

CUSTER COUNTY, COLORADO
WESTCLIFFE, COLORADO
BASIC FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
AND CERTAIN SUPPLEMENTAL INFORMATION

December 31, 2023

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Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

JAMES E. GARREN, CPA
MEL J. ROSS, CPA
SAM J. DeNARDO, CPA

SUITE 200
3673 PARKER BOULEVARD
PUEBLO, COLORADO 81008
719 / 544-9872
FAX 719 / 253-5417
www.grdcpa.com

Independent Auditor's Report

August 29, 2024

Board of Commissioners
Custer County, Colorado
Westcliffe, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Custer County, Colorado as of and for the year ended December 31, 2023, 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2023, and the respective changes in financial position, and, where applicable, cash flows 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the County and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 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 on pages i - vii and 34-37 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 statements, the budgetary comparison schedules for nonmajor funds, the Local Highway Finance Report for Road, Bridges and Streets and 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*, 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated August 29, 2024, 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.

Arron Ross ; *DeNardo, Inc.*

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022**

This section of the report provides readers with a narrative overview and analysis of the financial activities of Custer County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.

Financial Highlights

Custer County's assets exceeded liabilities by \$12,410,051 at the end of 2023. Of this amount, \$3,909,996 may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$8,500,055 is invested in capital assets or restricted.

The County's General Fund balance was \$4,702,134 as of December 31, 2024. Of this amount, \$168,000 is reserved for emergencies.

The 2023 General Fund balance is \$531,575 more than the previous year. The total fund balance is 80% of 2023 General Fund operating expenditures plus net operating transfers. The County Commissioners' goal is to keep fund balance at no less than 5%.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future periods (e.g., uncollected taxes.)

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their cost through user fees and charges (business-type activities). Custer County's governmental activities include general government, public safety, roads and bridges, auxiliary, and health and human services.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

Overview of the Financial Statements (Continued)

The government-wide financial statements include not only Custer County itself (known as the primary government), but also legally separate entities which have a significant operational or financial relationship with the County. These entities, if any, are known as component units. The discreetly presented component unit is the E-911 Emergency Telephone Authority. In 2007, for the first time, the County began accounting for all transactions of the Custer County Airport Authority (now an advisory board) on its behalf, and, as such, it is now treated as a blended component unit for financial reporting purposes. More information on the functions of these activities can be found in Note 1 to the financial statements.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Custer County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Custer County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Custer County maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road & Bridge Fund, Human Services Fund, Capital Improvements Fund, Emergency Services Fund, Conservation Trust Fund and the Lodging and Tourism Fund. The Custer County Airport Authority is also included as a blended component unit. The General Fund, Road & Bridge Fund, Capital Improvement Fund, and the Human Services Fund are the only funds that are considered major. Data from the other funds are combined into a single aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 6 through 9 of this report.

Proprietary Funds. There are two common types of Proprietary Funds commonly used in governmental activities. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements and Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. During the fiscal year 2023, Custer County utilized one internal service fund, the Insurance Fund, for governmental activities.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

Overview of the Financial Statements (Continued)

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support Custer County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement of net position can be found on pages 13 - 14.

Budgetary Comparisons. Custer County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major funds on pages 34 to 37 of this report. Budget to actual comparisons for each of the non-major funds are provided in other schedules elsewhere in this report.

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. The notes to the financial statements can be found on pages 15 through 33 of this report.

Other Information. The combining statements referred to earlier in connection with the internal service fund and the non-major governmental funds can be found on pages 10 through 12 and 38 through 46, respectively.

County-Wide Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2023, assets exceeded liabilities by \$12,410,051.

The following table provides a summary of the County's governmental and business-type net position for 2023 and 2022.

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets		\$ 11,788,108	\$ 10,282,301
Non-current assets		7,485,373	6,989,307
	Total Assets	<u>19,273,481</u>	<u>17,271,608</u>
	<u>Liabilities</u>		
Current liabilities		1,691,802	967,519
Non-current liabilities		2,302,823	1,898,591
	Total Liabilities	<u>3,994,625</u>	<u>2,866,110</u>
Deferred Inflows		<u>2,868,805</u>	<u>2,311,000</u>
	<u>Net Position</u>		
Invested in capital assets, net of related debt		6,162,907	6,078,020
Restricted		2,337,148	2,599,209
Unrestricted		3,909,996	3,417,269
	Total Net Position	<u>\$ 12,410,051</u>	<u>\$ 12,094,498</u>

The portion of Custer County's net position (32%) represents unrestricted net position of \$3,909,996, which may be used to meet the County's ongoing obligations to citizens and creditors.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

County-Wide Financial Analysis (Continued)

A significant portion of Custer County's net position (50%) reflects its investment in capital assets. These assets include land, buildings, machinery, equipment and infrastructure. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the 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 \$2,337,148 of the County's net position (19%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$286,100, \$53,565 is grant restricted and the remaining \$1,997,483 is restricted for use in special revenue funds.

At the end of 2023, Custer County had positive balances in all net position categories.

Changes in Net Position. Governmental activities increased the County's net position by \$87,461 in 2023 and \$912,298 in 2022. The following table summarizes the changes in Custer County's net position for governmental activities for the years ended December 31, 2023 and 2022.

Revenue	2023	2022
Program Revenue		
Charges for services	\$ 1,584,787	\$ 1,260,152
Operating grants and contributions	1,802,021	2,777,660
Capital grants and contributions	116,809	296,878
General Revenue		
Taxes	6,515,960	6,466,910
Gain (Loss) on sale of assets	22,620	1,000
Investment earnings	446,813	123,979
Total Revenue	<u>10,489,010</u>	<u>10,926,579</u>
Program Expenses		
General government	2,877,604	2,585,490
Public safety	2,732,427	2,458,614
Streets and highways	2,603,072	2,390,757
Health and welfare	1,423,706	1,943,083
Auxiliary	738,737	620,357
Miscellaneous	-	-
Interest expense, unallocated	26,003	15,980
Total Expenses	<u>10,401,549</u>	<u>10,014,281</u>
Change in Net Position	87,461	912,298
Net position beginning of year (Restated)	<u>12,322,590</u>	<u>11,182,200</u>
Net position end of year	<u>\$ 12,410,051</u>	<u>\$ 12,094,498</u>

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

Financial Analysis of the County's Funds

As noted earlier, Custer County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds Overview. The focus of County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments' net resources available for spending at the end of the fiscal year.

As of the end of 2023, the combined ending fund balances of County governmental funds were \$7,358,160. Approximately 58% of this consists of unassigned fund balance which is available as working capital, and 8% is assigned/committed fund balance, which is available for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: 1) a state constitution mandated emergency reserve (\$279,000); 2) grant requirements (\$53,565); 3) restricted for use in special revenue funds (\$1,997,484) and 4) inventory (\$187,258).

The County has eight governmental funds. They are 1) General Fund; 2) Road & Bridge Fund; 3) Human Services Fund; 4) Capital Improvements Fund; 5) Emergency Service Fund; 6) Conservation Trust Fund; 7) Lodging and Tourism Fund and 8) Contingent Fund.

1. **General Fund.** This is the primary operating fund of the Custer County Government. It accounts for many of the County's core services, such as law enforcement, County General Fund activities, personnel costs, planning, and elections. Fund balance was \$4,702,134 as of December 31, 2023. Of this amount, \$168,000 was reserved for emergencies. The 2023 fund balance is \$531,575 more than the previous year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents about 72% of total 2023 expenditures, while total fund balance is 80% of the same amount. 2023 expenditures and transfers for general fund activities were less than budgeted by \$1,106,040.
2. **Road & Bridge Fund.** The Road & Bridge fund is also state mandated. The fund records costs related to County road and bridge construction and maintenance. The Road & Bridge fund had \$990,901 in fund balance at the end of 2023. This amount is \$354,116 less than the previous year. 2023 expenditures for road projects were less than budgeted by \$164,909.
3. **Human Services Fund.** The Human Services Fund is mandated by state statute. This fund accounts for the local share of many federal and state public welfare programs, plus various federal and state human services grants. The fund carried a fund balance of \$135,622 at the end of 2023, which was \$105,933 more than the previous year.
4. **Capital Improvements Fund.** The Capital Improvements Fund accounts for the acquisition of major capital facilities and equipment. These are the purchases of the Sheriff's vehicles, office and jail facility and several heavy equipment purchases for the Road and Bridge Department and the Landfill Operation.
5. **Emergency Service Fund.** The primary function of the Emergency Service Fund is to account for expenditures relating to auxiliary rural and County-wide health and medical services. This fund receives property tax revenues which help finance these services. This fund also accounts for monies received as grant funds through the Colorado Regional Trauma Advisory Council for the support of rural emergency medical services.
6. **Conservation Trust Fund.** Accounts for the receipt and expenditure of Colorado Lottery funds from the State of Colorado.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

Financial Analysis of the County's Funds (Continued)

7. Lodging and Tourism Fund. The function of this fund is to account for lodging tourism tax revenue collected. The residents of Custer County approved a ballot issue in 2008 to implement a 2% tourism lodging tax assessed on persons renting a motel/hotel room or a campground space. The revenues from this tax will be used exclusively for advertising and marketing of local tourism.
8. Custer County Airport Advisory Board. The primary function of the Airport Advisory Board is to account for expenditures of the airport and related operating and grant revenues. It is included in the County's financial statements as a blended component unit due to its financial dependence.
9. Insurance Fund. (An internal service fund) This fund was established to account for County funds dedicated to general property loss and liability insurance, County official's errors and omissions insurance, and workers compensation insurance coverage.

General Fund Budgetary Highlights

The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

For 2023, the Board of County Commissioners appropriated \$7,019,956 for general fund expenditures and other financing uses. The budget was amended.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 6,433,101	\$ 6,433,101	\$ 6,445,491
Expenditures and transfers	\$ 6,940,956	\$ 7,019,956	\$ 5,913,916

Actual expenditures were less than the anticipated budget and more than revenues, which caused the ending fund balance to increase \$531,575, over the prior year.

Capital Asset and Debt Administration

Capital Assets. Custer County's investment in capital assets for its governmental activities as of December 31, 2023 totals \$7,485,373 (net of accumulated depreciation). This investment includes all land, buildings, machinery, equipment, and infrastructure. It also includes \$270,801 of right of use leased assets. The total increase in net capital assets for the current fiscal year was \$178,168.

- Additional information on the County's capital assets can be found in Note 7 of this report.

Long-term Debt. At December 31, 2023, Custer County had no bonded debt. There are other notes payable of \$780,864, right of use leases and other noncurrent liabilities for post disclosure landfill costs and compensated absences. Additional information can be found in Note 10.

Other Matters. The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2024 budgets.

- Continued growth in Custer County caused increased demand in all service areas of the County, especially in public safety and road and bridge infrastructure.

MANAGEMENT'S DISCUSSION AND ANALYSIS
CUSTER COUNTY, COLORADO
December 31, 2023 and 2022

Other Matters (Continued)

- Population growth has impacted the County's ability to provide public safety within our judicial system. The County courthouse combined courts system needs more physical space and a more secure facility for our citizens, victims, courthouse personnel and those accused of wrong doing. New State funds are being accessed to provide better courthouse security. The County needs a better designed, more functional jail that would complement the court facilities. The County is presently working with a planning grant from the Colorado Department of Local Affairs (DOLA) to improve the jail and justice facilities as well as other grant sources for the funding of a new justice center
- Airport runway and fuel projects and improvements are underway.
- The American Rescue Plan Act was fully granted to the County in 2022. A committee was formed to review applications and award monies to government entities, businesses and individuals within the County.

Requests for Information

This financial report is designed to provide a general overview of Custer County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or for additional financial information should be addressed to the County HR/Finance Director, 205 South Sixth Street, Westcliffe, CO 81252.

BASIC FINANCIAL STATEMENTS

GOVERNMENT WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
CUSTER COUNTY, COLORADO
December 31, 2023

	<u>Primary Government Governmental Activities</u>	<u>Component Unit E-911 Authority</u>
<u>Assets</u>		
Cash and investments - unrestricted	\$ 8,136,635	\$ 463,177
Receivables	3,405,661	15,446
Accrued revenue	44,122	
Inventories	187,258	-
Prepaid expenses	14,432	-
Capital Assets:		
Non-depreciable	1,652,188	-
Depreciable - net	<u>5,833,185</u>	<u>12,292</u>
Total Assets	<u>19,273,481</u>	<u>490,915</u>
<u>Liabilities</u>		
Accounts payable and accrued liabilities	464,558	651
Due to the State of Colorado	29,258	
Unearned revenue	1,016,063	-
Long-Term Liabilities:		
Due within one year	181,923	-
Due in more than one year	<u>2,302,823</u>	<u>-</u>
Total Liabilities	<u>3,994,625</u>	<u>651</u>
<u>Deferred Inflows</u>		
Property taxes	2,806,923	-
Leases	61,882	-
Total Deferred Inflows	<u>2,868,805</u>	<u>-</u>
<u>Net Position</u>		
Investment in capital assets, net of related debt	6,162,907	12,292
Restricted	2,337,148	3,600
Unrestricted	<u>3,909,996</u>	<u>474,372</u>
Total Net Position	<u>\$ 12,410,051</u>	<u>\$ 490,264</u>

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

STATEMENT OF ACTIVITIES
CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
Governmental Activities					
General government	\$ 2,877,604	\$ 1,219,252	\$ 63,961	\$ (1,002,546)	\$ -
Public safety	2,732,427	133,287	52,848	(2,298,888)	-
Streets and highways	2,603,072	115,402	-	(2,469,383)	-
Health and welfare	1,423,706	-	-	(587,146)	-
Auxiliary	738,737	116,846	-	(513,966)	-
Interest expense, unallocated	26,003	-	-	(26,003)	-
Total Governmental Activities	\$ 10,401,549	\$ 1,802,021	\$ 116,809	(6,897,932)	-
Component Unit					
E-911 Authority	\$ 117,661	\$ 116,083	\$ -	(1,578)	-
General Revenues					
Property taxes				2,348,740	-
Specific Ownership				367,690	-
Sales and use taxes				2,393,809	-
Highway users taxes				1,299,915	-
Lodging and tourism taxes				105,806	-
Gain on sale of assets				22,620	-
Earnings on investments				446,813	3,415
Total General Revenues and Transfers				6,985,393	3,415
Changes in Net Position				87,461	1,837
Net Position - January 1 (Restated)				12,322,590	488,427
Net Position - December 31				\$ 12,410,051	\$ 490,264

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
CUSTER COUNTY, COLORADO
December 31, 2023

	<u>General</u> <u>Fund</u>	<u>Road & Bridge</u> <u>Fund</u>	<u>Human</u> <u>Services</u> <u>Fund</u>	<u>Capital</u> <u>Improvement</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
Assets						
Cash	\$ 5,980,426	\$ 724,610	\$ 163,333	\$ 728,221	\$ 483,246	\$ 8,079,836
Receivables	1,801,738	874,061	231,788	60,962	431,733	3,400,282
Due from County funds	-	48,000	3,872	279,827	54,782	386,481
Accrued state revenue	-	-	23,704	-	-	23,704
Accrued federal revenue	-	-	20,418	-	-	20,418
Inventories	-	156,980	-	-	30,278	187,258
Prepaid expenses	14,432	-	-	-	-	14,432
Total Assets	<u>7,796,596</u>	<u>1,803,651</u>	<u>443,115</u>	<u>1,069,010</u>	<u>1,000,039</u>	<u>12,112,411</u>
Liabilities						
Accounts payable and accrued liabilities	224,014	43,730	15,844	157,946	12,110	453,644
Due to County funds	386,481	-	-	-	-	386,481
Due to State of Colorado	-	-	29,258	-	-	29,258
Unearned revenue	984,378	-	31,685	-	-	1,016,063
Total Liabilities	<u>1,594,873</u>	<u>43,730</u>	<u>76,787</u>	<u>157,946</u>	<u>12,110</u>	<u>1,885,446</u>
Deferred Inflows						
Property taxes	1,499,589	769,020	230,706	-	307,608	2,806,923
Leases	-	-	-	-	61,882	61,882
Total Deferred Inflows	<u>1,499,589</u>	<u>769,020</u>	<u>230,706</u>	<u>-</u>	<u>369,490</u>	<u>2,868,805</u>
Fund Balances						
Nonspendable	-	156,980	-	-	30,278	187,258
Restricted	221,565	833,921	135,622	911,064	227,877	2,330,049
Committed	194,717	-	-	-	-	194,717
Assigned	-	-	-	-	360,284	360,284
Unassigned	4,285,852	-	-	-	-	4,285,852
Total Fund Balances	<u>\$ 4,702,134</u>	<u>\$ 990,901</u>	<u>\$ 135,622</u>	<u>\$ 911,064</u>	<u>\$ 618,439</u>	<u>\$ 7,358,160</u>

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

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
 CUSTER COUNTY, COLORADO
 December 31, 2023

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS

\$ 7,358,160

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

Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds. 7,485,373

Revenue receivable that does not provide current financial resources is not recorded in the governmental funds. 4,897

Long-term liabilities, including long-term debt are not due and payable in the current period and therefore are not reported in the governmental funds:

Leases	(1,051,665)	
Accrued interest	(10,914)	
Compensated absences	(530,059)	
Landfill closure costs	<u>(903,022)</u>	(2,495,660)

Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities. 57,281

Total Net Position - Governmental Activities \$ 12,410,051

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

CUSTER COUNTY, COLORADO

December 31, 2023

	<u>General Fund</u>	<u>Road & Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues						
Taxes	\$ 3,359,432	\$ 1,986,415	\$ 216,370	\$ 551,743	\$ 394,423	\$ 6,508,383
Penalties	4,390	1,875	562	-	750	7,577
Federal Sources	827,430	17,155	206,121	-	104,976	1,155,682
State Sources	224,309	-	234,262	-	85,288	543,859
Local Sources	138,055	-	497	-	12,500	151,052
Licenses permits	421,122	-	-	-	-	421,122
Charges for services	938,111	115,402	-	54,602	30,662	1,138,777
Other income	532,642	17,941	2,379	-	30,570	583,532
Total Revenues	<u>6,445,491</u>	<u>2,138,788</u>	<u>660,191</u>	<u>606,345</u>	<u>659,169</u>	<u>10,509,984</u>
Expenditures						
General Government	2,556,107	21,497	-	7,517	-	2,585,121
Public Safety	2,241,261	2,599	-	-	133,988	2,377,848
Streets and Highways	-	2,321,117	-	-	-	2,321,117
Health and welfare	755,125	-	552,533	-	-	1,307,658
Auxiliary services	163,319	-	-	-	439,950	603,269
Capital outlay	79,871	83,641	7,935	759,709	32,661	963,817
Debt service - principal	60,758	51,312	1,656	79,111	465	193,302
Debt service - interest	7,475	12,738	69	3,433	127	23,842
Total Expenditures	<u>5,863,916</u>	<u>2,492,904</u>	<u>562,193</u>	<u>849,770</u>	<u>607,191</u>	<u>10,375,974</u>
Excess of Revenues Over (Under) Expenditures	<u>581,575</u>	<u>(354,116)</u>	<u>97,998</u>	<u>(243,425)</u>	<u>51,978</u>	<u>134,010</u>
Other Financing Sources (Uses)						
Transfers from (to) other funds	(50,000)	-	-	-	50,000	-
Proceeds from leases	-	-	7,935	-	7,847	15,782
Total Other Financing Sources (Uses)	<u>(50,000)</u>	<u>-</u>	<u>7,935</u>	<u>-</u>	<u>57,847</u>	<u>15,782</u>
Net Change in Fund Balance	531,575	(354,116)	105,933	(243,425)	109,825	149,792
Fund Balances - January 1 (Restated)	<u>4,170,559</u>	<u>1,345,017</u>	<u>29,689</u>	<u>1,154,489</u>	<u>508,614</u>	<u>7,208,368</u>
Fund Balances - December 31	<u>\$ 4,702,134</u>	<u>\$ 990,901</u>	<u>\$ 135,622</u>	<u>\$ 911,064</u>	<u>\$ 618,439</u>	<u>\$ 7,358,160</u>

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

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

CUSTER COUNTY, COLORADO
For the year ended December 31, 2023

Total Change in Fund Balances - Governmental Funds		\$ 149,792
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	963,817	
Depreciation expense	<u>(774,099)</u>	189,718
<p>In the government-wide statements, basis in capital assets that have been sold reduces income. In governmental funds the basis is not recognized.</p>		
		(11,550)
<p>Revenue not available to pay for current period expenditures are not recognized as revenue in the governmental funds.</p>		
Grants	(34,312)	
Hanger Leases	<u>24,888</u>	(9,424)
<p>Expenditures for services which benefit a future period are reported as prepaid amounts in the statement of net position and are not recognized in the governmental funds.</p>		
		(48,473)
<p>The issuance of long-term obligations provide current financial resources to the governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of the governmental funds. The net effect of these differences in the treatment of long-term obligations and related items.</p>		
Principal payments on long-term obligations	193,302	
Change in interest accrual	<u>(2,161)</u>	191,141
<p>Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities.</p>		
		(42,607)
<p>In the statement of activities, certain operating expenses - compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect on the statement of activities.</p>		
		(275,023)
<p>In the government-wide statements, estimated landfill closure debt is recognized as long-term debt. In the government funds, the estimated cost nor the change in the estimate are included. Therefore, the change in the estimate is recognized.</p>		
		(40,331)
<p>Current lease proceeds provide current financial resources to the governmental funds but in the Statement of Net Position the lease is reported as long term debt.</p>		
		<u>(15,782)</u>
Total Change in Net Position - Governmental Activities		\$ <u>87,461</u>

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

INTERNAL SERVICE FUND FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
INTERNAL SERVICE FUND
 CUSTER COUNTY, COLORADO
 December 31, 2023

		<u>Internal Service Insurance Fund</u>
<u>Assets</u>		
Cash held by County Treasurer	\$	56,799
Taxes receivable		<u>231,188</u>
Total Assets		<u>287,987</u>
<u>Liabilities</u>		
Accounts payable		<u>-</u>
<u>Deferred Inflow - property taxes</u>		<u>230,706</u>
<u>Net Position</u>		
Reserved for emergency		6,600
Unrestricted		<u>50,681</u>
Total Net Position	\$	<u>57,281</u>

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

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
INTERNAL SERVICE FUND
 CUSTER COUNTY, COLORADO
 December 31, 2023

	<u>Internal Service Insurance Fund</u>
Operating Revenues	
Charges for services	\$ -
Reimbursed expenses	<u>18,476</u>
Total Operating Revenues	<u>18,476</u>
 Operating Expenses	
General government	146,765
Streets and Highways	<u>131,343</u>
Total Expenditures	<u>278,108</u>
Operating Income (Loss)	(259,632)
 Nonoperating Revenues (Expenses)	
Property taxes	187,567
Specific ownership taxes	28,895
Penalties and Interest	<u>563</u>
Net Income (Loss) Before Other Financing Sources (Uses)	(42,607)
Operating transfers in (out)	<u>-</u>
Change in Net Position	(42,607)
 Net Position - January 1	<u>99,888</u>
 Net Position - December 31	<u>\$ 57,281</u>

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

STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUND
CUSTER COUNTY, COLORADO
For the year ended December 31, 2023

	<u>Internal Service Insurance Fund</u>
Cash Flows From Operating Activities	
Cash received for reimbursed expenses	\$ 18,476
Payments for services	<u>(279,765)</u>
Net Cash Used for Operating Activities	<u>(261,289)</u>
 Cash Flows From Noncapital Financing Activities	
Cash received for property taxes	216,933
Transfers from other funds	<u>-</u>
Net Cash Provided by Noncapital Financing Activities	<u>216,933</u>
Net Increase (Decrease) in Cash	(44,356)
 Cash - January 1	<u>101,155</u>
 Cash - December 31	<u>\$ 56,799</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)	
by Operating Activities:	
Operating Income (Loss)	\$ (259,632)
Adjustments to reconcile operating income (loss) to net cash provided (used)	
by operating activities:	
(Increase) decrease in accounts receivable	-
Increase (decrease) in warrants / accounts payable	<u>(1,657)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (261,289)</u>

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

FIDUCIARY FUND FINANCIAL STATEMENTS

STATEMENT OF FIDUCIARY NET POSITION
CUSTER COUNTY, COLORADO
December 31, 2023

	<u>Custodial Funds</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 217,622
	Total Assets
	<u>217,622</u>
<u>Net Fiduciary Position</u>	
Fiduciary net position - held for others	<u>217,622</u>
	Total Net Fiduciary Position
	<u>\$ 217,622</u>

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

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTER COUNTY, COLORADO
December 31, 2023

	<u>Custodial Funds</u>
Additions	
Collections	\$ 10,359,070
Deductions	
Distributions	<u>10,350,129</u>
Change in Net Position	8,941
Net Position - January 1	<u>208,681</u>
Net Position - December 31	<u>\$ 217,622</u>

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

