
***FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY
FINANCIAL STATEMENTS
DECEMBER 31, 2023***

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Community Corrections Board of Directors
Fourth Judicial District
Community Corrections Authority
Colorado Springs, Colorado

Opinions

We have audited the financial statements of the governmental activities and the major fund of Fourth Judicial District Community Corrections Authority (the Authority), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Authority as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis For Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities Of Management For The Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 Authority'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 Authority'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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through iii, and the budgetary comparison schedule on page 12, 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, which 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 audits 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.

RubinBrown LLP

July 30, 2024

FOURTH JUDICIAL DISTRICT COMMUNITY CORRECTIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2023

As management of the Fourth Judicial District Community Corrections Authority (the "Authority"), we offer this narrative overview of the Authority's financial activities for the year ended December 31, 2023, to readers of the Authority's financial statements. We encourage readers to consider the information presented here with the Authority's financial statements.

The Authority was established by an Intergovernmental Agreement (IGA) between Teller County, Colorado, and El Paso County, Colorado, on December 9, 2022, to ensure a coordinated, effective, and efficient community corrections system encompassing the Fourth Judicial District.

The governing board comprises two El Paso County Board of County Commissioners appointees and one Teller County Board of County Commissioners appointee. Appointees shall not be elected officials or staff members of either El Paso or Teller County. The three-member Board of Directors ("Board") shall have the power to provide the functions, services, and facilities for which the Authority is formed.

FINANCIAL HIGHLIGHTS

- The assets of the Authority were equal to its liabilities at the close of its most recent fiscal year at \$1,055,752.
- The Authority's cash balance at December 31, 2023 was \$924,667.
- The Authority had total revenue of \$12,709,205 and total expenditures of \$12,709,205.

OVERVIEW OF THE FINANCIAL STATEMENTS

The financial statements of the Authority report information about the Authority using accounting methods similar to those used by governmental agencies. These statements offer short and long-term financial information about its activities. The following financial statements are included:

Balance Sheet/Statement of Net Position

The Balance Sheet provides information about the assets and liabilities. It also provides the basis for computing the overall net position.

Statement of Revenues, Expenses and Changes in Fund Balance/Statement of Activities

This statement measures the results of the Authority's operation over the past year and can be used to determine whether the Authority has successfully recovered all its costs through its fees and other charges.

Notes to Financial Statements

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

FINANCIAL ANALYSIS OF THE AUTHORITY

The Balance Sheet and the Statement of Revenues, Expenses and Changes in the Fund Balance reports information about the Authority's activities in a way that can help answer whether the Authority's overall financial position improved or deteriorated during the year. These two statements report on the fund balance of the Authority and the changes in them. The Authority's fund balance (difference between assets and liabilities) is one way to measure financial health or financial position. Over time, increases in the Authority's fund balance are one indicator that the Authority's financial health is improving. However, you will need to consider other non-financial factors such as changes in economic conditions, population growth, or changed government legislation.

As part of our analysis, we provide a summary of the Authority's Balance Sheet as presented below.

Balance Sheet	
December 31,	
Assets	2023
Cash	\$ 924,667
Due from other governments	131,085
Total Assets	<u>1,055,752</u>
Current Liabilities	
Accounts payable	<u>1,055,752</u>
Fund Balance	
Unassigned	-
Total Fund Balance	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 1,055,752</u>

The Balance Sheet reflects the change in the financial position of the fund balance, and the Statement of Revenues, Expenses, and Changes in Fund Balance would provide answers as to the nature and source of these changes. 2023 is the Authority's first year of activity.

Condensed Statement of Revenues, Expenses and Changes in Fund Balance

Revenues	2023
Total Revenues	\$ 12,709,205
Expenditures	
Total Expenditures	12,709,205
Change In Fund Balance	-
Fund Balance - Beginning Of Year	-
Fund Balance - End Of Year	\$ -

BUDGETARY HIGHLIGHTS

The Fourth Judicial District Community Correction Authority each year prepares a recommended annual budget for the following fiscal year and budgets all revenues and expenditures for its fund. The proposed budget shall be balanced and prepared in accordance with the requirements of the Local Government Budget Law of Colorado, C.R.S. 29-1-101 and adopted on a basis consistent with generally accepted accounting principles (GAAP).

The budgetary highlights of the 2023 Budget are in the Professional Contracted Services category, which makes up the majority of the of Authority's budget, with the costs of services to the citizens in the community correction programs funded through this budget line. The budget for this is \$12,364,098. The remainder of the budget consists of the administrative cost and cost of doing business in the amount of \$426,290 making the total Authority budget for 2023 \$12,790,388. Budget to actual statements are included in Required Supplementary Information in the audited financial statements.

CONTACT INFORMATION

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**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

**GOVERNMENTAL FUND BALANCE SHEET/
STATEMENT OF NET POSITION**

December 31, 2023

	General Fund	Statement Of Net Position
Assets		
Cash	\$ 924,667	\$ 924,667
Due from other governments	131,085	131,085
Total Assets	\$ 1,055,752	1,055,752
Liabilities		
Accounts payable	\$ 1,055,752	1,055,752
Fund Balance		
Unassigned	—	
Total Liabilities And Fund Balance	\$ 1,055,752	
Net Position		
Unrestricted		—
Total Net Position		\$ —

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES
For The Year Ended December 31, 2023**

	General Fund	Statement Of Activities
Revenues		
Grant revenues	\$ 12,709,205	\$ 12,709,205
Expenditures/Expenses		
Community corrections:		
Professional contract services	12,249,200	12,249,200
Contract administrative services	457,938	457,938
Other expenses	2,067	2,067
Total Expenditures/Expenses	12,709,205	12,709,205
Changes In Fund Balance/Net Position	—	—
Fund Balance/Net Position - Beginning Of Year	—	—
Fund Balance/Net Position - End Of Year	\$ —	\$ —

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS
December 31, 2023**

1. Summary Of Significant Accounting Policies

The financial statements of the Fourth Judicial District Community Corrections Authority (the Authority) have been prepared in accordance with generally accepted accounting principles (GAAP), which are applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. A summary of the Authority's significant accounting policies follows:

Reporting Entity

The Authority was established by an intergovernmental agreement between El Paso County, Colorado (EPC), Teller County, Colorado (TC), and the State of Colorado (the State) on December 8, 2022. The Authority was established for the purpose of administering contracts to operate a community corrections program in the Fourth Judicial District which comprises the area under the jurisdiction of both EPC and TC. Administration includes but is not limited to receiving and expending funding from the State, administering allocation letters, and administering contracts for community corrections services and facilities.

The Authority is governed by a 3-member volunteer Community Corrections Board (the Board) made up of two representatives appointed by EPC's Board of County Commissioners, and one representative appointed by TC's Board of County Commissioners. The appointees shall not be elected officials or staff members of either EPC or TC and shall serve without compensation but may be reimbursed for actual expenses incurred. EPC and TC may modify their respective Board appointments at any time.

The Authority is not financially accountable for any other organization, nor is it a component unit of any other primary governmental organization. The financial statements of the Authority consist only of the funds of the Authority. There are no legally separate organizations for which the members of the Board are financially accountable, or for which the nature and significance of their relationships with the Authority are such that the exclusion of the financial data would cause the Authority's financial statements to be misleading or incomplete.

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

Notes To Financial Statements (*Continued*)

Government-Wide And Fund Financial Statements

The government-wide financial statements (i.e., statement of net position and statement of activities) report information on all of the activities of the Authority. The statement of activities demonstrates the degree to which the direct expenses of a given function or program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or program requirement for the emergency management function of the Authority. Program revenues include contract fees and assessments related to the operation of the emergency management function of the Authority.

Major individual governmental funds are reported in 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. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recognized at the time the liability is incurred.

The governmental fund financial statements are reported using the current financial resources measurement focus and accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. “Measurable” means the amount of the transaction can be determined, and “available” means collectible within the current period or soon enough thereafter (within 60 days) to be used to pay liabilities of the current period.

The Authority presents the following major governmental fund:

The General Fund is the primary operating fund. It accounts for all general operating financial resources of the Authority. There are no resources required to be accounted for in another fund.

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

Notes To Financial Statements (*Continued*)

Budgets

No later than December 15 of each year, the Board shall prepare a proposed recommended annual budget for the next fiscal year. The proposed annual budget shall be balanced and shall conform with the requirements of the Local Government Budget Law of Colorado, C.R.S. § 29-1-101. Budgets are adopted on a basis consistent with GAAP.

Cash

The Authority maintains cash in an account with a financial institution that is collateralized both by Federal Deposit Insurance Corporation (FDIC) and Public Deposit Protection Act (PDPA), as required by legislation. At December 31, 2023, \$250,000 of the Authority's cash deposits were collateralized by the FDIC, and \$674,667 was collateralized by PDPA.

Capital Assets

The Authority capitalizes all expenditures for real and personal property with a cost in excess of \$5,000 and a useful life of more than 1 year. Purchases of real and personal property are recorded at cost, and donated items are recorded at acquisition value upon the date of donation. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets, ranging from 3 to 40 years. The Authority does not have any capital assets at December 31, 2023.

Net Position And Fund Balance

Governmental accounting standards require the classification of net position into three components: net investment in capital assets, restricted and unrestricted. These classifications are defined as follows:

- *Net Investment In Capital Assets* - This component of net position consists of capital assets net of accumulated depreciation.
- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors, grantors, contributors or laws or regulations of other governments or constraints imposed through constitutional provisions or enabling legislation.
- *Unrestricted* - This is the component of net position that does not meet the definition of "restricted" or "net investment in capital assets."

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

Notes To Financial Statements (*Continued*)

The Authority follows GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. A formal policy was not adopted defining fund balance classifications. In the fund financial statements, governmental funds report the following classifications of fund balance:

- *Nonspendable* - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact
- *Restricted* - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation
- *Committed* - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board, the Authority's highest level of decision-making authority. Committed fund balance may be modified or rescinded only through resolutions approved by the Board.
- *Assigned* - includes amounts intended for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board is authorized to assign fund balances.
- *Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the Authority considers restricted funds to have been spent first. Although not included in a formal policy, the Authority considers decreases to fund balance to first reduce committed, then assigned and finally unassigned fund balances.

Based on the reimbursement nature of the grant, the Authority does not expect to accumulate any fund balance or net position as a result of its normal operations.

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

Notes To Financial Statements (*Continued*)

Management Estimates

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

2. Stewardship, Compliance And Accountability

State Of Colorado Contract And Allocations

The Authority's funding and revenue is provided solely by the State and its Division of Criminal Justice's Office of Community Corrections. Allocations are made on a State fiscal year basis, with runs from July 1 to June 30 of each year, and amended the original contract when issued as appropriate. Amounts are advanced to Authority to provide the services as outlined under the Contract and its subsequent allocation letters. Any amount not spent or obligated by the end date specified in each allocation letter is required to be returned to the State no later than one month after the end date of the allocation letter.

3. Related Party Transactions

The Authority is administered and staffed by EPC employees. EPC will act as fiscal agent for the Authority, meaning that 100% of the allocated Board Administrative Funds will be received by the Authority and paid to EPC as a reimbursement of administrative costs. EPC invoices the Authority for Community Corrections administration and staffing at an amount not to exceed the amount authorized annually by the State's allocation of administrative funds and other funding sources received by the Authority. The amount paid to EPC for the year is included under the caption Contract Administrative Services on the Statement Of Changes In Fund Balance/Statement Of Activities.

The Contract for the services between the Authority and the State is run on an allocation basis, whereby the State provides a set allocation of funds for the Contract. Occasionally, accruals of expenditures for services exceeds the receipt of the allocations from the State, but do not exceed the total funding allocation of the year, at which time a receivable from the State is recorded for Authority. At December 31, 2023, \$131,085 was due from the State to the Authority for services accrued but not yet paid to its vendors.

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

Notes To Financial Statements *(Continued)*

4. Risk Of Loss

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries and natural disasters. The Authority carries commercial insurance for all risks of loss, including directors and officers and general liability policies. The Authority retains no risk of loss. There have been no settled claims that have exceeded commercial insurance coverage in the past nine months. There have been no significant reductions in insurance coverage.

Required Supplementary Information

**FOURTH JUDICIAL DISTRICT
COMMUNITY CORRECTIONS AUTHORITY**

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL -
GENERAL FUND**

For The Year Ended December 31, 2023

	Original And Final Budget	Actual	Variance - Favorable (Unfavorable)
Revenues			
Community correction services	\$ 12,364,098	\$ 12,249,200	\$ (114,898)
Community correction administrative services	426,290	460,005	33,715
Total Revenues	12,790,388	12,709,205	(81,183)
Expenditures			
Professional contract services	12,364,098	12,249,200	114,898
Contract administrative services	425,290	457,938	(32,648)
Other expenses	1,000	2,067	(1,067)
Total Expenditures	12,790,388	12,709,205	81,183
Changes In Fund Balance	\$ —	—	\$ —
Fund Balance - Beginning Of Year		—	
Fund Balance - End Of Year		\$ —	

Note:

The basis of budgeting is the same as GAAP.