

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS-HUERFANO

COUNTIES, COLORADO

HEALTH DEPARTMENT

FINANCIAL STATEMENTS

DECEMBER 31, 2021

DIXON, WALLER & CO., INC.

TABLE OF CONTENTS

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
FINANCIAL STATEMENTS
DECEMBER 31, 2021

	<u>Page</u>
Title Page	
Table of Contents	
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report.....	1-2
Management's Discussion and Analysis.....	i-iv
<u>BASIC FINANCIAL STATEMENTS</u>	
Government Wide Financial Statements:	
Statement of Net Position.....	3
Statement of Activities	4
Fund Financial Statements:	
Balance Sheet – Governmental Funds	5
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position ..	6
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Notes to Basic Financial Statements	9-17

REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY COMPARISONS

Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual

General Fund..... 18

SINGLE AUDIT SECTION

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance with *Government Auditing Standards*..... 19-20

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance..... 21-22

Schedule of Findings and Questioned Costs..... 23-24

Schedule of Prior Audit Findings..... 25

Schedule of Expenditures of Federal Awards..... 26

Notes to the Schedule of Expenditures of Federal Awards 27

FINANCIAL SECTION

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Independent Auditor's Report

Board of Directors
Las Animas-Huerfano Counties
Health Department
Trinidad, CO 81082

Opinion

We have audited the accompanying financial statements of the governmental activities and each major fund of the Las Animas-Huerfano Counties Health Department, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Las Animas-Huerfano Counties Health Department'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 and each major fund of the Las Animas-Huerfano Counties Health Department, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Las Animas-Huerfano Counties Health Department, 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 opinion.

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 Las Animas-Huerfano Counties Health Department's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 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, 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 Las Animas-Huerfano Counties Health Department'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 Las Animas-Huerfano Counties Health Department's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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 an opinion on the financial statements that collectively comprise the Las Animas-Huerfano Counties Health Department's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2022, on our consideration of the Las Animas-Huerfano Counties Health Department'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 Las Animas-Huerfano Counties Health Department'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 Las Animas-Huerfano Counties Health Department's internal control over financial reporting and compliance.



August 29, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS-HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT

Management's Discussion and Analysis

December 31, 2021

As management of Las Animas-Huerfano Counties District Health Department (the Health Department), we offer readers of the Health Department's financial statements this narrative overview and analysis of the financial activities of the Health Department for the fiscal year ended December 31, 2021.

Financial Highlights

The assets of Las Animas-Huerfano Counties District Health Department exceeded its liabilities at the close of the most recent fiscal year by \$2,229,189 (net position). Of this amount, \$2,024,245 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Health Department's governmental fund reported an ending balance of \$2,026,433. Of this amount, \$1,704,002 is available for spending at the government's discretion (unassigned fund balance).

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the to the Health Department's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements themselves. This report also contains other supplementary information.

Government-wide financial statements

The government-wide financial statements are designed to present the financial activities of the Health Department.

The statement of net position presents information on all of the Health Department's assets and liabilities, with the difference between the two as net position. This statement reports all of the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases in net position may serve as a useful indicator of whether the financial position of the Health Department is improving or deteriorating.

The statement of activities presents information showing how the Health Department's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities of the Health Department include general administration, environmental health services, community health services, vital statistics and an acute care clinic. The Health Department has no business-type activities.

Fund financial statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Health Department, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental fund is used to account for all of the Health department's activities.

Governmental funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the Health Department's near-term requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the governmental financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental Statement of Net Position and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the basic financial statements

The notes provide additional information that is essential to a full understanding of the data provided in the governmental-wide financial statements.

Other information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Health Department's budgetary comparison schedule for the General Fund which demonstrates compliance with the annual appropriated budget.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Health Department, assets exceed liabilities by \$2,229,189 at the close of the most recent fiscal year.

\$204,944(10.8%) of department net position represents the investments in capital assets (e.g. building improvements and equipment). The Health Department uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

The remaining balance of unrestricted net position \$2,024,245 may be used to meet the government's ongoing obligations.

At the end of the current fiscal year, the Health Department is able to report positive balances in all categories of net position.

Las Animas-Huerfano Counties District Health Department's Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2021</u>
Current and other assets	\$ 2,002,679	\$ 2,091,430
Capital Assets	<u>216,269</u>	<u>204,944</u>
Total Assets	\$ 2,218,948	2,296,374
Other Liabilities	\$ 311,205	67,185
Net Position		
Invested in capital assets	\$ 216,269	204,944
Unrestricted	<u>1,786,410</u>	<u>2,024,245</u>
Total Net Position	\$ 2,002,679	\$ <u>2,229,189</u>

Las Animas-Huerfano Counties District Health Department's Change in Net Position

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2021</u>
Revenues:		
Program Revenues:		
General Revenues:		
Federal, State and Local Grants	\$ 1,792,906	\$1,702,912
County Allocations	464,799	503,775
Charges for Services	168,216	248,713
Other Revenues	<u>247,853</u>	<u>474,923</u>
Total Revenues	2,673,774	2,930,321
Expenditures:		
Public Health	2,432,909	2,703,813
Increase (Decrease) in Net Position	240,865	226,510
Net Position, Beginning of the year	<u>1,761,814</u>	<u>2,002,679</u>
Net Position, end of year	<u>\$ 2,002,679</u>	<u>2,229,189</u>

Las Animas-Huerfano Counties District Health Department's Activities by Major Function

	<u>Governmental Activities</u>			
	<u>2020</u>		<u>2021</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Public Health Services	<u>\$2,432,909</u>	<u>\$(273,841)</u>	<u>\$ 2,703,813</u>	<u>(\$278,861)</u>

Financial Analysis of the Health Department's Fund

As noted earlier, The Health Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Health Department's governmental fund is to provide information on current year revenue, expenditures and balances of spendable resources. Such information is useful in assessing the Health Department's financing resources available for spending at the end of the fiscal year.

The general fund is the only governmental fund of the Health department. As of December 31, 2021, the Health Department General Fund reported an ending balance of \$2,026,433 of which \$1,704,002 constitutes unreserved fund balance, all of which is available for spending and the Health Department's discretion.

General Fund Budgetary Highlights

Differences between final amended budget and expenditures totaled \$14,197 (actual expenditures less than budgeted amounts) and can be briefly summarized as follows:

- In 2021, the Las Animas-Huerfano Counties Health Department was still responding to the COVID 19 Pandemic. This led to the health department still receiving additional State and Federal grants. Unfortunately, we did have a decrease in other program grants due to not being able to fulfill deliverables.
- Salary and fringe we did see a salary saving due to unforeseen staffing turnover during this this. A lot was attributed to the response to the pandemic.
- Due to continued response to the COVID-19 pandemic as the lead agency, clinic supplies, equipment and offices were hard to budget for depending on the need. These expenses were paid for out of COVID, HPP and other grants.
- Services Rendered includes Mark Harris, Architects for the Walsenburg Campus Project through the CHF grant, OHI for grant writing (HRSA) grant. OHI dashboard for HULA programs.
- A large increase in Advertising was brought on due to the COVID-19 Pandemic. Advertising was paid for out of COVID-19 and Immunization grant funds.
- Miscellaneous income included two separate grants (Together We Protect and FEMA) grants.
- The Family Engagement expenditure was a new line item used in our HULA Early Childhood department. The Health Department is the Fiscal Agent for all HULA programs.
- Insurance was under budgeted. This category does include CTSI Volunteer Insurance, COPIC and Property and Casualty insurance.
- Contracted services were decreased due to a few different grants (CCPD, HPP, HULA). With staffing shortages, continued closures, limited travel, and other unforeseen reasons we were not able to expend down some grants in this category.

Capital Assets

The Health Department's investment in capital assets for its governmental activities as of December 31, 2021 amounted to \$240,994 net of accumulated depreciation. This investment in capital assets includes buildings and equipment.

Las Animas-Huerfano Counties District Health Department (Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2020</u>	<u>2021</u>
Construction in Progress	\$ 20,000	\$
Buildings	24,913	80,381
Equipment & Vehicles	<u>171,356</u>	<u>160,613</u>
Total	<u>\$216,269</u>	<u>240,994</u>

Requests for information

The financial report is designed to provide a general overview of the Las Animas-Huerfano Counties District Health Department's finances for all interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Las Animas-Huerfano Counties District Health Department
 Business Manager
 412 Benedicta Avenue
 Trinidad, CO 81082-2005

BASIC FINANCIAL STATEMENTS

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
STATEMENT OF NET POSITION
December 31, 2021

	<u>Governmental Activities</u>	<u>Total</u>
<u>Assets</u>		
Cash	1,641,717	1,641,717
Receivables (Net, where Applicable, of Allowance for Uncollectibles):		
Accounts and Grants	394,355	394,355
Inventories	19,308	19,308
Prepaid Expense	-	-
Fixed Assets	541,651	541,651
Accumulated Depreciation	<u>(300,657)</u>	<u>(300,657)</u>
<u>Total Assets</u>	<u>2,296,374</u>	<u>2,296,374</u>
 <u>Deferred Outflow of Resources</u>	 <u>-</u>	 <u>-</u>
 <u>Liabilities</u>		
Unearned Grant Receipts	-	-
Accounts Payable	14,958	14,958
Compensated Absences Payable	38,238	38,238
Other Liabilities	<u>13,989</u>	<u>13,989</u>
<u>Total Liabilities</u>	<u>67,185</u>	<u>67,185</u>
 <u>Deferred Inflow of Resources</u>	 <u>-</u>	 <u>-</u>
 <u>Net Position</u>		
Net Investment in Capital Assets	240,994	240,994
Unrestricted	<u>1,988,195</u>	<u>1,988,195</u>
<u>Total Net Position</u>	<u>2,229,189</u>	<u>2,229,189</u>

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
STATEMENT OF ACTIVITIES
Year Ended December 31, 2021

<u>Functions/Programs</u>	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Governmental Activities	Total
<u>Governmental Activities</u>						
Public Health	2,703,813	248,713	2,176,239	-	(278,861)	(278,861)
<u>Total Governmental Activities</u>	<u>2,703,813</u>	<u>248,713</u>	<u>2,176,239</u>	-	<u>(278,861)</u>	<u>(278,861)</u>
<u>Business Type Activities</u>	-	-	-	-	-	-
<u>Total Primary Government</u>	<u>2,703,813</u>	<u>248,713</u>	<u>2,176,239</u>	-	<u>(278,861)</u>	<u>(278,861)</u>
<u>General Revenues:</u>						
					503,775	503,775
					1,596	1,596
					<u>505,371</u>	<u>505,371</u>
					226,510	226,510
					<u>2,002,679</u>	<u>2,002,679</u>
					<u>2,229,189</u>	<u>2,229,189</u>

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS:</u>			
Cash	1,641,717	-	1,641,717
Receivables (Net, of Allowance where Applicable):			
Accounts and Grants	394,355	-	394,355
Inventory	19,308	-	19,308
Prepaid Expense	-	-	-
<u>Total Assets</u>	<u>2,055,380</u>	<u>-</u>	<u>2,055,380</u>
 <u>LIABILITIES AND FUND BALANCES:</u>			
<u>Liabilities:</u>			
Accounts Payable	14,958	-	14,958
Other Liabilities	13,989	-	13,989
Unearned Grant Receipts	-	-	-
<u>Total Liabilities</u>	<u>28,947</u>	<u>-</u>	<u>28,947</u>
 <u>Fund Balances:</u>			
Nonspendable:			
Inventories	19,308	-	19,308
Prepaid Expense	-	-	-
Restricted:			
Emergencies	-	-	-
Committed:			
Grants and Donations	303,123	-	303,123
Unassigned	<u>1,704,002</u>	-	<u>1,704,002</u>
<u>Total Fund Balances</u>	<u>2,026,433</u>	<u>-</u>	<u>2,026,433</u>
 <u>TOTAL LIABILITIES AND FUND BALANCES</u>	 <u>2,055,380</u>	 <u>-</u>	 <u>2,055,380</u>

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2021

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

<u>Total Fund Balance – Governmental Funds</u>	2,026,433
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The cost of the assets is \$541,651 and the accumulated depreciation is \$300,657.	240,994
Compensated absences are not reported as a liability in the funds.	<u>(38,238)</u>
<u>Total Net Position – Governmental Activities</u>	<u>2,229,189</u>

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2021

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>REVENUES:</u>			
Federal and State Grants	1,702,912	-	1,702,912
Intergovernmental Revenues – Counties	503,775	-	503,775
Charges for Services, Licenses and Permits	248,713	-	248,713
Foundations and Local Grants, Contributions	473,327	-	473,327
<u>Total Revenues</u>	<u>2,928,727</u>	<u>-</u>	<u>2,928,727</u>
<u>EXPENDITURES:</u>			
Public Health			
Administration	456,363	-	456,363
Environmental Health	191,652	-	191,652
Public Health	292,673	-	292,673
Vital Stats	61,484	-	61,484
WIC	60,400	-	60,400
Emergency Preparedness	116,768	-	116,768
HuLA	230,630	-	230,630
CCPD	151,469	-	151,469
ELC	293,632	-	293,632
Temple Buell	65,385	-	65,385
CTC	104,696	-	104,696
MAT	194,454	-	194,454
HPP	229,128	-	229,128
OBH	80,951	-	80,951
TGYS	83,065	-	83,065
All Other Programs	114,984	-	114,984
<u>Total Expenditures</u>	<u>2,727,734</u>	<u>-</u>	<u>2,727,734</u>
<u>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</u>	<u>200,993</u>	<u>-</u>	<u>200,993</u>
<u>OTHER FINANCING SOURCES (USES):</u>			
Other	1,596	-	1,596
<u>Total Other Financing Sources (Uses)</u>	<u>1,596</u>	<u>-</u>	<u>1,596</u>
<u>NET CHANGE IN FUND BALANCES</u>	<u>202,589</u>	<u>-</u>	<u>202,589</u>
<u>FUND BALANCES – Beginning</u>	<u>1,823,844</u>	<u>-</u>	<u>1,823,844</u>
<u>FUND BALANCES - Ending</u>	<u>2,026,433</u>	<u>-</u>	<u>2,026,433</u>

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
 RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCES OF GOVERNMENT FUNDS TO THE STATEMENT OF ACTIVITIES
 Year Ended December 31, 2021

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

Net Change in Fund Balances – Total Governmental Funds 202,589

Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$2,500 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

	66,724	
Capital outlays more than \$2,500	(41,999)	24,725
Depreciation expense		

In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amount paid). During the year, compensated absences changed by this amount. (804)

Change in Net Position of Governmental Activities 226,510

The accompanying notes are an integral part of these financial statements.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A Reporting Entity

The reporting entity, for financial purposes, is defined as the primary government (the Las Animas - Huerfano Counties, Colorado Health Department) and its component units. The Department has no component units; the financial statements are comprised of the funds and account groups more fully described in subsequent information contained in the footnotes.

The accounting policies of the Las Animas - Huerfano Counties, Colorado Health Department conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

B. Government – Wide and Fund Financial Statements

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from the Department's legally separate *component units* for which the Department is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or identifiable activity are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or identifiable activity. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary 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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The Department reports the following major governmental funds:

The *general fund* is the Department's primary operating fund. It accounts for all financial resources of general government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

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 proprietary fund's principal ongoing operations. Operating expenses for the enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

D. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Department as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Capital Assets (Continued)

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.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-15
Buildings	27

E. Budgets and Budgetary Accounting

The Department has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

F. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

G. Inventory

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Accumulated Unpaid Vacation, Sick Pay, and Other Employee Benefits Amounts

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the statement of net position for all governmental fund types.

I. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the reporting period. Actual results could differ from those estimates.

J. Deposits and Investments

The Department'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.

State statutes authorize the Department to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

K. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

L. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as charges when incurred.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Long-Term Obligations (Continued)

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

M. GASB Statement No. 54

The Government Accounting Standards Board (GASB) has issued Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions (GASB 54). This statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories list below.

1. Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).
2. Restricted fund balance category includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.
3. Committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the Board of Directors (the Department's highest level of decision-making authority).
4. Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures

Committed Fund Balance Policy:

The Department's Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings.

Assigned Fund Balance Policy:

The Department's Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Chief Business Officer.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. GASB Statement No. 54 (continued)

Order of Fund Balance Spending Policy:

The Department's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

Fund Balance Classification by Fund:

	<u>General Fund</u>
Nonspendable	
Inventories	19,308
Committed	303,123
Unassigned	<u>1,704,002</u>
Total Fund Balances	<u>2,026,433</u>

NOTE 2 CAPITAL ASSETS

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Governmental Activities</u>				
Construction in Progress	<u>20,000</u>	-	<u>20,000</u>	-
Capital Assets Being Depreciated:				
Building	97,653	57,974	-	155,627
Equipment	145,009	-	-	145,009
Vehicles	<u>212,265</u>	<u>28,750</u>	-	<u>241,015</u>
Total Capital Assets Being Depreciated	<u>454,927</u>	<u>86,724</u>	-	<u>541,651</u>
Less Accumulated Depreciation for:				
Buildings	72,740	2,506	-	75,246
Equipment	94,137	9,298	-	103,435
Vehicles	<u>91,781</u>	<u>30,195</u>	-	<u>121,976</u>
Total Accumulated Depreciation	<u>258,658</u>	<u>41,999</u>	-	<u>300,657</u>
<u>Governmental Activities</u>				
<u>Capital Assets, Net</u>	<u>216,269</u>	<u>44,725</u>	<u>20,000</u>	<u>240,994</u>

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

<u>Governmental Activities:</u>	
Public Health	<u>41,999</u>
<u>Total Depreciation Expense – Governmental Activities</u>	<u>41,999</u>

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE 3 RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position – governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 4 ACCOUNTS RECEIVABLE

The following is a schedule of accounts receivable at December 31, 2021:

Las Animas and Huerfano Counties	41,745
ELC	138,722
Illuminate Colorado	16,169
State Per Capita	28,464
OBH	21,194
HPP/HCC	85,955
Emergency Preparedness	6,977
Retail Food	9,000
WIC Program	10,833
HuLA	14,137
TGYS	18,977
State Public Health Programs and Other Receivables	<u>2,182</u>
	394,355
Less: Allowance for Doubtful Accounts	<u>-</u>
<u>Net Accounts Receivable</u>	<u>394,355</u>

NOTE 5 ACCRUED COMPENSATED ABSENCES

At December 31, 2021, there was \$38,238 of accrued vacation and sick leave payable.

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
NOTES TO FINANCIAL STATEMENTS
December 31, 2021

NOTE 6 CONTINGENCIES - TAX, SPENDING AND DEBT LIMITATIONS (continued)

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. (The Department's management believes none of its operations qualified for this exclusion.)

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voters approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The Department is a cooperative entity that exists for the purpose of administering programs to benefit the Huerfano and Las Animas County areas. They have no taxing authority, and no bonded debt. They are primarily funded by federal grants, state grants and local county contributions and are not subject to reserve requirements.

The Department's management believes it is in compliance with the provisions of TABOR which are applicable to this entity. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

NOTE 7 RISK MANAGEMENT

The Department is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Department maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

LAS ANIMAS-HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021

NOTE 8 CASH DEPOSITS

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local governments deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is 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.

At December 31, 2021, the Department's cash deposits had a bank balance and a corresponding carrying balance as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Insured (FDIC)	250,000	194,625
Uninsured, collateralized under the Public Deposit Protection Act (See Above)	126,269	-
Cash with County Treasurer	<u>-</u>	<u>1,447,092</u>
<u>Total Cash</u>	<u>376,269</u>	<u>1,641,717</u>

As presented above, deposits with a bank balance of \$126,269 and a carrying balance of \$ -0- as of December 31, 2021 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

NOTE 9 DEFINED CONTRIBUTION PENSION PLAN

The Department provides pension benefits for full time employees through a defined contribution plan of the Colorado Retirement Association. Six months of service is required previous to participation in the plan. Employees contribute 3% of their salary to the plan with an equal amount contributed by the Department. Vesting occurs at the rate of 20% per year. Past service credit, for vesting purposes, was allowed to all employees of the Department at plan inception. The Department authorizes benefit terms and has the authority to amend them. Department contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the Department. The Department's total payroll for year 2021 was \$994,279. The salary on which contributions were calculated was \$805,067. The Department and employees each made the required 3% contribution of \$24,152 or \$48,304 in total. The Department recognized \$24,152 in pension expense for 2021, which is net of \$-0- in forfeitures. The Department has no outstanding pension liability at year end.

Plan benefits and terms were authorized by the Board of Directors who have the authority to amend them.

REQUIRED SUPPLEMENTARY INFORMATION

General Fund – Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual

LAS ANIMAS - HUERFANO COUNTIES, COLORADO HEALTH DEPARTMENT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance- Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
<u>State Contracts</u>				
Federal and State Grants and Contracts	2,121,913	2,128,153	1,612,398	(515,755)
Per Capita Funding	127,238	132,713	90,514	(42,199)
<u>County Contributions</u>				
Huerfano	141,461	145,428	155,607	10,179
Las Animas	291,338	291,338	348,168	56,830
<u>Foundations, Local Contributions and Grants</u>				
Fees	148,281	155,390	473,327	317,937
Charges for Services	216,000	3,650	248,713	245,063
Other Revenue	-	-	-	-
TOTAL REVENUES	<u>3,046,231</u>	<u>2,856,672</u>	<u>2,928,727</u>	<u>72,055</u>
EXPENDITURES				
<u>Public Safety</u>				
Wages and Benefits	1,531,644	1,268,509	1,277,306	(8,797)
Lab and Xray	2,000	1,500	170	1,330
Drugs	30,000	26,500	22,332	4,168
Clinic Supplies	28,236	107,236	116,510	(9,274)
Equipment	52,222	33,222	962	32,260
Travel and Training	78,040	51,040	52,839	(1,799)
Legal and Audit	12,000	9,000	9,000	-
Services Rendered	86,504	146,754	165,635	(18,881)
Office Supplies	45,204	220,704	224,806	(4,102)
Educational Supplies	59,498	109,898	108,739	1,159
Telephone	35,000	35,000	25,531	9,469
Postage	2,265	2,265	2,092	173
Duplication	8,481	8,481	15,995	(7,514)
Insurance	12,500	12,500	26,667	(14,167)
Family Engagement	38,554	-	29,046	(29,046)
Miscellaneous	12,654	8,654	72,301	(63,647)
Advertising	57,795	58,800	65,236	(6,436)
Repairs and Maintenance	38,168	15,168	12,996	2,172
Rent	16,200	16,200	16,200	-
Utilities	50,000	30,000	27,541	2,459
Capital Outlay	50,000	70,000	66,913	3,087
Contract Services	<u>799,266</u>	<u>510,500</u>	<u>388,917</u>	<u>121,583</u>
TOTAL EXPENDITURES	<u>3,046,231</u>	<u>2,741,931</u>	<u>2,727,734</u>	<u>14,197</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES				
	-	<u>114,741</u>	<u>200,993</u>	
OTHER FINANCING SOURCES (USES)				
Other	-	-	1,596	<u>1,596</u>
EXCESS OF REVENUES OVER EXPENDITURES AND OTHER SOURCES (USES)				
	-	114,741	202,589	
FUND BALANCE, January 1	-	-	<u>1,823,844</u>	
FUND BALANCE, December 31	-	<u>114,741</u>	<u>2,026,433</u>	

The accompanying notes are an integral part of these financial statements.

SINGLE AUDIT SECTION

164 E. MAIN
TRINIDAD, COLORADO 81082
(719) 846-9241 FAX (719) 846-3352

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Las Animas-Huerfano Counties
Health Department
Trinidad, Colorado 81082

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 and each major fund of the Las Animas-Huerfano Counties Health Department as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Las Animas-Huerfano Counties Health Department's basic financial statements, and have issued our report thereon dated August 29, 2022.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Las Animas-Huerfano Counties Health Department's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Las Animas-Huerfano Counties Health Department's internal control. Accordingly, we do not express an opinion on the effectiveness of the Las Animas-Huerfano Counties Health Department's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Las Animas-Huerfano Counties Health Department's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Alison, Waller & Co., Inc.
August 29, 2022

164 E. MAIN
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Directors
Las Animas-Huerfano Counties
Health Department
Trinidad, Colorado 81082

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Las Animas-Huerfano Counties Health Department's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Las Animas-Huerfano Counties Health Department's major federal programs for the year ended December 31, 2021. Las Animas-Huerfano Counties Health Department's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Las Animas-Huerfano Counties Health Department 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 Las Animas-Huerfano Counties Health Department 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 Las Animas-Huerfano Counties Health Department's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Las Animas-Huerfano Counties Health

Department 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 Las Animas-Huerfano Counties Health Department 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 Las Animas-Huerfano Counties Health Department compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Las Animas-Huerfano Counties Health Department'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 Las Animas-Huerfano Counties Health Department'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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Deaton, Waller & Co., Inc.
August 29, 2022

LAS ANIMAS-HUERFANO COUNTIES HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS:

FINANCIAL STATEMENTS

Auditor's Report

An unmodified opinion has been issued on the financial statements of the Las Animas-Huerfano Counties Health Department.

Internal Control Over Financial Reporting

There were no significant deficiencies or material weaknesses identified.

Noncompliance Material to Financial Statements

No instances of noncompliance in amounts material to the financial statements of the Las Animas-Huerfano Counties Health Department were disclosed by the audit.

FEDERAL AWARDS

Internal Control Over Major Programs

No significant deficiencies or material weaknesses were identified.

Auditor's Report on Compliance for Major Programs

An unmodified opinion has been issued on the Las Animas-Huerfano Counties Health Department compliance for major programs.

Audit Findings

No findings requiring disclosure in accordance with 2 CFR Section 200.516(a) were disclosed by the audit.

Major Programs

WIC Special Supplemental Nutrition Program for Women, Infants and Children	10.557
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323

Dollar Threshold to Distinguish Type A and Type B Programs

\$750,000.

Qualification as low-risk auditee

The Las Animas-Huerfano Counties Health Department did not qualify as a low-risk auditee for the fiscal year ended December 31, 2021.

LAS ANIMAS-HUERFANO COUNTIES HEALTH DEPARTMENT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

LAS ANIMAS-HUERFANO COUNTIES HEALTH DEPARTMENT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2021

NONE

Las Animas - Huerfano Counties, Colorado Health Department
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor	Name of Grant	Federal Expenditures
<u>477 Cluster-Cluster</u>				
<u>Department of Health and Human Services</u>				
Child Care and Development Block Grant (477 Cluster)	93.575	Colorado Dept of Human Services		55,868
Total Department of Health and Human Services				55,868
Total 477 Cluster-Cluster				55,868
<u>Other Programs</u>				
<u>United States Environmental Protection Agency</u>				
Performance Partnership Grants	66.605	Colorado Dept of Public Health and Environment		9,550
Total United States Environmental Protection Agency				9,550
<u>Department of Health and Human Services</u>				
Public Health Emergency Preparedness	93.069	Colorado Dept of Public Health and Environment	COVID-19	30,010
Immunization Cooperative Agreements	93.268	Colorado Dept of Public Health and Environment		35,286
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Dept of Public Health and Environment	COVID - 19	287,989
Public Health Emergency Preparedness	93.069	Colorado Dept of Public Health and Environment	COVID - 19	67,914
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Dept of Public Health and Environment		153,778
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Dept of Public Health and Environment	COVID - 19	104,326
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Dept of Public Health and Environment		24,009
Total Department of Health and Human Services				703,312
<u>United States Department of Agriculture</u>				
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Colorado Det of Public Health and Environment	Program	65,294
WIC Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	Colorado Dept of Public Health and Environment	Certificates	230,361
Total United States Department of Agriculture				295,655
Total Other Programs				1,008,517
Total Expenditures of Federal Awards				\$ 1,064,385

The accompanying notes are an integral part of this schedule

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

LAS ANIMAS-HUERFANO COUNTIES HEALTH DEPARTMENT
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 includes the federal grant activity of the Las Animas-Huerfano Counties Health Department and is presented on the modified accrual basis of accounting. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

NOTE 2 NON-CASH ASSISTANCE

Expenditures shown in the accompanying schedule under Department of Agriculture Program 10.557 certificates of \$230,361 represent the value of vouchers issued by the program.

NOTE 3 PAYMENTS TO SUBRECIPIENTS

The Las Animas-Huerfano Counties Health Department made no awards of federal financial assistance to any subrecipients in the year ended December 31, 2021.

NOTE 4 INDIRECT COSTS

The Department elected not to use the 10 percent de minimus indirect cost rate allowed by Uniform Guidance.