

LAS ANIMAS COUNTY, COLORADO
FINANCIAL STATEMENTS
For the Year Ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Las Animas County, Colorado
Trinidad, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Las Animas County, Colorado (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County, 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, business-type activities, 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 of Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 statement 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 GAAS 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 GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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 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 the required supplementary information 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 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 fund statements, the budget comparison schedules, local highway finance report, 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*, listed in the table of contents 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 the 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 and individual nonmajor fund financial statements, the budgetary comparison schedules, and the schedule of expenditures of federal awards, 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 August 30, 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.

DMC Auditing and Consulting, LLC

August 30, 2024
Bailey, Colorado

LAS ANIMAS COUNTY, COLORADO

Management's Discussion and Analysis

Management of Las Animas County offers readers of the county's annual financial report this discussion and analysis of financial activities for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented herein in conjunction with the county's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The County's total combined net position for government and business-type activities were \$56,427,820 on December 31, 2023.
- During the year, \$33,277,488 was generated by taxes, grants, and other forms of revenue in all government funds, which left a \$2,604,751 decrease compared to 2022.
- As of December 31, 2023, The County's governmental funds reported combined ending fund balances of \$26,275,843, an increase of \$1,867,554 compared to the prior year. Of the ending fund balance, \$639,000 is reserved for emergencies and \$2,389,169 for Public Safety.
- As of December 31, 2023, total general fund expenditures were \$9,862,234; alternatively, 64% of the unreserved/unassigned fund balance for the general fund.
- In the general fund, the actual revenues of \$12,314,956 were 23% lower than what was budgeted, while actual expenditures of \$9,862,234 were 43% lower than budgeted. Which left the excess of revenues over expenses a total of \$4,181,984.
- County revenues in other governmental funds decreased by \$2,569,249 or 10.9% lower than the previous year, 2022, while expenditures also decreased by \$2,126,649, or 9% lower than spending for 2022.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Las Animas County's basic financial statements. The county's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide financial statements – The government-wide financial statements are designed to provide readers 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 valuable indicator of the county's financial viability.

The statement of activities presents information showing how the county's net position changed during the most recent 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 reported in this statement for specific items will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Each government-wide financial statement distinguishes the county's functions that are principally supported by taxes and intergovernmental revenues (government activities) from services intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the county include general government, public safety, health and environment, auxiliary services, intergovernmental activities, roads and bridges, and social services.

The government-wide financial statements can be found on pages 4 - 5 of the audit report.

Fund financial statements – A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Las Animas County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the county's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds: Governmental funds 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 current sources and uses of spendable resources and balances of spendable resources available at the end of the fiscal year.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, comparing the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements is helpful. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The county maintains eight governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Road & Bridge Fund, Public Welfare Fund (human services), capital expenditures, and other governmental funds, including Conservation Trust.

The county adopts an annual appropriated budget for its funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget. Expenditures were within budgeted amounts in all of the funds.

Proprietary funds: The County maintains one proprietary fund, which is the Airport Enterprise Fund. Enterprise funds are those in which customers are charged a fee and are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide, in greater detail, the same type of information as government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 12-14 of this report.

Fiduciary funds: The County is the custodian, or *fiduciary*, for these types of funds. Some examples of fiduciary funds are school districts, cities and towns, Health Department and Third Judicial District – Office of the District Attorney, and other special districts. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the county's programs.

The basic fiduciary fund financial statements can be found on page 15-16 of this report.

Notes to the financial statements – The notes provide additional information that is essential to a complete understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17-26 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a valuable indicator of a government's financial position. In the case of Las Animas County, assets exceeded liabilities by \$ 56,427,820 as of December 31, 2023.

Of the county's total net position, 52% is reflected in capital assets investments (e.g., land, buildings, roads, bridges, equipment), less any related debt used to acquire assets that are still outstanding. The 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 its 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.

LAS ANIMAS COUNTY'S NET POSITION

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Net Position						
Capital Assets, not depreciated	\$451,433	\$451,433	\$193,904	\$193,904	\$645,337	\$645,337
Capital Assets, being deprec (net)	\$22,903,971	\$21,249,569	\$6,731,595	\$7,019,847	\$29,635,566	\$28,269,416
Total Capital Assets	\$23,355,404	\$21,701,002	\$6,925,499	\$7,213,751	\$30,280,903	\$28,914,753
Current & Other Assets	\$30,863,735	\$31,875,444	\$311,007	\$198,733	\$31,174,742	\$32,074,177
Total Assets	\$54,219,139	\$53,576,446	\$7,236,506	\$7,412,484	\$61,455,645	\$60,988,930
Long-term Liabilities Outstanding	\$0	\$0	\$0	\$0	\$0	\$0
Other Liabilities	\$4,910,417	\$4,684,890	\$12,299	\$77,054	\$4,922,716	\$4,761,944
Total Liabilities	\$4,910,417	\$4,684,890	\$12,299	\$77,054	\$4,922,716	\$4,761,944
Deferred Inflows of Resources	\$105,109	\$3,261,595	\$0	\$0	\$105,109	\$3,261,595
Net Position:						
Net Investment in						
Capital Assets	\$22,501,949	\$21,637,735	\$6,925,499	\$7,213,751	\$29,427,448	\$28,851,486
Restricted	\$10,515,394	\$8,523,177	\$0	\$0	\$10,515,394	\$8,523,177
Unrestricted (Deficit)	\$16,186,270	\$15,469,049	\$298,708	\$121,679	\$16,484,978	\$15,590,728
Total Net Position	\$49,203,613	\$45,629,961	\$7,224,207	\$7,335,430	\$56,427,820	\$52,965,391

The increase in net position from 2022 to 2023 is primarily due to capital assets and depreciation expenses. After depreciation, infrastructure accounted for \$12,779,045 of the total net position. A portion of the county's

net position represents resources that are subject to an external restriction on how they may be used. The remaining unrestricted net position, \$16,484,978, has increased by 5.7% from 2022.

In addition, the remaining may be used to meet the government's ongoing obligations to citizens and creditors. As of December 31, 2023, the county can report positive balances in all three categories of total net position, both for the government as a whole and its separate governmental and business-type activities.

Changes in Net Position – The County's total revenues are \$33,622,131. Of this total, 40% is general revenue, i.e., taxes, intergovernmental revenue, interest income, etc.; 55% is from state programs and grants; 5% relates to charges for services.

The total expenses of all programs and services was \$30,159,702. The two most considerable portions are 46% for social services and 22% for the various capital projects throughout the county, including roads, bridges, and building construction. The resulting change in net position was an increase of \$3,462,429. This increase includes both governmental activities programs and the Airport Proprietary Fund for 2023.

Analysis of the County's Operations – The table below summarizes Las Animas County's operations for 2023. In governmental activities, the net position increased by \$3,573,652. In business-type activities, the net position decreased by \$111,223.

LAS ANIMAS COUNTY'S CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total	
Changes in Net Position	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues						
Charges for Services	\$1,323,830	\$1,324,378	\$254,894	\$377,013	\$1,578,724	\$1,701,391
Operating Grants & Contributions	\$17,850,641	\$20,043,873	\$0	\$0	\$17,850,641	\$20,043,873
Capital Grants & Contributions	\$610,093	\$1,508,667	\$41,026	\$157,755	\$651,119	\$1,666,422
General Revenues						
Property Taxes	\$5,487,797	\$5,446,494	\$0	\$0	\$5,487,797	\$5,446,494
Specific Ownership Taxes	\$661,570	\$1,183,550	\$0	\$0	\$661,570	\$1,183,550
Sales Taxes	\$5,342,192	\$5,703,237	\$692	\$0	\$5,342,884	\$5,703,237
Sale of Assets	\$0	\$0	\$0	\$0	\$0	\$0
Intergovernmental	\$1,453,336	\$210,592	\$0	\$0	\$1,453,336	\$210,592
Legal Settlement Jail Renov	\$0	\$0	\$0	\$0	\$0	\$0
Insurance Proceeds	\$95,793	\$86,186	\$0	\$0	\$95,793	\$86,186
Interest Revenue	\$336,386	\$129,073	\$0	\$0	\$336,386	\$129,073
Other Revenues	\$115,850	\$246,189	\$19,531	\$0	\$135,381	\$246,189
Gain(Loss) Disposition Assets	\$28,500	\$0	\$0	\$0	\$28,500	\$0
Transfers In / (Out)	(\$226,000)	(\$191,177)	\$226,000	\$191,177	\$0	\$0
Total Revenues	\$33,079,988	\$35,691,062	\$542,143	\$725,945	\$33,622,131	\$36,417,007
Expenses						
General Government	\$3,724,687	\$3,965,377	\$0	\$0	\$3,724,687	\$3,965,377
Public Safety	\$3,333,732	\$3,114,274	\$0	\$0	\$3,333,732	\$3,114,274
Health & Environment	\$320,472	\$291,338	\$0	\$0	\$320,472	\$291,338
Auxiliary Services	\$241,812	\$273,293	\$0	\$0	\$241,812	\$273,293
Intergovernmental	\$1,501,931	\$1,505,209	\$0	\$0	\$1,501,931	\$1,505,209
Parks and Recreation	\$47,371	\$15,921	\$0	\$0	\$47,371	\$15,921
Road, Bridges & Capital Outlay	\$6,554,978	\$5,349,247	\$0	\$0	\$6,554,978	\$5,349,247
Social Services	\$13,779,740	\$16,994,634	\$0	\$0	\$13,779,740	\$16,994,634
Debt Services	\$1,613	\$3,186	\$0	\$0	\$1,613	\$3,186
Airport	\$0	\$0	\$653,366	\$826,077	\$653,366	\$826,077
Total Expenses	\$29,506,336	\$31,512,479	\$653,366	\$826,077	\$30,159,702	\$32,338,556
10						
Increase / (Decrease) in Net Position	\$3,573,652	\$4,178,583	(\$111,223)	(\$100,132)	\$3,462,429	\$4,078,451
Net Position -- January 1	\$45,629,961	\$39,048,162	\$7,335,430	\$7,405,061	\$52,965,391	\$46,453,223
Prior Year Adjustment	\$0	\$0	\$0	\$0	\$0	\$0
	\$45,629,961	\$39,048,162	\$7,335,430	\$7,405,061	\$52,965,391	\$46,453,223
Net Position -- December 31	\$49,203,613	\$43,226,745	\$7,224,207	\$7,304,929	\$56,427,820	\$50,531,674

CAPITAL ASSETS

CAPITAL ASSETS AT YEAR-END Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Capital Assets Net of Accum Dprec						
Land	\$451,433	\$451,433	\$117,304	\$117,304	\$568,737	\$568,737
Water Rights	\$0	\$0	\$76,600	\$76,600	\$76,600	\$76,600
Construction in Progress	\$0	\$0	\$0	\$0	\$0	\$0
Infrastructure	\$12,779,045	\$13,053,096	\$0	\$0	\$12,779,045	\$13,053,096
Structure and Improvements	\$7,426,589	\$6,814,940	\$6,527,267	\$6,787,016	\$13,953,856	\$13,601,956
Equipment	\$2,698,337	\$1,381,533	\$204,328	\$232,831	\$2,902,665	\$1,614,364
Total Capital Assets (net)	\$23,355,404	\$21,701,002	\$6,925,499	\$7,213,751	\$30,280,903	\$28,914,753

During the fiscal year 2023, Las Animas County added \$5,243,325. After depreciation, the total value of all assets is \$30,280,903. The county depreciates capital assets, except land and water rights, using the straight-line depreciation method and a predetermined useful life of the asset.

LONG-TERM DEBT

LONG-TERM DEBT AT YEAR-END

	Governmental Activities		Business-Type Activities		Total	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Long Term Debt						
Lease Payables	\$47,221	\$0	\$0	\$0	\$47,221	\$0
Financed Purchases	\$0	\$63,267	\$0	\$0	\$0	\$63,267
Compensated Absences	\$425,821	\$414,446	\$0	\$0	\$425,821	\$414,446
Total Long-Term Debt	\$473,042	\$477,713	\$0	\$0	\$473,042	\$477,713

Total long-term debt obligations of the county decreased by \$4,671 from 2022 to 2023. The amount owed to employees for compensated absences increased by 2.7% in 2022. Compensated absences include accrued annual leave and sick leave due to general fund employees, road & bridge fund, and the Department of Social (Human) Services fund upon their separation from employment with the county.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The assessed valuation of taxable properties used for the 2024 budget preparation increased by 72,846,280, or 17%. The 2024 property taxes were certified in January 2024 rather than December 2023, due to a ballot measure that delayed the property tax certification process until January 2024.

A Ballot Question (1B) approved by voters of Las Animas County in November 2005, which allowed the county to freeze the mill levy at that year's level of 9.357 mills for a five-year period, expired at the end of 2010. Beginning with the 2011 budget year, Las Animas County was again required to adhere to any revenue restrictions pertaining to the assessment of property taxes. Voters approved the November 2017 Ballot question (1C) of Las Animas County, which allowed the county to retain and spend all revenues in 2020 and each year after without raising the tax rate above the current level of 9.357 mills. General fund spending in 2024 is projected to increase by 43% above what was spent in 2023, and general fund revenue is expected to increase by 29% higher than what was actually realized in 2023. Revenues and expenditures in the general fund and road and bridge fund may fluctuate accordingly with the county's receipt of any capital improvement grants and awards.

REQUESTS FOR INFORMATION

This financial report is designed to give our citizens, taxpayers, customers, investors, and creditors a general overview of the county's finances. If you have questions about this report or need additional financial information, please get in touch with the County Finance Director at 200 E. First Street, Trinidad, Colorado 81082, or by calling (719) 845-2564.

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY, COLORADO

STATEMENT OF NET POSITION

December 31, 2023

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	TOTAL
	ACTIVITIES	ACTIVITIES	
ASSETS			
Cash and Cash Equivalents	\$ 27,692,544	\$ 252,921	\$ 27,945,465
Accounts Receivable	1,911,806	14,246	1,926,052
Grants Receivable	653,138	-	653,138
Lease Receivable	108,132	-	108,132
Accrued Interest Receivable	108,717	-	108,717
Inventory	343,990	43,840	387,830
Capital Assets, <i>Not Being Depreciated</i>	451,433	193,904	645,337
Capital Assets, <i>Net of Accumulated Depreciation</i>	22,903,971	6,731,595	29,635,566
Right-to-Use Assets, <i>Net of Accumulated Amortization</i>	45,408	-	45,408
	54,219,139	7,236,506	61,455,645
LIABILITIES			
Accounts Payable	1,239,542	7,479	1,247,021
Accrued Payroll	198,936	3,520	202,456
Due to Other Governments	127,365	-	127,365
Unearned Revenues	2,871,532	-	2,871,532
Deposits	-	1,300	1,300
Noncurrent Liabilities			
Due Within One Year	16,912	-	16,912
Due in More Than One Year	456,130	-	456,130
	4,910,417	12,299	4,922,716
DEFERRED INFLOWS OF RESOURCES			
Leases	105,109	-	105,109
NET POSITION			
Net Investment in Capital Assets	22,501,949	6,925,499	29,427,448
Restricted for:			
Emergencies	639,000	-	639,000
Roads and Bridges	3,386,502	-	3,386,502
Public Safety	2,907,280	-	2,907,280
Parks and Recreation	491,881	-	491,881
Social Services	1,096,579	-	1,096,579
Capital Projects	1,994,152	-	1,994,152
Unrestricted	16,186,270	298,708	16,484,978
	49,203,613	7,224,207	56,427,820

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

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

FUNCTIONS / PROGRAMS	NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION						
	PROGRAM REVENUES			PRIMARY GOVERNMENT			
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
PRIMARY GOVERNMENT							
Governmental Activities							
General Government	\$ 3,722,381	\$ 1,063,899	\$ 451,497	\$ 336,008	\$ (1,870,977)	\$ -	\$ (1,870,977)
Public Safety	3,333,732	227,057	258,618	-	(2,848,057)	-	(2,848,057)
Health Services	320,472	-	22,963	-	(297,509)	-	(297,509)
Auxiliary Services	241,812	-	-	-	(241,812)	-	(241,812)
Intergovernmental	1,501,931	-	-	-	(1,501,931)	-	(1,501,931)
Parks and Recreation	47,371	-	21,423	81,656	55,708	-	55,708
Roads and Bridges	6,554,978	32,874	4,312,214	192,429	(2,017,461)	-	(2,017,461)
Social Services	13,779,740	-	13,104,185	-	(675,555)	-	(675,555)
Interest on Long-Term Debt	3,919	-	-	-	(3,919)	-	(3,919)
Total Governmental Activities	<u>29,506,336</u>	<u>1,323,830</u>	<u>18,170,900</u>	<u>610,093</u>	<u>(9,401,513)</u>	<u>-</u>	<u>(9,401,513)</u>
Business-Type Activities							
Airport	653,366	254,894	-	41,026	-	(357,446)	(213,868)
TOTAL PRIMARY GOVERNMENT	<u>\$ 30,159,702</u>	<u>\$ 1,578,724</u>	<u>\$ 18,170,900</u>	<u>\$ 651,119</u>	<u>(9,401,513)</u>	<u>(357,446)</u>	<u>(9,615,381)</u>
GENERAL REVENUES							
Property Taxes					5,487,797	-	5,487,797
Specific Ownership Taxes					661,570	-	661,570
Sales Taxes					5,342,192	-	5,342,192
Grants and Contributions Not Restricted for a Specific Purpose					1,133,077	-	1,133,077
Interest Income					336,386	-	336,386
Other Revenues					211,643	20,223	231,866
Gain (Loss) on Disposal of Capital Assets Transfers					28,500	-	28,500
					(226,000)	226,000	-
TOTAL GENERAL REVENUES					<u>12,975,165</u>	<u>246,223</u>	<u>13,221,388</u>
CHANGE IN NET POSITION					3,573,652	(111,223)	3,462,429
NET POSITION, Beginning					<u>45,629,961</u>	<u>7,335,430</u>	<u>52,965,391</u>
NET POSITION, Ending					<u>\$ 49,203,613</u>	<u>\$ 7,224,207</u>	<u>\$ 56,427,820</u>

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

LAS ANIMAS COUNTY, COLORADO

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2023

	GENERAL	ROAD AND BRIDGE	PUBLIC WELFARE
ASSETS			
Cash and Cash Equivalents	\$ 20,321,553	\$ 2,733,746	\$ 1,580,678
Accounts Receivable	1,059,916	847,218	-
Grants Receivable	273,831	-	379,307
Lease Receivable	108,132	-	-
Accrued Interest Receivable	108,717	-	-
Inventory	-	343,990	-
	<u>21,872,149</u>	<u>3,924,954</u>	<u>1,959,985</u>
 TOTAL ASSETS			
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	924,859	117,032	140,556
Accrued Payroll	64,043	77,430	57,463
Due to Other Governments	-	-	127,365
Unearned Revenues	2,333,510	-	538,022
	<u>3,322,412</u>	<u>194,462</u>	<u>863,406</u>
 TOTAL LIABILITIES			
 DEFERRED INFLOWS OF RESOURCES			
Leases	105,109	-	-
	<u>105,109</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Nonspendable Inventory	-	343,990	-
Restricted for:			
Emergencies	639,000	-	-
Roads and Bridges	-	3,386,502	-
Public Safety	2,389,169	-	-
Parks and Recreation	-	-	-
Social Services	-	-	1,096,579
Capital Projects	-	-	-
Committed to Unanticipated Obligations	1,780,885	-	-
Unassigned	13,635,574	-	-
	<u>18,444,628</u>	<u>3,730,492</u>	<u>1,096,579</u>
 TOTAL FUND BALANCES			
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
	<u>\$ 21,872,149</u>	<u>\$ 3,924,954</u>	<u>\$ 1,959,985</u>

<u>CAPITAL EXPENDITURE</u>	<u>NONMAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL</u>
\$ 1,989,480	\$ 1,067,087	\$ 27,692,544
4,672	-	1,911,806
-	-	653,138
-	-	108,132
-	-	108,717
-	-	343,990
<u>1,994,152</u>	<u>1,067,087</u>	<u>30,818,327</u>
-	57,095	1,239,542
-	-	198,936
-	-	127,365
-	-	2,871,532
<u>-</u>	<u>57,095</u>	<u>4,437,375</u>
<u>-</u>	<u>-</u>	<u>105,109</u>
-	-	343,990
-	-	639,000
-	-	3,386,502
-	518,111	2,907,280
-	491,881	491,881
-	-	1,096,579
1,994,152	-	1,994,152
-	-	1,780,885
-	-	13,635,574
<u>1,994,152</u>	<u>1,009,992</u>	<u>26,275,843</u>
<u>\$ 1,994,152</u>	<u>\$ 1,067,087</u>	<u>\$ 30,818,327</u>

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

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

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF NET POSITION ARE DIFFERENT BECAUSE:

Total Fund Balances of Governmental Funds	\$ 26,275,843
Capital assets and lease right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	23,400,812
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:	
Leases Payable	(47,221)
Accrued Compensated Absences	<u>(425,821)</u>
Total Net Position of Governmental Activities	<u>\$ 49,203,613</u>

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	GENERAL	ROAD AND BRIDGE	PUBLIC WELFARE
REVENUES			
Taxes	\$ 7,766,220	\$ -	\$ 948,057
Licenses and Permits	8,700	-	-
Intergovernmental	3,043,804	5,465,583	13,104,185
Charges for Services	980,004	-	-
Investment Income	336,386	-	-
Miscellaneous	179,842	67,436	-
	<u>12,314,956</u>	<u>5,533,019</u>	<u>14,052,242</u>
TOTAL REVENUES			
EXPENDITURES			
General Government	4,595,971	-	-
Public Safety	3,146,257	-	-
Health Services	320,472	-	-
Auxiliary Services	210,272	-	-
Intergovernmental	1,501,931	-	-
Parks and Recreation	-	-	-
Roads, Bridges, and Capital Outlay	-	6,959,809	-
Social Services	-	-	13,767,283
Debt Service			
Principal	83,412	-	-
Interest	3,919	-	-
	<u>9,862,234</u>	<u>6,959,809</u>	<u>13,767,283</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,452,722</u>	<u>(1,426,790)</u>	<u>284,959</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	28,500	-
Transfers In	-	1,200,000	-
Transfers Out	(1,426,000)	-	-
	<u>(1,426,000)</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,426,000)</u>	<u>1,228,500</u>	<u>-</u>
CHANGE IN FUND BALANCES	1,026,722	(198,290)	284,959
FUND BALANCES, Beginning	<u>17,417,906</u>	<u>3,928,782</u>	<u>811,620</u>
FUND BALANCES, Ending	<u>18,444,628</u>	<u>3,730,492</u>	<u>1,096,579</u>

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

CAPITAL EXPENDITURE	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
1,061,164	\$ -	\$ 9,775,441
-	-	8,700
192,429	106,296	21,912,297
-	-	980,004
-	-	336,386
-	17,382	264,660
<u>1,253,593</u>	<u>123,678</u>	<u>33,277,488</u>
20,718	-	4,616,689
-	78,387	3,224,644
-	-	320,472
-	-	210,272
-	-	1,501,931
-	47,371	47,371
449,356	27,276	7,436,441
-	-	13,767,283
-	-	83,412
-	-	3,919
<u>470,074</u>	<u>153,034</u>	<u>31,212,434</u>
<u>783,519</u>	<u>(29,356)</u>	<u>2,065,054</u>
-	-	28,500
-	100,000	1,300,000
<u>-</u>	<u>(100,000)</u>	<u>(1,526,000)</u>
<u>-</u>	<u>-</u>	<u>(197,500)</u>
783,519	(29,356)	1,867,554
<u>1,210,633</u>	<u>1,039,348</u>	<u>24,408,289</u>
<u>1,994,152</u>	<u>1,009,992</u>	<u>26,275,843</u>

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

LAS ANIMAS COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE
STATEMENT OF ACTIVITIES ARE DIFFERENT BECAUSE:

Net Change in Fund Balances of Governmental Funds	\$	1,867,554
<p>Governmental funds report capital outlays and leases as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:</p>		
Depreciation Expense		(3,547,901)
Amortization Expense		(20,341)
Capital Outlay		5,202,303
<p>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. This includes the changes in the following:</p>		
Principal on Leases Payable and Finance Purchases		83,412
Accrued Compensated Absences		<u>(11,375)</u>
Change in Net Position of Governmental Activities	\$	<u><u>3,573,652</u></u>

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUND
December 31, 2023

	<u>BUSINESS-TYPE ACTIVITIES AIRPORT FUND</u>
ASSETS	
Cash and Cash Equivalents	\$ 252,921
Accounts Receivable	14,246
Inventory	43,840
Capital Assets, <i>Not Being Depreciated</i>	193,904
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>6,731,595</u>
TOTAL ASSETS	<u>7,236,506</u>
LIABILITIES	
Accounts Payable	7,479
Accrued Payroll	3,520
Deposits	<u>1,300</u>
TOTAL LIABILITIES	<u>12,299</u>
NET POSITION	
Net Investment in Capital Assets	6,925,499
Unrestricted	<u>298,708</u>
TOTAL NET POSITION	<u>\$ 7,224,207</u>

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
Year Ended December 31, 2023

	<u>BUSINESS-TYPE ACTIVITIES AIRPORT FUND</u>
OPERATING REVENUES	
Charges for Services	\$ 254,894
Miscellaneous	<u>20,223</u>
 TOTAL OPERATING REVENUES	 <u>275,117</u>
OPERATING EXPENSES	
Personnel Services	63,162
Operating Supplies	260,930
Depreciation	<u>329,274</u>
 TOTAL OPERATING EXPENSES	 <u>653,366</u>
NET OPERATING INCOME (LOSS)	<u>(378,249)</u>
NONOPERATING REVENUES (EXPENSES)	
Grants	<u>41,026</u>
NET INCOME (LOSS) BEFORE TRANSFERS	(337,223)
Transfers In	<u>226,000</u>
CHANGE IN NET POSITION	(111,223)
NET POSITION, Beginning	<u>7,335,430</u>
NET POSITION, Ending	<u>\$ 7,224,207</u>

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2023

	<u>BUSINESS-TYPE ACTIVITIES AIRPORT FUND</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Customers	\$ 292,975
Cash Payments to Employees	(62,739)
Cash Payments to Vendors and Suppliers	<u>(326,308)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>(96,072)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Grants Received	91,384
Net Transfers from (to) Other Funds	<u>226,000</u>
 NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	 <u>317,384</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	<u>(41,022)</u>
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	 180,290
CASH AND CASH EQUIVALENTS, Beginning	<u>72,631</u>
CASH AND CASH EQUIVALENTS, Ending	<u><u>\$ 252,921</u></u>
 RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:	
Net Operating Income (Loss)	\$ (378,249)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	329,274
Changes in Assets and Liabilities:	
Accounts Receivable	11,846
Inventory	5,812
Accounts Payable	(65,378)
Accrued Payroll	423
Deposits	<u>200</u>
 Total Adjustments	 <u>282,177</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u><u>\$ (96,072)</u></u>

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

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2023

	CUSTODIAL FUNDS			TOTAL FIDUCIARY FUNDS
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	PUBLIC TRUSTEE	
ASSETS				
Cash and Cash Equivalents	\$ 3,070,219	\$ 206,879	\$ 10,696	\$ 3,287,794
NET POSITION				
Restricted for Individuals, Organizations, and Other Governments	3,070,219	206,879	-	3,277,098
Unrestricted	-	-	10,696	10,696
TOTAL NET POSITION	\$ 3,070,219	\$ 206,879	\$ 10,696	\$ 3,287,794

LAS ANIMAS COUNTY, COLORADO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
Year Ended December 31, 2023

	CUSTODIAL FUNDS			TOTAL FIDUCIARY FUNDS
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	PUBLIC TRUSTEE	
ADDITIONS				
Taxes and Fees Collected for Other Governments	\$ 18,193,725	\$ 3,745,408	\$ -	\$ 21,939,133
Fines and Fees Collected for Other Governments	-	-	458,276	458,276
TOTAL ADDITIONS	18,193,725	3,745,408	458,276	22,397,409
DEDUCTIONS				
Taxes and Fees Disbursed to Other Governments	17,719,409	3,748,096	-	21,467,505
Fines and Fees Disbursed to Other Governments	-	-	460,080	460,080
TOTAL DEDUCTIONS	17,719,409	3,748,096	460,080	21,927,585
CHANGE IN NET POSITION	474,316	(2,688)	(1,804)	469,824
NET POSITION, Beginning	2,595,903	209,567	12,500	2,817,970
NET POSITION, Ending	\$ 3,070,219	\$ 206,879	\$ 10,696	\$ 3,287,794

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies

Las Animas County (the County) was created by an act of legislature in 1866 and is governed by applicable Colorado Statutes. The County is managed by three Commissioners and provides the following services: public safety, highways and roads, sanitation, health and social services, culture and recreation, public improvements, planning and zoning, tax and license assessments and collections, and general administrative services.

The accounting policies of the County conform to generally accepted accounting principles applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the County's significant policies.

Reporting Entity

The financial reporting entity consists of the County, organizations for which the County is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the County. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the County. Legally separate organizations for which the County is financially accountable are considered part of the reporting entity. Financial accountability exists if the County appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the County.

The Public Trustee is a State statutorily mandated position, appointed by the Board of County Commissioners, but whose financial transactions are independent of the County. However, all expenditures and associated funding transactions relating to the operations of the County Office of the Public Trustee are included in the General Fund, except those required to be accounted for in a Custodial Fund.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the County and its component unit. For the most part, the effect of interfund activity has been removed from these financial statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which are normally supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for the governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds, proprietary funds, and fiduciary funds identified by management are reported as separate columns in the fund financial statements.

In the fund financial statements, the County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund.

The *Road and Bridge Fund* is used to account for the operations of the County Road Department. Financing is provided by transfers, state contributions and other miscellaneous revenues.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The *Public Welfare Fund* is used to account for the operations of the County Welfare Department. Financing is provided by state grants and property taxes.

The *Capital Expenditures Fund* is used to account for capital additions. Financing is provided by federal and state grants and property taxes.

The County reports the following major proprietary fund:

The *Airport Fund* is used to account for the operations of the Perry Stokes Airport, which is owned by the County. Financing is provided by user fees.

Additionally, the County reports the following fund type:

The *Fiduciary Funds* account for Custodial Fund assets held by the County in a custodial capacity or as an agent on behalf of others. *Fiduciary Funds* are accounted for using the accrual basis of accounting. The County's Custodial Funds include the Treasurer's Office, the Clerk and Recorder's Office and the Public Trustee.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary funds. 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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been 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 to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, grants, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the County.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's proprietary funds are charges to customers or other funds for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, it is the County's policy to use restricted resources first, then unrestricted resources as they are needed.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance / Net Position

Cash and Cash Equivalents – Cash and investments of each of the County’s funds are pooled and invested by the County into liquid investment with maturities of three months or less. Investments are reported at fair value. For purposes of the statement of cash flows, cash equivalents include investments with original maturities of three months or less.

Receivables – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the County on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable. In 2023, taxes levied for 2024 that are normally certified in December 2023, but were certified in January 2024, as a result of Colorado Proposition HH, Property Tax Changes and Revenue Change Measure, which failed.

Leases Receivable – The County is a lessor for noncancellable periods in excess of twelve months, including exercised extensions. Leases receivable are measured at the present value of lease payments expected to be received during the lease term based on the County’s implicit interest rate unless the interest rate is provided in the agreement. Leases are recognized at the present value of cash flows as a lease receivable and a deferred inflow of resources. Payments on the lease reduce lease receivable and recognize interest as revenue. Deferred inflows of resources are amortized over the life of the lease term on a straight-line basis.

Inventories – Inventories are stated at cost on a lower average cost or market. The costs of inventories are recorded as expenditures or expenses when consumed rather than when purchased.

Capital Assets - Capital assets include property, equipment, and infrastructure. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. They are also reported in the proprietary funds in the fund financial statements.

Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Infrastructure	5 – 50 years
Structures and Improvements	10 – 75 years
Equipment	3 - 25 years

Deferred Inflows of Resources – This separate financial statement element represents an acquisition of net assets by the County that is applicable to a future reporting period. Deferred inflows of resources in the governmental fund financial statements include the amortizable portion of leases receivable not available as current financial resources.

Long-Term Debt - In the government-wide financial statements, long-term debt and other long-term obligations, including financed purchases, are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refundings are deferred and amortized over the life of the debt using the effective interest method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Fund Balance / Net Position (Continued)

Leases – The County determines if an arrangement is a lease at inception. For leasing arrangements where the County is the lessee, leases are reported as right-to-use assets and noncurrent liabilities in the statement of net position.

Lease assets represent the County's control of the right-to-use an underlying asset for the lease term, as specified in the contract, in an exchange or exchange-like transaction. Lease assets are recognized at the commencement date on the initial measurement of the lease liabilities, plus any payment made to the lessor at or before the commencement of the lease term and certain direct costs. Lease assets are amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset. Leased assets are defined by the County as assets with an initial, individual cost of more than \$5,000.

Lease liabilities represent the County's obligation to make lease payments arising from the lease. Lease liabilities are recognized at the commencement date based on the present value of expected lease payments over the lease term, less any lease incentives. Interest expense is recognized ratably over the contract term. The lease term may include options to extend or terminate the lease when it is reasonably certain that the County will exercise that option.

For individual lease contracts where information about the discount rate implicit in the lease is not included, the County has elected to use the incremental borrowing rate to calculate the present value of expected lease payments.

Compensated Absences – Personnel accrue unused paid time off (PTO) based on the number of hours worked in a year up to a maximum of 280 hours (35 days). Unused accumulated leave benefits are paid upon separation/termination at their current pay rate. Sick leave is accumulated at a rate of one day per month up to a maximum of 120 days. Upon separation, employees receive 50% payment for any unused sick leave earned before June 1, 2001, less any sick leave taken from that date until the employee's date of separation. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences when earned. Governmental funds recognize a liability only when payment is due.

Net Position/Fund Balances - In the government-wide financial statements, net position is restricted when constraints placed on the use of resources are externally imposed. Governmental fund balances are classified as restricted when constraints are placed on the use of resources by creditors, grantors, contributors, or laws or regulations of other governments. Committed fund balances include resources which are subject to limitations the County imposes on itself by action of County Council through ordinances. Committed fund balances also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Commitments may be established, modified, or rescinded only through ordinances approved by the Board of County Commissioners. Assigned fund balances are constrained by an intent to be used for specific purposes but are neither restricted nor committed.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or 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.

Property Taxes

Property taxes normally attach as an enforceable lien on property on January 1, are levied the following December, and are collected in the subsequent calendar year. Taxes are payable in full on April 30, or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the County on a monthly basis. When taxes become delinquent, the property is sold on the tax sale date.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 2: Cash and Cash Equivalents

At December 31, 2023, the County had the following cash and cash equivalents:

Cash (including Custodial Funds)	\$ 23,134,146
Certificates of Deposit	8,099,113
Total	\$ 31,233,259

Cash and cash equivalents are reported in the financial statements as follows:

Primary Government	\$ 27,945,465
Fiduciary Funds	3,287,794
Total	\$ 31,233,259

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023, the County had bank deposits of \$30,685,360 collateralized with securities held by the financial institution's agent but not in the County's name.

Certificates of Deposit

At December 31, 2023, the County's certificates of deposit were stated at fair value. All certificates of deposit had a maturity of less than one year.

NOTE 3: Lease Receivables

The County entered into two lease receivable agreements for the use of space. The County entered into a lease receivable with the State of Colorado for office space for the Department of Motor Vehicles. The lease commenced on July 1, 2020, and will expire on June 30, 2025. The monthly rent on the lease started at \$515. Implicit interest rate of 3% per annum was used. In 2023, the County received \$6,320, including \$5,945 and \$375 in principal and interest, respectively. At December 31, 2023, the lease deferred inflows of resources were \$8,988.

On July 24, 2009, the County entered into a lease with San Isabel Cellular for the use of cell tower space for a term of 5 years that is automatically extended for four additional five-year terms. Payments for the first year of the lease were \$9,000 per year with a 10% increase for each additional five-year term. Implicit interest rate of 3% per annum was used. In 2023, the County received \$10,989, including \$7,894 and \$3,095 in principal and interest, respectively. At December 31, 2023, the lease deferred inflows of resources were \$96,121. Future minimum rental payments to be received under the leases are as follows:

Year Ended December 31,	Principal	Interest	Total
2024	\$ 14,260	\$ 3,230	\$ 17,490
2025	11,514	2,802	14,316
2026	8,636	2,353	10,989
2027	8,899	2,090	10,989
2028	9,170	1,819	10,989
2029-2033	50,206	4,739	54,945
2034	5,447	48	5,495
Total	\$ 108,132	\$ 17,081	\$ 125,213

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: Capital Assets

Capital asset activity for the year ended December 31, 2023, is summarized below:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 451,433	\$ -	\$ -	\$ 451,433
Capital Assets, Being Depreciated:				
Infrastructure	96,903,602	1,950,830	-	98,854,432
Structures and Improvements	18,884,917	1,424,428	-	20,309,345
Equipment	15,802,709	1,827,045	(281,370)	17,348,384
Total Capital Assets, Being Depreciated:	<u>131,591,228</u>	<u>5,202,303</u>	<u>(281,370)</u>	<u>136,512,161</u>
Less Accumulated Depreciation:				
Infrastructure	(83,850,506)	(2,224,881)	-	(86,075,387)
Structures and Improvements	(12,069,977)	(812,779)	-	(12,882,756)
Equipment	(14,421,176)	(510,241)	281,370	(14,650,047)
Total Accumulated Depreciation	<u>(110,341,659)</u>	<u>(3,547,901)</u>	<u>281,370</u>	<u>(113,608,190)</u>
Total Capital Assets, Being Depreciated, Net	<u>21,249,569</u>	<u>1,654,402</u>	<u>-</u>	<u>22,903,971</u>
Total Capital Assets, Governmental Activities, Net	<u>\$ 21,701,002</u>	<u>\$ 1,654,402</u>	<u>\$ -</u>	<u>\$ 23,355,404</u>
 Leased Right-to-Use Assets				
Lease Right-to-Use Asset, Being Amortized:				
Right-to-Use Asset	\$ 101,683	\$ -	\$ -	\$ 101,683
Less Accumulated Amortization:				
Right-to-Use Asset	(35,934)	(20,341)	-	(56,275)
Total Leased Right-to-Use Asset, Being Amortized, Net	<u>\$ 65,749</u>	<u>\$ (20,341)</u>	<u>\$ -</u>	<u>\$ 45,408</u>
 Depreciation / Amortization Allocated by Program:				
General Government				\$ 595,847
General Government - Right-to-Use Assets				20,341
Public Safety				357,113
Auxiliary Services				78,911
Roads and Bridges				2,502,218
Social Services				13,812
Total				<u>\$ 3,568,242</u>

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: Capital Assets (Continued)

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
Business-Type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 117,304	\$ -	\$ -	\$ 117,304
Water Rights	76,600	-	-	76,600
Total Capital Assets, Not Being Depreciated:	193,904	-	-	193,904
Capital Assets, Being Depreciated:				
Structures and Improvements	11,120,697	41,022	-	11,161,719
Equipment	749,025	-	-	749,025
Total Capital Assets, Being Depreciated:	11,869,722	41,022	-	11,910,744
Less Accumulated Depreciation:				
Structures and Improvements	(4,333,681)	(300,771)	-	(4,634,452)
Equipment	(516,194)	(28,503)	-	(544,697)
Total Accumulated Depreciation	(4,849,875)	(329,274)	-	(5,179,149)
Total Capital Assets, Being Depreciated, Net	7,019,847	(288,252)	-	6,731,595
Total Capital Assets, Business-Type Activities, Net	\$ 7,213,751	\$ (288,252)	\$ -	\$ 6,925,499

NOTE 5: Long-Term Debt

Following is a summary of long-term debt transactions for the year ended December 31, 2023.

	Balance 12/31/2022	Additions	Reductions	Balance 12/31/2022	Due in One Year
Governmental Activities					
Financed Purchase	\$ 63,267	\$ -	\$ 63,267	\$ -	\$ -
Leases Payable	67,366	-	20,145	47,221	16,912
Compensated Absences	414,446	29,819	18,444	425,821	-
Total Long-Term Debt	\$ 545,079	\$ 29,819	\$ 101,856	\$ 473,042	\$ 16,912

Compensated absences of the County are expected to be liquidated primarily with revenues of the General, Road and Bridge, and Public Welfare Funds.

Financed Purchase

In March 2020, the County entered into a financed purchase agreement with BCI Capital, Inc. for the acquisition of sheriff vehicles valued at \$250,000. In 2023, the financed purchase was paid in full.

Leases Payable

The County has entered into multiple lease agreements for the right-to-use of office technology, such as copiers and postage equipment. The timing of payments and County implicit interest rates varies depending on the financed purchase agreement. Lease initial dates vary from January 1, 2022 (GASB 87 implementation period) to October 2022 for a term of five years with no options to extend. The monthly payment varies from \$41 to \$205. In 2023, the County paid \$22,145, including \$20,145 and \$2,306 in principal and interest, respectively. At December 31, 2023, the total lease right-to-use assets cost was \$101,683 with an accumulated amortization of \$56,275, which included an amortization expense of \$20,341 in 2023.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: Long-Term Debt (Continued)

Financed Purchases (Continued)

Financed purchase payments to maturity are as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 16,912	\$ 1,557	\$ 18,469
2025	14,313	952	15,265
2026	11,839	400	12,239
2027	4,157	50	4,207
	<u>\$ 47,221</u>	<u>\$ 2,959</u>	<u>\$ 50,180</u>

NOTE 6: Interfund Balances and Transfers

Transfers between funds during the year ended December 31, 2023, consisted of the following:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Road and Bridge Fund	General Fund	\$ 1,200,000
Airport Fund	General Fund	226,000
Jail Facilities	Jail Improvement	100,000
Total		<u>\$ 1,526,000</u>

The General Fund transferred \$1,200,000 to the Road and Bridge Fund as a distribution of property and sales taxes for road infrastructure projects, maintenance, and repair. The General Fund transferred \$226,000 to the Airport Fund to subsidize general operating expenses. The Jail Improvement Fund transferred \$100,000 to the Jail Facilities Fund for capital expenditures.

NOTE 7: Risk Management

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters.

County Worker's Compensation Pool

In 1986, the County joined together with other Counties in the State of Colorado to form the County 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, which is determined each policy year.

Colorado Counties Casualty and Property Pool

In 1986, the County was unable to obtain property and liability insurance at a cost it considered to be economically justifiable. Therefore, the County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP) for its property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 7: Risk Management (Continued)

County Health Pool

Since 1999, the County has been a member of the County Health Pool (CHP) which is administered by County Technical Services, Inc. The CHP provides medical, dental, vision and life insurance benefits to more than 5,300 employees for 73 local government agencies. CHP is the only county-owned health plan provider in Colorado with benefits, contribution rates, and coverage determined by representatives from member counties. The CHP board meets every other month to discuss the industry, plan changes, coverages, and renewal, as well as vote on appeals. In 2023, the county contribution for CHP coverage for each employee was \$690 per month which paid for the employee's medical and life insurance as well as dental and vision coverage for the entire family.

All three of the above plans are administered by County Technical Services, Inc.

NOTE 8: Employee Retirement Plans

Defined Contribution Plan

The County provides pension benefits for substantially all full-time employees through a defined contribution plan of the Colorado Retirement Association. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. One year of service is required prior to participation in the Colorado Retirement Association Plan.

Employees contribute 3% of their salary to the plan with an equal amount contributed by the County. Vesting occurs at the rate of 20% per year. County contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the County. Forfeitures were \$8,819 during 2023 and pension expense was \$201,276. The County had no outstanding liability for this plan at year end. The County commissioners authorize the benefit terms and have the authority to amend these terms.

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all permanent employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

In 2001, the County adopted an amendment to its Deferred Compensation Plan with Colorado Retirement Association. The adoption of the amendment was due to recent changes in the Internal Revenue Code. Specifically, the amendment states that all amounts deferred under this plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall, until made available to the participant or beneficiary, be held in the Colorado Retirement Association Deferred Compensation Plan Trust for the exclusive benefit of participants and their beneficiaries. Colorado Retirement Association is trustee of the trust. Eligible voluntary employee contributions were \$74,740 for 2023.

NOTE 9: Intergovernmental Agreements

The County has entered into the following intergovernmental agreements:

Huerfano/Las Animas Counties Health Department

The Health Department operates a two-county district health department. The counties appoint a seven-member board and the board hires the health officer. The governing board approves the operating budget and presents it to the Boards of County Commissioners for their approval. The Boards of County Commissioners then approve the amount of contributions each county will make to the Health Department for the ensuing year based on that County's share of the total population served. In 2023, 68% of the residents served by the Health Department lived in the County and the total expenditure to the County was \$320,472.

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 9: Intergovernmental Agreements (Continued)

Office of the District Attorney - Third Judicial District

The elected District Attorney of the Third Judicial District serves two counties, Las Animas County and Huerfano County, which provides prosecution and other legal services to the counties in the district. In 2023, the County contributed \$1,240,950 to the Third Judicial District.

Las Animas County E-911

Las Animas County E-911's sole purpose is to provide emergency telephone service to county residents. Initial grants received for the purchase of required equipment are in the name of the County. The County also appoints a portion of the governing Board of Directors. In 2023, the total expenditure for the County was \$110,102.

As of December 31, 2023, the above entities have not incurred any significant current or long-term debt.

NOTE 10: Commitments and Contingencies

Claims and Judgments

The County participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. At December 31, 2023, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the County.

Tabor Amendment

In November 1992, Colorado voters passed Article X, Section 20 (the Amendment) to the State Constitution which limits state and local government taxing powers and imposes spending limits. The County is subject to the Amendment.

On November 1, 2005, the registered voters approved a ballot resolution authorizing the County to accept, retain, and spend, for use as the Board of County Commissioners deem appropriate, the full proceeds and revenues received from any and all grants awarded to the County, from any source, in the year 2006 and each year thereafter without affecting property tax revenues collected by the County.

On November 7, 2017, the registered voters approved a ballot resolution authorizing the County to receive, retain, and spend in the year 2020 and each subsequent year, all revenues, including investment income, it receives from its mill levy, without raising the tax rate above the current level of 9.357 mills, as a voter-approved revenue change without limitation or condition under article X, section 20 of the Colorado Constitution (TABOR) or any other law.

The Amendment requires the County to establish a reserve for emergencies, representing 3% of qualifying expenditures with the exception Street Improvement Fund, explained in the following paragraph. At December 31, 2023, the County's emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$639,000.

Litigation

The County from time to time is involved in various legal matters. In the opinion of the County's counsel, there are no pending legal issues that would have a material adverse effect on the financial condition of the County.

REQUIRED SUPPLEMENTARY INFORMATION

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 7,383,780	\$ 7,766,220	\$ 382,440
Licenses and Permits	7,500	8,700	1,200
Intergovernmental	6,735,024	3,043,804	(3,691,220)
Charges for Services	1,155,812	980,004	(175,808)
Investment Income	42,000	336,386	294,386
Miscellaneous	826,500	179,842	(646,658)
TOTAL REVENUES	16,150,616	12,314,956	(3,835,660)
EXPENDITURES			
General Government	10,538,771	4,595,971	5,942,800
Public Safety	4,688,361	3,146,257	1,542,104
Health Services	320,472	320,472	-
Auxiliary Services	272,908	210,272	62,636
Intergovernmental	250,000	1,501,931	(1,251,931)
Debt Service			
Principal	79,080	83,412	(4,332)
Interest	1,613	3,919	(2,306)
Contingency	1,028,673	-	1,028,673
TOTAL EXPENDITURES	17,179,878	9,862,234	7,317,644
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(1,029,262)	2,452,722	3,481,984
OTHER FINANCING SOURCES (USES)			
Transfers Out	(2,126,000)	(1,426,000)	700,000
CHANGE IN FUND BALANCE	(3,155,262)	1,026,722	4,181,984
FUND BALANCE, Beginning	12,779,735	17,417,906	4,638,171
FUND BALANCE, Ending	\$ 9,624,473	\$ 18,444,628	\$ 8,820,155

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
ROAD AND BRIDGE FUND
Year Ended December 31, 2023

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 4,890,327	\$ 5,465,583	\$ 575,256
Miscellaneous	<u>50,000</u>	<u>67,436</u>	<u>17,436</u>
 TOTAL REVENUES	 <u>4,940,327</u>	 <u>5,533,019</u>	 <u>592,692</u>
EXPENDITURES			
Roads, Bridges, and Capital Outlay			
Personnel Services	2,430,117	1,875,129	554,988
Operating Supplies	<u>5,790,650</u>	<u>5,084,680</u>	<u>705,970</u>
 TOTAL EXPENDITURES	 <u>8,220,767</u>	 <u>6,959,809</u>	 <u>1,260,958</u>
 EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	 <u>(3,280,440)</u>	 <u>(1,426,790)</u>	 <u>1,853,650</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Sale of Capital Assets	-	28,500	(28,500)
Transfers In	<u>1,200,000</u>	<u>1,200,000</u>	<u>-</u>
 TOTAL OTHER FINANCING SOURCES (USES)	 <u>1,200,000</u>	 <u>1,228,500</u>	 <u>(28,500)</u>
 CHANGE IN FUND BALANCE	 <u>(2,080,440)</u>	 <u>(198,290)</u>	 <u>1,825,150</u>
FUND BALANCE, Beginning	<u>3,089,252</u>	<u>3,928,782</u>	<u>839,530</u>
FUND BALANCE, Ending	<u>\$ 1,008,812</u>	<u>\$ 3,730,492</u>	<u>\$ 2,721,680</u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
PUBLIC WELFARE FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 958,031	\$ 948,057	\$ (9,974)
Intergovernmental	18,646,186	13,104,185	(5,542,001)
 TOTAL REVENUES	 19,604,217	 14,052,242	 (5,551,975)
EXPENDITURES			
Social Services	19,604,217	13,767,283	5,836,934
 CHANGE IN FUND BALANCE	 -	 284,959	 284,959
FUND BALANCE, Beginning	459,602	811,620	352,018
FUND BALANCE, Ending	\$ 459,602	\$ 1,096,579	\$ 636,977

LAS ANIMAS COUNTY, COLORADO
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2023

NOTE 1: Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted for all funds on a basis consistent with generally accepted accounting principles. The County adheres to the following procedures to establish the budgetary information reflected in the financial statements.

- Prior to September 1, the Finance Manager submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
- The County Commissioners approve all budget transfers or revisions.
- Budgets are legally adopted for all funds of the County except the Fiduciary Funds. Budgets for the governmental funds are adopted on a basis consistent with generally accepted accounting principles (GAAP) except for certain interfund transactions that are reported as revenues and expenditures on the budgetary basis but not the GAAP basis of accounting. Budgetary comparisons presented for the Proprietary Funds are presented on a non-GAAP budgetary basis. Debt principal is recognized as an expenditure for budgetary purposes. Capital outlay is budgeted as an expenditure, and depreciation and amortization are not budgeted.
- All budget appropriations lapse at fiscal year-end.

**COMBINING AND INDIVIDUAL FUND STATEMENTS AND
BUDGET COMPARISON SCHEDULES**

LAS ANIMAS COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2023

	JAIL FACILITY	CONSERVATION TRUST	LEAF AND DUI
ASSETS			
Cash and Cash Equivalents	\$ 167,327	\$ 546,142	\$ 6,478
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	-	54,261	-
FUND BALANCES			
Restricted for:			
Public Safety	167,327	-	6,478
Parks and Recreation	-	491,881	-
TOTAL FUND BALANCES	167,327	491,881	6,478
TOTAL LIABILITIES AND FUND BALANCES	\$ 167,327	546,142	6,478

<u>JAIL</u> <u>IMPROVEMENT</u>	<u>TOTAL</u>
\$ <u>347,140</u>	\$ <u>1,067,087</u>
<u>2,834</u>	<u>57,095</u>
344,306	518,111
<u>-</u>	<u>491,881</u>
<u>344,306</u>	<u>1,009,992</u>
<u>347,140</u>	<u>1,067,087</u>

LAS ANIMAS COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

NONMAJOR GOVERNMENTAL FUNDS

Year Ended December 31, 2023

	JAIL FACILITY	CONSERVATION TRUST	LEAF AND DUI
REVENUES			
Intergovernmental	\$ -	\$ 81,656	\$ -
Miscellaneous	-	15,000	1,257
	-	96,656	1,257
TOTAL REVENUES	-	96,656	1,257
EXPENDITURES			
Public Safety	-	-	-
Parks and Recreation	-	47,371	-
Capital Outlay	-	17,698	-
	-	65,069	-
TOTAL EXPENDITURES	-	65,069	-
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	-	31,587	1,257
OTHER FINANCING SOURCES (USES)			
Transfers In	-	-	-
Transfers Out	(100,000)	-	-
	(100,000)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(100,000)	-	-
CHANGES IN FUND BALANCES	(100,000)	31,587	1,257
FUND BALANCES, Beginning	267,327	460,294	5,221
FUND BALANCES, Ending	\$ 167,327	\$ 491,881	\$ 6,478

<u>JAIL</u> <u>IMPROVEMENT</u>	<u>TOTAL</u>
\$ 24,640	\$ 106,296
<u>1,125</u>	<u>17,382</u>
<u>25,765</u>	<u>123,678</u>
78,387	78,387
-	47,371
<u>9,578</u>	<u>27,276</u>
<u>87,965</u>	<u>153,034</u>
<u>(62,200)</u>	<u>(29,356)</u>
100,000	100,000
<u>-</u>	<u>(100,000)</u>
<u>100,000</u>	<u>-</u>
37,800	(29,356)
<u>306,506</u>	<u>1,039,348</u>
<u>\$ 344,306</u>	<u>\$ 1,009,992</u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CAPITAL EXPENDITURES FUND
Year Ended December 31, 2023

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Taxes	\$ 1,057,060	\$ 1,061,164	\$ 4,104
Intergovernmental	214,000	192,429	(21,571)
Miscellaneous	728	-	(728)
	<u>1,271,788</u>	<u>1,253,593</u>	<u>(18,195)</u>
TOTAL REVENUES			
EXPENDITURES			
General Government	31,500	20,718	10,782
Capital Outlay	2,056,954	449,356	1,607,598
	<u>2,088,454</u>	<u>470,074</u>	<u>1,618,380</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(816,666)</u>	<u>783,519</u>	<u>1,600,185</u>
OTHER FINANCING SOURCES (USES)			
Transfers In	900,000	-	(900,000)
Transfers Out	(83,334)	-	83,334
	<u>816,666</u>	<u>-</u>	<u>(816,666)</u>
TOTAL OTHER FINANCING SOURCES (USES)			
CHANGE IN FUND BALANCE	-	783,519	1,683,519
FUND BALANCE, Beginning	<u>869,950</u>	<u>1,210,633</u>	<u>340,683</u>
FUND BALANCE, Ending	<u>\$ 869,950</u>	<u>\$ 1,994,152</u>	<u>\$ 1,124,202</u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
JAIL FACILITY
Year Ended December 31, 2023

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
OTHER FINANCING SOURCES (USES)			
Transfers Out	\$ (100,000)	\$ (100,000)	\$ -
CHANGE IN FUND BALANCE	(100,000)	(100,000)	-
FUND BALANCE, Beginning	<u>247,327</u>	<u>267,327</u>	<u>20,000</u>
FUND BALANCE, Ending	<u><u>\$ 147,327</u></u>	<u><u>\$ 167,327</u></u>	<u><u>\$ 20,000</u></u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
CONSERVATION TRUST FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 60,000	\$ 81,656	\$ 21,656
Miscellaneous	1,300	15,000	13,700
TOTAL REVENUES	61,300	96,656	35,356
EXPENDITURES			
Parks and Recreation			
Other	268,800	47,371	221,429
Capital Outlay	7,500	17,698	(10,198)
TOTAL EXPENDITURES	276,300	65,069	211,231
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(215,000)	31,587	246,587
OTHER FINANCING SOURCES (USES)			
Transfers In	15,000	-	(15,000)
CHANGE IN FUND BALANCE	(200,000)	31,587	231,587
FUND BALANCE, Beginning	411,913	460,294	48,381
FUND BALANCE, Ending	<u>\$ 211,913</u>	<u>\$ 491,881</u>	<u>\$ 279,968</u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
LEAF AND DUI FUND
Year Ended December 31, 2023

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
DUI Fees	\$ 1,200	\$ 1,257	\$ 57
EXPENDITURES			
Public Safety	4,200	-	4,200
CHANGE IN FUND BALANCE	<u>(3,000)</u>	<u>1,257</u>	<u>4,257</u>
FUND BALANCE, Beginning	<u>4,940</u>	<u>5,221</u>	<u>281</u>
FUND BALANCE, Ending	<u>\$ 1,940</u>	<u>\$ 6,478</u>	<u>\$ 4,538</u>

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
JAIL IMPROVEMENT FUND
Year Ended December 31, 2023

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ -	\$ 24,640	\$ 24,640
Miscellaneous	-	1,125	1,125
TOTAL REVENUES	-	25,765	25,765
EXPENDITURES			
Public Safety			
Maintenance and Repairs	25,000	78,387	(53,387)
Capital Outlay	75,000	9,578	65,422
TOTAL EXPENDITURES	100,000	87,965	12,035
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(100,000)	(62,200)	37,800
OTHER FINANCING SOURCES (USES)			
Transfers In	100,000	100,000	-
CHANGE IN FUND BALANCE	-	37,800	37,800
FUND BALANCE, Beginning	324,987	306,506	(18,481)
FUND BALANCE, Ending	\$ 324,987	\$ 344,306	\$ 19,319

LAS ANIMAS COUNTY, COLORADO
BUDGETARY COMPARISON SCHEDULE
AIRPORT FUND
Year Ended December 31, 2023

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
OPERATING REVENUES			
Sales Tax	\$ 1,100	\$ 692	\$ (408)
Miscellaneous	70,000	19,531	(50,469)
Charges for Services	<u>339,000</u>	<u>254,894</u>	<u>(84,106)</u>
 TOTAL OPERATING REVENUES	 <u>410,100</u>	 <u>275,117</u>	 <u>(134,983)</u>
 OPERATING EXPENSES			
Personnel Services	62,379	63,162	(783)
Operating Supplies	1,491,289	260,930	1,230,359
Capital Outlay	<u>-</u>	<u>41,022</u>	<u>(41,022)</u>
 TOTAL OPERATING EXPENSES	 <u>1,553,668</u>	 <u>365,114</u>	 <u>1,188,554</u>
 NET OPERATING INCOME (LOSS)	 <u>(1,143,568)</u>	 <u>(89,997)</u>	 <u>1,053,571</u>
 NONOPERATING REVENUES (EXPENSES)			
Grants	<u>633,333</u>	<u>41,026</u>	<u>(592,307)</u>
 NET INCOME (LOSS) BEFORE TRANSFERS	 (510,235)	 (48,971)	 461,264
 TRANSFERS			
Transfers In	<u>309,334</u>	<u>226,000</u>	<u>(83,334)</u>
 CHANGE IN NET POSITION - BUDGETARY BASIS	 <u><u>\$ (200,901)</u></u>	 <u>\$ 177,029</u>	 <u>\$ 377,930</u>
 RECONCILIATION TO GAAP BASIS:			
Capital Outlay		41,022	
Depreciation		<u>(329,274)</u>	
 CHANGE IN NET POSITION, GAAP Basis		 <u><u>(111,223)</u></u>	

COMPLIANCE SECTION

SINGLE AUDIT

**Independent Auditor’s 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***

Board of County Commissioners
Las Animas County, Colorado
Trinidad, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Las Animas County, Colorado (the County) as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County and have issued our report thereon dated August 30, 2024.

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 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County’s financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or 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 the County’s internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Board of County Commissioners
Las Animas County, Colorado

County's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response was not subject 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 County'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 County's internal control and compliance. Accordingly, this report is not suitable for any other purpose.

DMC Auditing and Consulting, LLC

August 30, 2024
Bailey, Colorado

**Independent Auditor’s Report on Compliance for Each
Major Federal Program, Internal Control over Compliance,
and the Schedule of Expenditures of Federal Awards
Required by the Uniform Guidance**

Board of County Commissioners
Las Animas County, Colorado
Trinidad, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Las Animas County, Colorado’s (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (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, 2023. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 the County's internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance.

Board of County Commissioners
Las Animas County, Colorado

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County. We issued our report thereon dated August 30, 2024, which contained unmodified opinions on those financial statements. Our audit was performed for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

DMC Auditing and Consulting, LLC

August 30, 2024
Bailey, Colorado

LAS ANIMAS COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Colorado Department of Human Services				
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program	10.551	N/A	\$ -	\$ 920
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	-	271,152
				<u>272,072</u>
<u>Total SNAP Cluster</u>				<u>272,072</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE				272,072
U.S. DEPARTMENT OF JUSTICE				
Direct				
Public Safety Partnership and Community Policing Grants	16.710	N/A	-	1,334
Edward Byrne Memorial Justice Assistance Grant (JAG)	16.738	N/A	-	28,716
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>30,050</u>
U.S. DEPARTMENT OF TRANSPORTATION				
Direct				
Airport Improvement Program	20.106	N/A	-	25,678
Passed Through Colorado Department of Transportation				
National Priority Safety Programs	20.616	N/A	-	8,829
TOTAL U.S. DEPARTMENT OF JUSTICE				<u>34,507</u>
U.S. DEPARTMENT OF TREASURY				
Direct				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	320,259
Local Assistance and Tribal Consistency Fund	21.032	N/A	-	1,716,118
Passed Through Colorado Department of Human Services				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	31,304
TOTAL U.S. DEPARTMENT OF TREASURY				<u>2,067,681</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed Through State Department of Education				
Guardianship Assistance	93.090	N/A	-	13,268
Injury Prevention and Control Research and State and Community Based Programs	93.136	N/A	-	1,220
<u>Child Care Disaster Relief Cluster</u>				
Child Care and Development Block Grant	93.575	N/A	-	136,601
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	-	48,384
<u>Subtotal Child Care Disaster Relief Cluster</u>				<u>184,985</u>
Temporary Assistance for Needy Families (TANF)	93.558	N/A	-	536,282
Child Support Enforcement	93.563	N/A	-	339,480
Low-Income Energy Assistance	93.568	N/A	-	7,820
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	-	22,450
Foster Care Title IV-E	93.658	N/A	-	349,259
Adoption Assistance	93.659	N/A	-	255,736
Social Services Block Grant	93.667	N/A	-	72,941
Elder Abuse Prevention Interventions Program	93.747	N/A	-	1,438
<u>Medicaid Cluster</u>				
Medical Assistance Program	93.778	N/A	-	327,574
Passed Through Colorado Department of Healthcare Policy and Finance				
Medical Assistance Program	93.778	N/A	16,137	300,037
<u>Subtotal Medical Assistance Program</u>				<u>627,611</u>
Passed Through Colorado Department of Public Health and Environment				
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	-	24,640
TOTAL U.S. DEPARTMENT OF HUMAN SERVICES				<u>2,437,130</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through the Colorado Division of Homeland and Emergency Management				
Emergency Management Performance Grants	97.042	N/A	-	21,994
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 16,137</u>	<u>\$ 4,863,434</u>

LAS ANIMAS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

NOTE 1: Basis of Presentation

The accompanying schedule of expenditures of federal awards 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*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The County does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the County.

The accompanying schedule of expenditures of federal awards is presented using the modified accrual basis of accounting. Non-cash expenditures are included in the schedule.

NOTE 2: Summary of Significant Accounting Policies

Governmental fund types account for the majority of the County's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded 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 limited as to reimbursement. Non-cash expenditures are included in the footnotes to this schedule.

NOTE 3: Indirect Cost Rate

The County has not elected to use the 10% de minimis cost rate.

NOTE 4: Value of Non-Cash Awards

Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfers of \$7,026,142 are reported in the Social Services Fund and not reported in the Schedule of Expenditures of Federal Awards. SNAP benefits are provided exclusively by the electronic benefits method (EBT) and processed and determined by the State of Colorado. Therefore, SNAP benefits are not considered the County's federal award and not reported on the County's Schedule of Expenditures of Federal Awards.

NOTE 5: Single Entry Point Program

The County passed-through the Single Entry Point federal awards to Huerfano County, Colorado in the amount of \$204,317. The County used the accrual basis of accounting to recognize the pass-through.

LAS ANIMAS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION I: SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP): Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to the financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

Yes No

Identification of major federal programs:

<u>CFDA Number</u>	<u>Name of Federal Cluster/Program</u>
21.032	Local Assistance and Tribal Consistency Fund

Dollar threshold used to distinguish Between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?

Yes No

LAS ANIMAS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

SECTION II: FINANCIAL STATEMENT FINDINGS

2023-001: Material Weakness in Internal Controls Related to Financial Reporting

Criteria: AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include an identification by the auditor of a material misstatement of the financial statements under the audit in circumstances that indicate that the misstatements would not have been detected and corrected by the entity's internal controls.

Condition: We have identified several material errors in the financial statements. This includes multiple material audit adjustments in various County funds to correct the County's accounting records.

Cause: The County's internal controls over financial reporting are not operating effectively mainly due to turnover of accounting staff in the Department of Human Services (DHS). This included unreconciled accounts and stale balances in the DHS accounting records.

Effect: Lack of internal controls over financial reporting has caused significant audit adjustments and could cause material errors and/or potential fraud.

Repeat Finding: No.

Recommendation: We recommend that the new accounting staff in the Department of Human Services reconcile all of the balance sheet accounts on a monthly basis and implement internal controls over those reconciliations in order to prevent future misstatements.

Corrective Action Plan: Reported on page 50.



August 8, 2024

TO: DMC Auditing and Consulting, LLC
c/o Dmitriy Chernyak, CPA
P.O. Box 200006
Denver, Colorado 80220

FROM: Las Animas County Dept. of Human Services
c/o Michael Aragon, ABD, MS
219 S. Chestnut Street
Trinidad, Colorado 81082

RE: *Financial Statement Audit Findings: Material Weakness in Internal Controls Related to Financial Reporting*

Dear Mr. Chernyak:

In response to the Las Animas County Single Audit findings (*SECTION II: FINANCIAL STATEMENT FINDINGS 2023-001: Material Weakness in Internal Controls Related to Financial Reporting*), the requested response for Las Animas County Dept. of Human Services is below. It details how we as an agency will modify our internal controls to meet the recommendations of the audit findings.

Cause: The County's internal controls process over financial reporting is not operating effectively mainly due to turnover of accounting staff in the Department of Human Services (DHS). This included unreconciled accounts and stale balances in the DHS accounting records.

The department agrees that due to turnover in the accounting staff at DHS, we also identified the material adjustments made in the DHS accounting records, and in working with the auditor, did disclose these adjustments prior to the audit close out. It is our belief that having had a contracted accountant is no longer in the best interest of the department, hence a full time, degreed accountant was onboarded in March of 2024 and has assumed all financial responsibilities for the department. Additionally, the prior full time Account Clerk/Business Office Manager, who assisted the contracted accountant in prior years, has been reassigned to Accounts Payable and Billing only.

Effect: Lack of internal controls over financial reporting will cause significant audit adjustments and could cause material errors and/or potential fraud.

The department acknowledges the potential threat that a lack of internal controls may have upon the county as a whole. We also recognize that said impact could cause potential errors and/or fraud.

(Continued)

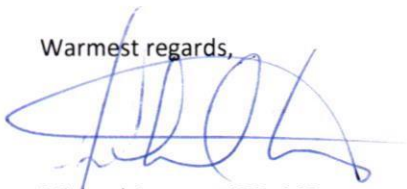
Recommendation: We recommend that the new accounting staff in the Department of Human Services reconcile all of the balance sheet accounts on a monthly basis and implement internal controls over those reconciliations in order to prevent future misstatements.

The department acknowledges the recommendations of the auditor, and has outlined the following protocols:

1. The DHS Accountant will all account balance sheets monthly, which include: Treasurer's Fund Balance Reports, State CFMS Reports, and Bank Statements as compared to those transactions found in the Tyler Accounting System. This process has started as of June 1, 2024.
2. The Director will continue to be briefed on the reconciled accounts and financial standings for the department. The Director will also reconcile these statements to ensure that the accounted balance sheets are correct. This process has started as of June 1, 2024.
3. In addition to financial reporting to the Board of County Commissioners (BoCC), the DHS Accountant will provide a reconciliation report along with an overall financial summation report at each monthly DHS board meeting. This process will begin September 2024.
4. The DHS Accountant will continue his training, as provided by the State of Colorado and in conjunction with the Rio Grande and Adams County Supports, to ensure a comprehensive understanding of all financial and accounting practices as they relate to Human Services. This process has started as of July 1, 2024.
5. The Director will continue to attend State of Colorado and County Support trainings to ensure continued assistance in guiding the DHS accountant in their daily duties. This process has been in place since February of 2020.
6. The Director and DHS Accountant will meet all monthly timelines for reconciliations with a standing monthly check-in to ensure completion of all processes prior to reporting to the BoCC. This process has started as of June 1, 2024.

I thank you for your recommendations and continued guidance in these matters, and please do not hesitate to reach out to either myself or Deputy Director Fiorenzi if you should have further questions or recommendations.

Warmest regards,



Michael Aragon, ABD, MS
Executive Director (LACDHS)



Steven Fiorenzi
Deputy Director of Operations/Finance (LACDHS)

CC: Felix Lopez, Chair – LAC Board of County Commissioners

LAS ANIMAS COUNTY, COLORADO
SCHEDULE FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023

2023-002: Material Weakness in Internal Controls at the Treasurer's Office

Criteria: AU-C Section 265, A.11 in part states that ineffective oversight of the entity's financial reporting and internal control by those charged with governance.

Condition: Based on our walkthrough of the Treasurer's collections and disbursement processes, the Treasurer's Office does not currently have adequate segregation of duties over the collection of receipts from customers. In addition, the Treasurer's Office performed bank reconciliations without a secondary review.

Cause: County Treasurer's Office has operated the same way for many years and had no reason to change their processes.

Effect: Lack of internal controls over receipts and bank reconciliations could cause material errors and/or potential fraud for the County.

Repeat Finding: No.

Recommendation: We recommend that the County Treasurer's Office re-evaluate, design, and implement internal controls over collection of receipts that would require segregation of duties or proper reviews and approvals. In addition, we recommend that the County Treasurer's Office establish a process to review and approve monthly bank reconciliations by a person that did not perform the reconciliation.

Corrective Action Plan: Reported on page 53.

SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

No current year findings or questioned costs were reported.

DONNA J. LEONETTI
TREASURER/PUBLIC TRUSTEE



COUNTY TREASURER/PUBLIC TRUSTEE
LAS ANIMAS COUNTY
P.O. BOX 13
TRINIDAD, COLORADO 81082
(719) 846-2981 • FAX (719) 845-2591

DMC Auditing and Consulting, LLC
P.O. Box 791
Bailey, CO 80421

August 8, 2024

Our office took immediate action after we visited with the auditors Dmitriy and David from DMC Auditing and Consulting, back in May when they were here on site. We started May 10th with the Chief Deputy Treasurer Sarah Martinez, making and processing the check requests from the various departments and warrants, with the Elected Official Donna Leonetti as the first signer and Deputy Public Trustee Juanita Peters and Deputy Clerk Jessica Curro as the secondary signers. If someone is not available to sign or approve, we have the finance director as an alternate to be the other signer and approver; along with how voiding receipts are processed, which is very rarely done but we have the person that is voiding the receipt type the reason for the void and another person to approve and it is initialed then voided. That reason appears on the voided receipt for that given day.

As for the collection of tax payments we all wait on customers when they come to pay their taxes. We each have our individual cash boxes and individual tills that we balance to at the end of the business day, then each individual balance sheet is given to Deputy Clerk Jessica or Deputy Public Trustee Juanita along with the checks, cash or money orders to make the bank deposit and one of us verifies the deposit and signs off in the deposit book, the deposit is then taken to the bank by Donna or Juanita the next morning.

Our reconciliation that is done at the end of each month has also been revised. Deputy Treasurer Sarah will do the reconciliation and then Deputy Public Trustee Juanita or Deputy Clerk Jessica will review the reconciliation and approve and sign that it is correct and any non-posting adjustment made in the system are also written on the bank statement with a brief explanation to verify what was done. We will be purchasing new cash boxes with combination locks for each clerk, to have their own combination that only they have access to.

I hope these revisions meet your expectations.

Thanks,


Donna J. Leonetti, Treasurer/Public Trustee


Sarah A. Martinez, Chief Deputy Treasurer

STATE COMPLIANCE

LOCAL HIGHWAY FINANCE REPORT	STATE: COLORADO
	YEAR ENDING (mm/yy): 2023

This Information From The Records Of: LAS ANIMAS COUNTY	Prepared By: Kristee Coberly - 719-845-2564
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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. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway expenditures:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 3,376,960.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 2,253,949.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ -
2. General fund appropriations		b. Snow and ice removal	\$ 563,487.00
3. Other local imposts (from page 2)	\$ -	c. Other	
4. Miscellaneous local receipts (from page 2)	\$ 1,267,436.00	d. Total (a. through c.)	\$ 563,487.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 736,912.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 6,931,308.00
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	
7. Total (1 through 6)	\$ 1,267,436.00	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	\$ -
C. Receipts from State government (from page 2)	\$ 5,463,816.00	2. Notes:	
D. Receipts from Federal Government (from page 2)	\$ 650.00	a. Interest	
E. Total receipts (A.7 + B + C + D)	\$ 6,731,902.00	b. Redemption	
		c. Total (a. + b.)	\$ -
		3. Total (1.c + 2.c)	\$ -
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total expenditures (A.6 + B.3 + C + D)	\$ 6,931,308.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 3,928,782.00	\$ 6,731,902.00	\$ 6,931,308.00	\$ 3,729,376.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
 YEAR ENDING (mm/yy):
2023

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assesments		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	
5. Specific Ownership &/or Other		g. Other Misc. Receipts	\$ 67,436.00
6. Total (1. through 5.)	\$ -	h. Other - Transfer from PILT & Sales Tax	\$ 1,200,000.00
c. Total (a. + b.)	\$ -	i. Total (a. through h.)	\$ 1,267,436.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes (from Item I.C.5.)	\$ 3,386,988.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 22,897.00	d. Federal Transit Administration	
d. DOLA Grant	\$ 908,376.00	e. U.S. Corps of Engineers	
e. Other-CDOT St Mineral & Severan	\$ 1,145,555.00	f. Other Federal Taylor Gra & Brake	\$ 650.00
f. Total (a. through e.)	\$ 2,076,828.00	g. Total (a. through f.)	\$ 650.00
4. Total (1. + 2. + 3.f)	\$ 5,463,816.00	3. Total (1. + 2.g)	\$ 650.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation			\$ -
(4). System Enhancement And Operation		\$ 3,376,960.00	\$ 3,376,960.00
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 3,376,960.00	\$ 3,376,960.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 3,376,960.00	\$ 3,376,960.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: