

**RIO GRANDE COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**December 31, 2022**



Wall,  
Smith,  
Bateman Inc.  
Certified Public Accountants

**RIO GRANDE COUNTY, COLORADO**  
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**December 31, 2022**

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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, 2022, 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, 2022, 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.

### *Emphasis of Matter*

#### *Change in Accounting Principle*

As discussed in Note 1 – Summary of Significant Accounting Policies, in fiscal year 2022 the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*, and GASB Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

### *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

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going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *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 September 14, 2023 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

September 14, 2023

**Rio Grande County**  
**Management's Discussion and Analysis**  
**For the Year Ended December 31, 2022**

This document offers Rio Grande County's financial statements and a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2022. 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, 2021, and December 31, 2022.

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, 2022, Rio Grande County's government-wide net position totaled \$51,541,786. Total net position for the County decreased by \$102,996 or .002 percent.
- The Statement of Activities indicates that Rio Grande County had \$27,196,859 in total government-wide revenues. Of this amount, general revenues (primarily taxes) account for approximately \$7,346,575 or 27 percent and program specific revenues in the form of charges for services, grants and contributions accounted for \$19,850,284 or 73 percent.
- Total government-wide revenues increased by \$1,739,877 compared to 2021. A majority of the increase was in operating grants and contributions in the amount of \$648,424, general revenues \$544,364, and Capital Grants and Contributions \$375,020. The increases within operating grants and contributions were due to the American Rescue Plan Act – State and Local Fiscal Recovery Fund and the Local Assistance and Tribal Consistency Funds distributed by the federal government through the Department of Treasury.
- The County had \$27,299,855 in expenses related to governmental activities, only \$19,850,284 of these expenses were offset by program specific charges for services and grants. The remaining balance of \$7,449,571 was supported by general revenues, mostly in the form of taxes, this also decreased the overall Net Position for the County in fiscal year 2022.
- The government-wide expenditures increased by \$1,371,722 compared to 2021. A majority of the increase relates to health and welfare totaling \$971,586, public safety totaling \$447,943, general government totaling \$266,259, and small increases in auxiliary services and Culture and recreation totaling \$34,445 with decreases occurring in Highway and Streets totaling \$293,146, Judicial in the amount of \$49,421, and Interest on Debt in the amount of \$5,933.
- At the end of 2022, Rio Grande County's governmental funds reported combined ending fund balances of \$12,972,272, an increase of \$287,127 compared to 2021. Of this amount, \$1,437,384 is restricted, \$6,678,529 is committed, \$328,543 is assigned, \$3,548,862 is unassigned, and \$978,954 is non-spendable in the form of inventory.

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

- Rio Grande County's long-term liabilities decreased by \$387,097 during the 2022 fiscal year.

### **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.

Rio Grande County adopted GASB87 as of December 31, 2022 in accordance with the generally accepted accounting principles of the United States of America. The adoption of this standard required the beginning lease assets and lease liabilities to be restated by \$447,409 for the 2022 year end reporting.

### **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.

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

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 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.

**Rio Grande County**  
**Management’s Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

**Government-wide Financial Analysis**

**Analysis of Net Position**

The focus of this financial analysis is on comparisons of the activities of the current year (2022) with those of the prior year (2021) and comparison of balances at year-end (December 31) for the same two years.

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 \$51,541,786 at December 31, 2022.

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 \$39,045,936 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 \$1,437,384 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,058,466 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 \$102,996.

*Table 1 provides a summary of the County’s net position at December 31, 2021, and 2022. Additional information is presented in the statement of net position.*

**Table 1 Condensed Statement of Net Position**

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2022</b>
Current and Other Assets	\$ 17,955,976	\$ 19,862,791
Noncurrent Assets	<u>39,857,447</u>	<u>40,100,085</u>
<b>Total Assets</b>	<b><u>\$ 57,813,447</u></b>	<b><u>\$ 59,962,876</u></b>
Current liabilities	\$ 1,714,562	\$ 3,554,255
Noncurrent liabilities	<u>1,118,445</u>	<u>1,255,857</u>
<b>Total Liabilities</b>	<b><u>\$ 2,833,007</u></b>	<b><u>\$ 4,810,112</u></b>
Deferred Inflows of Resources	\$ 3,335,634	\$ 3,610,987
Net position		
Net Invested in Capital Assets	\$ 38,873,429	\$ 39,045,936
Restricted	1,350,549	1,437,384
Unrestricted	<u>11,420,804</u>	<u>11,058,466</u>
<b>Total Net Position</b>	<b><u>\$ 51,644,782</u></b>	<b><u>\$ 51,541,786</u></b>

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

**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 2022. As stated earlier the County's net position decreased by \$102,996 during fiscal year 2022.

*Table 2 provides a summary of the changes in net position for the years 2021 and 2022. The 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**

	<b>Governmental Activities 2021</b>	<b>Governmental Activities 2022</b>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 996,535	\$ 1,168,604
Operating Grants and Contributions	17,658,236	18,306,660
Capital Grants and Contributions	-	375,020
General revenues		
Taxes	\$ 5,748,163	\$ 6,136,365
Payment in Lieu of Taxes	902,055	932,834
Interest on Investments	37,465	181,488
Gain on Sale of Capital Assets	27,720	8,001
Other	86,808	87,887
<b>Total Revenues</b>	<b>\$ 25,456,982</b>	<b>\$ 27,196,859</b>
<b>Expenses</b>		
General Government	\$ 4,302,286	\$ 4,568,545
Public Safety	3,183,086	3,631,029
Health and Welfare	13,974,180	14,945,766
Highways and Streets	3,686,193	3,393,047
Judicial	238,500	189,079
Auxiliary Services	76,678	79,722
Culture and recreation	416,320	447,721
Interest on Debt	50,879	44,946
<b>Total Expenses</b>	<b>\$ 25,928,122</b>	<b>\$ 27,299,855</b>
Increase (decrease) in Net Position	\$ (471,140)	\$ (102,996)
Beginning Net Position	\$ 52,115,922	\$ 51,644,782
<b>Ending Net Position</b>	<b>\$ 51,644,782</b>	<b>\$ 51,541,786</b>

**Rio Grande County  
Management’s Discussion and Analysis (Continued)  
For the Year Ended December 31, 2022**

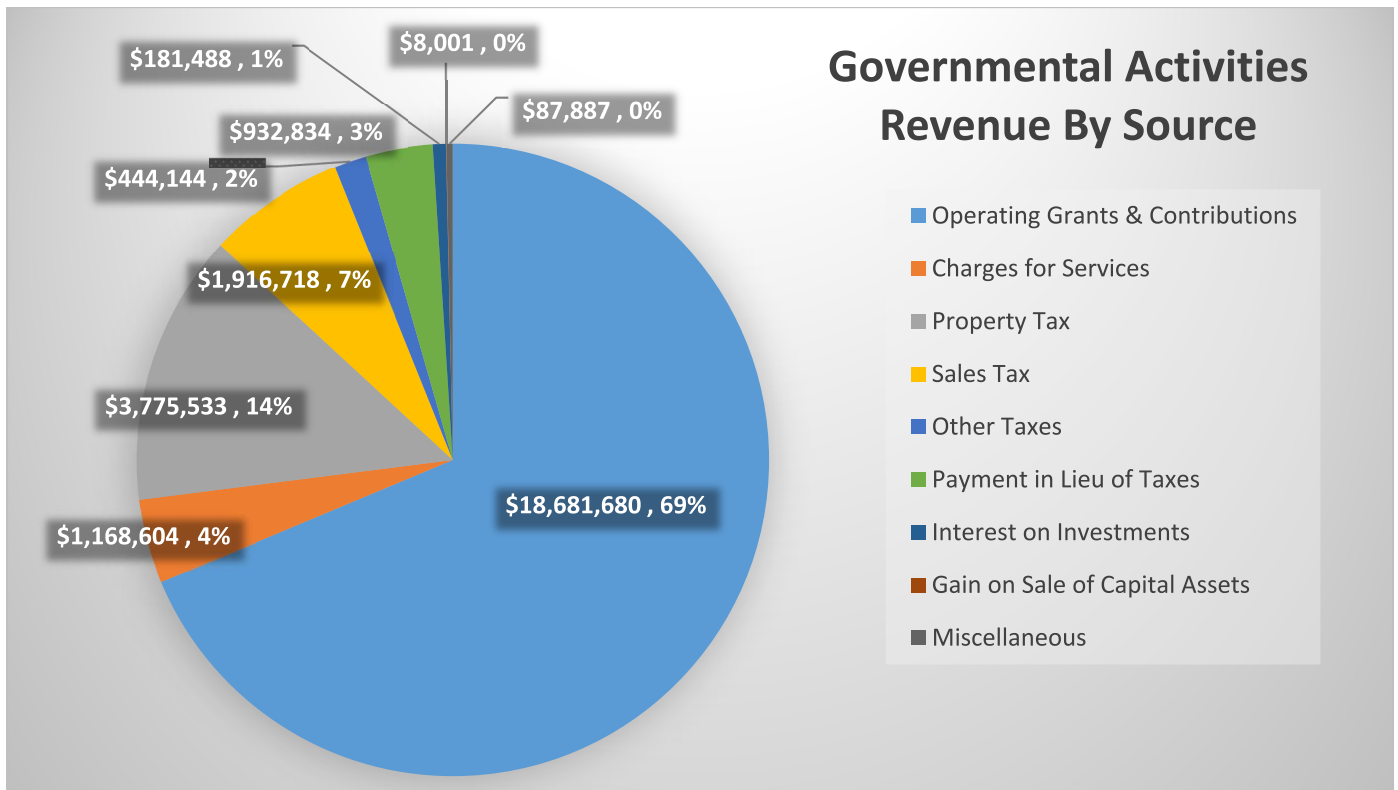
The County is heavily reliant on operating grants and contributions, and tax revenue to support governmental operations. Operating and Capital grants and contributions from the State and Federal government contribute \$18,681,680 or 68 percent. Property taxes, sales tax, PILT and other taxes account for \$7,069,199 or 25 percent. The remainder comes from fees charged for services, investment income, and miscellaneous sources which total \$1,445,980 or 7 percent of total governmental revenue. Rio Grande County’s governmental revenue increased by \$1,739,877 or 6 percent compared to 2021.

**Governmental Activities**

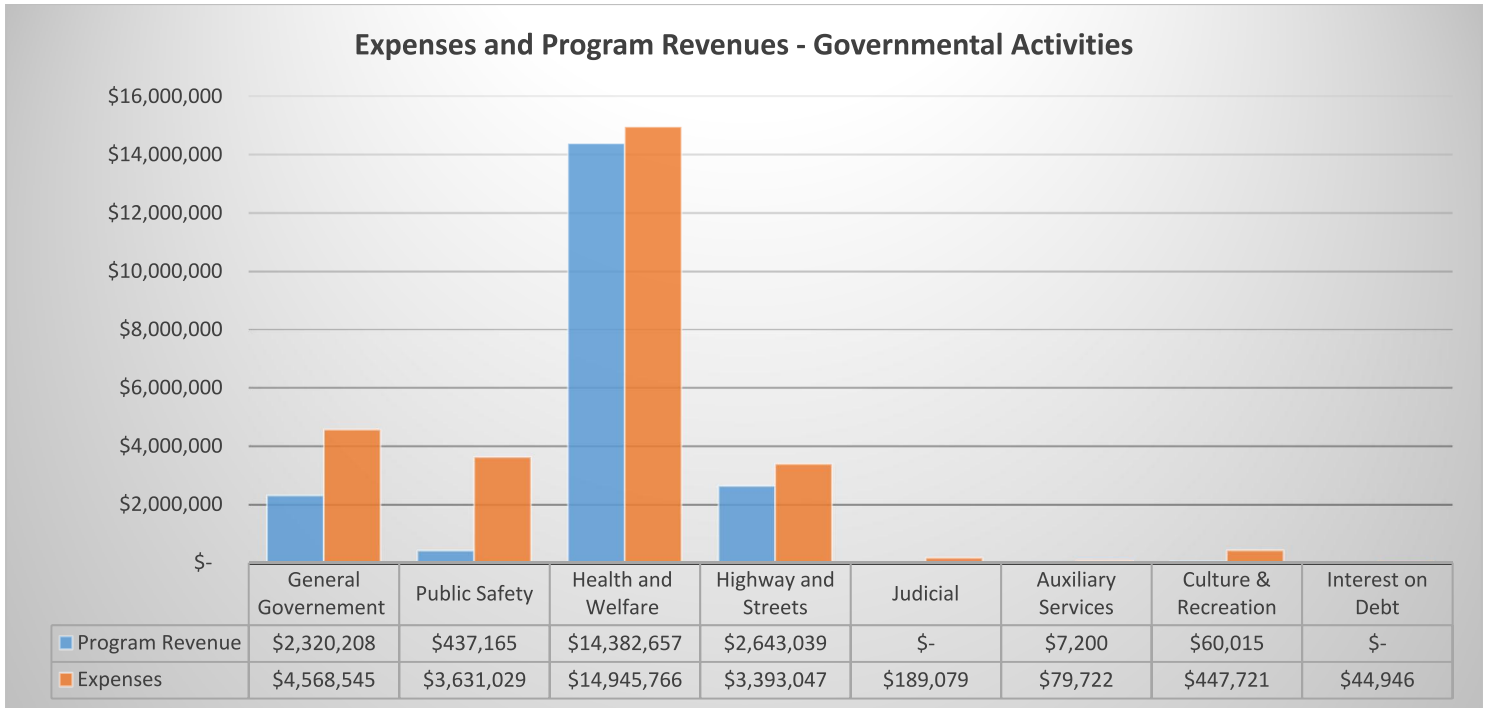
The County’s governmental activities have been accounted for in eight departmental functions: 1) General Government, 2) Public Safety, 3) Health and Welfare, 4) Highway and Streets, 5) Judicial, 6) Auxiliary Services, 7) Culture and Recreation, 8) Interest on Long-term Debt.

Governmental activity expenses totaled \$27,299,855. Major expenses included in governmental activities are; \$14,945,766 for Health and Welfare, \$4,568,545 for General Government, \$3,393,047 for Highway and Streets, and \$3,631,029 for Public Safety. Over the prior fiscal year, the overall increase in governmental expenses was \$1,371,733 or approximately 5 percent. A majority of this increase relates to health and welfare \$971,586, public safety \$447,943, and general government \$266,259 with decreases occurring in Highway and Streets, 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, 2022**



*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	\$ 4,568,545	16.73%	\$ (2,248,337)	30.18%
Public Safety	3,631,029	13.30%	(3,193,864)	42.87%
Health and Welfare	14,945,766	54.75%	(563,109)	7.56%
Highways and Streets	3,393,047	12.43%	(750,008)	10.07%
Judicial	189,079	0.69%	(189,079)	2.54%
Auxiliary Services	79,722	0.29%	(72,522)	0.97%
Culture and Recreation	447,721	1.64%	(387,706)	5.20%
Interest on Debt	44,946	0.16%	(44,946)	0.60%
<b>Total</b>	<b>\$ 27,299,855</b>	<b>100.00%</b>	<b>\$ (7,449,571)</b>	<b>100.00%</b>

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

**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.

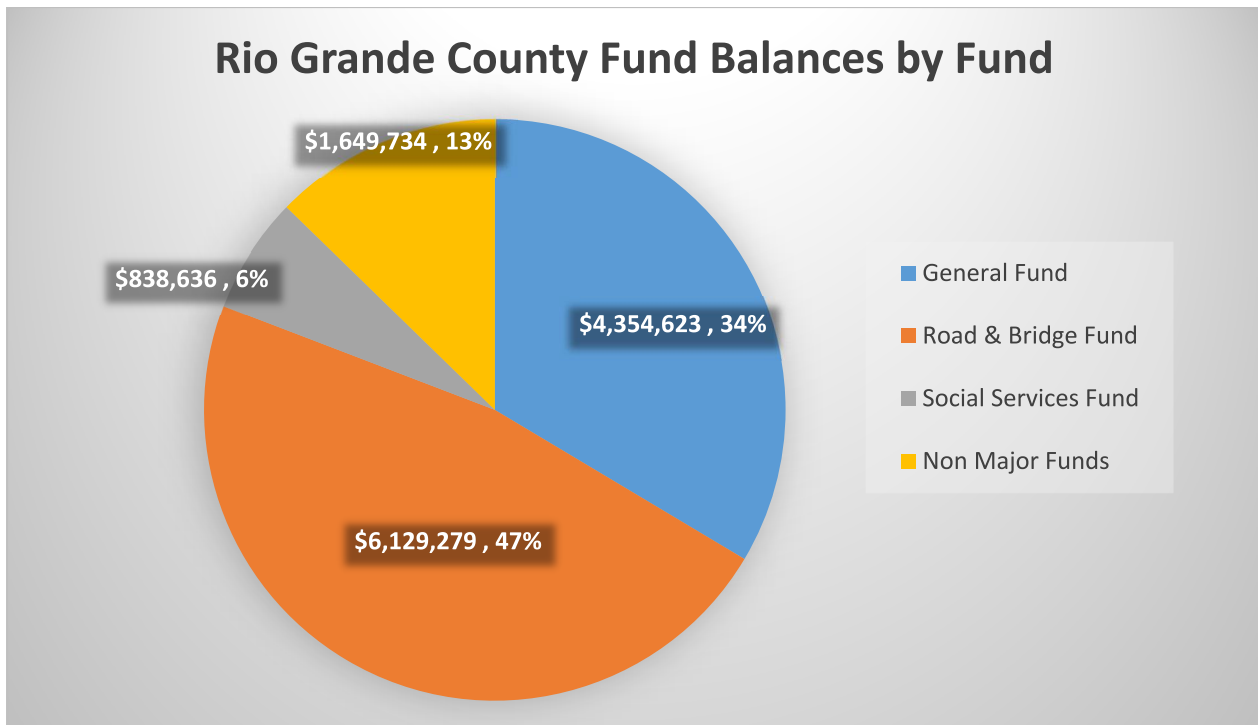
*Governmental Funds.* The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. In particular, fund balances may serve as 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 \$12,972,272, an decrease of \$287,127 from the prior year ending fund balances. Most of the decrease was in the General Fund in the amount of \$515,755 with increase in the Social Services Fund of \$51,886, and Other Governmental Funds of \$189,550. 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:

- ✓ *Non-spendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. As of December 31, 2022, the County's portion of non-spendable fund balance which is associated with inventory was \$978,954.
- ✓ *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, 2022, the County's governmental funds reported a restricted fund balance of \$1,437,384.
- ✓ *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 \$6,678,529, a majority of this fund balance is committed to highway and streets in the amount of \$5,059,325.

**Rio Grande County  
Management’s Discussion and Analysis (Continued)  
For the Year Ended December 31, 2022**

- ✓ *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. The County reported an assigned fund balance of \$328,543.
- ✓ *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund. As of December 31, 2022, the county reported an unassigned fund balance of \$3,548,862.



The Road and Bridge Fund has an overall fund balance of \$6,129,279, a decrease of \$12,808 compared to 2021. Of this amount, \$91,000 is restricted for Tabor, \$5,059,325 is available for highway and street related projects, and \$978,954 is non-spendable inventory funds.

The General Fund has a fund balance of \$4,354,623, a decrease of \$515,755 compared to 2021. Of this amount, \$440,416 is restricted, \$36,802 is committed, \$328,543 is assigned, and \$3,548,862 is unassigned.

The Social Services Fund has a fund balance of \$838,636, an increase of \$51,886 compared to 2021. Of this amount, \$92,000 is restricted for Tabor, and \$746,636 is committed for health and welfare services.

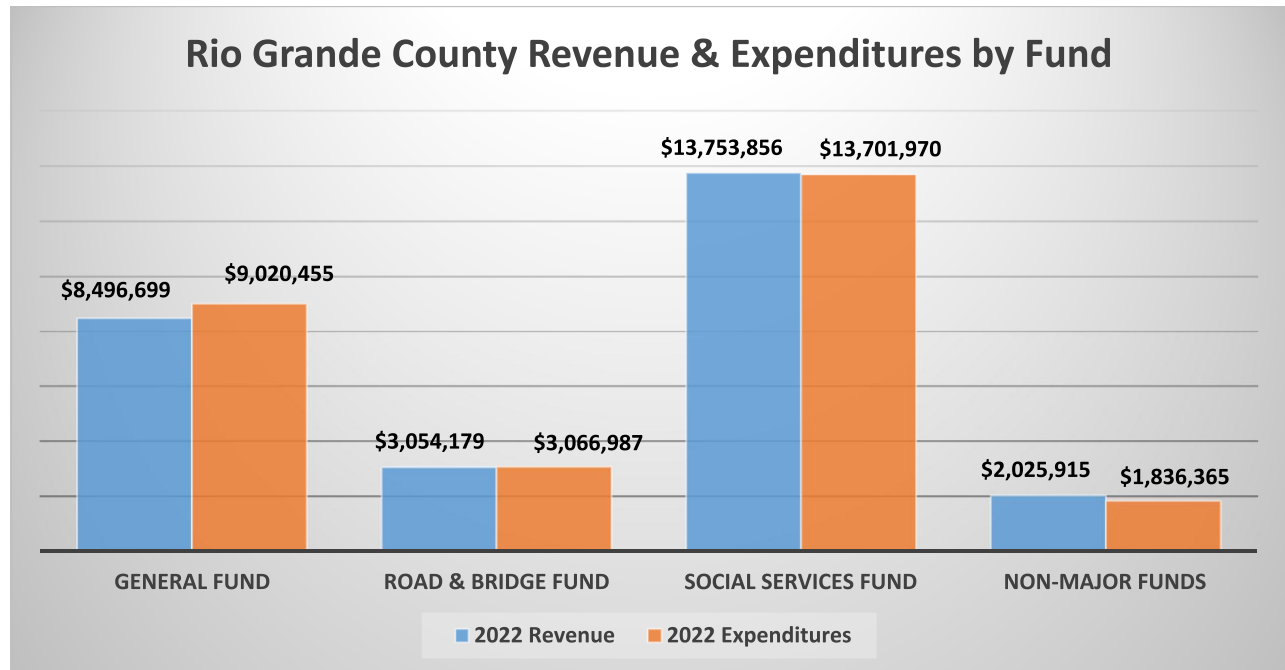
Non major funds have a fund balance of \$1,649,734, an increase of \$189,550 compared to 2021. Fund balances for non-major funds include, Public Health Fund \$650,782, Airport Fund \$45,452, Conservation Trust Fund \$327,804, Tourism Fund \$463,664, and Weed Control District \$153,852. These funds are considered Special Revenue Funds which are used to account for specific revenues

**Rio Grande County  
Management’s Discussion and Analysis (Continued)  
For the Year Ended December 31, 2022**

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.

*Revenue.* Revenues in governmental funds total \$27,330,649, an increase of \$1,746,649 or 6 percent compared to the prior year. The majority of the increase was in intergovernmental revenue with an increase of \$1,100,013, followed by tax revenue with an increase of \$388,202. Licenses and Permits, Charges for Services and Investment income also saw increases while Miscellaneous items saw a decrease. Most of the increase in intergovernmental revenue was in the Social Services Fund with an increase of \$951,159 and in the General Fund of \$343,925. Total governmental fund revenues related to taxes was \$6,136,365, intergovernmental revenue was \$19,743,765, licenses and permits was \$193,679, investment income was \$181,488, charges for services were \$923,679, and miscellaneous revenue was \$152,167.

*Expenditures.* As of December 31, 2022, governmental fund expenditures totaled \$27,625,777, an increase of \$2,357,487. Of this amount, \$4,413,690 relates to General Government, \$3,496,032 to Public Safety, \$189,079 to Judicial, \$2,649,060 to Highway and Streets, \$15,019,833 to Health and Welfare, \$79,722 to Auxiliary Services, \$426,055 to Culture and Recreation, \$928,277 to Capital Outlay, and \$424,029 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, 2022, expenditures exceeded revenues by \$515,755, decreasing the fund balance.

- ✓ *Revenues.* General Fund revenues totaled \$8,496,699, an increase of \$901,333 compared to 2021. Tax revenue is the primary source of revenue in the General Fund totaling \$4,511,794, followed by intergovernmental revenue which totaled \$2,815,699. Compared

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

to the prior fiscal year, tax revenue increased by \$278,804, intergovernmental revenue also increased by \$343,925 and all other revenue increased by \$278,604.

- ✓ *Expenditures.* Total expenditures in the General Fund were \$9,020,455, an increase of \$1,038,284 compared to 2021. A majority of this increase relates to General Government in the amount of \$622,058 and Public Safety in the amount of \$521,586 due to the distribution of the American Rescue Plan Act – State and Local Fiscal Recovery Funds and the Local Assistance and Tribal Consistency 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, 2022, expenditures exceeded the revenues by \$12,808, decreasing the fund balance to \$6,129,279. This fund balance will be used to fund future road and bridge projects and equipment purchases or leases.

- ✓ *Revenues.* Total revenues, for 2022, in this fund were \$3,054,179, a decrease of \$153,059 compared to 2021. Highway user tax funds (HUTF) is the primary source of revenue in the Road and Bridge Fund. During 2022, the Road and Bridge Fund received \$2,455,867 in HUTF revenue, a decrease of \$135,199 compared to 2021. Other revenue in this fund totaled \$598,362, a decrease of \$17,860.
- ✓ *Expenditures.* Total expenditures in the Road and Bridge Fund were \$3,066,987, an increase of \$472,215. A majority of this increase was due to the increased 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. On December 31, 2022, revenues exceeded expenditures by \$51,886, increasing the fund by this amount.

- ✓ *Revenues.* Social Service Fund revenues totaled \$13,753,856 in 2022, an increase of \$980,604 compared to 2021. Intergovernmental revenue which comes from Federal and State governments are the primary source of revenue in this fund. Intergovernmental revenue increased by \$951,159 and tax revenue increased by \$29,445.
- ✓ *Expenditures.* Total expenditures in the Social Service Fund were \$13,701,970, an increase of \$1,027,514 compared to 2021.

**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, 2022, revenues exceeded expenditures by \$189,550, increasing the fund balance by this amount.

- ✓ *Revenues.* All other governmental funds have total revenues of \$2,025,915, an increase of \$17,816 compared to 2021. Other governmental funds include Public Health Fund with total revenues of \$1,213,125, an increase of \$47,383, Airport Fund total revenues of \$182,795, a decrease of \$109,524, Conservation Trust Fund total revenues of \$59,318, an increase of \$6,389, Tourism Fund total revenues of \$350,063, an increase of \$48,899, RG County Weed Control District total revenues of \$220,614, an increase of \$24,669, and there was no change for the Capital Project Fund revenues.

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

- ✓ *Expenditures.* Total expenditures in other governmental funds were \$1,836,365, a decrease of \$180,526. Funds included in this expenditure amount are Public Health Fund \$1,059,983, Airport Fund \$183,751, Conservation Trust Fund \$30,000, Tourism Fund \$300,225, and the Weed Control District \$262,406.

*Table 4 below provides you with a comparison of revenues, expenditures, and changes in fund balance as of December 31, 2021, and 2022.*

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

	<b>Governmental Funds</b>	
	<b>2021</b>	<b>2022</b>
<b>Revenues</b>		
Taxes	\$ 5,748,163	\$ 6,136,365
Intergovernmental Revenue	18,643,752	19,743,765
Licenses and Permits	154,239	193,185
Investment Income	37,465	181,488
Charges for Services	805,976	923,679
Miscellaneous	194,360	152,167
<b>Total Revenue</b>	<b>\$ 25,583,955</b>	<b>\$ 27,330,649</b>
<b>Expenditures</b>		
General Government	\$ 3,948,914	\$ 4,413,690
Public Safety	2,974,446	3,496,032
Judicial	238,500	189,079
Highway and Streets	2,471,739	2,649,060
Health and Welfare	14,074,273	15,019,833
Auxiliary Services	76,678	79,722
Culture and Recreation	394,654	426,055
Capital Outlay	706,794	928,277
Debt Service	382,292	424,029
<b>Total Expenditures</b>	<b>\$ 25,268,290</b>	<b>\$ 27,625,777</b>
Excess (deficiency) of Revenue over Expenditures	\$ 315,665	\$ (295,128)
<b>Other Financing Sources (Uses)</b>		
Debt Proceeds	\$ 190,470	\$ 0
Sale of Capital Assets	27,720	8,001
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 218,190</b>	<b>\$ 8,001</b>
Net Change in Fund Balance	\$ 533,855	\$ (287,127)
Fund Balance at the Beginning of Year	\$ 12,725,544	\$ 13,259,399
<b>Fund Balance at End of Year</b>	<b>\$ 13,259,399</b>	<b>\$ 12,972,272</b>

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

**Budgetary Highlights**

The County approved the 2022 annual budget in December 2021, based on the needs of the various departments and the projected revenue. During fiscal year 2022, the General Fund budget was amended from the original revenue budget of \$7,438,082 to a final budget of \$9,049,677. The original expenditure budget of \$8,376,905 was also amended to a final budget of \$9,988,500 for the General Fund. The Road and Bridge was amended from the original revenue budget of \$2,936,000 to a final budget of \$3,207,800. The original expenditure budget of \$3,514,608 was also amended to a final budget of \$3,786,408. The Social Services Fund budget was amended from the original revenue of \$13,109,903 to a final budget of \$13,683,603. The original expenditure budget of \$13,174,916 was also amended to a final budget of \$13,748,616 for the Social Services Fund. The Weed District Fund budget was amended from the original expenditures of \$222,991 to a final budget of \$259,191. The Airport Fund budget was amended from the original expenditure of \$157,989 to a final budget of \$216,673. The Conservation Trust Fund did see an amended expenditure budget from the original amount of \$600 to the amended expenditure amount of \$30,600. The Public Health Fund budget was amended from an original expenditure budget of \$1,168,678 to a final budget of \$1,334,444. 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.

The fund balance for the General Fund, as of December 31, 2022 was \$4,354,623 compared to \$4,870,378. The net change in fund balance in the General Fund was a decrease of \$515,755.

**Capital Assets and Debt Administration**

**Capital Assets**

Rio Grande County's investment in capital and lease assets for its governmental activities as of December 31, 2022, amount to \$40,100,085 (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 or the remaining period of the lease as applicable.

As of December 31, 2022, the County had \$2,119,534 in additional capital assets and \$139,200 in deletions, increasing capital assets to \$84,523,158. Accumulated depreciation as of December 31, 2022, was \$45,342,312, bringing the County's net capital assets to \$39,180,846. Major capital asset additions during 2022 include, the purchase of a 2007 John Deere Tractor for Airport \$15,000, computer software for the Clerk and Recorder's, Treasurer's, and the Sheriff's Office totaling \$285,652, a 2022 GMC Terrain for DSS \$33,955, a Generator for Public Health \$9,131, Cat Loader for Road and Bridge \$367,273, an Idemia Finger Print Scanner for the Sheriff's Office

**Rio Grande County  
Management's Discussion and Analysis (Continued)  
For the Year Ended December 31, 2022**

\$22,478, Computer Server for the Treasurer's \$23,283, and a Wylie Nurse Trailer for the Pest and Weed Control District \$6,550.

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

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

	Governmental Activities	
	<u>2021</u>	<u>2022</u>
Land	\$ 583,584	\$ 583,584
Construction in Progress	\$ -	\$ 30,286
Building & Site Improvements	\$ 4,394,353	\$ 4,255,613
Equipment & Vehicles	\$ 3,158,959	\$ 3,652,995
Infrastructure	\$ 31,720,551	\$ 31,272,238
Lease Assets Amortized (GASB87)	\$ 447,409	\$ 305,369
<b>Total</b>	<b>\$ 40,304,856</b>	<b>\$ 40,100,085</b>

**Debt Administration**

At the end of the year, the County's long-term liabilities totaled \$1,524,624. Rio Grande County's total debt decreased by \$335,888 during the current fiscal year. More detailed information about the County's long-term debt is presented in Note 7 of the notes to the basic financial statements.

*Table 6 provides a summary of the County's long-term debt obligations at December 31, 2022.*

**Table 6  
Rio Grande County  
Long-Term Debt**

	Governmental Activities	
	<u>2021</u>	<u>2022</u>
Financed Purchase Agreements		
County Jail Expansion	\$ 692,868	\$ 532,825
Energy Performance Audit	42,011	10,956
Assessor's Software	48,292	0
Sheriff GM Trucks	149,370	114,168
Compensated Absences	480,324	470,505
Tyler Technologies Software	51,477	0
Lease Agreements	447,409	396,200
<b>Total Long-Term Debt</b>	<b>\$ 1,911,751</b>	<b>\$ 1,524,654</b>

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

In order to finance the needed expansion of the County Jail, Rio Grande County entered into an annually renewable Financed 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 Financed 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, 2022, was \$532,835.

A Financed 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 Financed Purchase Agreement will be completed in 2023. The outstanding principal balance at December 31, 2022 was \$10,956.

A new Financed Purchase Agreement was entered into between GM Financial, and the County 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 principal and interest are made from the General Fund through March 2025. The outstanding principal balance at December 31, 2022 was \$114,168.

Rio Grande County also entered into lease agreements for equipment with terms of 5 to 8 years, totaling \$762,488 less the accumulated amortization of \$457,079. The lease agreements were entered into as right-to-use lease assets. As of December 31, 2022, there is no loss associated with an impairment.

### **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 \$1,739,877 or 6% from 2021 to 2022.
- Sales tax saw another year of significant increases in 2022, \$152,770 or 8% compared to 2021. This continues to be due to online sales tax revenue and a continued increase in visitors to Rio Grande County.
- Tourism/Lodging Tax had an overall 16% increase from 2021 to 2022. 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 22% in 2022 compared to 2021.
- Intergovernmental Revenue increased by \$1,100,013 or 6% in 2022.

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

- Licenses and Permits increased by \$38,846 or 25%.
- Interest on investments increased \$144,023 from 2021 to 2022 (38%).
- Charges for Services increased by \$172,069 or 17% in 2022 compared to 2021.
- The 2022 County Budget was funded by 75% intergovernmental Revenues; with 22% from Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax; and 5% 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 Counties.

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 \$388,202 or 6% compared to 2021. Within this amount the County saw an increase in sales tax in the amount of \$152,770 (8%) and lodging tax in the amount of \$48,879 (16%), compared to 2021. If this trend continues, the County anticipates a slight increase in 2023. 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 \$688,870. The 2023 Adopted Budget for the General Fund anticipates the use of approximately \$328,543 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 until the 2022 budget year. 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 2022 and 2023, 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 and the Second Tranche was received in June of 2022. These funds are being utilized to support Covid 19 impact recovery to the County and Community. The County also received funding from the Local Assistance and Tribal Consistency Fund totaling \$2,206,976.44. The first tranche was received in September of 2022 in the amount of \$1,103,488.22 with the second tranche expected sometime in 2023.

During the fourth quarter of 2022, the Administration Department experienced staff turnover and several positions were vacant. The Human Resources position was filled by January 2023. The County Administrator vacancy was filled as of April 2023, then leaving the human resources position vacant once more. Rio Grande County continues to fill the vacant positions within Administration to ensure a fully staffed Administration Department. The Commissioners will continue to evaluate and analyze ways to streamline the County's operations, wherever possible, to achieve maximum cost effectiveness for taxpayers.

**Rio Grande County**  
**Management's Discussion and Analysis (Continued)**  
**For the Year Ended December 31, 2022**

**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 Chief Financial Officer, 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, 2022

	<b>Primary Government Governmental Activities</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and Investments	\$ 14,212,045
Accounts Receivable	8,632
Due from Other Governments	1,052,182
Property Taxes Receivable	3,335,634
Lease Receivable	275,344
Inventories	978,954
<b>Total Current Assets</b>	<b>19,862,791</b>
<b>Noncurrent Assets:</b>	
Capital assets not being depreciated:	613,870
Capital assets, net of accumulated depreciation:	39,180,846
Lease assets, net of accumulated amortization:	305,369
<b>Total Noncurrent Assets</b>	<b>40,100,085</b>
<b>TOTAL ASSETS</b>	<b>59,962,876</b>
<b>LIABILITIES</b>	
<b>Current Liabilities:</b>	
Accounts Payable	456,491
Due to Other Governments	77,987
Accrued Interest Payable	5,917
Unearned Grant Revenue	2,745,063
Financed Purchase Agreement	215,208
Lease Agreements	53,589
Compensated Absences	-
<b>Total Current Liabilities</b>	<b>3,554,255</b>
<b>Noncurrent Liabilities:</b>	
Financed Purchase Agreement	442,741
Lease Agreements	342,611
Compensated Absences	470,505
<b>Total Noncurrent Liabilities</b>	<b>1,255,857</b>
<b>TOTAL LIABILITIES</b>	<b>4,810,112</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Tax	3,335,634
Unavailable Revenue - Leases	275,344
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>3,610,978</b>
<b>NET POSITION</b>	
Net Investment in Capital Assets	39,045,936
Restricted for:	
TABOR	419,700
Title III	88,076
Clerk's Filing Surcharge	149,340
Culture and Recreation	780,268
Unrestricted	11,058,466
<b>TOTAL NET POSITION</b>	<b>\$ 51,541,786</b>

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

**RIO GRANDE COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2022**

<b>Functions/Programs</b>	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expenses)</b>
		<b>Charges for Services</b>	<b>Operating Grants &amp; Contributions</b>	<b>Capital Grants &amp; Contributions</b>	<b>Revenues and Changes in Net Position Primary Government</b>
<b>Primary Government:</b>					
<b>Governmental Activities:</b>					
General government	\$ 4,568,545	\$ 870,421	\$ 1,074,767	\$ 375,020	\$ (2,248,337)
Public safety	3,631,029	185,338	251,827	-	(3,193,864)
Health and welfare	14,945,766	101,824	14,280,833	-	(563,109)
Highways and streets	3,393,047	2,971	2,640,068	-	(750,008)
Judicial	189,079	-	-	-	(189,079)
Auxiliary services	79,722	7,200	-	-	(72,522)
Culture and recreation	447,721	850	59,165	-	(387,706)
Interest on debt	44,946	-	-	-	(44,946)
<b>Total Governmental Activities</b>	<b>\$ 27,299,855</b>	<b>\$ 1,168,604</b>	<b>\$ 18,306,660</b>	<b>\$ 375,020</b>	<b>(7,449,571)</b>
<b>General Revenues:</b>					
Taxes:					
General Property Taxes - Net					3,775,533
Sales Taxes					1,916,718
Other Taxes					444,114
Payment in Lieu of Taxes					932,834
Interest on Investments					181,488
Gain on Sale of Capital Assets					8,001
Miscellaneous					87,887
<b>Total General Revenues</b>					<b>7,346,575</b>
Change in Net Position					(102,996)
<b>Net Position - Beginning</b>					<b>51,644,782</b>
<b>Net Position - Ending</b>					<b>\$ 51,541,786</b>

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

**RIO GRANDE COUNTY, COLORADO**  
**GOVERNMENTAL FUNDS**

**BALANCE SHEET**  
**December 31, 2022**

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>					
Cash and Investments	\$ 6,835,331	\$ 5,016,645	\$ 827,770	\$ 1,532,299	\$ 14,212,045
Accounts Receivable - Net	-	-	8,439	193	8,632
Due From Other Governments	477,785	206,938	151,398	216,061	1,052,182
Property Taxes Receivable	2,267,228	405,964	506,440	156,002	3,335,634
Lease Receivable	-	-	-	275,344	275,344
Inventory	-	978,954	-	-	978,954
<b>TOTAL ASSETS</b>	<u>\$ 9,580,344</u>	<u>\$ 6,608,501</u>	<u>\$ 1,494,047</u>	<u>\$ 2,179,899</u>	<u>\$ 19,862,791</u>
<b>LIABILITIES</b>					
Accounts Payable	\$ 343,090	\$ 73,258	\$ 3,473	\$ 36,670	\$ 456,491
Due to Other Governments	806	-	77,181	-	77,987
Unearned Revenue - Grants	2,614,597	-	68,317	62,149	2,745,063
<b>TOTAL LIABILITIES</b>	<u>2,958,493</u>	<u>73,258</u>	<u>148,971</u>	<u>98,819</u>	<u>3,279,541</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable Revenue - Property Tax	2,267,228	405,964	506,440	156,002	3,335,634
Unavailable Revenue - Leases	-	-	-	275,344	275,344
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>2,267,228</u>	<u>405,964</u>	<u>506,440</u>	<u>431,346</u>	<u>3,610,978</u>
<b>FUND BALANCE</b>					
Nonspendable	-	978,954	-	-	978,954
Restricted	440,416	91,000	92,000	813,968	1,437,384
Committed	36,802	5,059,325	746,636	835,766	6,678,529
Assigned	328,543	-	-	-	328,543
Unassigned	3,548,862	-	-	-	3,548,862
<b>TOTAL FUND BALANCE</b>	<u>4,354,623</u>	<u>6,129,279</u>	<u>838,636</u>	<u>1,649,734</u>	<u>12,972,272</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<u>\$ 9,580,344</u>	<u>\$ 6,608,501</u>	<u>\$ 1,494,047</u>	<u>\$ 2,179,899</u>	<u>\$ 19,862,791</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, 2022**

<b>Total governmental fund balances</b>		\$ 12,972,272
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets and leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.</p>		40,100,085
<p>Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
<p>Financed Purchase Agreements</p>	(657,949)	
<p>Lease Agreements</p>	(396,200)	
<p>Compensated Absences</p>	(470,505)	
<p>Accrued Interest Payable</p>	(5,917)	
	(1,530,571)	(1,530,571)
<b>Net position of governmental activities</b>		<b>\$ 51,541,786</b>

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, 2022**

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Taxes	\$ 4,511,794	\$ 482,576	\$ 605,562	\$ 536,433	\$ 6,136,365
Intergovernmental Revenue	2,815,699	2,523,936	13,148,294	1,255,836	19,743,765
Licenses and Permits	192,585	600	-	-	193,185
Charges for Services	680,685	28,827	-	214,167	923,679
Investment Income	180,636	-	-	852	181,488
Miscellaneous	115,300	18,240	-	18,627	152,167
<b>TOTAL REVENUES</b>	<b>8,496,699</b>	<b>3,054,179</b>	<b>13,753,856</b>	<b>2,025,915</b>	<b>27,330,649</b>
<b>EXPENDITURES</b>					
Current Expenditures:					
General Government	4,245,607	-	-	168,083	4,413,690
Public Safety	3,496,032	-	-	-	3,496,032
Health and Welfare	2,274	-	13,701,970	1,315,589	15,019,833
Highways and Streets	-	2,649,060	-	-	2,649,060
Judicial	189,079	-	-	-	189,079
Auxiliary Services	79,722	-	-	-	79,722
Culture and Recreation	95,830	-	-	330,225	426,055
Capital Outlay	535,880	369,929	-	22,468	928,277
Debt Service	376,031	47,998	-	-	424,029
<b>TOTAL EXPENDITURES</b>	<b>9,020,455</b>	<b>3,066,987</b>	<b>13,701,970</b>	<b>1,836,365</b>	<b>27,625,777</b>
Excess (deficiency) of revenues over expenditures	(523,756)	(12,808)	51,886	189,550	(295,128)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	8,001	-	-	-	8,001
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>8,001</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,001</b>
Net Change in Fund Balance	(515,755)	(12,808)	51,886	189,550	(287,127)
<b>Fund Balance at beginning of year</b>	<b>4,870,378</b>	<b>6,142,087</b>	<b>786,750</b>	<b>1,460,184</b>	<b>13,259,399</b>
<b>Fund Balance at end of year</b>	<b>\$ 4,354,623</b>	<b>\$ 6,129,279</b>	<b>\$ 838,636</b>	<b>\$ 1,649,734</b>	<b>\$ 12,972,272</b>

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, 2022**

**Net change in fund balances - total governmental funds** \$ (287,127)

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	\$ 2,180,106	
Depreciation and Amortization Expense	<u>(2,384,877)</u>	(204,771)

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:

Financed Purchase Payments	326,069	
Lease Agreement Payments	<u>51,209</u>	377,278

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	9,819	
Accrued Interest Payable Changes	<u>1,805</u>	<u>11,624</u>

**Change in net position of governmental funds** \$ (102,996)

**RIO GRANDE COUNTY, COLORADO**  
**FIDUCIARY FUND**  
**STATEMENT OF NET POSITION**  
**December 31, 2022**

	<b>COUNTY TREASURER</b>	<b>COUNTY CLERK</b>	<b>PUBLIC TRUSTEE</b>	<b>JAIL COMMISSARY</b>	<b>TOTAL CUSTODIAL FUNDS</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 821,116	\$254,779	\$ 4,200	\$ 13,569	\$ 1,093,664
Property Tax Receivable	10,977,099	-	-	-	10,977,099
<b>TOTAL ASSETS</b>	<b>11,798,215</b>	<b>254,779</b>	<b>4,200</b>	<b>13,569</b>	<b>12,070,763</b>
<b>LIABILITIES</b>					
Due to Other Governments	821,116	226,163	-	-	1,047,279
Deposits held for Others	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>821,116</b>	<b>226,163</b>	<b>-</b>	<b>-</b>	<b>1,047,279</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	10,977,099	-	-	-	10,977,099
<b>NET POSITION</b>					
Restricted for:					
Individuals, Organizations, and Other Governments	-	28,616	4,200	13,569	46,385
<b>TOTAL NET POSITION</b>	<b>\$ -</b>	<b>\$ 28,616</b>	<b>\$ 4,200</b>	<b>\$ 13,569</b>	<b>\$ 46,385</b>

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

**RIO GRANDE COUNTY, COLORADO**  
**FIDUCIARY FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**December 31, 2022**

	<u>COUNTY TREASURER</u>	<u>COUNTY CLERK</u>	<u>PUBLIC TRUSTEE</u>	<u>JAIL COMMISSARY</u>	<u>TOTAL CUSTODIAL FUNDS</u>
<b>ADDITIONS</b>					
Tax Collections for Other Governments	\$ 12,313,512	\$ -	\$ -	\$ -	\$ 12,313,512
Public Trustee Activity	-	-	296,672	-	296,672
Held for Others	-	3,943,188	-	246,026	4,189,214
Miscellaneous	3,633,326	-	-	-	3,633,326
Total Additions	<u>15,946,838</u>	<u>3,943,188</u>	<u>296,672</u>	<u>246,026</u>	<u>20,432,724</u>
<b>DEDUCTIONS</b>					
Taxes Disbursed	15,946,838	-	-	-	15,946,838
Public Trustee Disbursements	-	-	297,296	-	297,296
Funds Held for Others	-	4,169,092	-	246,457	4,415,549
Total Deductions	<u>15,946,838</u>	<u>4,169,092</u>	<u>297,296</u>	<u>246,457</u>	<u>20,659,683</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>-</u>	<u>(225,904)</u>	<u>(624)</u>	<u>(431)</u>	<u>(226,959)</u>
Net Position - Beginning of the Year, Restated	<u>-</u>	<u>254,520</u>	<u>4,824</u>	<u>14,000</u>	<u>273,344</u>
Net Position - End of the Year	<u>\$ -</u>	<u>\$ 28,616</u>	<u>\$ 4,200</u>	<u>\$ 13,569</u>	<u>\$ 46,385</u>

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

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**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**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

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 funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

available to support the County's own programs. The fiduciary fund financial statements consist of custodial funds that are fiduciary in nature and present changes in fiduciary net position. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in a fiduciary capacity.

- The *Public Trustee Fund* was established to account for expenditures for the Public Trustee's Office. The Public Trustee is appointed by the Governor of Colorado for a four-year term. This office administers foreclosures including issuance of Public Trustee deeds, cure of default and lien redemptions.
- The *County Treasurer Fund* accounts for monies collected (principally tax collections) by the Rio Grande County Treasurer for various local government entities within the County.
- The *Jail Commissary Fund* is used to account for funds collected for and disbursed for inmates.
- The *Clerk and Recorder Fund* accounts for the receipt and disbursement of revenues received by the clerk and recorder office for disbursement to other governments and recording funds to be used by the clerk and recorder.

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 2022 property tax levy due January 1, 2023, 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.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***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 or the remaining period of the lease, as applicable:

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

***Leases***

Lessee: The County recognizes a lease liability and intangible right-to-use lease assets in the government-wide financial statements. The County recognizes lease liabilities with an initial, individual value of \$30,000 or more.

At the commencement of a lease, the County initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the County determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease terms, and (3) lease payments.

- The County uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the County generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term include the noncancellable period of the leases. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the County is reasonably certain to exercise.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor: The County recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenues over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstance that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

In accordance with GASB statement No. 87, *Leases*; previously recorded leases have been renamed as financed purchase agreements.

***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.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***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.

***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.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

	<b>GENERAL FUND</b>	<b>ROAD AND BRIDGE FUND</b>	<b>SOCIAL SERVICES FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
Nonspendable - Inventory	\$ -	\$ 978,954	\$ -	\$ -	\$ 978,954
	-	978,954	-	-	978,954
Restricted for:					
TABOR	203,000	91,000	92,000	33,700	419,700
Title III	88,076	-	-	-	88,076
Clerk's Filing Surcharge	149,340	-	-	-	149,340
Culture and Recreation	-	-	-	780,268	780,268
	<u>440,416</u>	<u>91,000</u>	<u>92,000</u>	<u>813,968</u>	<u>1,437,384</u>
Committed:					
Capital Projects	-	-	-	8,180	8,180
Public Safety	36,802	-	-	-	36,802
Highways and Streets	-	5,059,325	-	-	5,059,325
Health and Welfare	-	-	746,636	640,782	1,387,418
Weed Control	-	-	-	146,852	146,852
Astronaut Rominger Airport	-	-	-	39,952	39,952
	<u>36,802</u>	<u>5,059,325</u>	<u>746,636</u>	<u>835,766</u>	<u>6,678,529</u>
Assigned - Designated for Subsequent Years	328,543	-	-	-	328,543
	<u>328,543</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>328,543</u>
Unassigned:	<u>3,548,862</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,548,862</u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 4,354,623</u>	<u>\$ 6,129,279</u>	<u>\$ 838,636</u>	<u>\$ 1,649,734</u>	<u>\$ 12,972,272</u>

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.

***New Accounting Pronouncements***

During fiscal year 2022, the County adopted the provisions of GASB Statement No. 87, *Leases*, that establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. The standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases. Under the statement, a lessee is required to recognize a lease

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

liability and a tangible right to use asset, and a lesser is required to recognize a lease receivable, and a deferred inflow of resources. There is no effect on fund balance or net position as a result of the implementation of this standard. However, beginning lease assets and lease liabilities were restated by \$447,409 to reflect the net present value of financing leases as of December 31, 2021.

The County adopted the provisions of GASB Statement No. 84, *Fiduciary Activities*, that improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and post-employment benefit arrangements that are fiduciary activities. This Statement changed the reporting of fiduciary activities by defining the four types of fiduciary funds as pension and OPEB trust funds, investment trust funds, private-purpose trust funds, and custodial funds. Custodial funds have replaced what was previously known as agency funds, although the criteria are slightly different. Fiduciary net position for custodial funds was restated by \$273,344 to reflect the change in accounting principle.

**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.
- 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 2022.

Expenditures in the following funds exceeded appropriations by the following amounts during 2022:

Tourism Fund	\$ 1,275
Pest & Weed Control District	3,215

This may be a violation of Colorado Revised State Statutes 29-1-110.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**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	5,258,650
COLOTrust	9,942,877
Investments	102,823
 Total Cash, Deposits, and Investments (Book Balance)	 15,305,709
Less: Amounts Related to Agency Fund	(1,093,664)
 Total Cash, Deposits, and Investments on the Statement of Net Position	 \$ 14,212,045

***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, 2022, \$4,065,159 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
- 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

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***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.

<b>Investment Type</b>		<b>Rating Moody's/ S&amp;P</b>			<b>Fair Value</b>
			<b>Up to 120 days</b>	<b>121 days to 5 years</b>	<b>Measurements Using: Level 2</b>
SIGMA Certificates of Deposit	97%	unrated	\$ -	\$ 100,000	\$ 100,000
Money Market Funds	3%	unrated			2,823
					<u>\$ 102,823</u>

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At December 31, 2022, 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
	<u>\$ 3,335,634</u>

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022, was as follows:

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 583,584	\$ -	\$ -	\$ 583,584
Construction in Progress	-	30,286	-	30,286
Total capital assets not being depreciated	<u>583,584</u>	<u>30,286</u>	<u>-</u>	<u>613,870</u>
Capital assets being depreciated				
Buildings and Improvements	8,177,937	-	-	8,177,937
Vehicles and Equipment	8,845,528	1,000,167	139,200	9,706,495
Infrastructure	65,489,073	1,149,653	-	66,638,726
Total capital assets being depreciated	<u>82,512,538</u>	<u>2,149,820</u>	<u>139,200</u>	<u>84,523,158</u>
Less: accumulated depreciation and amortization for				
Buildings and Improvements	3,783,584	138,740	-	3,922,324
Vehicles and Equipment	5,686,569	506,131	139,200	6,053,500
Infrastructure	33,768,522	1,597,966	-	35,366,488
Total accumulated depreciation	<u>43,238,675</u>	<u>2,242,837</u>	<u>139,200</u>	<u>45,342,312</u>
Total Capital Assets being depreciated, net	<u>39,273,863</u>	<u>(93,017)</u>	<u>-</u>	<u>39,180,846</u>
Lease Assets being amortized				
Equipment	762,448	-	-	762,448
Total Lease Assets being amortized	<u>762,448</u>	<u>-</u>	<u>-</u>	<u>762,448</u>
Less Accumulated Amortization for				
Equipment	315,039	142,040	-	457,079
Total Accumulated Amortization	<u>315,039</u>	<u>142,040</u>	<u>-</u>	<u>457,079</u>
Total Lease Assets being amortized, net	<u>447,409</u>	<u>(142,040)</u>	<u>-</u>	<u>305,369</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,304,856</u>	<u>\$ (204,771)</u>	<u>\$ -</u>	<u>\$ 40,100,085</u>

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

Governmental Activities:	
General Government	\$ 235,240
Public Safety	157,475
Health and Welfare	48,029
Highways and Streets	1,922,467
Culture and Recreation	21,666
Total Depreciation and Amortization Expense	<u>\$2,384,877</u>

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

**NOTE 6 LEASES RECEIVABLE**

The County is leasing multiple hangers at the County Airport. The County has recognized a lease receivable as of December 31, 2022 for the terms of these leases.

Total lease revenue recognized during the fiscal year ending December 31, 2022 is \$6,301 and \$10,599 of interest income.

The following is the lease receivable schedule as of December 31, 2022:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 8,640	\$ 8,260	\$ 16,900
2024	8,899	8,001	16,900
2025	9,166	7,734	16,900
2026	9,441	7,459	16,900
2027	9,724	7,176	16,900
2028-2032	53,175	31,325	84,500
2033-2037	61,644	22,856	84,500
2038-2042	68,680	13,124	81,804
2043-2046	45,975	3,096	49,071
	<u>\$ 275,344</u>	<u>\$ 109,031</u>	<u>\$ 384,375</u>

**NOTE 7 LONG-TERM LIABILITIES**

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

Long-term liability activity for the year ended December 31, 2022, was as follows:

	<u>12/31/2021</u>			<u>12/31/2022</u>	<u>Due Within</u>
	Balance	Additions	Deletions	Balance	One Year
<i>Governmental Activities:</i>					
Financed Purchase Agreements					
Jail	\$ 692,868	\$ -	\$ 160,043	\$ 532,825	\$ 167,660
Energy Performance Audit	42,011	-	31,055	10,956	10,956
Tyler Technology Software	51,477	-	51,477	-	-
Assessor's Software	48,292	-	48,292	-	-
Sheriff GM Trucks	149,370	-	35,202	114,168	36,592
Total	<u>984,018</u>	<u>-</u>	<u>326,069</u>	<u>657,949</u>	<u>215,208</u>
Lease Agreements	447,409	-	51,209	396,200	53,589
Compensated Absences	480,324	-	9,819	470,505	-
Total Governmental Activities	<u>\$ 1,911,751</u>	<u>\$ -</u>	<u>\$ 387,097</u>	<u>\$ 1,524,654</u>	<u>\$ 268,797</u>

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***Financed Purchase Agreements***

An annually renewable financed purchase agreement, dated January 11, 2005, was entered into between San Luis Valley Federal Bank (the “Bank”) and Rio Grande County (the “County”). 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 purchasing the buildings back via the financed 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 agreement. The buildings are included in fixed assets at a cost of \$1,762,653 with accumulated depreciation of \$995,941. Principal balance at December 31, 2022, was \$532,825.

A Financed Purchase Agreement, dated November 20, 2012, was entered into between All American Investment Group, LLC and Rio Grande County (the “County”) 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, 2022, was \$10,956.

A Financed Purchase Agreement, dated April 13, 2018, was entered into between Municipal Leasing Consultants, LLC and Rio Grande County (the “County”) 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 were 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 \$67,753. Principal balance at December 31, 2022, was \$0.

A Financed Purchase Agreement, dated February 6, 2020, was entered into between KS StateBank and Rio Grande County (the “County”) 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 2022. The software package is included in fixed assets at a cost of \$149,231 with accumulated depreciation of \$69,641. The County only utilized proceeds of \$130,345. Principal balance at December 31, 2022, was \$0.

A Financed Purchase Agreement, dated March 4, 2021, was entered into between GM Financial and Rio Grande County (the “County”) 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 \$33,332. Principal balance at December 31, 2022, was \$114,168.

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

	Principal	Interest	Total
2023	\$ 215,208	\$ 28,242	\$ 243,450
2024	213,242	19,186	232,428
2025	229,499	9,800	239,299
	\$ 657,949	\$ 57,228	\$ 715,177

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***Lease Agreements***

The County, as a lessee, has entered into lease agreements for equipment with lease terms of 5 to 8 years. The total costs of these right-to-use lease assets are recorded as \$762,448 less accumulated amortization of \$457,079. The County has determined that as of December 31, 2022, there is no loss associated with an impairment of the right-to-use lease asset.

The annual debt service for the lease agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 53,589	\$ 15,254	\$ 68,843
2024	56,071	13,191	69,262
2025	286,540	11,032	297,572
	<u>\$396,200</u>	<u>\$ 39,477</u>	<u>\$435,677</u>

**NOTE 8 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 2022, 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, 2022, employee contributions totaled \$257,370 and the County recognized pension expense of \$256,485. The County recognized \$16,000 of forfeitures in retirement expense during 2022.

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 9 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).

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

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 10 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 11 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, 2022.

**NOTE 12 RISK MANAGEMENT**

***Colorado Counties Casualty and Property Pool (CAPP)***

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

At December 31, 2022, CAPP had assets of \$26,969,688 liabilities of \$18,155,009 including \$16,155,601 reserved for losses and claims, and members' equity of \$8,814,679. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2022, amounted to \$12,086,565 and total expenses were \$12,274,918 resulting in net loss before return of surplus of (\$188,353).

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

***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, 2022, CWCP had assets of \$53,672,566, liabilities of \$30,186,143 including \$26,809,948 reserved for losses and claims and members' equity of \$23,486,423. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2022, amounted to \$12,067,778 total expenses were \$7,809,099 resulting in net income before return of surplus of \$4,258,679.

**NOTE 13 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 \$1,360,360 as landfill closure and post-closure care liability at December 31, 2022, that represents the cumulative amount reported to date based on the use of 43% of the estimated capacity of the landfill.

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2022**

The Authority will recognize the remaining estimated cost of closure and post-closure care of \$1,788,865 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 2022, the most recent information available. The Authority expects to close the landfill in the year 2043, the remaining useful life is 21 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 \$4,840,221, total liabilities of \$1,443,434, and net position of \$3,396,787 at December 31, 2022.

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 14 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.

***Construction Project***

The County is in the process of remodeling the Department of Social Services (DSS) building. The DSS building remodel is estimated to be completed by October 31, 2023. As of December 31, 2022, project costs are approximately \$30,286 with total estimated completion costs of \$485,898. The County is using proceeds from the American Rescue Plan Act State and Local Fiscal Recovery Funds for the project.

# **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, 2022**

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET
	ORIGINAL	FINAL		POSITIVE (NEGATIVE)
<b>REVENUES</b>				
Taxes	\$ 4,503,239	\$ 4,545,739	\$ 4,511,794	\$ (33,945)
Intergovernmental Revenue	1,894,393	3,187,621	2,815,699	(371,922)
Licenses and Permits	153,800	153,800	192,585	38,785
Charges for Services	622,200	799,200	680,685	(118,515)
Investment Income	75,000	173,867	180,636	6,769
Miscellaneous	189,450	189,450	115,300	(74,150)
<b>TOTAL REVENUES</b>	<b>7,438,082</b>	<b>9,049,677</b>	<b>8,496,699</b>	<b>(552,978)</b>
<b>EXPENDITURES</b>				
General Government	3,528,721	4,864,449	4,245,607	618,842
Public Safety	3,975,610	4,251,477	3,496,032	755,445
Health and Welfare	-	-	2,274	(2,274)
Judicial	200,000	200,000	189,079	10,921
Auxiliary Services	83,283	83,283	79,722	3,561
Culture and Recreation	102,459	102,459	95,830	6,629
Capital Outlay	100,600	100,600	535,880	(435,280)
Debt Service	386,232	386,232	376,031	10,201
<b>TOTAL EXPENDITURES</b>	<b>8,376,905</b>	<b>9,988,500</b>	<b>9,020,455</b>	<b>968,045</b>
Excess (deficiency) of revenues over expenditures	(938,823)	(938,823)	(523,756)	415,067
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	2,000	2,000	8,001	6,001
Debt Proceeds	125,000	125,000	-	(125,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>127,000</b>	<b>127,000</b>	<b>8,001</b>	<b>(118,999)</b>
Net Change in Fund Balance	(811,823)	(811,823)	(515,755)	296,068
<b>Fund Balance at beginning of year</b>	<b>5,051,294</b>	<b>5,051,294</b>	<b>4,870,378</b>	<b>(180,916)</b>
<b>Fund Balance at end of year</b>	<b>\$ 4,239,471</b>	<b>\$ 4,239,471</b>	<b>\$ 4,354,623</b>	<b>\$ 115,152</b>

**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, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$ 459,464	\$ 459,464	\$ 482,576	\$ 23,112
Intergovernmental Revenue	2,468,636	2,740,436	2,523,936	(216,500)
Licenses and Permits	400	400	600	200
Charges for Services	2,000	2,000	28,827	26,827
Miscellaneous	5,500	5,500	18,240	12,740
<b>TOTAL REVENUES</b>	<b>2,936,000</b>	<b>3,207,800</b>	<b>3,054,179</b>	<b>(153,621)</b>
<b>EXPENDITURES</b>				
Highways and Streets	3,199,408	3,471,208	2,649,060	822,148
Capital Outlay	300,000	300,000	369,929	(69,929)
Debt Service	15,200	15,200	47,998	(32,798)
<b>TOTAL EXPENDITURES</b>	<b>3,514,608</b>	<b>3,786,408</b>	<b>3,066,987</b>	<b>719,421</b>
Excess (deficiency) of revenues over expenditures	(578,608)	(578,608)	(12,808)	565,800
<b>OTHER FINANCING SOURCES (USES)</b>				
Sale of Capital Assets	1,000	1,000	-	(1,000)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>1,000</b>	<b>1,000</b>	<b>-</b>	<b>(1,000)</b>
Net Change in Fund Balance	(577,608)	(577,608)	(12,808)	564,800
<b>Fund Balance at beginning of year</b>	<b>5,753,916</b>	<b>5,753,916</b>	<b>6,142,087</b>	<b>388,171</b>
<b>Fund Balance at end of year</b>	<b>\$ 5,176,308</b>	<b>\$ 5,176,308</b>	<b>\$ 6,129,279</b>	<b>\$ 952,971</b>

**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, 2022**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Taxes	\$ 586,128	\$ 586,128	\$ 605,562	\$ 19,434
Intergovernmental Revenue	12,523,775	13,097,475	13,148,294	50,819
<b>TOTAL REVENUES</b>	<b>13,109,903</b>	<b>13,683,603</b>	<b>13,753,856</b>	<b>70,253</b>
<b>EXPENDITURES</b>				
General Government	-	-	-	-
Health and Welfare	13,174,916	13,748,616	13,701,970	46,646
Capital Outlay	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>13,174,916</b>	<b>13,748,616</b>	<b>13,701,970</b>	<b>46,646</b>
Net Change in Fund Balance	(65,013)	(65,013)	51,886	116,899
<b>Fund Balance at beginning of year</b>	<b>605,122</b>	<b>605,122</b>	<b>786,750</b>	<b>181,628</b>
<b>Fund Balance at end of year</b>	<b>\$ 540,109</b>	<b>\$ 540,109</b>	<b>\$ 838,636</b>	<b>\$ 298,527</b>

**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, 2022**

	SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	RIO GRANDE COUNTY	
<b>ASSETS</b>								
Cash and Investments	\$ 554,771	\$ 45,452	\$ 327,804	\$ 463,664	\$ 132,428	\$ 8,180	\$ 1,532,299	
Accounts Receivable	-	-	-	-	193	-	193	
Due From Other Governments	194,837	-	-	-	21,224	-	216,061	
Lease Receivable	-	275,344	-	-	-	-	275,344	
Property Taxes Receivable	71,044	-	-	-	84,958	-	156,002	
<b>TOTAL ASSETS</b>	<b>\$ 820,652</b>	<b>\$ 320,796</b>	<b>\$ 327,804</b>	<b>\$ 463,664</b>	<b>\$ 238,803</b>	<b>\$ 8,180</b>	<b>\$ 2,179,899</b>	
<b>LIABILITIES</b>								
Accounts Payable	\$ 36,677	\$ -	\$ -	\$ -	\$ (7)	\$ -	\$ 36,670	
Due To Other Funds	-	-	-	-	-	-	-	
Unearned Revenue - Grants	62,149	-	-	-	-	-	62,149	
<b>TOTAL LIABILITIES</b>	<b>98,826</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(7)</b>	<b>-</b>	<b>98,819</b>	
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Unavailable Revenue - Property Tax	71,044	-	-	-	84,958	-	156,002	
Unavailable Revenue - Leases	-	275,344	-	-	-	-	275,344	
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>71,044</b>	<b>275,344</b>	<b>-</b>	<b>-</b>	<b>84,958</b>	<b>-</b>	<b>431,346</b>	
<b>FUND BALANCE</b>								
Restricted for:	10,000	5,500	327,804	463,664	7,000	-	813,968	
Committed to:	640,782	39,952	-	-	146,852	8,180	835,766	
<b>TOTAL FUND BALANCE</b>	<b>650,782</b>	<b>45,452</b>	<b>327,804</b>	<b>463,664</b>	<b>153,852</b>	<b>8,180</b>	<b>1,649,734</b>	
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE</b>	<b>\$ 820,652</b>	<b>\$ 320,796</b>	<b>\$ 327,804</b>	<b>\$ 463,664</b>	<b>\$ 238,803</b>	<b>\$ 8,180</b>	<b>\$ 2,179,899</b>	

**RIO GRANDE COUNTY, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**For the Year Ended December 31, 2022**

	SPECIAL REVENUE FUNDS							RIO GRANDE		TOTAL
	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	WEED CONTROL DISTRICT	COUNTY	CAPITAL PROJECTS FUND	NONMAJOR GOVERNMENTAL FUNDS		
<b>REVENUES</b>										
Taxes	\$ 84,507	\$ -	\$ -	\$ 349,855	\$ 102,071		\$ -	\$ -	\$ 536,433	
Intergovernmental Revenue	1,110,866	65,632	59,165	-	20,173		-	-	1,255,836	
Charges For Services	6,311	112,343	-	-	95,513		-	-	214,167	
Investment Income	256	24	153	208	211		-	-	852	
Miscellaneous	11,185	4,796	-	-	2,646		-	-	18,627	
<b>TOTAL REVENUES</b>	<b>1,213,125</b>	<b>182,795</b>	<b>59,318</b>	<b>350,063</b>	<b>220,614</b>		<b>-</b>	<b>-</b>	<b>2,025,915</b>	
<b>EXPENDITURES</b>										
Current Expenditures:										
General Government	-	168,083	-	-	-		-	-	168,083	
Health and Welfare	1,059,983	-	-	-	255,606		-	-	1,315,589	
Culture and Recreation	-	-	30,000	300,225	-		-	-	330,225	
Capital Outlay	-	15,668	-	-	6,800		-	-	22,468	
<b>TOTAL EXPENDITURES</b>	<b>1,059,983</b>	<b>183,751</b>	<b>30,000</b>	<b>300,225</b>	<b>262,406</b>		<b>-</b>	<b>-</b>	<b>1,836,365</b>	
Excess (deficiency) of revenues over expenditures	153,142	(956)	29,318	49,838	(41,792)		-	-	189,550	
<b>OTHER FINANCING SOURCES (USES)</b>										
Sale of Fixed Asset	-	-	-	-	-		-	-	-	
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		<b>-</b>	<b>-</b>	<b>-</b>	
Net Change in Fund Balance	153,142	(956)	29,318	49,838	(41,792)		-	-	189,550	
<b>Fund Balance at beginning of year</b>	<b>497,640</b>	<b>46,408</b>	<b>298,486</b>	<b>413,826</b>	<b>195,644</b>		<b>8,180</b>	<b>1,460,184</b>	<b>1,649,734</b>	
<b>Fund Balance at end of year</b>	<b>\$ 650,782</b>	<b>\$ 45,452</b>	<b>\$ 327,804</b>	<b>\$ 463,664</b>	<b>\$ 153,852</b>		<b>\$ 8,180</b>	<b>\$ 1,649,734</b>	<b>\$ 1,649,734</b>	

**RIO GRANDE COUNTY, COLORADO**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS OUT**  
**BUDGET AND ACTUAL**  
**For the Year Ended December 31, 2022**

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
<b>Governmental Funds</b>				
Non-major Governmental Funds				
Special Revenue Funds				
Public Health Agency Fund	\$ 1,168,678	\$ 1,334,444	\$ 1,059,983	\$ 274,461
Airport Fund	157,989	216,673	183,751	32,922
Conservation Trust Fund	600	30,600	30,000	600
Tourism Fund	175,000	298,950	300,225	(1,275)
Pest & Weed Control District	222,991	259,191	262,406	(3,215)
Total Special Revenue Funds	<u>1,725,258</u>	<u>2,139,858</u>	<u>1,836,365</u>	<u>303,493</u>
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-major Governmental Funds	<u>\$ 1,725,258</u>	<u>\$ 2,139,858</u>	<u>\$ 1,836,365</u>	<u>\$ 303,493</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, 2022**

<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>
<b>CCDF Cluster</b>				
Department of Health and Human Services				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ -	\$ 114,333
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	-	89,203
<i>Total Department of Health and Human Services</i>			-	203,536
<b>Total CCDF Cluster</b>			-	203,536
<b>Food Distribution Cluster</b>				
Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	-	60,793
<i>Total Department of Agriculture</i>			-	60,793
<b>Total Food Distribution Cluster</b>			-	60,793
<b>Medical Assistance Program (Medicaid Cluster)</b>				
Department of Health and Human Services				
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A	-	488,221
Total Department of Health and Human Services			-	488,221
<b>Total Medical Assistance Program (Medicaid Cluster)</b>			-	488,221
<b>SNAP Cluster</b>				
Department of Agriculture				
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	-	5,244
COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	-	482
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	-	149,897
<i>Total Department of Agriculture</i>			-	155,623
<b>Total SNAP Cluster</b>			-	155,623

**RIO GRANDE COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

<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>
<b><i>Forest Service Schools and Roads Cluster</i></b>				
Department of Agriculture				
Schools and Roads - Grants to States, Title I	10.665	Colorado Department of Treasury, N/A	159,498	159,498
Schools and Roads - Grants to States, Title III	10.665	Colorado Department of Treasury, N/A	-	13,135
Total Department of Agriculture			<u>159,498</u>	<u>172,633</u>
<b><i>Total Forest Service Schools and Roads Cluster</i></b>			<u>159,498</u>	<u>172,633</u>
<b><i>Total All Clusters</i></b>			<u>159,498</u>	<u>1,080,806</u>
<b><i>Other Programs</i></b>				
Department of Homeland Security				
Homeland Security Grant Program	97.067	Governor's Office of Homeland Security, N/A	-	82,991
<b><i>Total Department of Homeland Security</i></b>			<u>-</u>	<u>82,991</u>
Department of Interior				
National Wildlife Refuge Fund	15.659		3,646	20,658
<b><i>Total Department of Interior</i></b>			<u>3,646</u>	<u>20,658</u>
Department of the Treasury				
Coronavirus Relief Fund	21.019	Colorado Department of Human Services, N/A	-	(45)
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Public Health and Environment, OPHP ARPA	-	41,157
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Local Affairs, N/A	-	375,020
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Human Services, N/A	-	7,692
<b><i>Total Department of the Treasury</i></b>			<u>-</u>	<u>423,824</u>
Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, C22PHPCONT	-	16,340
Guardianship Assistance	93.090	Colorado Department of Human Services, N/A	-	6,858

**RIO GRANDE COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

<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 Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#4	-	19,351
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#3	-	43,558
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, COVID ELC	-	195,338
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, ELC	-	212,196
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Public Health and Environment, OPHP LPHA	-	94,316
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	-	418,075
Child Support Enforcement	93.563	Colorado Department of Human Services,N/A	-	262,774
COVID-19 Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	-	504,060
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	-	493,506
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	-	12,076
Foster Care_ Title IV-E	93.658	Colorado Department of Human Services,N/A	-	369,276
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	-	80,352
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	-	65,066

**RIO GRANDE COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

<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 Elder Abuse Prevention Interventions Program	93.747	Colorado Department of Human Services, N/A	-	3,548
COVID-19 National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment, COVID HPP	-	109,237
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment, HPP-HCC	-	132,653
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment, OPPI LPHA	-	13,423
<i>Total Department of Health and Human Services</i>			-	3,052,003
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	963,596	963,596
<i>Total Department of Housing and Urban Development</i>			963,596	963,596
<i>Total Other Programs</i>			967,242	4,543,072
<i>Total Expenditures of Federal Awards</i>			<u>\$ 1,126,740</u>	<u>\$ 5,623,878</u>

**RIO GRANDE COUNTY, COLORADO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**For the Year Ended December 31, 2022**

**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, 2022. 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, Department of Public Health and Environment, Department of Health Care Policy and Financing, and Care and Share Food Bank. 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, 2022.

**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, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 14, 2023.

### **Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the preceding 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2022-001 that we consider to be a material weakness.

### **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

**Certified Public Accountants**

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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 to the finding identified in our audit is described in the accompanying corrective action plan. 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

September 14, 2023

**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, 2022. 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, 2022.

***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](http://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

September 14, 2023

**RIO GRANDE COUNTY, COLORADO**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2022**

**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)?        yes          X   none reported
- Noncompliance material to financial statements noted?        yes          X   no

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
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, 2022**

**Section II – Financial Statement Findings**

**Finding 2022-001: Internal Control Over Financial Reporting**  
**(Repeat of finding 2021-001, 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.

*Cause:* A reconciliation and review process was not completed timely to properly state year-end account balances.

*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:* Audit adjustments were proposed to properly state the financial statements as of December 31, 2022, in accordance with generally accepted accounting principles.

*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.

*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, 2022**

**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.

*Status: Partially Implemented. See finding 2022-001.*

**Finding 2021-002: Internal Control over Payroll**

*Type of finding: Internal Control (significant deficiency)*

*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.

*Status: Implemented.*



Rio Grande County  
925 6th Street  
Del Norte, CO 81132  
719-657-2744

## 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 ending December 31, 2022.

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, 2022

The findings from December 31, 2022, 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 2022-001: Internal Control over Financial Reporting  
(Repeat of Findings 2021-001, 2020-001, 2019-001, 2018-001, 2017-001, and  
2016-001)**

*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.

*Action Taken:* Rio Grande County is aware of the mistakes made during the year-end reconciliation and discrepancies. A more detailed year-end review process is being implemented to ensure accounting balances are more accurately recorded.

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", followed by a horizontal line.

Amanda Klapperich  
County Finance Director  
Rio Grande County, Colorado

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: RIO GRANDE COUNTY
		YEAR ENDING : December 2022
This Information From The Records Of Rio Grande County:	Prepared By: Amanda Klapperich	Phone: 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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,671,472
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 847,288
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 42,064
2. General fund appropriations		b. Snow and ice removal	\$ 373,154
3. Other local imposts (from page 2)	482,576	c. Other	\$ 76,377
4. Miscellaneous local receipts (from page 2)	47,668	d. Total (a. through c.)	\$ 491,595
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 56,631
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 3,066,986
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	530,244	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	2,503,278	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	20,658	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	3,054,180	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	3,066,986

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	6,142,087	3,054,180	3,066,986	6,129,281	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	428,521	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	28,827
5. Specific Ownership &/or Other	54,055	g. Other Misc. Receipts	18,841
6. Total (1. through 5.)	54,055	h. Other	
c. Total (a. + b.)	482,576	i. Total (a. through h.)	47,668
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,455,887	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	20,658
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	43,366	d. Federal Transit Admin	
d. Other (Specify) - DOLA Mineral	4,025	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	47,391	g. Total (a. through f.)	20,658
4. Total (1. + 2. + 3.f)	2,503,278	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,671,472	1,671,472
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,671,472	1,671,472
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,671,472	1,671,472
			(Carry forward to page 1)

**Notes and Comments:**