

RIO GRANDE COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2021



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

RIO GRANDE COUNTY, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 19, 2022

Rio Grande County
Management's Discussion and Analysis
For the Year Ended December 31, 2021

As management of Rio Grande County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the year ended December 31, 2021. In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of Rio Grande County's financial performance provides an overview of the County's financial activities for two fiscal years ending December 31, 2020, and December 31, 2021.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this section.

Financial Highlights

- As of December 31, 2021, Rio Grande County's government-wide net position totaled \$51,644,782. Total net position for the County decreased by \$471,140 or .904 percent.
- The Statement of Activities indicates that Rio Grande County had \$25,456,982 in total government-wide revenues. Of this amount, general revenues (primarily taxes) account for approximately \$6,802,211 or 26 percent and program specific revenues in the form of charges for services, grants and contributions accounted for \$18,654,771 or 74 percent.
- Total government-wide revenues increased by \$3,635,747 compared to 2020. A majority of the increase was in operating grants and contributions in the amount of \$3,098,491 and in general revenues \$494,933. The increases within operating grants and contributions were due to the American Rescue Plan Act – State and Local Fiscal Recovery Fund distributed by the federal government through the Department of Treasury.
- The County had \$25,928,122 in expenses related to governmental activities, only \$18,654,771 of these expenses were offset by program specific charges for services and grants. The remaining balance of \$7,273,351 was supported by general revenues, mostly in the form of taxes this also decreased the overall Net Position for the County in fiscal year 2021.
- The government-wide expenditures increased by \$4,295,895 compared to 2020. A majority of the increase relates to health and welfare totaling \$1,741,261, public safety totaling \$243,271, general government totaling \$1,313,258, and Highway and Streets totaling \$921,756 with decreases occurring in Judicial in the amount of \$27,500 and Interest on Debt in the amount of \$6,703.
- At the end of 2021, Rio Grande County's governmental funds reported combined ending fund balances of \$13,259,399, an increase of \$533,855 compared to 2020. Of this amount, \$1,350,549 is restricted, \$6,665,030 is committed, \$811,824 is assigned, \$3,611,016 is unassigned, and \$820,980 is non-spendable in the form of inventory.
- Rio Grande County's long-term liabilities increased by \$13,476 during the 2021 fiscal year.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. We present two years of information, as recommended by GASB, so that the reader can review trends in the County's financial position and activities. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statement. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers a broad overview of the County's finances, in a manner similar to a private-sector business and provide both short-term and long-term information about the County's overall financial status.

The *statement of net position* presents information on all of Rio Grande County's assets, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To assess the County's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Rio Grande County include general government, public safety, health and welfare, highway and streets, judicial, auxiliary services, culture and recreation, and interest on debt.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to track specific sources of funding and spending on particular programs. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's funds are divided into two categories: governmental funds and fiduciary funds. Governmental Funds are further divided into Governmental Activities which includes: General Government, Public Safety, Health and Welfare, Highways and Streets, Judicial, Auxiliary Services and Culture and Recreation.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, the reconciliations within the financial statements, explain the relationship (or differences) between them.

Rio Grande County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) the Road and Bridge Fund, (3) the Social Services Fund, (4) the Capital Projects Fund, (5) Weed Control District Fund, (6) the Airport Fund, (7) the Conservation Trust Fund, (8) the Tourism Fund, and (9) the Public Health Agency Fund. Data from the Funds (4) through (9) are combined into a single, aggregated presentation.

Rio Grande County adopts an annual budget for each of the individual governmental funds. A budgetary comparison schedule for each fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law.

Government-wide Financial Analysis

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities of the current year (2021) with those of the prior year (2020) and comparison of balances at year-end (December 31) for the same two years.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

As noted earlier, the net position may serve, over time, as a useful indicator of a government's financial position. In the case of Rio Grande County, assets exceeded liabilities and deferred inflows by \$51,644,782 at December 31, 2021.

The County's net position can be separated into three primary categories: 1) Net investment in capital assets, 2) restricted assets, and 3) unrestricted assets.

The largest portion of the County's net position reflects its investment of \$38,873,429 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. Rio Grande County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position of \$1,350,549 represent resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,420,804 unrestricted net position may be used to meet the County's ongoing obligations to citizens and creditors. During the current fiscal year, the County's net position decreased by \$471,140.

Table 1 provides a summary of the County's net position at December 31, 2020, and 2021. Additional information is presented in the statement of net position.

Table 1 Condensed Statement of Net Position

	Governmental Activities	
	2020	2021
Current and Other Assets	\$ 16,666,498	\$ 17,955,976
Noncurrent Assets	<u>40,850,693</u>	<u>39,857,447</u>
Total Assets	<u>\$ 57,517,191</u>	<u>\$ 57,813,447</u>
Current liabilities	\$ 1,000,578	\$ 1,714,562
Noncurrent liabilities	<u>1,156,926</u>	<u>1,118,445</u>
Total Liabilities	<u>\$ 2,157,504</u>	<u>\$ 2,833,007</u>
Deferred Inflows of Resources	\$ 3,243,765	\$ 3,335,634
Net position		
Net Invested in Capital Assets	\$ 39,725,732	\$ 38,873,429
Restricted	1,451,902	1,350,549
Unrestricted	<u>10,938,288</u>	<u>11,420,804</u>
Total Net Position	<u>\$ 52,115,922</u>	<u>\$ 51,644,782</u>

Analysis of Changes in Net Position

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position. The County's overall financial position experienced a slight decline during fiscal 2021. As stated earlier the County's net position decreased by \$471,140 during fiscal year 2021.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

Table 2 provides a summary of the changes in net position for the years 2020 and 2021. Following table 2 is specific discussion related to overall revenues and expenses. Additional information is presented in the Statement of Activities.

Table 2
Changes in Net Position from Operating Results

	Governmental Activities 2020	Governmental Activities 2021
Revenues		
Program Revenues		
Charges for Services	\$ 954,212	\$ 996,535
Operating Grants and Contributions	14,559,745	17,658,236
Capital Grants and Contributions	-	-
General revenues		
Taxes	\$ 5,213,179	\$ 5,748,163
Payment in Lieu of Taxes	888,109	902,055
Interest on Investments	117,002	37,465
Gain on Sale of Capital Assets	-	27,720
Other	88,988	86,808
Total Revenues	\$ 21,821,235	\$ 25,456,982
Expenses		
General Government	\$ 2,989,028	\$ 4,302,286
Public Safety	2,939,815	3,183,086
Health and Welfare	12,232,919	13,974,180
Highways and Streets	2,764,437	3,686,193
Judicial	266,000	238,500
Auxiliary Services	69,316	76,678
Culture and recreation	313,130	416,320
Interest on Debt	57,582	50,879
Total Expenses	\$ 21,632,227	\$ 25,928,122
Increase (decrease) in Net Position	\$ 189,008	\$ (471,140)
Beginning Net Position	\$ 51,926,914	\$ 52,115,922
Ending Net Position	\$ 52,115,922	\$ 51,644,782

The County is heavily reliant on operating grants and contributions and tax revenue to support governmental operations. Operating grants and contributions from the State and Federal government contributes \$17,658,236 or 69 percent. Property taxes, sales tax, PILT and other taxes account for \$6,650,218 or 26 percent. The remainder comes from fees charged for services, investment income, and miscellaneous sources which totals \$1,148,528 or 5 percent of total governmental revenue. Rio Grande County's governmental revenue increased by \$3,635,747 or 16 percent compared to the 2020.

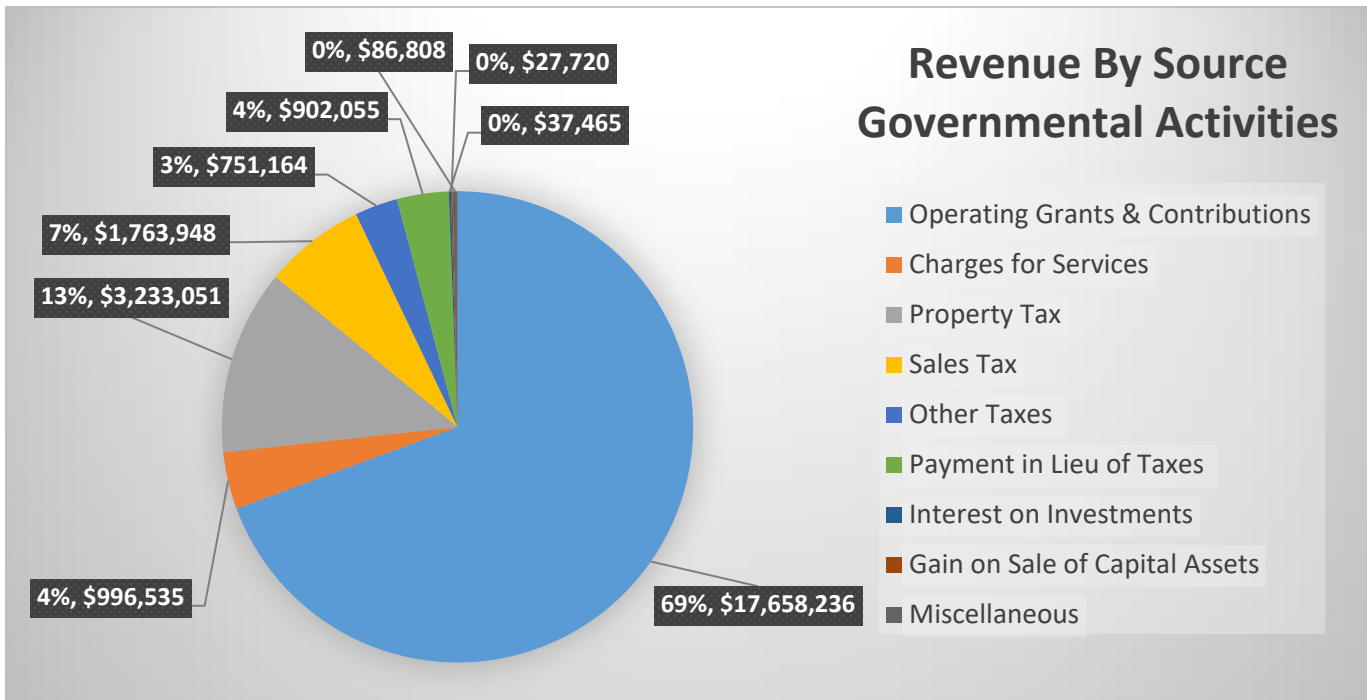
**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2021**

Governmental Activities

The County’s governmental activities have been accounted for in eight departmental functions: 1) General Government, 2) Public Safety, 3) Health and Welfare, 4) Highway and Streets, 5) Judicial, 6) Auxiliary Services, 7) Culture and Recreation, 8) Interest on Long-term Debt.

Governmental activity expenses totaled \$25,928,122. Major expenses included in governmental activities are; \$13,974,180 for Health and Welfare, \$4,302,286 for General Government, \$3,686,193 for Highway and Streets, and \$3,183,086 for Public Safety. Over the prior fiscal year, the overall increase in governmental expenses was \$4,295,895 or approximately 19 percent. A majority of this increase relates to health and welfare \$1,741,261, public safety \$243,271, and general government \$1,313,258 with decreases occurring in Judicial and interests on debt.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



**Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021**

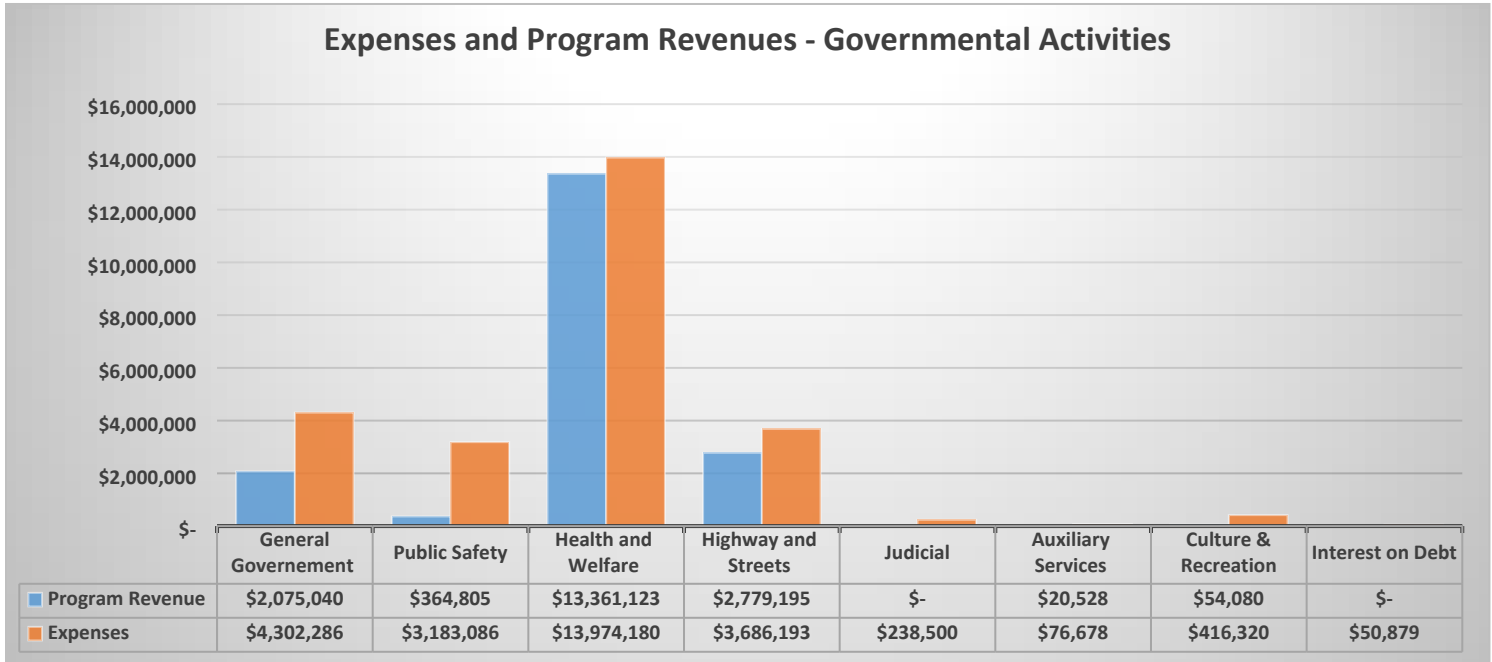


Table 3 presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenue generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services	Percent of Total	Net (Cost) or Gain of Services	Percent of Total
General Government	\$ 4,302,286	16.59%	\$ (2,227,246)	30.62%
Public Safety	3,183,086	12.28%	(2,818,281)	38.75%
Health and Welfare	13,974,180	53.90%	(613,057)	8.43%
Highways and Streets	3,686,193	14.22%	(906,998)	12.47%
Judicial	238,500	0.92%	(238,500)	3.28%
Auxiliary Services	76,678	0.30%	(56,150)	0.77%
Culture and Recreation	416,320	1.61%	(362,240)	4.98%
Interest on Debt	50,879	0.20%	(50,879)	0.70%
Total	\$ 25,928,122	100.00%	\$ (7,273,351)	100.00%

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

Financial Analysis of the County's Funds

Rio Grande County uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

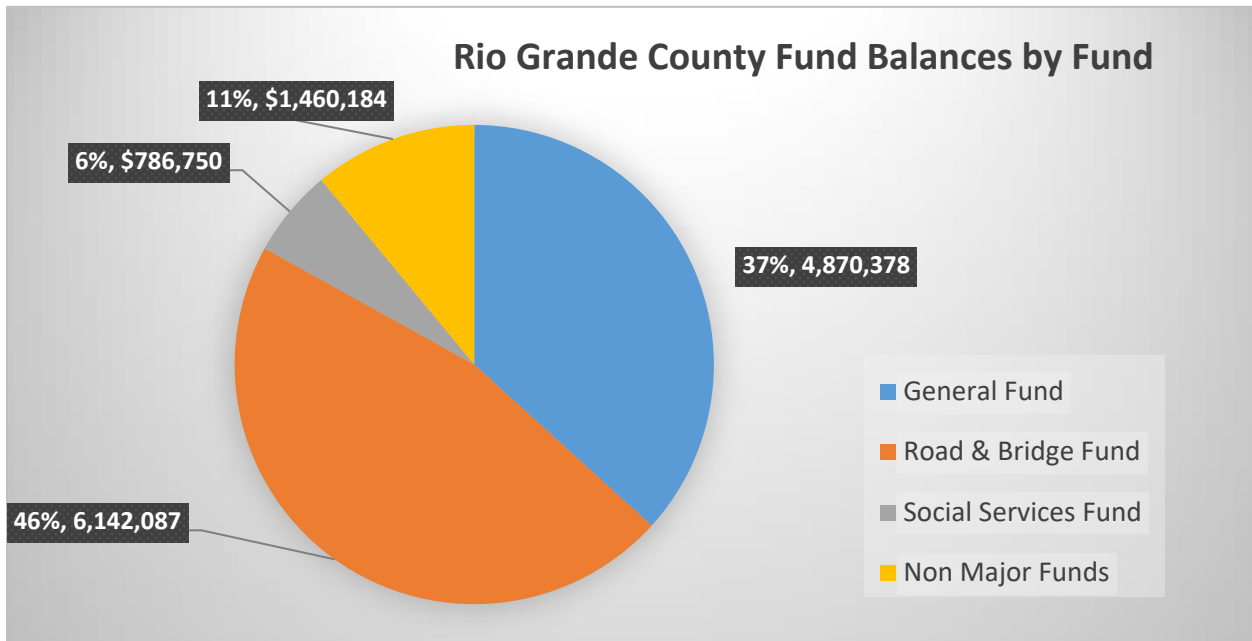
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Major governmental funds reported by Rio Grande County include the General Fund, Road and Bridge Fund, and Social Services Fund. Nonmajor funds include the Public Health Fund, Airport Fund, Conservation Trust Fund, Tourism Fund, and Capital Projects Fund. The Rio Grande County Weed Control District is a component unit within the County's reporting entity, therefore the district is blended into the County's financial statements within the nonmajor funds section.

Information about the County's funds follows the government-wide statements in the governmental funds statements. These funds are accounted for using the modified accrual basis of accounting. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,259,399, an increase of \$533,855 from the prior year ending fund balances. Most of the increase was in the Road and Bridge Fund in the amount of \$612,466 and in the Social Services Fund in the amount of \$98,796, while a decrease occurred in the General Fund by \$173,115. The County's fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balances for the County were classified in the following categories:

- ✓ *Nonspendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. As of December 31, 2021, the County's portion of nonspendable fund balance which is associated with inventory was \$820,980.
- ✓ *Restricted Fund Balance* – are restricted when constraints are placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. As of December 31, 2021, the County's governmental funds reported a restricted fund balance of \$1,350,549.
- ✓ *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by resolution of the Board of County Commissioners. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balance differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The County's governmental fund reported a committed fund balance of \$6,665,030, a majority of this fund balance is restricted for highway and streets in the amount of \$5,226,707.

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2021**

- ✓ *Assigned Fund Balance* – are amounts a government intend to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority. The County reported an assigned fund balance of \$811,824.
- ✓ *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund. As of December 31, 2021, the county reported an unassigned fund balance of \$3,611,016.



The Road and Bridge Fund has an overall fund balance of \$6,142,087, an increase of \$612,466 compared to 2020. Of this amount, \$94,400 is restricted for Tabor, \$5,226,707 is available for highway and street related projects, and \$820,980 is non-spendable inventory funds.

The General Fund has a fund balance of \$4,870,378, a decrease of \$173,115 compared to 2020. Of this amount, \$187,000 is restricted for Tabor, \$74,941 for title III, \$148,796 for clerk’s filing surcharge, \$36,801 for public safety, \$811,824 is assigned, and \$3,611,016 is unassigned.

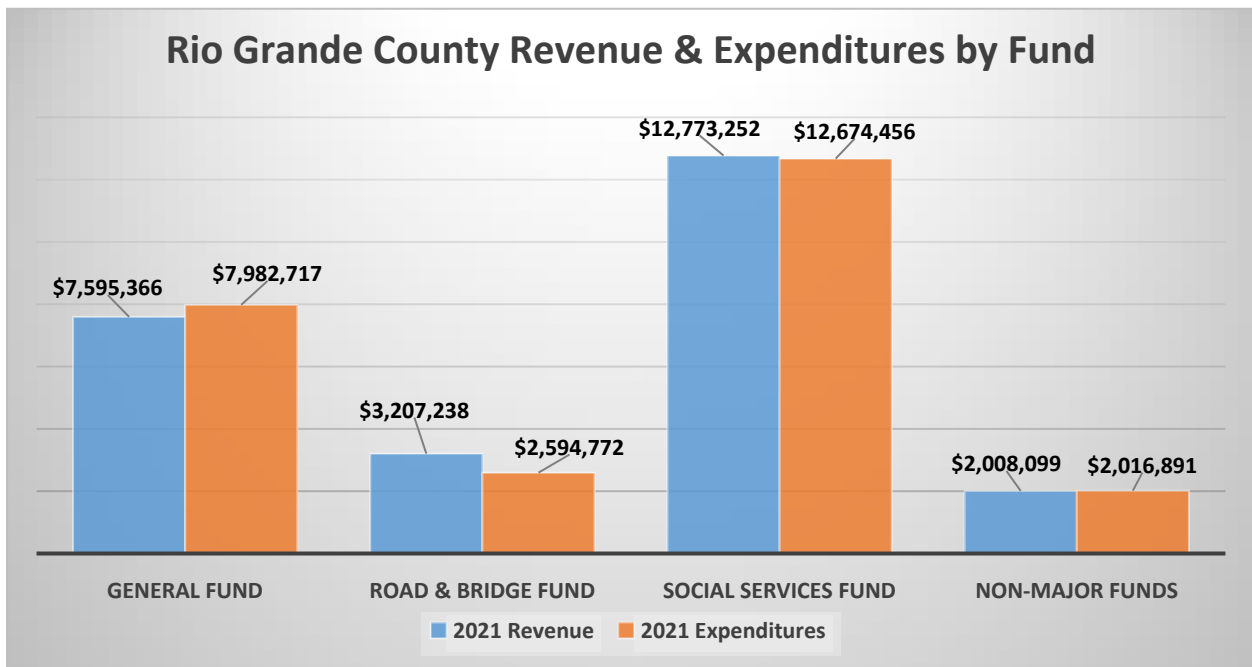
The Social Services Fund has a fund balance of \$786,750, an increase of \$98,796 compared to 2020. Of this amount, \$92,400 is restricted for Tabor, and \$694,350 is committed for health and welfare services.

Non major funds have a fund balance of \$1,460,184, an decrease of \$4,292 compared to 2020. Fund balances for non-major funds include, Public Health Fund \$497,640, Airport Fund \$46,408, Conservation Trust Fund \$298,486, Tourism Fund \$413,826, and Weed Control District \$195,644. These funds are considered Special Revenue Funds which are used to account for specific revenues that are legally restricted to be expended for particular purposes. Non major funds also include the Capital Projects Fund with a fund balance of \$8,180.

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2021**

Revenue. Revenues in governmental funds total \$25,583,955, an increase of \$3,721,983 or 17 percent compared to the prior year. The majority of the increase was in intergovernmental revenue with an increase of \$3,179,421, followed by tax revenue with an increase of \$534,984. Most of the increase in intergovernmental revenue was in the Social Services Fund with an increase of \$2,304,233 and a decrease occurred in the General Fund of \$21,026. Total governmental fund revenues related to taxes was \$5,748,163, intergovernmental revenue was \$18,643,752 , licenses and permits was \$154,239, investment income was \$37,465, charges for services were \$805,976, and miscellaneous revenue was \$194,360.

Expenditures. As of December 31, 2021, governmental fund expenditures totaled \$25,268,290, an increase of \$3,347,722. Of this amount, \$3,948,914 relates to General Government, \$2,974,446 to Public Safety, \$238,500 to Judicial, \$2,471,739 to Highway and Streets, \$14,074,273 to Health and Welfare, \$76,678 to Auxiliary Services, \$394,654 to Culture and Recreation, \$706,794 to Capital Outlay, and \$382,292 to Debt Service.



General Fund: The General Fund is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. As of December 31, 2021, expenditures exceeded revenues by \$173,115, decreasing the fund balance by this amount.

- ✓ *Revenues.* General Fund revenues totaled \$7,595,366, an increase of \$197,164 compared to 2020. Tax revenue is the primary source of revenue in the General Fund totaling \$4,232,990, followed by intergovernmental revenue which totaled \$2,471,774. Compared to the prior fiscal year, tax revenue increased by \$290,368, intergovernmental revenue decreased by \$21,026 and all other revenue increased by \$72,178. Other financing sources in the form of lease proceeds and sale of capital assets totaled \$213,690.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

- ✓ *Expenditures.* Total expenditures in the General Fund were \$7,982,171, an increase of \$627,984 compared to 2020. A majority of this increase relates to General Government in the amount of \$3,623,549 due to the distribution of the American Rescue Plan Act – State and Local Fiscal Recovery Funds and remaining Coronavirus Relief Funds.

Road and Bridge Fund: The Road and Bridge Fund is a special revenue fund used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, highway user fees, and other revenue sources. As of December 31, 2021, revenues exceeded the expenditures by \$612,466, increasing the fund balance to \$6,142,087. This fund balance will be used to fund future road and bridge projects and equipment purchases or leases.

- ✓ *Revenues.* Total revenues, for 2021, in this fund were \$3,207,238, a increase of \$482,393 compared to 2020. Highway user tax funds (HUTF) is the primary source of revenue in the Road and Bridge Fund. During 2021, the Road and Bridge Fund received \$2,591,066 in HUTF revenue, an increase of \$369,710 compared to 2020. Other revenue in this fund totaled \$616,172, an increase of \$112,683.
- ✓ *Expenditures.* Total expenditures in the Road and Bridge Fund were \$2,594,772, a decrease of \$228,317. A majority of this decrease was due to the decreased spending within highway and streets.

Social Services Fund: The Social Service Fund is a special revenue fund used to account for the operations of social programs; i.e., Temporary Aid to Needy Families, Old Age Pension, Aide to blind, Aide to the Needy and Disabled, among other state mandated social services. At December 31, 2021, revenues exceeded expenditures by \$98,796, increasing the fund by this amount.

- ✓ *Revenues.* Social Service Fund revenues totaled \$12,773,252 in 2021, an increase of \$2,358,853 compared to 2020. Intergovernmental revenue which comes from Federal and State governments are the primary source of revenue in this fund. Intergovernmental revenue increased by \$2,304,233 and tax revenue increased by \$54,620.
- ✓ *Expenditures.* Total expenditures in the Social Service Fund were \$12,674,456, an increase of \$2,248,217 compared to 2020.

Non-major Governmental Funds. Information for non-major governmental funds is aggregated and reported as special revenue funds. Special revenue funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. Further detail by fund can be found in the other supplementary information section of this financial report. As of December 31, 2021, expenditures exceeded revenues by \$4,292, decreasing the fund balance by this amount.

- ✓ *Revenues.* All other governmental funds have total revenues of \$2,008,099, a increase of \$683,573 compared to 2020. Other governmental funds include Public Health Fund with total revenues of \$1,165,742, an increase of \$378,937, Airport Fund total revenues of \$292,319, an increase of \$172,201, Conservation Trust Fund total revenues of \$52,929, an increase of \$8,477, Tourism Fund total revenues of \$301,164, an increase of \$101,583, RG County Weed Control District total revenues of \$195,945, an increase of \$22,375, and there was no change for the Capital Project Fund revenues.
- ✓ *Expenditures.* Total expenditures in other governmental funds were \$2,016,891, an increase of \$699,838. Funds included in this expenditure amount are Public Health Fund

**Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021**

\$1,129,446, Airport Fund \$325,365, Conservation Trust Fund \$112,750, Tourism Fund \$220,509, and the Weed Control District \$228,821.

Table 4 below provides you with a comparison of revenues, expenditures, and changes in fund balance as of December 31, 2020 and 2021.

**Table 4
Condensed Statement of Revenues, Expenditures,
And Changes in Fund Balances**

	Governmental Funds	
	2020	2021
Revenues		
Taxes	\$ 5,213,179	\$5,748,163
Intergovernmental Revenue	15,464,331	18,643,752
Licenses and Permits	180,129	154,239
Investment Income	117,002	37,465
Charges for Services	673,166	805,976
Miscellaneous	214,165	194,360
Total Revenue	\$ 21,861,972	\$ 25,583,955
Expenditures		
General Government	\$ 2,807,963	\$ 3,948,914
Public Safety	2,811,912	2,974,446
Judicial	266,000	238,500
Highway and Streets	2,251,332	2,471,739
Health and Welfare	12,213,899	14,074,273
Auxiliary Services	69,316	76,678
Culture and Recreation	291,464	394,654
Capital Outlay	896,609	706,794
Debt Service	312,073	382,292
Total Expenditures	\$ 21,920,568	\$ 25,268,290
Excess (deficiency) of Revenue over Expenditures	\$ (58,596)	\$ 315,665
Other Financing Sources (Uses)		
Lease Proceeds	\$ 126,705	\$ 190,470
Sale of Capital Assets	2,788	27,720
Total Other Financing Sources (Uses)	\$ 129,493	\$ 218,190
Net Change in Fund Balance	\$ 70,897	\$ 533,855
Fund Balance at the Beginning of Year	\$ 12,654,647	\$ 12,725,544
Fund Balance at End of Year	\$ 12,725,544	\$ 13,259,399

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

Budgetary Highlights

The County approved the 2021 annual budget in December 2020, based on the needs of the various departments and the projected revenue. During fiscal year 2021, General Fund budget was amended from the original revenue budget of \$6,457,028 to a final budget of \$7,060,233. The original expenditure budget of \$7,494,862 was also amended to a final budget of \$8,098,067 for the General Fund. The Road and Bridge Fund did not see a budget change to the revenues although or the expenditures. The Social Services Fund budget was amended from the original revenue of \$10,648,822 to a final budget of \$13,648,822. The original expenditure budget of \$10,731,654 was also amended to a final budget of \$13,731,654 for the Social Services Fund, this increase was due to the increase in maximum benefits for food assistance and LEAP which was approved by the federal government. The Weed District Fund did not see any budgetary amendments in 2020. The Airport Fund budget was amended from the original revenue of \$95,600 to a final budget of \$288,700. The original expenditure budget of \$132,856 was also amended to a final budget of \$365,419 for the Airport Fund. The Conservation Trust Fund did not see a budget change to the revenues although the original expenditure budget of \$11,600 was amended to a final budget of \$119,350. The Public Health Fund budget was amended from an original revenue budget of \$1,095,080 to a final budget of \$1,357,744. The original expenditure budget of \$1,143,605 was also amended to a final budget of \$1,434,263. The primary reason for the supplementary budget was the receipt of various State of Colorado and Federal dollars passed through CDPHE for Public Health and from the Federal Department of Treasury for the General Fund.

At December 31, 2021, actual expenditures in the General Fund were \$487,309 above the original budget of \$7,494,862. Total revenues were \$1,352,030 over the estimated budget amount of \$6,457,028. The excess amount of expenditures over revenues was \$386,805, not including lease proceeds and sale of fixed assets.

The fund balance as of December 31, 2021 was \$4,870,378 compared to \$5,043,493. The net change in fund balance in the General Fund was a decrease of \$173,115.

Capital Assets and Debt Administration

Capital Assets

Rio Grande County's investment in capital assets for its governmental activities as of December 31, 2021, amount to \$39,857,447 (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, construction in progress, infrastructure (e.g. road, bridges, sidewalks, underground pipe, traffic signals, and similar items). The County defines a capital asset if the initial, individual cost is more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

As of December 31, 2021, the County had \$1,254,459 in additional capital assets and \$243,230 in deletions, increasing capital assets to \$82,512,538. Accumulated depreciation as of December 31, 2021 was \$43,238,675, bringing the County's net capital assets to \$39,857,447. Major capital asset additions during 2021 include, the purchase of five (5) new Patrol Vehicles for the Sheriff's Office \$190,470, two (2) Toyota Forklifts for \$31,800, two (2) Wanco Radar Speed Trailers \$20,180, Sundance Landing Property \$125,284, two (2) 2021 Ford Ranger \$34,310, and a 2017 Ford F250 \$26,979.

Table 5 below provides a summary of the County's capital assets (net of accumulated depreciation). Additional Information can be found in note 6 of the notes to the basic financial statements.

Table 5
Rio Grande County's
Capital Assets (net of accumulated depreciation)
Governmental
Activities

	2020	2021
Land	\$ 458,301	\$583,584
Construction In Progress	0	0
Building & Site Improvements	4,533,093	4,395,076
Equipment & Vehicles	3,112,554	3,158,236
Infrastructure	32,746,745	31,720,551
Total	\$40,850,693	\$39,857,447

Debt Administration

At the end of the year, the County's long-term liabilities totaled \$1,464,342. Rio Grande County's total debt increased by \$13,476 during the current fiscal year. More detailed information about the County's long-term debt is presented in Note 8 of the notes to the basic financial statements.

Table 6 provides a summary of the County's long-term debt obligations at December 31, 2021.

Table 6
Rio Grande County
Long-Term Debt

	Governmental Activities	
	2020	2021
Lease Purchase Agreements		
County Jail Expansion	\$ 845,777	\$ 692,868
Energy Performance Audit	82,525	42,011
Assessor's Software	94,469	48,292
Sheriff GM Trucks	0	149,370
Compensated Absences	325,905	480,324
Tyler Technologies Software	102,190	51,477
Total Long-Term Debt	\$ 1,450,866	\$ 1,464,342

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

In order to finance the needed expansion of the County Jail, Rio Grande County entered into an annually renewable Lease Purchase Agreement with San Luis Valley Federal Bank. The bank issued \$2,500,000 for the purchase of the McCallister Building, the Annex, and two county shop buildings. The county is leasing the buildings back via the Lease Purchase Agreement at 4.5% interest. The payments are due to the bank in annual installments through October 2025, from the General Fund. The outstanding principal balance at December 31, 2021, was \$692,868.

A Lease Purchase Agreement was entered into between All American Investment Group, LLC, as lessor, and the County as lessee in the amount of \$367,062 with an interest rate of 2.5% on November 20, 2012 to purchase energy efficient components for the County buildings. Repayment began in April 2013 and quarterly thereafter from the General Fund. This Lease Purchase Agreement will be completed in 2023. The outstanding principal balance at December 31, 2021 was \$42,011.

A Lease Purchase Agreement, dated April 13, 2018, was entered into between Municipal Leasing Consultants, LLC, as lessor, and the County, as lessee, in the amount of \$180,845, with an interest rate of 4.58%. The County used the proceeds to purchase a server, computers, and a comprehensive municipal software package for the Assessor's office. Annual payments of principal and interest are made from the General Fund through April 2022. The outstanding principal balance at December 31, 2021 was \$48,292.

A new Lease Purchase Agreement was entered into between KS State Bank as the lessor and the County as lessee on February 6, 2020 in the amount of \$155,701 with an interest rate of 4.543%. The County used the proceeds to purchase Incode software from Tyler Technologies. Semi-annual payments of principal and interest are made from the General Fund through February 2023. The outstanding principal balance at December 31, 2021 was \$51,477

A new Lease Purchase Agreement was entering into between GM Financial, as the lessor, and the County as lessee on March 4, 2021 in the amount of \$190,470 with an interest rate of 3.95%. The County used the proceeds to purchase five (5) 2021 Chevrolet Silverado SSVs. Annual payments of principle and interest are made from the General Fund through March 2025. The outstanding principal balance at December 31, 2021 was \$149,370.

Factors Bearing on the County's Future

At the time these financial statements were prepared and audited, the county was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Total Revenue increased \$3,721,983 or 17% from 2020 to 2021.
- Sales tax had a significant increase in 2021, \$264,197 or 17% compared to 2020. This is due to online sales tax revenue and a continued increase in visitors to Rio Grande County.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

- Tourism/Lodging Tax had an overall 50% increase from 2020 to 2021. This is due to COVID-19 and the ability to work from anywhere and the increase in property rentals across Rio Grande County.
- Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax increased 10% in 2021 compared to 2020.
- Intergovernmental Revenue increased by \$3,179,421 or 20% in 2021.
- Licenses and Permits decreased by \$25,890 or 14%.
- Interest on investments decreased \$79,537 from 2020 to 2021 (67%) which is an increase from an 52% decrease seen from 2019 to 2021.
- Charges for Services increased by \$132,810 or 19% in 2021 compared to 2020.
- The 2021 County Budget was funded by 72% intergovernmental Revenues; with 22% from Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax; and 6% from Other Local Revenue.
- The County voted to increase employee salaries to remain competitive starting January 2022. This will bring employee salaries to a more competitive level within the County as well as other surrounding County's.

With the economic climate in the State of Colorado and the United States due to the Covid-19 Pandemic, the County did not experience a decline in General Revenues. Tax revenue increased by \$534,984 or 10% compared to 2020. Within this amount the County saw an increase in sales tax in the amount of 264,197 (17%) and lodging tax in the amount of \$101,440 (50%), compared to 2020. If this trend continues, the County anticipates a slight increase in 2022. Inflation continues to be a big concern in 2022 and going into 2023.

The overall fund balance of the General Fund continues to experience growth since 2016, increasing by \$1,710,118, between all years with the exception of a slight decrease of \$173,115. The 2022 Adopted Budget for the General Fund anticipates the use of approximately \$811,824 in unappropriated fund balance. In prior years, the County anticipated the use of fund balance but due to diligent spending the use of fund balance was not needed. We anticipate this trend to continue in 2022. We recognize the use of unappropriated fund balance is not sustainable and serious discussions need to begin regarding revenue increases. It is the County's 5-year goal to have each Fund operate with a balanced budget by creating a sustainable revenue stream.

In 2021 and 2022, the County is also anticipating funds associated with the passing of the American Rescue Plan Act – State, Local, and Fiscal Recovery Fund. The anticipated amount the County is expected to receive is \$2,185,165 in total. These funds are being utilized to support Covid 19 impact recovery to the County and Community. The first tranch was received in June of 2021 in the amount of \$1,092,582.50 with the second tranch anticipated June of 2022.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2021

During the first half of 2021, the Administration Department experienced staff turnover and several positions were vacant. All positions were filled by July 2021 with the addition of the Receptionist position the beginning of 2022. The County Administrator vacancy was filled as of the end of June. With this Department fully staffed Rio Grande County's fiscal management and addressing public service needs looks promising. The Commissioners will continue to evaluate and analyze ways to streamline the County's operations, wherever possible, to achieve maximum cost effectiveness for taxpayers.

Contacting the County's Financial Management

This financial report is designed to provide the County's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the County Administrator, 925 6th Street, Room 207, Del Norte, CO 81132.

RIO GRANDE COUNTY, COLORADO
BASIC FINANCIAL STATEMENTS

RIO GRANDE COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2021

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 12,396,881
Accounts Receivable	28,079
Due from Other Governments	1,374,402
Property Taxes Receivable	3,335,634
Inventories	820,980
Total Current Assets	17,955,976
Noncurrent Assets:	
Capital Assets:	
Land	583,584
Buildings and Improvements	8,177,937
Machinery and Equipment	8,845,528
Infrastructure	65,489,073
Less: Accumulated Depreciation/Depletion	(43,238,675)
Total Noncurrent Assets	39,857,447
TOTAL ASSETS	57,813,423
LIABILITIES	
Current Liabilities:	
Accounts Payable	528,026
Due to Other Governments	43,872
Unearned Grant Revenue	789,045
Accrued Interest Payable	7,722
Lease Purchase Agreement	337,423
Compensated Absences	8,474
Total Current Liabilities	1,714,562
Noncurrent Liabilities:	
Lease Purchase Agreement	646,595
Compensated Absences	471,850
Total Noncurrent Liabilities	1,118,445
TOTAL LIABILITIES	2,833,007
DEFERRED INFLOWS OF RESOURCES	
Deferred Revenue - Property Tax	3,335,634
NET POSITION	
Net Investment in Capital Assets	38,873,429
Restricted for:	
TABOR	423,800
Title III	74,941
Clerk's Filing Surcharge	148,796
Culture and Recreation	703,012
Unrestricted	11,420,804
TOTAL NET POSITION	\$ 51,644,782

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

RIO GRANDE COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2021

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expenses)</u>
		<u>Charges for Services</u>	<u>Operating Grants & Contributions</u>	<u>Capital Grants & Contributions</u>	<u>Revenues and Changes in Net Position Primary Government</u>
Primary Government:					
Governmental Activities:					
General government	\$ 4,302,286	\$ 814,687	\$ 1,260,353	\$ -	\$ (2,227,246)
Public safety	3,183,086	77,381	287,424	-	(2,818,281)
Health and welfare	13,974,180	82,089	13,279,034	-	(613,057)
Highways and streets	3,686,193	500	2,778,695	-	(906,998)
Judicial	238,500	-	-	-	(238,500)
Auxiliary services	76,678	20,528	-	-	(56,150)
Culture and recreation	416,320	1,350	52,730	-	(362,240)
Interest on debt	50,879	-	-	-	(50,879)
Total Governmental Activities	\$ 25,928,122	\$ 996,535	\$ 17,658,236	\$ -	(7,273,351)
General Revenues:					
Taxes:					
					3,233,051
					1,763,948
					751,164
					902,055
					37,465
					27,720
					86,808
Total General Revenues					6,802,211
					(471,140)
Net Position - Beginning					52,115,922
Net Position - Ending					\$ 51,644,782

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

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2021

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>SOCIAL SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Investments	\$ 5,182,339	\$ 5,166,094	\$ 742,915	\$ 1,305,533	\$ 12,396,881
Accounts Receivable - Net	-	-	8,304	19,775	28,079
Due From Other Governments	739,772	190,157	148,047	296,426	1,374,402
Due From Other Funds	42,895	-	-	-	42,895
Property Taxes Receivable	2,267,228	405,964	506,440	156,002	3,335,634
Inventory	-	820,980	-	-	820,980
TOTAL ASSETS	<u>\$ 8,232,234</u>	<u>\$ 6,583,195</u>	<u>\$ 1,405,706</u>	<u>\$ 1,777,736</u>	<u>\$ 17,998,871</u>
LIABILITIES					
Accounts Payable	\$ 434,004	\$ 35,144	\$ 6,640	\$ 52,238	\$ 528,026
Due to Other Governments	239	-	43,633	-	43,872
Due to Other Funds	-	-	-	42,895	42,895
Unearned Revenue - Grants	660,385	-	62,243	66,417	789,045
TOTAL LIABILITIES	<u>1,094,628</u>	<u>35,144</u>	<u>112,516</u>	<u>161,550</u>	<u>1,403,838</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Tax	2,267,228	405,964	506,440	156,002	3,335,634
FUND BALANCE					
Nonspendable - Inventory	-	820,980	-	-	820,980
Restricted for:					
TABOR	187,000	94,400	92,400	50,000	423,800
Title III	74,941	-	-	-	74,941
Clerk's Filing Surcharge	148,796	-	-	-	148,796
Culture and Recreation	-	-	-	703,012	703,012
Committed:					
Capital Projects	-	-	-	8,180	8,180
Public Safety	36,801	-	-	-	36,801
Highways and Streets	-	5,226,707	-	-	5,226,707
Health and Welfare	-	-	694,350	471,540	1,165,890
Weed Control	-	-	-	189,844	189,844
Astronaut Rominger Airport	-	-	-	37,608	37,608
Assigned - Designated for Subsequent Years	811,824	-	-	-	811,824
Unassigned	3,611,016	-	-	-	3,611,016
TOTAL FUND BALANCE	<u>4,870,378</u>	<u>6,142,087</u>	<u>786,750</u>	<u>1,460,184</u>	<u>13,259,399</u>
TOTAL LIABILITIES, DEFERRED INFLOWS					
OF RESOURCES, AND FUND BALANCE					
	<u>\$ 8,232,234</u>	<u>\$ 6,583,195</u>	<u>\$ 1,405,706</u>	<u>\$ 1,777,736</u>	<u>\$ 17,998,871</u>

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

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

Total governmental fund balances	\$	13,259,399
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		39,857,447
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Lease Purchase Agreement	\$	(984,018)
Compensated Absences		(480,324)
Accrued Interest Payable		(7,722)
		(1,472,064)
Net position of governmental activities	\$	<u>51,644,782</u>

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

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2021

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>SOCIAL SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 4,232,990	\$ 460,642	\$ 576,117	\$ 478,414	\$ 5,748,163
Intergovernmental Revenue	2,471,774	2,687,613	12,197,135	1,287,230	18,643,752
Licenses and Permits	153,739	500	-	-	154,239
Investment Income	36,533	-	-	932	37,465
Charges for Services	610,165	28,208	-	167,603	805,976
Miscellaneous	90,165	30,275	-	73,920	194,360
TOTAL REVENUES	<u>7,595,366</u>	<u>3,207,238</u>	<u>12,773,252</u>	<u>2,008,099</u>	<u>25,583,955</u>
EXPENDITURES					
Current Expenditures:					
General Government	3,623,549	-	-	325,365	3,948,914
Public Safety	2,974,446	-	-	-	2,974,446
Judicial	238,500	-	-	-	238,500
Highways and Streets	-	2,471,739	-	-	2,471,739
Health and Welfare	82,100	-	12,674,456	1,317,717	14,074,273
Auxiliary Services	76,678	-	-	-	76,678
Culture and Recreation	61,395	-	-	333,259	394,654
Capital Outlay	543,211	123,033	-	40,550	706,794
Debt Service	382,292	-	-	-	382,292
TOTAL EXPENDITURES	<u>7,982,171</u>	<u>2,594,772</u>	<u>12,674,456</u>	<u>2,016,891</u>	<u>25,268,290</u>
Excess (deficiency) of revenues over expenditures	<u>(386,805)</u>	<u>612,466</u>	<u>98,796</u>	<u>(8,792)</u>	<u>315,665</u>
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	190,470	-	-	-	190,470
Sale of Capital Assets	23,220	-	-	4,500	27,720
TOTAL OTHER FINANCING SOURCES (USES)	<u>213,690</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>218,190</u>
Net Change in Fund Balance	(173,115)	612,466	98,796	(4,292)	533,855
Fund Balance at beginning of year	<u>5,043,493</u>	<u>5,529,621</u>	<u>687,954</u>	<u>1,464,476</u>	<u>12,725,544</u>
Fund Balance at end of year	<u>\$ 4,870,378</u>	<u>\$ 6,142,087</u>	<u>\$ 786,750</u>	<u>\$ 1,460,184</u>	<u>\$ 13,259,399</u>

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

RIO GRANDE 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 \$ 533,855

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

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

Fixed Asset Additions	\$ 1,254,459	
Deletions Net of Accumulated Depreciation	(12,461)	
Depreciation Expense	<u>(2,235,244)</u>	(993,246)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Debt activity is as follows:

Lease Proceeds	(190,470)	
Lease Payments	<u>331,413</u>	140,943

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

Compensated Absences	(154,419)	
Accrued Interest Payable Changes	<u>1,727</u>	<u>(152,692)</u>

Change in net position of governmental funds **\$ (471,140)**

RIO GRANDE COUNTY, COLORADO
FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2021

	CUSTODIAL FUND
ASSETS	
Cash and Cash Equivalents	\$ 1,011,963
TOTAL ASSETS	<u>\$ 1,011,963</u>
LIABILITIES	
Funds Held For Others	\$ 1,011,963
TOTAL LIABILITIES	<u>\$ 1,011,963</u>

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the Board). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, coroner, sheriff, district attorney, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including general administration, public safety, highways and streets, health and social services, public improvements, planning, zoning, airport, and weed control.

Component Units

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is fiscal dependency by the organization on the County
- The organization is financially accountable to the County
- The organization receives or holds funds that are for the benefit of the County; and the County has access to a majority of the funds held; and the funds that are accessible are also significant to the County

Rio Grande County has operational responsibility and manages the Rio Grande County Weed Control District. The District is blended into the County's financial statements as a special revenue fund.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

RIO GRANDE COUNTY, COLORADO
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The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

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

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

The County reports the following major governmental funds:

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

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the County as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

RIO GRANDE COUNTY, COLORADO
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Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

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

Cash

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable. The 2021 property tax levy due January 1, 2022, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Receivables/Payables From Other County Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds.”

Inventories

Inventory is valued at the lower of cost (last-in, first-out) or market. Inventory in the Road and Bridge Fund consists of expendable supplies held for use.

Capital Assets

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

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

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

Assets	Years
Buildings and Improvements	20-100
Vehicles and Equipment	5-50
Infrastructure	40

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Compensated Absences

Annual leave may be accrued to the maximum of:

1st-10th year	21 days
11th-15th year	27 days
16th year and over	31 days

Upon separation from the County, an employee shall be paid for the amount of annual leave that he/she has accrued, subject to the limitation above. All vacation leave pay is accrued when incurred in the government-wide financial statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Unearned Revenue

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

Deferred Inflows of Resources

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

Encumbrances

The County does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Net Position

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

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

RIO GRANDE COUNTY, COLORADO
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Fund Balance

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

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

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

Use of Estimates

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

Reclassifications

Certain amounts from prior years financial statements have been reclassified for current year financial statement presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

RIO GRANDE COUNTY, COLORADO
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- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the County. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners did adopt supplemental appropriations during 2021.

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

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash and Investments for the County are as follow:

Cash on Hand	\$ 1,359
Cash Deposited in Banks	3,534,640
COLOTrust	9,771,903
Investments	100,942
 Total Cash, Deposits, and Investments (Book Balance)	 13,408,844
Less: Amounts Related to Agency Fund	(1,011,963)
 Total Cash, Deposits, and Investments on the Statement of Net Position	 \$ 12,396,881

Cash and Deposits

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County’s deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2021, \$2,481,590 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities

RIO GRANDE COUNTY, COLORADO
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- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investments contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk - Investments

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

Interest Rate Risk

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

Fair Value

Fair value investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

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

<u>Investment Type</u>		Rating Moody's/ S&P	Up to 120 days	121 days to 5 years	Fair Value Measurements Using: Level 2
SIGMA Certificates of Deposit	99%	unrated	\$ -	\$ 100,000	\$ 100,000
			-	100,000	100,000
Money Market Funds	1%	unrated			942
					<u>\$ 100,942</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 PROPERTY TAXES RECEIVABLE

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

General Fund	\$ 2,267,228
Road and Bridge Fund	405,964
Social Services Fund	506,440
Public Health Fund	71,044
Weed Control District	84,958
	\$ 3,335,634

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES

Interfund Receivables/Payables

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

Interfund receivable and payable balances at December 31, 2020, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Public Health	\$ 42,895
		\$ 42,895

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NOTE 6 CAPITAL ASSETS

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

	Balance 12/31/2020	Additions	Deletions	Balance 12/31/2021
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 458,301	\$ 125,283	\$ -	\$ 583,584
Construction in Progress	-	-	-	-
Total capital assets not being depreciated	<u>458,301</u>	<u>125,283</u>	<u>-</u>	<u>583,584</u>
Capital assets being depreciated				
Buildings and Improvements	8,177,937	-	-	8,177,937
Machinery and Equipment	8,542,760	545,998	243,230	8,845,528
Infrastructure	64,905,895	583,178	-	65,489,073
Total capital assets being depreciated	<u>81,626,592</u>	<u>1,129,176</u>	<u>243,230</u>	<u>82,512,538</u>
Less: accumulated depreciation for				
Buildings and Improvements	3,644,788	138,073	-	3,782,861
Vehicles and Equipment	5,430,262	487,799	230,769	5,687,292
Infrastructure	32,159,150	1,609,372	-	33,768,522
Total accumulated depreciation	<u>41,234,200</u>	<u>2,235,244</u>	<u>230,769</u>	<u>43,238,675</u>
Total Capital Assets being depreciated, net	<u>40,392,392</u>	<u>(1,106,068)</u>	<u>(12,461)</u>	<u>39,273,863</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,850,693</u>	<u>\$ (980,785)</u>	<u>\$ (12,461)</u>	<u>\$ 39,857,447</u>

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

Governmental Activities:	
General Government	\$ 200,654
Public Safety	151,706
Health and Welfare	57,392
Highways and Streets	1,803,826
Culture and Recreation	21,666
Total Depreciation Expense	<u>\$ 2,235,244</u>

NOTE 7 OPERATING LEASES

The County has entered into operating lease arrangements for computer software, copy machines, and Road and Bridge equipment. Lease terms range from 36 to 60 months. Rental expense for all operating leases for the year ended December 31, 2021, was approximately \$114,249.

RIO GRANDE COUNTY, COLORADO
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NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2021, was as follows:

	12/31/2020 Balance	Additions	Deletions	12/31/2021 Balance	Due Within One Year
<i>Governmental Activities:</i>					
Lease Purchase Agreement					
Jail	\$ 845,777	\$ -	\$ 152,909	\$ 692,868	\$ 160,441
Energy Performance Audit	82,525	-	40,514	42,011	42,011
Tyler Technology Software	102,190	-	50,713	51,477	51,477
Assessor's Software	94,469	-	46,177	48,292	48,292
Sheriff GM Trucks	-	190,470	41,100	149,370	35,202
Total	<u>1,124,961</u>	<u>190,470</u>	<u>331,413</u>	<u>984,018</u>	<u>337,423</u>
Compensated Absences	<u>325,905</u>	<u>154,419</u>	<u>-</u>	<u>480,324</u>	<u>8,474</u>
Total Governmental Activities	<u>\$ 1,450,866</u>	<u>\$ 344,889</u>	<u>\$ 331,413</u>	<u>\$ 1,464,342</u>	<u>\$ 345,897</u>

Lease Purchase Agreements

An annually renewable lease purchase agreement, dated January 11, 2005, was entered into between San Luis Valley Federal Bank (the "Bank"), as lessor, and Rio Grande County (the "County"), as lessee. The bank issued \$2,500,000 to the County for the purchase of the McCallister Building, the Courthouse Annex, the Road and Bridge Shop Building, and the Road and Bridge Truck Garage. The County is leasing the buildings back via the lease purchase agreement at 4.50% interest. The County used the proceeds from the sale to construct and equip a new jail facility. Payments are due to the Bank in annual installments through October 2025, from the General Fund. The County can purchase the building back at any time for the Purchase Option Price included in the lease. The buildings are included in fixed assets at a cost of \$1,762,653 with accumulated depreciation of \$977,925. Principal balance at December 31, 2021, was \$692,868.

A Lease Purchase Agreement, dated November 20, 2012, was entered into between All American Investment Group, LLC, as lessor, and Rio Grande County (the "County"), as lessee, in the amount of \$367,062, with an interest rate of 2.50%. The County used the proceeds to purchase energy efficient components based on an energy efficiency audit on the County buildings. Quarterly payments of principal and interest are made from the General Fund through January 2023. Principal balance at December 31, 2021, was \$42,011.

A Lease Purchase Agreement, dated April 13, 2018, was entered into between Municipal Leasing Consultants, LLC, as lessor, and Rio Grande County (the "County"), as lessee, in the amount of \$180,845, with an interest rate of 4.58%. The County used proceeds to purchase a server, computers, and a comprehensive municipal software package for the Assessor's office. Annual payments of principal and interest are made from the General Fund through April 2022. The software package is included in fixed assets at a cost of \$180,845 with accumulated depreciation of \$49,658. Principal balance at December 31, 2021, was \$48,292.

A Lease Purchase Agreement, dated February 6, 2020, was entered into between KS StateBank, as lessor, and Rio Grande County (the "County"), as lessee, in the amount of \$155,701, with an interest rate of 4.543%. The County used proceeds to purchase an accounting software package from Tyler Technologies. Semi-annual payments of principal and interest are made from the General Fund through February 2023. The software package is included in fixed assets at a cost of \$149,231 with accumulated depreciation of \$39,795. The County only utilized proceeds of \$126,705 as of December 31, 2021. Principal balance at December 31, 2021, was \$51,477.

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A Lease Purchase Agreement, dated March 4, 2021, was entered into between GM Financial, as lessor, and Rio Grande County (the “County”), as lessee, in the amount of \$190,470, with an interest rate of 3.95%. The County used proceeds to purchase five 2021 Chevrolet Silverado SSVs. Annual payments of principal and interest are made from the General Fund through March 2025. The Chevrolet Silverado trucks are included in fixed assets at a cost of \$38,094 per truck, for a total cost of \$190,470, with accumulated depreciation of \$14,285. Principal balance at December 31, 2021, was \$149,370.

The annual debt service for the Lease Purchase Agreements are as follows:

	Principal	Interest	Total
2022	\$ 337,423	\$ 42,709	\$ 380,132
2023	204,252	28,176	232,428
2024	213,242	19,186	232,428
2025	229,101	9,800	238,901
	\$ 984,018	\$ 99,871	\$ 1,083,889

NOTE 9 DEFINED CONTRIBUTION PLAN

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

Employees are eligible immediately upon their employment with Rio Grande County, County contributions begin immediately, and participation is mandatory at the time of employment. The employee contributions are always 100% vested, and the employer match follows a graded five-year vesting schedule pro rata monthly at 20% annual rate until the employee is fully vested at five years. The employee shall vest each plan month at the rate which equals the product of 1/12 multiplied by 20% but must be more than 10%, as stated in the contract. Employees are fully vested after a five-year participation period, or at the age of 55, whichever is earlier. Elected officials are 100% vested immediately upon participation.

The County must contribute a minimum of 4% and a maximum of 6% of the compensation of each employee. For 2021, the contribution rate was 4%. Each participant contributes a minimum amount equal to the County's contribution, and is permitted to make additional contributions not to exceed 10% of their compensation. For the year ended December 31, 2021, employee contributions totaled \$238,477 and the County recognized pension expense of \$244,311. The County recognized \$7,810 of forfeitures in retirement expense during 2021.

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

NOTE 10 DEFERRED COMPENSATION PLAN

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

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

NOTE 11 TABOR AMENDMENT RESERVE

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

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. The voters of the County passed a ballot issue in 1999 allowing the County to retain and expend all revenues collected in the year 2000 and thereafter, which do not involve any new taxes and or an increase in the existing mill levy, notwithstanding the limitations of section 29-1-301, C.R.S. and Article X, section 20 of the Colorado Constitution.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3% of fiscal year spending. The Emergency Reserve has been presented as a restriction of fund balance in the County funds and restricted net position on the Statement of Net Position. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 12 COLORADO CONTRABAND FORFEITURE ACT

We have reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2021.

NOTE 13 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool (CAPP)

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The inter-governmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

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

RIO GRANDE COUNTY, COLORADO
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December 31, 2021

Colorado Workers' Compensation Pool (CWCP)

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2021, CWCP had assets of \$50,946,504, liabilities of \$28,674,442 including \$26,396,800 reserved for losses and claims and members' equity of \$22,272,062. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2021, amounted to \$12,296,380 total expenses were \$8,728,999 resulting in net income before return of surplus of \$3,567,381.

NOTE 14 JOINT VENTURES

SAN LUIS VALLEY REGIONAL SOLID WASTE AUTHORITY

The San Luis Valley Regional Solid Waste Authority was created by an intergovernmental agreement between Rio Grande County and Alamosa County on April 14, 1995, pursuant to the authority granted by C.R.S. 29-1-203. It has been designated as a joint venture under the provisions of GASB Statement No. 14. Its purpose is to provide the citizens of both counties an integrated municipal solid waste disposal facility in accordance with provision of C.R.S. 30-20-1005.

The Authority is governed by a Board of Directors consisting of five members as follows: one Rio Grande County Commissioner, one Alamosa County Commissioner, one director appointed by the City of Monte Vista, one director appointed by the City of Alamosa, and one director who is a member of the Rio Grande County Land Use or administrative staff as appointed by the Rio Grande County Commissioners.

It is the intent of the counties that the initial funding of the Authority by each county be provided on a loan basis in substantially the same proportion that the population of each county bears to the combined population of both counties. Alamosa and Rio Grande Counties may provide additional funding at any time in the future if they choose to do so by resolution.

Closure and Post-Closure Care

Rio Grande and Alamosa Counties are exposed to closure and post-closure expenses, should the Authority be unable to meet those obligations when they become due. Management believes the risk of failure to be minimal. State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site 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 Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Authority reported \$1,280,360 as landfill closure and post-closure care liability at December 31, 2021, that represents the cumulative amount reported to date based on the use of 41% of the estimated capacity of the landfill.

The Authority will recognize the remaining estimated cost of closure and post-closure care of \$1,830,254 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2021, the most recent information available. The Authority expects to close the landfill in the

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2021

year 2043, the remaining useful life is 22 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The most recent audited financial statements of the authority report total assets of \$4,760,789, total liabilities of \$1,316,807, and net position of \$3,443,982 at December 31, 2021.

The San Luis Valley Regional Solid Waste Authority issues publicly available annual financial statements. That report may be obtained by writing to the San Luis Valley Regional Solid Waste Authority, PO Box 861, Monte Vista, Colorado 81144.

NOTE 15 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The County has received American Rescue Plan Act (ARPA) in 2021 to mitigate some of the costs/losses as a result of the pandemic. No adjustments have been made to these financial statements as additional impact is unknown at this time.

RIO GRANDE COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

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

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2021

	BUDGETED AMOUNTS			VARIANCE WITH
	ORIGINAL	FINAL	ACTUAL	FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Taxes	\$ 3,829,238	\$ 3,829,238	\$ 4,232,990	\$ 403,752
Intergovernmental Revenue	1,763,540	2,364,745	2,471,774	107,029
Licenses and Permits	146,000	146,000	153,739	7,739
Investment Income	120,000	120,000	36,533	(83,467)
Charges for Services	482,150	482,150	610,165	128,015
Miscellaneous	116,100	116,100	90,165	(25,935)
TOTAL REVENUES	6,455,028	7,058,233	7,595,366	537,133
EXPENDITURES				
General Government	3,219,743	3,685,133	3,623,549	61,584
Public Safety	3,324,232	3,337,656	2,974,446	363,210
Judicial	238,500	238,500	238,500	-
Health and Welfare	-	124,391	82,100	42,291
Auxiliary Services	75,194	75,194	76,678	(1,484)
Culture and Recreation	85,759	85,759	61,395	24,364
Capital Outlay	260,000	260,000	543,211	(283,211)
Debt Service	291,434	291,434	382,292	(90,858)
TOTAL EXPENDITURES	7,494,862	8,098,067	7,982,171	115,896
Excess (deficiency) of revenues over expenditures	(1,039,834)	(1,039,834)	(386,805)	653,029
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	2,000	2,000	23,220	21,220
Lease Proceeds	-	-	190,470	190,470
TOTAL OTHER FINANCING SOURCES (USES)	2,000	2,000	213,690	211,690
Net Change in Fund Balance	(1,037,834)	(1,037,834)	(173,115)	864,719
Fund Balance at beginning of year	4,837,558	4,837,558	5,043,493	205,935
Fund Balance at end of year	\$ 3,799,724	\$ 3,799,724	\$ 4,870,378	\$ 1,070,654

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 459,464	\$ 459,464	\$ 460,642	\$ 1,178
Intergovernmental Revenue	2,395,810	2,395,810	2,687,613	291,803
Licenses and Permits	400	400	500	100
Charges for Services	2,000	2,000	28,208	26,208
Miscellaneous	5,500	5,500	30,275	24,775
TOTAL REVENUES	<u>2,863,174</u>	<u>2,863,174</u>	<u>3,207,238</u>	<u>344,064</u>
EXPENDITURES				
Highways and Streets	3,231,051	3,231,051	2,471,739	759,312
Capital Outlay	250,000	250,000	123,033	126,967
TOTAL EXPENDITURES	<u>3,481,051</u>	<u>3,481,051</u>	<u>2,594,772</u>	<u>886,279</u>
Excess (deficiency) of revenues over expenditures	<u>(617,877)</u>	<u>(617,877)</u>	<u>612,466</u>	<u>1,230,343</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	1,000	-	(1,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,000</u>	<u>-</u>	<u>(1,000)</u>
Net Change in Fund Balance	(616,877)	(616,877)	612,466	1,229,343
Fund Balance at beginning of year	<u>4,451,566</u>	<u>4,451,566</u>	<u>5,529,621</u>	<u>1,078,055</u>
Fund Balance at end of year	<u>\$ 3,834,689</u>	<u>\$ 3,834,689</u>	<u>\$ 6,142,087</u>	<u>\$ 2,307,398</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 559,355	\$ 559,355	\$ 576,117	\$ 16,762
Intergovernmental Revenue	10,089,467	13,089,467	12,197,135	(892,332)
TOTAL REVENUES	<u>10,648,822</u>	<u>13,648,822</u>	<u>12,773,252</u>	<u>(875,570)</u>
EXPENDITURES				
Health and Welfare	10,731,654	13,731,654	12,674,456	1,057,198
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>10,731,654</u>	<u>13,731,654</u>	<u>12,674,456</u>	<u>1,057,198</u>
Net Change in Fund Balance	(82,832)	(82,832)	98,796	181,628
Fund Balance at beginning of year	<u>539,771</u>	<u>539,771</u>	<u>687,954</u>	<u>148,183</u>
Fund Balance at end of year	<u>\$ 456,939</u>	<u>\$ 456,939</u>	<u>\$ 786,750</u>	<u>\$ 329,811</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO

OTHER SUPPLEMENTARY INFORMATION

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

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

PUBLIC HEALTH FUND – This fund is used to account for the multiple programs of providing public health nursing services. Financing is provided by grants and fees for services.

AIRPORT FUND – This fund is used to account for improvements to and operations of the Astronaut Rominger Airport.

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

TOURISM FUND – This fund is used to account for the County share of the lodging tax collected on each hotel/motel that is rented in Rio Grande County. The monies may be expended to promote Rio Grande County to tourists.

RIO GRANDE COUNTY WEED CONTROL DISTRICT – This fund is used to provide monies for spraying undesirable plants along the roads within Rio Grande County as required by the Colorado Weed Management Act.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the financing of capital purchases or construction for Rio Grande County and its facilities.

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2021

SPECIAL REVENUE FUNDS

	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	RIO GRANDE COUNTY WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and Investments	\$ 363,646	\$ 43,312	\$ 298,486	\$ 413,826	\$ 178,083	\$ 8,180	\$ 1,305,533
Accounts Receivable	-	-	-	-	19,775	-	19,775
Due From Other Governments	287,578	8,723	-	-	125	-	296,426
Property Taxes Receivable	71,044	-	-	-	84,958	-	156,002
TOTAL ASSETS	\$ 722,268	\$ 52,035	\$ 298,486	\$ 413,826	\$ 282,941	\$ 8,180	\$ 1,777,736
LIABILITIES							
Accounts Payable	\$ 44,272	\$ 5,627	\$ -	\$ -	\$ 2,339	\$ -	\$ 52,238
Due To Other Funds	42,895	-	-	-	-	-	42,895
Unearned Revenue - Grants	66,417	-	-	-	-	-	66,417
TOTAL LIABILITIES	153,584	5,627	-	-	2,339	-	161,550
DEFERRED INFLOWS OF RESOURCES							
Deferred Revenue - Property Tax	71,044	-	-	-	84,958	-	156,002
FUND BALANCE							
Restricted for:							
Tabor Amendment Reserve	26,100	8,800	200	9,100	5,800	-	50,000
Culture and Recreation	-	-	298,286	404,726	-	-	703,012
Committed to:							
Capital Projects	-	-	-	-	-	8,180	8,180
Health and Welfare	471,540	-	-	-	-	-	471,540
Weed Control	-	-	-	-	189,844	-	189,844
Astronaut Rominger Airport	-	37,608	-	-	-	-	37,608
TOTAL FUND BALANCE	497,640	46,408	298,486	413,826	195,644	8,180	1,460,184
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 722,268	\$ 52,035	\$ 298,486	\$ 413,826	\$ 282,941	\$ 8,180	\$ 1,777,736

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

SPECIAL REVENUE FUNDS

	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	RIO GRANDE COUNTY WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
REVENUES							
Taxes	\$ 80,417	\$ -	\$ -	\$ 300,976	\$ 97,021	\$ -	\$ 478,414
Intergovernmental Revenue	1,020,902	195,978	52,730	-	17,620	-	1,287,230
Investment Income	224	50	199	188	271	-	932
Charges For Services	5,354	85,514	-	-	76,735	-	167,603
Miscellaneous	58,845	10,777	-	-	4,298	-	73,920
TOTAL REVENUES	1,165,742	292,319	52,929	301,164	195,945	-	2,008,099
EXPENDITURES							
Current Expenditures:							
General Government	-	325,365	-	-	-	-	325,365
Health and Welfare	1,129,446	-	-	-	188,271	-	1,317,717
Culture and Recreation	-	-	112,750	220,509	-	-	333,259
Capital Outlay	-	-	-	-	40,550	-	40,550
TOTAL EXPENDITURES	1,129,446	325,365	112,750	220,509	228,821	-	2,016,891
Excess (deficiency) of revenues over expenditures	36,296	(33,046)	(59,821)	80,655	(32,876)	-	(8,792)
OTHER FINANCING SOURCES (USES)							
Sale of Fixed Asset	-	-	-	-	4,500	-	4,500
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	4,500	-	4,500
Net Change in Fund Balance	36,296	(33,046)	(59,821)	80,655	(28,376)	-	(4,292)
Fund Balance at beginning of year	461,344	79,454	358,307	333,171	224,020	8,180	1,464,476
Fund Balance at end of year	\$ 497,640	\$ 46,408	\$ 298,486	\$ 413,826	\$ 195,644	\$ 8,180	\$ 1,460,184

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL
For the Year Ended December 31, 2021

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES REPORTED ON THE GAAP BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Governmental Funds				
Non-major Governmental Funds				
Special Revenue Funds				
Public Health Agency Fund	\$ 1,143,605	\$ 1,434,263	\$ 1,129,446	\$ 304,817
Airport Fund	132,856	365,419	325,365	40,054
Conservation Trust Fund	11,600	119,350	112,750	6,600
Tourism Fund	150,000	301,000	220,509	80,491
Pest & Weed Control District	195,401	230,701	228,821	1,880
Total Special Revenue Funds	<u>1,633,462</u>	<u>2,450,733</u>	<u>2,016,891</u>	<u>433,842</u>
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-major Governmental Funds	<u>\$ 1,633,462</u>	<u>\$ 2,450,733</u>	<u>\$ 2,016,891</u>	<u>\$ 433,842</u>

RIO GRANDE COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster				
Department of Health and Human Services				
COVID-19 Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ -	\$ 3,914
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	-	75,797
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	-	130,044
<i>Total Department of Health and Human Services</i>			-	209,755
Total CCDF Cluster			-	209,755
Food Distribution Cluster				
Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	-	60,495
<i>Total Department of Agriculture</i>			-	60,495
Total Food Distribution Cluster			-	60,495
Medical Assistance Program (Medicaid Cluster)				
Department of Health and Human Services				
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A	-	205,691
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing,N/A	-	8,103
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, 21-160396	-	123,468
<i>Total Department of Health and Human Services</i>			-	337,262
Total Medical Assistance Program (Medicaid Cluster)			-	337,262
SNAP Cluster				
Department of Agriculture				
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	-	1,766
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	-	132,471
<i>Total Department of Agriculture</i>			-	134,237
Total SNAP Cluster			-	134,237

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
<i>Forest Service Schools and Roads Cluster</i>				
Department of Agriculture				
Schools and Roads - Grants to States, Title I	10.665	Colorado Department of Treasury,N/A	95,979	127,972
Schools and Roads - Grants to States, Title III	10.665	Colorado Department of Treasury,N/A	-	10,539
Total Department of Agriculture			<u>95,979</u>	<u>138,511</u>
<i>Total Forest Service Schools and Roads Cluster</i>			<u>95,979</u>	<u>138,511</u>
<i>Total All Clusters</i>				
			<u>95,979</u>	<u>880,260</u>
<i>Other Programs</i>				
Department of Homeland Security				
Homeland Security Grant Program	97.067	Governor's Office of Homeland Security, N/A	-	115,497
<i>Total Department of Homeland Security</i>			<u>-</u>	<u>115,497</u>
Department of Interior				
National Wildlife Refuge Fund	15.659		3,646	20,658
<i>Total Department of Interior</i>			<u>3,646</u>	<u>20,658</u>
Department of the Treasury				
Coronavirus Relief Fund	21.019	Colorado Department of Public Health and Environment, N/A	-	5,489
Coronavirus Relief Fund	21.019	Colorado Department of Human Services, N/A	-	5,664
Coronavirus Relief Fund	21.019	Colorado Department of Local Affairs, CVRF CM-061	-	89,327
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Local Affairs, N/A	-	529,295
<i>Total Department of the Treasury</i>			<u>-</u>	<u>629,775</u>
Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, C22PHPCONT	-	26,395
Guardianship Assistance	93.090	Colorado Department of Human Services,N/A	-	9,881
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment,H21IMCOTHR/C ONT	-	41,079

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, N/A	-	52,579
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Public Health and Environment, N/A		17,281
Promoting Safe and Stable Families	93.556	Colorado Department of Human Services,N/A	-	68,132
COVID-19 Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	-	31,913
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	-	330,418
Child Support Enforcement	93.563	Colorado Department of Human Services,N/A	-	239,349
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	-	466,412
COVID-19 Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	-	996
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	-	13,255
Foster Care_Title IV-E	93.658	Colorado Department of Human Services,N/A	-	397,877
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	-	89,376
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	-	68,894
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment,N/A	-	25,000
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment,HPP-HCC	-	182,560
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment,N/A	-	10,067
<i>Total Department of Health and Human Services</i>			-	<u>2,071,464</u>

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2021

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Department of Housing and Urban Development Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	Colorado Department of Local Affairs	380,404	380,404
<i>Total Department of Housing and Urban Development</i>			<u>380,404</u>	<u>380,404</u>
Department of Agriculture Cooperative Forest Road Agreements	10.705		-	4,390
<i>Total Department of Agriculture</i>			<u>-</u>	<u>4,390</u>
<i>Total Other Programs</i>			<u>480,029</u>	<u>3,222,188</u>
<i>Total Expenditures of Federal Awards</i>			<u>\$ 480,029</u>	<u>\$ 4,102,448</u>

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

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rio Grande County, Colorado under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rio Grande County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Rio Grande County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, except for funds passed-through the Colorado Department of Human Services and Department of Public Health and Environment. These funds are reported on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The County elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2021.

NOTE 3 FOOD DISTRIBUTION

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

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



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated July 19, 2022.

Report on Internal Control over Financial Reporting

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

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2021-001 to be a material weakness.

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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as Finding 2021-002 to be a significant deficiency.

Certified Public Accountants

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

Report on Compliance and Other Matters

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

Rio Grande County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 19, 2022

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



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Certified Public Accountants

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 19, 2022

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

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds
14.228	Community Development Block Grants/State’s Program and Non-Entitlement Grants in Hawaii

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

Auditee qualified as a low-risk auditee? yes X no

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

Section II – Financial Statement Findings

Finding 2021-001: Internal Control Over Financial Reporting
(Repeat of finding 2020-001, 2019-001, 2018-001, 2017-001 and 2016-001)

Type of Finding: Internal Control (material weakness)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner or ensure compliance with budget laws.

Cause: A reconciliation and review process was not completed timely to properly state year-end account balances or detect over-budget conditions.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over year-end financial statement balances, non-routine transactions, and compliance with budget laws.

Effect: As a result of this condition the following areas were affected:

1. Audit adjustments were proposed to properly state the General Fund, Public Health Fund and Road and Bridge Fund as of December 31, 2021, in accordance with generally accepted accounting principles.
2. Audit procedures identified that the Tourism Fund expenditures exceed appropriations by \$70,509 as of December 31, 2021. A supplemental budget resolution was approved by the Board of County Commissioners on June 29, 2022 for fiscal year 2021 to address this issue.

Recommendation: The County should continue to strengthen its internal controls with adopted policies and procedures regarding year-end reconciling of account balances for accurate financial statement reporting. In addition, the County should incorporate a review process over budget to actual statements and adopt supplemental appropriations timely.

Management's Response: See Corrective Action Plan

Finding 2021-002: Internal Control Over Payroll

Type of Finding: Internal Control (significant deficiency)

Context: We selected 20 of the County's employees for payroll testing and an additional 7 employees for salary verification.

Condition: Eight of the employees selected contained either over – or –under calculated benefit deductions or withholdings. In addition, supporting documentation of authorized pay rates was not maintained in personnel files for five employees.

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

Cause: Internal controls over processing payroll were not sufficient to prevent and detect errors in calculations of benefit deductions and withholdings and ensure proper documentation was not maintained in the personnel file.

Criteria: A system of internal controls includes proper segregation of duties and a detailed review to ensure payroll information is accurately input into the payroll system and calculated correctly.

Effect: We identified errors in the County's portion of expense for health, dental, vision, and supplemental life insurances. In addition, employee's deductions and withholdings were not consistently made in accordance with the employee's request.

Recommendation: The County should review all current employee payroll files and verify proper input of withholding and deduction amounts into the payroll software based on documentation maintained in the personnel file. The County should obtain additional training over the payroll cycle and adopt policies and procedures to include a secondary review over data accumulation for personnel files, input into the payroll software, and all other phases of processing payroll to ensure accuracy and completeness.

Management's Response: See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

RIO GRANDE COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2021

Section II – Financial Statement Findings

Finding 2020-001: Internal Control over Financial Reporting
(Repeat of Finding 2019-001, 2018-001, 2017-001, and 2016-001)

Type of finding: Internal Control (significant deficiency)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner.

Status: Partially Implemented. See finding 2021-001.



Rio Grande County
Commissioners Chambers
925 6th Street, Room 207
Del Norte, CO 81132

CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Health and Human Services

Rio Grande County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2021.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended December 31, 2021

The findings from the December 31, 2021 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

**Finding 2021-001: Internal Control over Financial Reporting
(Repeat of Findings 2020-001, 2019-001, 2018-001, 2017-001, 2016-001, and
2015-001)**

Type of finding: Internal Control (material weakness)

Recommendation: The County should continue to strengthen its internal controls with adopted policies and procedures regarding year-end reconciling of account balances for accurate financial statement reporting. In addition, the County should incorporate a review process over budget to actual statements and adopt supplemental appropriations timely.

Action Taken: Rio Grande County is aware of the mistakes made during year end reconciliation and the submission of Supplemental Budgets. A check list of reconciling entries has been created as well as a process to ensure all fund Supplemental Budgets are to be submitted by the specified date set forth by the State of Colorado.

Finding 2021-002: Internal Control over Payroll

Type of finding: Internal Control (significant deficiency)

Recommendation: The County should review all current employee payroll files and verify proper input of withholding and deduction amounts into the payroll software based on documentation maintained in the

personnel file. The County should obtain additional training over the payroll cycle and adopt policies and procedures to include a secondary review over data accumulation for personnel files, input into the payroll software, and all other phases of processing payroll to ensure accuracy and completeness.

Action Taken: Rio Grande County is aware of the difference regarding the deductions and have gained additional training in 2022 as well as put a new procedure in place regarding communication between the benefits vendors and employees when changes and new hires occur. The County has also put a procedure in place regarding the receiving of the proper documentation prior to the effective date of any pay increases.

If the U.S. Department of Health and Human Services have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,

A handwritten signature in blue ink, appearing to read 'A Klapperich', with a long horizontal line extending to the right.

Amanda Klapperich
County Finance Director
Rio Grande County, Colorado

A handwritten signature in blue ink, appearing to read 'C Barraclough', with a long horizontal line extending to the right.

Craig Barraclough
County Administrator
Rio Grande County, Colorado

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

LOCAL HIGHWAY FINANCE REPORT		City or County: RIO GRANDE COUNTY
		YEAR ENDING : December 2021
This Information From The Records Of Rio Grande County:	Prepared By: Phone:	Amanda Klapperich 719-657-2744

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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,447,274
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 554,159
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 27,213
2. General fund appropriations		b. Snow and ice removal	\$ 320,259
3. Other local imposts (from page 2)	460,641	c. Other	\$ 69,525
4. Miscellaneous local receipts (from page 2)	58,983	d. Total (a. through c.)	\$ 416,997
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 176,342
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,594,772
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	519,624	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,634,962	2. Notes:	
D. Receipts from Federal Government (from page 2)	52,651	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,207,237	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,594,772

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,529,622	3,207,237	2,594,772	6,142,087	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	404,339	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	29,508
5. Specific Ownership &/or Other	56,302	g. Other Misc. Receipts	29,475
6. Total (1. through 5.)	56,302	h. Other	
c. Total (a. + b.)	460,641	i. Total (a. through h.)	58,983
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,591,066	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	31,993
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	42,762	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)	1134	f. Other Federal	20,658
f. Total (a. through e.)	43,896	g. Total (a. through f.)	52,651
4. Total (1. + 2. + 3.f)	2,634,962	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,447,274	1,447,274
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,447,274	1,447,274
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,447,274	1,447,274
			(Carry forward to page 1)

Notes and Comments: