b>\$ 73,162</b>	<b>\$ 27,745</b>	<b>\$ 547,917</b>

**COSTILLA COUNTY, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2021**

	NONMAJOR SPECIAL REVENUE FUNDS				TOTAL NONMAJOR GOVERNMENTAL
	PUBLIC HEALTH FUND	LIBRARY FUND	CONSERVATION TRUST FUND	CAPITAL PROJECTS FUND	
<b>REVENUES</b>					
Taxes	\$ -	\$ 68,051	\$ -	\$ -	\$ 68,051
Intergovernmental Revenue	875,893	-	25,560	-	901,453
Charges for Services	387,902	-	-	-	387,902
Miscellaneous	24,927	2,156	60	-	27,143
<b>TOTAL REVENUES</b>	<b>1,288,722</b>	<b>70,207</b>	<b>25,620</b>	<b>-</b>	<b>1,384,549</b>
<b>EXPENDITURES</b>					
Current Expenditures					
Health and Welfare	1,397,833	-	-	-	1,397,833
Culture and Recreation	-	80,574	10,656	-	91,230
Capital Outlay	55,531	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>1,453,364</b>	<b>80,574</b>	<b>10,656</b>	<b>-</b>	<b>1,489,063</b>
Excess (deficiency) of revenues over expenditures	(164,642)	(10,367)	14,964	-	(160,045)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers from Other Funds	23,019	-	-	-	23,019
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>23,019</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>23,019</b>
Net change in fund balance	(141,623)	(10,367)	14,964	-	(137,026)
<b>Fund Balance at beginning of year</b>	<b>483,859</b>	<b>27,967</b>	<b>58,198</b>	<b>27,745</b>	<b>597,769</b>
<b>Fund Balance at end of year</b>	<b>\$ 342,236</b>	<b>\$ 17,600</b>	<b>\$ 73,162</b>	<b>\$ 27,745</b>	<b>\$ 460,743</b>

**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, 2021**

	<u>BUDGETED AMOUNTS</u>		EXPENDITURES	ADJUSTMENTS	EXPENDITURES	VARIANCE WITH
	<u>ORIGINAL</u>	<u>FINAL</u>	REPORTED ON	TO BUDGETARY	ON THE	FINAL BUDGET
			THE GAAP	BASIS	BUDGETARY	POSITIVE
			BASIS	BASIS	BASIS	(NEGATIVE)
<b>Governmental Funds</b>						
Non-major Governmental Funds						
Special Revenue Funds						
Public Health Fund	\$ 1,386,546	\$ 1,748,371	\$ 1,453,364	\$ -	\$ 1,453,364	\$ 295,007
Library Fund	99,396	99,396	80,574	-	80,574	18,822
Conservation Trust Fund	36,678	36,678	10,656	-	10,656	26,022
Total Special Revenue Funds	<u>1,522,620</u>	<u>1,884,445</u>	<u>1,544,594</u>	<u>-</u>	<u>1,544,594</u>	<u>339,851</u>
Capital Projects Funds						
Capital Projects Fund	<u>27,745</u>	<u>27,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,745</u>
Total Capital Projects Funds	<u>27,745</u>	<u>27,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,745</u>
Total Non-major Governmental Funds	<u>\$ 1,550,365</u>	<u>\$ 1,912,190</u>	<u>\$ 1,544,594</u>	<u>\$ -</u>	<u>\$ 1,544,594</u>	<u>\$ 367,596</u>
<b>Proprietary Fund</b>						
Major Proprietary Fund						
Water and Sanitation Fund	\$ 234,650	\$ 234,650	\$ 277,687	\$ (101,140)	\$ 176,547	\$ 58,103
Total Major Proprietary Fund	<u>\$ 234,650</u>	<u>\$ 234,650</u>	<u>\$ 277,687</u>	<u>\$ (101,140)</u>	<u>\$ 176,547</u>	<u>\$ 58,103</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, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b>CCDF Cluster</b>			
U.S. Department of Health and Human Services			
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ 16,683
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	18,227
<i>Total U.S. Department of Health and Human Services</i>			<u>34,910</u>
<b>Total CCDF Cluster</b>			<u>34,910</u>
<b>Food Distribution Cluster</b>			
U.S. Department of Agriculture			
Commodity Supplemental Food Program	10.565	Colorado Department of Human Services,N/A	134,094
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	83,756
<i>Total U.S. Department of Agriculture</i>			<u>217,850</u>
<b>Total Food Distribution Cluster</b>			<u>217,850</u>
<b>Medicaid Cluster</b>			
U.S. Department of Health and Human Services			
Medical Assistance Program	93.778	Colorado Department of Health Care Policy & Financing,N/A	125,443
Medical Assistance Program	93.778	Colorado Department of Health Care Policy & Financing and Conejos County,OLTC	162,994
<i>Total U.S. Department of Health and Human Services</i>			<u>288,437</u>
<b>Total Medicaid Cluster</b>			<u>288,437</u>
<b>SNAP Cluster</b>			
U.S. Department of Agriculture			
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	96
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	55,339
<i>Total U.S. Department of Agriculture</i>			<u>55,435</u>
<b>Total SNAP Cluster</b>			<u>55,435</u>
<b>Forest Service Schools and Roads Cluster</b>			
U.S. Department of Agriculture			
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury	208
<i>Total U.S. Department of Agriculture</i>			<u>208</u>
<b>Total Forest Service Schools and Roads Cluster</b>			<u>208</u>
<b>Total All Clusters</b>			<u>596,840</u>

**COSTILLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
<b><i>Other Programs</i></b>			
U.S. Department of Homeland Security			
Emergency Management Performance Grants	97.042	Colorado Department of Local Affairs,N/A	30,638
<i>Total U.S. Department of Homeland Security</i>			<u>30,638</u>
U.S. Department of the Treasury			
Coronavirus Relief Fund	21.019	Colorado Department of Local Affairs, CVRF CM-014	138,073
<i>Total U.S. Department of the Treasury</i>			<u>138,073</u>
U.S. Department of Health and Human Services			
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, C22PHPCONT	17,879
Guardianship Assistance	93.090	Colorado Department of Human Services, N/A	986
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, H21IM	23,984
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Public Health and Environment, ELC	32,758
COVID-19 Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Public Health and Environment, N/A	13,873
MaryLee Allen Promoting Safe and Stable Families Program	93.556	Colorado Department of Human Services, N/A	6,035
COVID-19 Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	26,004
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	220,774
<i>Total Temporary Assistance for Needy Families (TANF) State Programs</i>			<u>246,778</u>
Child Support Enforcement	93.563	Colorado Department of Human Services,N/A	71,439
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	235,895
Community Services Block Grant	93.569	Colorado Department of Local Affairs and SLV Community Action Agency,N/A	8,280

**COSTILLA COUNTY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2021**

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Federal Expenditures(\$)</i>
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	800
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	26,404
<i>Total Stephanie Tubbs Jones Child Welfare Services Program</i>			<u>27,204</u>
Foster Care_Title IV-E	93.658	Colorado Department of Human Services,N/A	194,995
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	23,879
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	10,253
COVID-19 Elder Abuse Prevention Interventions Program	93.747	Colorado Department of Human Services,N/A	10,000
Block Grants for Prevention and Treatment of Substance Abuse	93.959	Colorado Department of Human Services,N/A	27,796
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment,MCH L21	3,074
<i>Total U.S. Department of Health and Human Services</i>			<u>955,108</u>
<b><i>Total Other Programs</i></b>			<u>1,123,819</u>
<b><i>Total Expenditures of Federal Awards</i></b>			<u><u>\$ 1,720,659</u></u>

**COSTILLA COUNTY, COLORADO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2021**

**NOTE 1 BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Costilla County, Colorado under programs of the federal government for the year ended December 31, 2021. 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, except for funds passed-through the Colorado Department of Human Services and Department of Public Health and Environment. These funds are reported on the cash basis. 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, 2021. 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 AUDITOR’S REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS**



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, 2021, and the related notes to the financial statements, which collectively comprise the County’s basic financial statements, and have issued our report thereon dated August 30, 2022.

**Report on 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) as a basis for designing 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 or significant deficiencies may exist that were not identified.

**Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed

**Certified Public Accountants**

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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

August 30, 2022

**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**

***Opinion on Each Major Federal Program***

We have audited Costilla County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

***Responsibilities of Management for Compliance***

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

**Certified Public Accountants**

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### ***Auditors' Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

### **Report on Internal Control over Compliance**

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

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

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

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

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

August 30, 2022

**COSTILLA COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2021**

**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>
21.019	Coronavirus Relief Fund
93.558	Temporary Assistance for Needy Families (TANF) State Programs

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

Auditee qualified as a low-risk auditee?   X  yes    \_\_\_\_\_no

**Section II – Financial Statement Findings**

None

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

None

**Section IV – Summary Schedule of Prior Audit Findings**

None

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Costilla County
		YEAR ENDING : December 2021
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**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	188,280
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,189,542
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	28,530
3. Other local imposts (from page 2)	0	c. Other	4,556
4. Miscellaneous local receipts (from page 2)	38,177	d. Total (a. through c.)	33,086
5. Transfers from toll facilities		4. General administration & miscellaneous	174,177
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,585,085
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	35,806
7. Total (1 through 6)	38,177	b. Redemption	1,073,645
<b>B. Private Contributions</b>		c. Total (a. + b.)	1,109,451
<b>C. Receipts from State government</b> (from page 2)	4,332,389	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	208	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	4,370,774	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	1,109,451
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	4,694,536

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	1,073,645		1,073,645	0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,206,582	4,370,774	4,694,536	4,882,820	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2021

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
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	21,100
5. Specific Ownership &/or Other		g. Other Misc. Receipts	17,077
6. Total (1. through 5.)	0	h. Other	
c. Total (a. + b.)	0	i. Total (a. through h.)	38,177
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	3,882,578	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	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	18,858	d. Federal Transit Admin	
d. Other (Specify) - HUTF SB-21-260	413,102	e. U.S. Corps of Engineers	
e. Other (Specify)- CSU Fire Mitigation/	17,851	f. Other Federal	208
f. Total (a. through e.)	449,811	g. Total (a. through f.)	208
4. Total (1. + 2. + 3.f)	4,332,389	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		0	0
(3). System Preservation			0
(4). System Enhancement & Operation		188,280	188,280
(5). Total Construction (1) + (2) + (3) + (4)	0	188,280	188,280
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	188,280	188,280
			(Carry forward to page 1)

Notes and Comments: