

**Phillips County, Colorado**  
**Financial Statements**  
**December 31, 2021**

**Phillips County, Colorado  
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*Independent Auditor's Report*

Board of County Commissioners  
Phillips County, Colorado

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Phillips County (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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental 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 for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

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

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 County's ability to continue as a going concern for one year after the date that the financial statements are issued.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and

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

In performing an audit in accordance with GAAS, we:

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

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

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

Accounting principles generally accepted in the United States of America require that the required supplementary information including 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 opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information including the combining and individual nonmajor fund financial statements, budgetary comparison

information, highway finance report, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison information, highway finance report, and schedule of expenditures of federal awards 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information 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 June 13, 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 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.

*rfarmer, llc*

June 13, 2022

# Phillips County, Colorado

## Management’s Discussion and Analysis

December 31, 2021

As management of Phillips County, Colorado (the “County”), we offer readers of the county’s financial statements a brief overview and analysis of some key financial factors of the County for the fiscal year ended December 31, 2021.

### County Profile

Phillips County is a small, agriculturally based county in the northeast corner of Colorado. It was established in 1889 and encompasses 680 square miles. The U.S. Census Bureau estimated the countywide population at 4,530 people. The county has three incorporated municipalities – Paoli – 51; Haxtun – 981; and Holyoke, the County Seat – 2,346. The County also has a small unincorporated community of Amherst. The total unincorporated population is 1,152.

### Key Financial Factors

Healthy annual end-of-year fund balances and stable or increased assessed values are key components of the county’s financial health.

### Fund Balance Review:

	2017	2018	2019	2020	2021
General	\$1,107,362	\$1,124,680	\$1,222,429	\$1,580,058	\$2,256,906
Road & Bridge	\$1,150,034	\$1,535,284	\$1,734,785	\$1,556,255	\$1,719,327
Human Services	\$86,247	\$110,942	\$110,125	\$183,120	\$271,007
Capital Expenditures	\$262,676	\$158,695	\$290,476	\$427,608	\$601,408
ARPA Project				\$0	\$0
Other	\$382,634	\$353,791	\$296,781	\$355,497	\$231,230
	\$2,988,953	\$3,283,392	\$3,654,596	\$4,102,538	\$5,079,878

The fund balance comparison shows an increase overall. The fund of most concern would be Human Services. Its fund balance remains fairly consistent but still needs to be closely monitored. The American Recovery Plan Act fund will only exist until the funds are expended, at the latest, by 2026.

### Assessed Value of the County

2017	2018	2019	2020	2021
\$92,726,290	\$92,976,300	\$97,831,530	\$98,041,740	\$100,458,180

In the five-year period from 2017 to 2021, the county’s assessed value increased \$7,731,890, an 8.37% increase. Residential property increased 11.54%, commercial property decreased 1.54%,

industrial property increased 10.06% and agricultural property decreased 8.1%. The overall increase reflects very modest growth in the county. The increase comes mainly from gains in residential values, which is based on sales. However, agriculture values, based on a 10-year average of income vs. expenditures, saw a decrease. As the county's economy is primarily dependent on agriculture, management must recognize the significant effect a substantial decrease in agricultural assessment will have on the county's economic health.

**Next Year's Budget and Rates:**

The County's General Fund's balance at the end of fiscal year 2021 was \$2,183,734. A reserve is necessary to start the year and provide basic services to the residents and visitors of Phillips County. An adequate reserve at year-end on which to operate a minimum of four months or 30% of the approved expenditure budget is considered a fiscally responsible policy and furthermore, recommended by the county auditor, for the majority of the property tax revenue is received in April of each year. The County had a General Fund balance of 55.99% of the 2022 budgeted expenditures.

**Capital Assets and Debt Administration:**

Due to the COVID-19 pandemic, the Federal government passed the American Recovery Plan Act which allotted the county \$828,990, \$414,495 of which were received in 2021. The federal government continued to make available grants funds that the County, in accordance with grant guidelines, were used to purchase several capital items\* directly related to providing a safe environment for employees and Phillips County residents alike. The County's major purchases for capital assets in 2021 were:

Finishing mower*	Fund 66 - Maintenance	\$4,387
Utility tractor*	Fund 66 - Maintenance	\$39,370
Pressure washer	Fund 10 – Maintenance	\$7,842
Patrol car*	Fund 66 – Sheriff's Office	\$19,560
Patrol car	Fund 61 – Sheriff's Office	\$22,407
911 software upgrades*	Fund 66 – Communications Ctr.	\$13,625
Recording system upgrades*	Fund 66 – Communications Ctr.	\$12,677
Pipe, accessories*	Fund 66 – RV Park	\$13,814
Sweeper	Fund 10 – Event Center	\$9,244
Portable cooling fans (3)*	Fund 66 – BOC Pavilion	\$7,737
Pallet forks	Fund 10 – Landfill	\$3,200
Fertilizer trailer	Fund 10 – Weed & Pest	\$7,077
Truck	Fund 20 – Road & Bridge	<u>\$4,000</u>
	<b>TOTAL</b>	<b>\$164,940</b>

The County has three remaining lease-purchase agreements in 2021 as referenced in Note 12 of the Audit Information.

Request for information: This brief financial overview is designed to highlight key components of the County's finances for all those with an interest. Questions concerning any of the information provided in this overview or requests for additional financial information should be addressed to the Phillips County Administration Office, 221 S. Interocean Ave., Holyoke, CO 80734.

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

	<b>Governmental Activities</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 5,171,275
Receivables	3,019,357
Due from other governmental agencies	29,667
Inventories	136,810
Capital assets	
Land	268,567
Infrastructure	2,828,352
Buildings	9,403,696
Equipment and furniture	5,614,255
Vehicles	1,899,328
Less: accumulated depreciation	(10,932,464)
Total Capital Assets	9,081,734
Total Assets	17,438,843
 <b>LIABILITIES</b>	
Accounts payable and accrued expenses	167,838
Due to other governmental agencies	15,317
Unearned Revenues	249,703
Long-term liabilities	
Due within one year	
Capital leases	119,314
Due in more than one year	
Capital leases	7,608
Compensated absences	236,042
Total Liabilities	795,822
 <b>DEFERRED IN-FLOW OF RESOURCES</b>	
Deferred revenues-property taxes	2,844,373
 <b>NET POSITION</b>	
Net investment in capital assets	9,079,798
Restricted for:	
TABOR and enabling legislation	205,664
Unrestricted	4,513,186
Total Net Position	\$ 13,798,648

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

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

<u>Functions/Programs</u>	<u>Program Revenue</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
<b>Primary government</b>			<b>Capital Grants and Contributions</b>	<b>Governmental Activities</b>
Governmental Activities				
General Government	\$ 1,999,053	\$ 437,150	\$ 41,454	\$ (1,520,449)
Public Safety	998,567	154,851	452,059	(391,657)
Highways and Streets	1,746,472	5,875	1,370,014	(370,583)
Health & Welfare	866,158	-	420,068	(438,090)
Culture and Recreation	715,481	44,506	13,154	(439,618)
Sanitation	430,898	219,081	-	(211,817)
Interest on Long-term debt	12,325	-	-	(12,325)
Economic Development	28,000	-	-	(28,000)
Judicial	98,789	-	-	(98,789)
Total governmental activities	<u>6,895,743</u>	<u>861,463</u>	<u>2,296,749</u>	<u>(3,511,328)</u>
Total primary government	<u>6,895,743</u>	<u>861,463</u>	<u>2,296,749</u>	<u>(3,511,328)</u>
<b>General revenues:</b>				
Taxes:				
Property taxes, levied for general purposes				\$ 2,709,613
Sales & use taxes				929,961
Specific Ownership taxes				315,679
Unrestricted investment earnings				21,728
Miscellaneous				377,820
Total general revenues, special items, and transfers				<u>4,354,801</u>
Change in net position				843,473
Net position - beginning				12,955,175
Net position - ending				<u>\$ 13,798,648</u>

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

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

	<b>General</b>	<b>Road &amp; Bridge</b>	<b>Human Services</b>	<b>Capital Expenditures</b>	<b>American Recovery Plan</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,184,504	\$ 1,607,454	\$ 250,160	\$ 701,318	\$ 206,312	\$ 221,527	\$ 5,171,275
Taxes receivable, net	2,208,473	374,709	160,733	100,458	-	-	2,844,373
Due from State	-	-	29,667	-	-	-	29,667
Other receivables	96,944	50,000	6,497	11,096	-	10,447	174,984
Inventories	13,414	123,396	-	-	-	-	136,810
Total assets	<u>4,503,335</u>	<u>2,155,559</u>	<u>447,057</u>	<u>812,872</u>	<u>206,312</u>	<u>231,974</u>	<u>8,357,109</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>							
Accounts payable	37,956	61,523	-	57,313	10,302	744	167,838
Payable to other governments	-	-	15,317	-	-	-	15,317
Unearned revenue	-	-	-	53,693	196,010	-	249,703
Total liabilities	<u>37,956</u>	<u>61,523</u>	<u>15,317</u>	<u>111,006</u>	<u>206,312</u>	<u>744</u>	<u>432,858</u>
Deferred Cash In-flow of Resources:							
Deferred revenue-property taxes	2,208,473	374,709	160,733	100,458	-	-	2,844,373

Fund balances:							
Restricted for:							
TABOR and enabling legislation	189,615	-	16,049	-	-	-	205,664
Non-spendable-inventory	13,414	123,397	-	-	-	-	136,811
Unassigned	2,053,877	-	-	-	-	-	2,053,877
Committed, reported in:							
Special revenue funds	-	1,595,930	254,958	601,408	-	231,230	2,683,526
Total fund balances	<u>2,256,906</u>	<u>1,719,327</u>	<u>271,007</u>	<u>601,408</u>	<u>-</u>	<u>231,230</u>	<u>5,079,878</u>
Total liabilities and fund balances	<u>\$ 4,503,335</u>	<u>\$ 2,155,559</u>	<u>\$ 447,057</u>	<u>\$ 812,872</u>	<u>\$ 206,312</u>	<u>\$ 231,974</u>	<u>\$ 8,357,109</u>

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

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

Total fund balance, governmental funds	\$ 5,079,878
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	9,081,735
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(362,964)
Rounding	<u>(1)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 13,798,648</u></u>

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

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

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Human Services</u>	<u>Capital Expenditures</u>	<u>American Recovery Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Property Taxes	\$ 2,100,693	\$ 357,230	\$ 153,744	\$ 97,945	\$ -	\$ -	\$ 2,709,612
SO Tax	239,438	47,218	17,860	11,163	-	-	315,679
Sales, Use and miscellaneous taxes	854,634	88,556	-	-	-	-	943,190
Fees and fines	5,226	-	-	-	-	-	5,226
Licenses and permits	2,555	428	-	-	-	-	2,983
Intergovernmental	485,666	1,356,785	405,329	26,507	218,204	25,224	2,517,715
Charges for services	372,809	1,055	-	221,106	-	139,056	734,026
Investment earnings	21,055	-	-	-	-	674	21,729
Miscellaneous	63,266	23,211	-	271,654	-	58,532	416,663
Rent received	86,130	-	-	-	-	-	86,130
<b>Total revenues</b>	<b>4,231,472</b>	<b>1,874,483</b>	<b>576,933</b>	<b>628,375</b>	<b>218,204</b>	<b>223,486</b>	<b>7,752,953</b>
<b>EXPENDITURES</b>							
<b>Current:</b>							
General government	1,561,568	11,396	-	278,414	107,033	119	1,958,530
Public safety	867,580	-	-	-	-	62,151	929,731
Streets & Highways	-	1,473,181	-	-	-	-	1,473,181
Health and Welfare	373,296	-	491,927	-	-	-	865,223
Culture and recreation	439,263	-	-	-	-	945	440,208
Judicial	98,789	-	-	-	-	-	98,789
Sanitation	392,809	-	-	-	-	-	392,809
Economic development	-	-	-	-	-	78,494	78,494
<b>Debt Service:</b>							
Principal	-	217,163	-	141,400	-	-	358,563
Interest and other charges	-	5,672	-	12,325	-	-	17,997
Capital outlay	27,363	4,000	-	22,436	111,171	-	164,970
<b>Total Expenditures</b>	<b>3,760,668</b>	<b>1,711,412</b>	<b>491,927</b>	<b>454,575</b>	<b>218,204</b>	<b>141,709</b>	<b>6,778,495</b>
Excess (deficiency) of revenues over expenditures	470,804	163,071	85,006	173,800	-	81,777	974,458
<b>OTHER FINANCING SOURCES (USES)</b>							
Other sources	-	-	2,881	-	-	-	2,881
Transfers in	242,043	-	-	-	-	36,000	278,043
Transfers out	(36,000)	-	-	-	-	(242,043)	(278,043)
<b>Total other financing sources and uses</b>	<b>206,043</b>	<b>-</b>	<b>2,881</b>	<b>-</b>	<b>-</b>	<b>(206,043)</b>	<b>2,881</b>
Net change in fund balances	676,847	163,071	87,887	173,800	-	(124,266)	977,339
Fund balances - beginning	1,580,059	1,556,256	183,120	427,608	-	355,496	4,102,539
<b>Fund balances - ending</b>	<b>\$ 2,256,906</b>	<b>\$ 1,719,327</b>	<b>\$ 271,007</b>	<b>\$ 601,408</b>	<b>\$ -</b>	<b>\$ 231,230</b>	<b>\$ 5,079,878</b>

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

**Phillips 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: \$ 977,339

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$164,971 was less than depreciation of \$697,549 in the current period. (532,578)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold. (1,050)

Governmental funds report capital lease payments as current financial resources. In contrast, the Statement of Activities treats such debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments were more than proceeds. 408,640

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

Change in Compensated Absences (8,879)

Rounding 1

Change in net position of governmental activities \$ 843,473

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

	<b>TOTAL AGENCY FUNDS</b>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 1,676,247</u>
Total assets	<u><u>1,676,247</u></u>
<b>LIABILITIES:</b>	
Due to other governmental units	<u>1,676,247</u>
Total Liabilities	<u><u>\$ 1,676,247</u></u>

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

**Phillips County, Colorado**  
**Notes to Financial Statements**  
**December 31, 2021**

**Note 1            Reporting Entity**

Phillips County (the County) is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. There are also five other elected officials of the County (Assessor, Clerk and Recorder, Sheriff, Treasurer and Coroner).

All financial transactions of the offices of elected officials of the County are included in the General Fund of the County's financial statements. The Board of County Commissioners has budgetary authority over the elected officials and is accountable for all fiscal matters. County property taxes fund a significant portion of the costs of operating the elected officials' offices. Services provided by the elected officials are for the benefit of Phillips County residents and are conducted within the boundaries of the County.

The basic financial statements present the financial statements of the County (the primary government) and its component units in accordance with Statements of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended.

The County has examined other entities and there are no other entities that should be included.

The County is within the 13th Judicial District and participates with other counties in receiving services from the District Attorney. The District Attorney - 13th Judicial District is not a component unit of Phillips County.

**Note 2            Summary of Significant Accounting Policies**

The accounting and reporting policies of the County conform to accounting principles generally accepted in the United States of America (USGAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation**

**Government-Wide and Fund Financial Statements**

The County government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of

Governmental and Business-Type Activities for the County accompanied by the total column. Fiduciary activities of the County are not included in these statements. *Government 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 certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segments 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 of *general revenues*.

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

The government-wide financial statements are presented on an *economic resource's measurement focus* and the *accrual basis of accounting*. Accordingly, all the County's assets and liabilities, including capital assets, as well as infrastructure assets when capitalized, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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 County considers revenues to be available if they are collected within sixty 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.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues, and other taxes. 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:

#### General Fund

The General fund is the general operating fund of the County. It is used to account for all resources except those required to be accounted for in another fund. The main sources of revenues are property taxes and sales taxes.

#### Road & Bridge Fund

This fund records costs related to County road and bridge construction and maintenance. By state law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for their road and street activities. The main sources of income are highway user trust fund payments and property taxes.

#### Department of Human Services (Public Welfare)

This fund administers social services programs under state and federal regulations. Colorado counties are required by law to maintain a Human Services fund. The main sources of revenues include state and federal grants and property taxes.

#### Capital Expenditure Fund

This fund accounts for the majority of capital expenditures not budgeted by the General and Road & Bridge funds. The main sources of revenues are property taxes.

#### American Recovery Plan

This fund is part of the American Rescue Plan Act, signed into law by the Federal Government, to support the county's response to and recovery from the COVID-19 public health emergency.

The County has one Fiduciary Fund, which consists of the cash with county treasurer. The fund is not included with any other fund.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, those transactions between governmental and business-type activities have not been eliminated.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

The County follows the policy of capitalizing all assets, other than infrastructure, which cost more than \$2,000 with an estimated useful life of more than one year. Infrastructure assets that cost more than the following amounts will be capitalized:

Gravel roads	\$ 500,000
Bridges	\$ 75,000
Other Infrastructure	\$ 250,000

The useful lives of the assets are:

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

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities reports separately three categories of program revenues: (a) charges for services, (b) program-specific *operating* grants and contributions and (c) program-specific *capital* grants and contributions.

*Charges for services* include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients.

*Program-specific grants and contributions (operating and capital)* include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes - to purchase, construct or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government. Multipurpose grants (those that provide financing for more than one program) are reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

### Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions, which constitute reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expended in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year-end, outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

### Budgets and Budgetary Accounting

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.

The budget calendar is as follows:

August 25      Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.

Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

October 15      Statutory deadline for submission of proposed budget to the local governing body. “Notice of Budget” to be published when budget is received.

December 15      Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuing fiscal period.

ordinance or resolution making appropriations for the ensuring fiscal period.

December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to Assessor and the Division of Property Taxation.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end.

The Capital Expenditures Fund and American Recovery Plan overspent their 2021 budgets, which may be a violation of Colorado Revised Statutes.

### Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits collections on a monthly basis to the County. County property tax revenues are recognized as they become current receivables from the County Treasurer. One-half of the property taxes are due by February 28 and one-half due by June 15 or all may be paid by April 30 to avoid penalties and interest.

### Vacation Days and Sick Leave

All full-time County employees begin accruing paid vacation leave upon hire. New hires may use up to 40 hours of paid vacation leave after six-months of employment and are then entitled to an additional 40 hours of paid vacation at one full year of employment. After the 10<sup>th</sup> year of employment, an additional 40 hours of vacation leave is allowed per calendar year. After the 20<sup>th</sup> year of employment, an additional 40 hours of vacation leave is allowed per calendar year. Vacation leave earned during the year is available for use on the January 1<sup>st</sup> of the year and any amount not used by March 31<sup>st</sup> of the following year are lost, except as granted by the Commissioners. Permanent part-time employees who work at least 20 hours per week receive a pro-rated amount of vacation time and are under the same use and accrual guidelines.

Every full-time employee will accrue sick leave at a rate of 8 hours per month of service (permanent part-time accrue a pro-rated amount). Such leave is allowed only to the extent of actual illness of a family member as defined in the County Personnel Policy. Employees hired after November 1, 2005 will be compensated based on regular pay for a portion of unused sick leave upon leaving the County.

### Contraband

Per Colorado Contraband Forfeiture Act (CRS 16-13-501 to 511), proceeds received from the seizure of contraband must be used for the specific purpose of law enforcement activities. These proceeds are exempt from the appropriation process. Phillips County received no material proceeds from contraband during the year.

### Inventories

Inventory of construction and maintenance supplies and weed control chemicals are reflected in the Road and Bridge Fund and General Fund, respectively, as an asset. Inventory is recorded at cost using the first-in, first-out (FIFO) method.

## **Note 3      Deposits and Investments**

### Deposits

Colorado State Statutes, specifically the Public Deposit Protection Act of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the Federal Reserve System, and which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado.

### Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized,
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

As of year-end, the County was not exposed to custodial risk in that all funds held by the county are deposited in various financial institutions that are covered by FDIC insurance or meet the requirements of the Public Deposit Protection Act as amended per Colorado Revised Statutes. The county is not exposed to any other risk as defined by GASB 40.

**Note 4      Changes in Fixed Assets**

Capital asset activity for the current year is shown below:

	Beginning Balance	Additions	Deletions	Ending Balances
Governmental Activities:				
Land	\$ 268,567	\$ -	\$ -	\$ 268,567
Total Capital Assets, Not Being Depreciated	268,567	-	-	268,567
Capital Assets Being Depreciated:				
Infrastructure	2,828,352	-	-	2,828,352
Buildings	9,403,696	-	-	9,403,696
Equipment	5,491,252	123,003	-	5,614,255
Vehicles	1,887,079	41,967	(29,718)	1,899,328
Total Capital Assets Being Depreciated	19,610,379	164,970	(29,718)	19,745,631
Less Accumulated Depreciation	(10,264,633)	(697,549)	29,718	(10,932,464)
Total Capital Assets Being Depreciated, Net	9,345,746	(532,579)	-	8,813,167
Governmental Activities Capital Assets, Net	\$ 9,614,313	\$ (532,579)	\$ -	\$ 9,081,734

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

Governmental activities:	
General government	\$ 44,775
Public safety	68,836
Public Works	267,619
Sanitation	38,089
Health & Welfare	786
Culture & Recreation	277,444
Total depreciation expense-governmental activities	<u>\$ 697,549</u>

**Note 5      Joint Ventures**

The County participates in the County Technical Services, Inc. (CTSI) Insurance Pool. This joint venture does not meet the criteria for inclusion within the reporting entity because the County Health Pool has the following characteristics:

- is financially independent and responsible for its own financial deficits and entitled to its own surpluses,

- is a separate governing board from that of the County, which is comprised of 1 voting member from each participating County/entity,
- the governing board and management could significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

Financial information is available from CTSI.

**Note 6 Pension Plan**

Defined Contribution Plan

The County is participating in a Defined Contribution Pension Plan through Colorado Retirement Association (CRA). The Plan is funded by employee's contributions at 4 percent of gross salary with the County matching another 4 percent. All employees who work over 20 hours per week and have been employed one year are required to be in the plan. The employee is immediately vested in their contribution. The vesting period for the employer's contribution is 20% per year for 5 years. At the end of the fifth year of participating in the plan, the employee is fully vested in the County's contribution. The Board of County Commissioners authorizes any changes to the plan.

During 2021, the employee and employer paid \$97,856 each into CRA. Total salaries were \$2,629,030 with qualifying salaries being \$2,446,400.

There were approximately 69 total employees at year-end who are considered general employees.

The employees can also contribute to an IRC 457 pension plan. All contributions are made by the employee.

**Note 7 Transfers**

The transfers made during 2021 were from the General Fund to the Economic Development Fund and Ambulance Replacement Fund in the amounts of \$28,000 and \$8,000, respectively. The E911 Fund transferred \$66,500 to the General Fund, and the Contingent Fund transferred \$175,543 to the General Fund.

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions, which constitute reimbursement of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing

fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of Governmental Funds. Transfers of equity to Proprietary Funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

## **Note 8      Risk Management**

### County Workers' Compensation Pool

The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined with other Counties in the State of Colorado to form the County Workers' Compensations Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

### Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County joined 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 intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible. Claims have not exceeded coverages during the past three years.

**Note 9 Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue rising, 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. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

On November 7, 1995, the voters of Phillips County approved a ballot initiative allowing the County to retain funds over the limitations imposed by the amendment in 1995 and all subsequent years. It is the opinion of the County that the revenue and spending limitation imposed by the amendment no longer applies to the County.

**Note 10 Restricted Fund Balances**

With the passage of Amendment One to the Colorado State Constitution, the County has restricted at least 3 percent of its non-federal spending for emergencies. For 2021, \$189,615 has been reflected as the emergency reserve.

In addition, the Human Services Fund has restricted \$16,049 due to enabling legislation.

**Note 11 Landfill**

State and federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. At December 31, 2021, the County has closed approximately 28.0% of the estimated capacity of the landfill. The County expects the closure and post-closure liability to be \$353,056 to cover the last cell open at the time of closure. The amount is based on what it would cost to perform all closure and post-closure care in 2018, adjusted by the inflation percentages. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The County expects to close the landfill in the year 2061. The County has completed the financial assurance report; however, no contributions have been made to a trust to finance closure and post-closure care. As of year-end, the county has not restricted any assets for the payment of the closure and post-closure care costs nor booked any liability.

**Note 12      Lease Purchase**

During 2018, the County entered into a lease purchase agreement as a result of a sale lease-back agreement. The County sold certain individual pieces of equipment to the bank for \$500,000. That amount is reflected as other financing sources in the Fairgrounds Improvement Fund. The County immediately entered into an agreement with the bank to buy back the same equipment under a lease-purchase agreement. The terms of the agreement call for monthly payments of \$9,177 for sixty months beginning September 2018 with interest at the rate of 3.19%. If all payments are made, the equipment can be purchased for \$1.

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 23,244	\$ 741	\$ 23,985

During 2019, the County entered into a lease-purchase agreement as a result of a sale lease-back agreement. The County sold certain individual pieces of equipment to the bank for \$200,000. That amount is reflected as other financing sources in the Fairgrounds Improvement Fund. The County immediately entered into an agreement with the bank to buyback the same equipment under a lease purchase agreement. The terms of the agreement call for monthly payments of \$3,636 for sixty months beginning July 2019 with interest at the rate of 3.47%. If all payments are made, the equipment can be purchased for \$1.

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 40,768	\$ 2,859	\$ 43,627
2023	7,608	264	7,872
	<u>\$ 48,376</u>	<u>\$ 3,123</u>	<u>\$ 51,499</u>

During, 2019 the County entered into a lease-purchase agreement for three John Deere motor graders. The total cost was \$760,500. A down payment of \$122,000 was paid with \$638,500 financed. The terms call for 36 monthly payments of \$18,570, including principal and interest, with interest at the rate of 2.94%. The equipment is collateral for the agreement.

	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 55,302	\$ 408	\$ 55,710

Changes in long-term debt are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Payments</u>	<u>Ending Balances</u>	<u>Current Portion</u>
Equipment Lease	\$ 534,515	\$ -	\$ (407,593)	\$ 126,922	\$ 119,314
Compensated Absences	227,163	8,879	-	236,042	-
	<u>\$ 761,678</u>	<u>\$ 8,879</u>	<u>\$ (407,593)</u>	<u>\$ 362,964</u>	<u>\$ 119,314</u>

## **Note 13 Fund Balance**

In the fund financial statements, the following classifications describe the relative strength of spending constraints.

- *Non-spendable balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* – The portion of fund balance constrained for specific purposes according to the limitations imposed by the County’s highest level of decision-making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that fund.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the County Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that fund.
- *Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

## **Note 14 Subsequent Events**

Phillips County has already been greatly affected financially by the COVID-19 Pandemic and to date, there is no projected date to the end of this Pandemic.

Phillips County’s highest rate of revenue comes from Property Taxes, Highway User Tax Funds (HUTF), and Sales Tax. Below are the decreased percentages already and Assessor’s predictions.

- The County's Assessor predicts that over the next few years:
  - Property Tax's commercial rate will remain stagnant.
  - That there will be a decrease in agriculture and oil/gas revenues.
  - The impact on residential properties is not yet known but could be material.

Phillips County main economic driver is agriculture consisting of 688 square miles of farm and ranch land. It is predicted that the agriculture industry will incur, at a minimum, a 10% decrease in gross revenues. (Food & Agricultural Policy Research Institute, April 2020)

In 2019 there were 274 active oil/gas wells with a revenue of approximately \$1,802,580. The State of Colorado is predicting a 50% revenue decrease for 2020. (Westword, April 15, 2020)

- HUTF decreased 16% from January-April 2020. HUTF revenue accounts for 75% of Phillips County Road & Bridge revenue.
- Sales tax has decreased 24% year to date. It is anticipated that the loss of sales tax dollars will increase.

The Board of County Commissioners predict that Phillips County financially will be affected for five years plus, thus crippling essential services provided by all departments of the County. Areas affected include but are not limited to a decrease in maintaining equipment that already needs to be replaced, possibly decreasing the number of personnel, related benefits, and lower, if any, cost of living increases.

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**General**  
**For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 2,106,495	\$ 2,106,495	\$ 2,100,693	\$ (5,802)
SO Tax	195,000	195,000	239,438	44,438
Sales and miscellaneous taxes	522,000	522,000	854,634	332,634
Fees and fines	7,500	7,500	5,226	(2,274)
Licenses and permits	875	875	2,555	1,680
Intergovernmental	196,574	196,574	485,666	289,092
Charges for services	307,600	307,600	372,809	65,209
Investment earnings	13,000	13,000	21,055	8,055
Rent	63,500	63,500	86,130	22,630
Miscellaneous	29,700	29,700	63,266	33,566
Total revenues	<u>3,442,244</u>	<u>3,442,244</u>	<u>4,231,472</u>	<u>789,228</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,621,477	1,621,477	1,561,568	59,909
Public Safety	1,037,155	1,037,155	867,580	169,575
Health and sanitation	569,324	569,324	766,105	(196,781)
Culture and recreation	454,073	454,073	439,263	14,810
Judicial	98,789	98,789	98,789	-
Capital Outlay	-	-	27,363	(27,363)
Total Expenditures	<u>3,780,818</u>	<u>3,780,818</u>	<u>3,760,668</u>	<u>20,150</u>
Excess (deficiency) of revenues over expenditures	<u>(338,574)</u>	<u>(338,574)</u>	<u>470,804</u>	<u>809,378</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	241,482	241,482	242,043	(561)
Transfers out	<u>(78,000)</u>	<u>(78,000)</u>	<u>(36,000)</u>	<u>42,000</u>
Total other financing sources and uses	<u>163,482</u>	<u>163,482</u>	<u>206,043</u>	<u>41,439</u>
Net change in fund balances	(175,092)	(175,092)	676,847	851,939
Fund balances - beginning	1,179,906	1,179,906	1,580,059	400,153
Fund balances - ending	<u>\$ 1,004,814</u>	<u>\$ 1,004,814</u>	<u>\$ 2,256,906</u>	<u>\$ 1,252,092</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Road & Bridge**  
**For the year ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 414,717	\$ 414,717	\$ 357,230	\$ (57,487)
SO Taxes	36,000	36,000	47,218	11,218
Sales and miscellaneous taxes	61,500	61,500	88,556	27,056
Licenses and permits	1,000	1,000	428	(572)
Intergovernmental	1,230,000	1,230,000	1,356,785	126,785
Charges for services	1,000	1,000	1,055	55
Miscellaneous	1,000	1,000	23,211	22,211
Total revenues	1,745,217	1,745,217	1,874,483	129,266
<b>EXPENDITURES</b>				
Current:				
General government	12,500	12,500	11,396	1,104
Highways and roads	1,582,458	1,582,458	1,473,181	109,277
Debt Service:				
Principal	217,200	217,200	217,163	37
Interest and other charges	5,650	5,650	5,672	(22)
Capital Outlay	255,000	255,000	4,000	251,000
Total Expenditures	2,072,808	2,072,808	1,711,412	361,396
Excess (deficiency) of revenues over expenditures	(327,591)	(327,591)	163,071	490,662
Net change in fund balances	(327,591)	(327,591)	163,071	490,662
Fund balances - beginning	1,642,256	1,642,256	1,556,256	(86,000)
Fund balances - ending	\$ 1,314,665	\$ 1,314,665	\$ 1,719,327	\$ 404,662

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Human Services**  
**For the year ended December 31, 2021**

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property Taxes	\$ 153,968	\$ 153,968	\$ 153,744	\$ (224)
Senior Exemption	2,899	2,899	2,881	
SO Taxes	13,000	13,000	17,860	4,860
Other Local Revenues	300	300	-	(300)
Intergovernmental	350,000	350,000	405,329	55,329
Miscellaneous	4,000	4,000	-	(4,000)
Total revenues	524,167	524,167	579,814	55,665
<b>EXPENDITURES</b>				
Current:				
Health and human services	519,267	519,267	491,927	27,340
Total Expenditures	519,267	519,267	491,927	27,340
Excess (deficiency) of revenues over expenditures	4,900	4,900	87,887	83,005
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	45,000	45,000	-	45,000
Total other financing sources and uses	45,000	45,000	-	45,000
Net change in fund balances	49,900	49,900	87,887	37,987
Fund balances - beginning	76,031	76,031	183,120	107,089
Fund balances - ending	\$ 125,931	\$ 125,931	\$ 271,007	\$ 145,076

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Capital Expenditures**  
**For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Property Taxes	\$ 98,042	\$ 98,042	\$ 97,945	\$ (97)
SO Taxes	8,700	8,700	11,163	2,463
Intergovernmental	106,193	125,308	26,507	(98,801)
Charges for services	164,000	164,000	221,106	57,106
Miscellaneous	17,000	17,000	271,654	254,654
Total revenues	<u>393,935</u>	<u>413,050</u>	<u>628,375</u>	<u>215,325</u>
<b>EXPENDITURES</b>				
Current:				
General government	106,958	126,073	278,414	(152,341)
Culture and recreation	15,000	15,000	-	15,000
Debt Service:				
Principal	145,174	145,174	141,400	3,774
Interest and other charges	8,580	8,580	12,325	(3,745)
Capital Outlay	159,693	159,693	22,436	137,257
Total Expenditures	<u>435,405</u>	<u>454,520</u>	<u>454,575</u>	<u>(55)</u>
Excess (deficiency) of revenues over expenditures	<u>(41,470)</u>	<u>(41,470)</u>	<u>173,800</u>	<u>215,270</u>
Net change in fund balances	(41,470)	(41,470)	173,800	215,270
Fund balances - beginning	395,545	395,545	427,608	32,063
Fund balances - ending	<u>\$ 354,075</u>	<u>\$ 354,075</u>	<u>\$ 601,408</u>	<u>\$ 247,333</u>

**Phillips County, Colorado  
Budget and Actual (with Variances)  
American Recovery Plan  
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	\$ 217,922	\$ 217,922	\$ 218,204	\$ 282
Total revenues	<u>217,922</u>	<u>217,922</u>	<u>218,204</u>	<u>282</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	-	107,033	(107,033)
Capital Outlay	217,922	217,922	111,171	106,751
Total Expenditures	<u>217,922</u>	<u>217,922</u>	<u>218,204</u>	<u>(282)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Phillips County, Colorado  
Balance Sheet  
Other Governmental Funds  
December 31, 2021

ASSETS	Ambulance Replacement	Conservation Trust	E911	Economic Development	Total Governmental Funds
Cash and cash equivalents	\$ 60,767	\$ 23,244	\$ 128,585	\$ 8,931	\$ 221,527
Other receivables	-	-	10,447	-	10,447
Total assets	<u>60,767</u>	<u>23,244</u>	<u>139,032</u>	<u>8,931</u>	<u>231,974</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:					
Accounts payable	-	-	744	-	744
Total liabilities	<u>-</u>	<u>-</u>	<u>744</u>	<u>-</u>	<u>744</u>

Fund balances:

Committed	60,767	23,244	138,288	8,931	231,230
Total fund balances	<u>60,767</u>	<u>23,244</u>	<u>138,288</u>	<u>8,931</u>	<u>231,230</u>
Total liabilities and fund balances	<u>\$ 60,767</u>	<u>\$ 23,244</u>	<u>\$ 139,032</u>	<u>\$ 8,931</u>	<u>\$ 231,974</u>

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

	Ambulance Replacement	Conservation Trust	Contingent	E911	Economic Development	Total-Other Governmental Funds
<b>REVENUES</b>						
Intergovernmental	\$ -	\$ 13,154	-	\$ 12,070	-	\$ 25,224
Charges for services	-	-	-	139,056	-	139,056
Investment earnings	109	13	552	-	-	674
Miscellaneous	8,000	-	-	-	50,532	58,532
Total revenues	<u>8,109</u>	<u>13,167</u>	<u>552</u>	<u>151,126</u>	<u>50,532</u>	<u>223,486</u>
<b>EXPENDITURES</b>						
Current:						
General government	81	-	-	-	38	119
Public Safety	-	-	-	62,151	-	62,151
Culture and recreation	-	945	-	-	-	945
Economic Development	-	-	-	-	78,494	78,494
Total Expenditures	<u>81</u>	<u>945</u>	<u>-</u>	<u>62,151</u>	<u>78,532</u>	<u>141,709</u>
Excess (deficiency) of revenues over expenditures	<u>8,028</u>	<u>12,222</u>	<u>552</u>	<u>88,975</u>	<u>(28,000)</u>	<u>81,777</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	8,000	-	-	-	28,000	36,000
Transfers out	-	-	(175,543)	(66,500)	-	(242,043)
Total other financing sources and uses	<u>8,000</u>	<u>-</u>	<u>(175,543)</u>	<u>(66,500)</u>	<u>28,000</u>	<u>(206,043)</u>
Net change in fund balances	16,028	12,222	(174,991)	22,475	-	(124,266)
Fund balances - beginning	44,739	11,022	174,991	115,813	8,931	355,496
Fund balances - ending	<u>\$ 60,767</u>	<u>\$ 23,244</u>	<u>\$ -</u>	<u>\$ 138,288</u>	<u>\$ 8,931</u>	<u>\$ 231,230</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Ambulance Replacement**  
**For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Investment earnings	\$ -	\$ -	\$ 109	\$ 109
Miscellaneous	8,200	8,200	8,000	(200)
Total revenues	<u>8,200</u>	<u>8,200</u>	<u>8,109</u>	<u>(91)</u>
<b>EXPENDITURES</b>				
Current:				
General government	61,021	61,021	81	60,940
Total Expenditures	<u>61,021</u>	<u>61,021</u>	<u>81</u>	<u>60,940</u>
Excess (deficiency) of revenues over expenditures	<u>(52,821)</u>	<u>(52,821)</u>	<u>8,028</u>	<u>60,849</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers in	8,000	8,000	8,000	-
Total other financing sources and uses	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale capital assets	-	61,021	-	61,021
Net change in fund balances	(44,821)	(44,821)	16,028	60,849
Fund balances - beginning	44,821	44,821	44,739	(82)
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,767</u>	<u>\$ 60,767</u>

**Phillips County, Colorado  
Budget and Actual (with Variances)  
Conservation Trust  
For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 10,000	\$ 10,000	\$ 13,154	\$ 3,154
Investment earnings	-	-	13	13
Total revenues	<u>10,000</u>	<u>10,000</u>	<u>13,167</u>	<u>3,167</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>20,000</u>	<u>20,000</u>	<u>945</u>	<u>19,055</u>
Total Expenditures	<u>20,000</u>	<u>20,000</u>	<u>945</u>	<u>19,055</u>
Excess (deficiency) of revenues over expenditures	<u>(10,000)</u>	<u>(10,000)</u>	<u>12,222</u>	<u>22,222</u>
Net change in fund balances	(10,000)	(10,000)	12,222	22,222
Fund balances - beginning	<u>10,107</u>	<u>10,107</u>	<u>11,022</u>	<u>915</u>
Fund balances - ending	<u>\$ 107</u>	<u>\$ 107</u>	<u>\$ 23,244</u>	<u>\$ 23,137</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Contingent**  
**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>				
Investment earnings	\$ 540	\$ 1,101	\$ 552	\$ (549)
Total revenues	<u>540</u>	<u>1,101</u>	<u>552</u>	<u>(549)</u>
<b>EXPENDITURES</b>				
Current:				
General government	-	561	-	561
Total Expenditures	<u>-</u>	<u>561</u>	<u>-</u>	<u>561</u>
Excess (deficiency) of revenues over expenditures	<u>540</u>	<u>540</u>	<u>552</u>	<u>12</u>
<b>OTHER FINANCING SOURCES</b>				
Transfers out	(174,982)	(174,982)	(175,543)	561
Total other financing sources and uses	<u>(174,982)</u>	<u>(174,982)</u>	<u>(175,543)</u>	<u>561</u>
Net change in fund balances	<u>(174,442)</u>	<u>(174,442)</u>	<u>(174,991)</u>	<u>(549)</u>
Fund balances - beginning	174,442	174,442	174,991	549
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**E911**  
**For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ 12,070	\$ 12,070
Charges for services	116,160	116,160	139,056	22,896
Total revenues	<u>116,160</u>	<u>116,160</u>	<u>151,126</u>	<u>34,966</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	68,482	68,482	62,151	6,331
Capital Outlay	8,000	8,000	-	8,000
Total Expenditures	<u>76,482</u>	<u>76,482</u>	<u>62,151</u>	<u>14,331</u>
Excess (deficiency) of revenues over expenditures	<u>39,678</u>	<u>39,678</u>	<u>88,975</u>	<u>49,297</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(66,500)</u>	<u>(66,500)</u>	<u>(66,500)</u>	<u>-</u>
Total other financing sources and uses	<u>(66,500)</u>	<u>(66,500)</u>	<u>(66,500)</u>	<u>-</u>
Net change in fund balances	(26,822)	(26,822)	22,475	49,297
Fund balances - beginning	96,206	96,206	115,813	19,607
Fund balances - ending	<u>\$ 69,384</u>	<u>\$ 69,384</u>	<u>\$ 138,288</u>	<u>\$ 68,904</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Economic Development**  
**For the year ended December 31, 2021**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Miscellaneous	\$ 42,648	\$ 53,032	\$ 50,532	\$ (2,500)
Total revenues	<u>42,648</u>	<u>53,032</u>	<u>50,532</u>	<u>(2,500)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	68,110	78,494	78,494	-
Public Safety	38	38	38	-
Total Expenditures	<u>68,148</u>	<u>78,532</u>	<u>78,532</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(25,500)</u>	<u>(25,500)</u>	<u>(28,000)</u>	<u>(2,500)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>25,500</u>	<u>25,500</u>	<u>28,000</u>	<u>(2,500)</u>
Total other financing sources and uses	<u>25,500</u>	<u>25,500</u>	<u>28,000</u>	<u>(2,500)</u>
Fund balances - beginning	6,766	6,766	8,931	2,165
Fund balances - ending	<u>\$ 6,766</u>	<u>\$ 6,766</u>	<u>\$ 8,931</u>	<u>\$ 2,165</u>

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Phillips County, Colorado
		YEAR ENDING : 2021 Dec-21
This Information From The Records Of Phillips County, Colorado:	Prepared By: Laura Schroetlin	Phone: 970-854-3778

**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)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,477,181
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	480,203	c. Other	
4. Miscellaneous local receipts (from page 2)	24,266	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	11,396
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,488,577
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	504,469	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	1,370,014	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	5,672
<b>E. Total receipts (A.7 + B + C + D)</b>	1,874,483	b. Redemption	217,163
		c. Total (a. + b.)	222,835
		3. Total (1.c + 2.c)	222,835
		<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>	1,711,412

**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>	485,680	0	216,009	269,671

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,556,256	1,874,483	1,711,412	1,719,327	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
Dec-21

**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	357,230	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	75,327	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	428	f. Charges for Services	1,055
5. Specific Ownership &/or Other	47,218	g. Other Misc. Receipts	23,211
6. Total (1. through 5.)	122,973	h. Other sale of assets	0
c. Total (a. + b.)	480,203	i. Total (a. through h.)	24,266
	(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	1,356,785	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	13,229	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	0
f. Total (a. through e.)	13,229	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,370,014	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
			0
<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
(3). System Preservation		0	0
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments:

**Phillips County, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**for the year ended December 31, 2021**

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>FEDERAL ALN NUMBER</u>	<u>AGENCY OR PASS-THROUGH NUMBER</u>	<u>FEDERAL DISBURSEMENTS/ EXPENDITURES</u>	
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>				
TANF - Colo Works	93.558	Dept. of Human Services	\$ 76,225	
IV-D Admin	93.563	Dept. of Human Services	34,301	
LEAP	93.568	Dept. of Human Services	2,066	
CCDF	93.596	Dept. of Human Services	19,301	
IV-E Rel	93.090	Dept. of Human Services	304	
Title IV-E - Foster Care	93.658	Dept. of Human Services	34,235	
Adoption IV - E	93.659	Dept. of Human Services	3,796	
CCDF Discretion	93.575	Dept. of Human Services	21,839	
Title XX Block Grant	93.667	Dept. of Human Services	<u>6,087</u>	
Subtotal Department of Health & Human Services				198,154
<b>DEPARTMENT OF HEALTHCARE POLICY AND FINANCE</b>				
Title XIX Medicaid	93.778	Dept. of Human Services	<u>58,487</u>	
Subtotal Department of Healthcare Policy and Finance				58,487
<b>DEPARTMENT OF JUSTICE</b>				
Crime Victim Assistance	16.575	Div. Of Criminal Justice	<u>28,634</u>	
Subtotal Department of Justice				28,634
<b>DEPARTMENT OF AGRICULTURE</b>				
USDA Grant	10.766	USDA	24,200	
Food Stamp Administration	10.561	Dept. of Human Services	<u>38,897</u>	
Subtotal Department of Agriculture				63,097
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Operations Grant	97.042	Dept. of Public Safety	<u>16,225</u>	
Subtotal Department of Homeland Security				16,225
<b>DEPARTMENT OF TREASURY</b>				
Coronavirus Relief Funds	21.019	Dept. of Human Services	9,824	
American Recovery Plan	21.019	Dept. of Treasury	<u>549,304</u>	
Subtotal Department of Energy				559,128
<b>NATIONAL TELECOMMUNICATIONS AND INFORMATION AND ADMINISTRATION</b>				
Department of Commerce	20.615		<u>7,247</u>	
				<u>7,247</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 930,972</u>	

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Phillips County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

The County does not use the de minimus cost rate.

**Phillips County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2021**

**Section I: Summary of Auditor's Results**

**Financial Statements**

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:  
 Unmodified.

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	_X_ None Noted
• Significant deficiency(ies) identified?	___ Yes	_X_ None Reported
Noncompliance material to financial statements noted?	___ Yes	_X_ None Noted

**Federal Awards**

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	_X_ None Noted
• Significant deficiency(ies) identified?	___ Yes	_X_ None Noted
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	_X_ None Noted
Identification of major federal programs:		
Assistance Listing Number(s)	21.019	Name of Federal Program or Cluster      American Recovery Plan
Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000	
Auditee qualified as a low-risk auditee?	___ Yes	_X_ No

**Section II: Financial Statement Findings**

There were not any findings.

**Section III: Federal Awards Findings**

There were not any findings.

**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***

*Independent Auditor's Report*

Board of County Commissioners  
Phillips County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Phillips County (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 June 13, 2022.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control. Accordingly, we do not express an opinion on the effectiveness of the County's internal control.

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

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

### ***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 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.

*rfarmer, llc*

June 13, 2022

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON  
INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

***Independent Auditor's Report***

Board of County Commissioners  
Phillips County, Colorado

**Report on Compliance for Each Major Federal Program**

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

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

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

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

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

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

***Responsibilities of Management for Compliance***

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

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

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

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

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

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

### **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.

*rfarmer, llc*

June 13, 2022