



**Las Animas | Huerfano Counties**  
DISTRICT HEALTH DEPARTMENT

***LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH  
DEPARTMENT***

***FINANCIAL STATEMENTS***

***AND***

***REQUIRED SUPPLEMENTAL INFORMATION***

***AND***

***SUPPLEMENTARY INFORMATION***

***WITH***

***INDEPENDENT AUDITORS' REPORTS***

***DECEMBER 31, 2023***

## TABLE OF CONTENTS

	<b>Page</b>
<b>Independent Auditors' Report</b>	1 - 3
<b>Management's Discussion and Analysis (Unaudited)</b>	i - vi
<b>Financial Statements</b>	
<b>Government-wide Financial Statements</b>	
Statement of Net Position	4
Statement of Activities	5
<b>Fund Financial Statements</b>	
Governmental Fund	
Balance Sheet	6
Reconciliation of the Balance Sheet Governmental Fund - General Fund to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balance - General Fund	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance General Fund to the Statement of Activities	9
<b>Notes to Financial Statements</b>	10 - 19
<b>Required Supplementary Information (Unaudited)</b>	
Schedule of Revenues, Expenditures, and Change in Fund Balance, Budget (Non-GAAP Basis) and Actual - General Fund (Unaudited)	20
Notes to Budgetary Comparison Schedule - General Fund (Unaudited)	21
<b>Supplementary Information</b>	
Schedule of Expenditures of Federal Awards	22
Notes to Schedule of Expenditures of Federal Awards	23
<b>Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i></b>	24 - 25
<b>Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance</b>	26 - 28
<b>Schedule of Findings and Questioned Costs</b>	29 - 31
<b>Summary Schedule of Prior Audit Findings</b>	32
<b>Corrective Action Plan</b>	33 - 35



CBIZ CPAs P.C.

90 South Cascade Avenue  
Suite 200  
Colorado Springs, CO 80903

P: 719.531.0445 | F: 719.531.0448

## INDEPENDENT AUDITORS' REPORT

The Board of Health and Management  
Las Animas - Huerfano Counties District Health Department  
412 Benedicta Ave  
Trinidad, Colorado 81082

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the accompanying financial statements of the governmental activities and general fund of the Las Animas - Huerfano Counties District Health Department (the "Health Department"), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Health Department's basic financial statements as listed in the table of contents.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Health Department 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.

#### *Correction of Error*

As discussed in Note 11 to the financial statements, the beginning balances of net position and fund balance have been restated for matters relating to understatement of assets on the statement of financial position and the governmental fund balance sheet. Our opinion is not modified with respect to this matter.

#### *Emphasis of Matter*

As discussed in the notes to financial statements, the financial statements of the Health Department are intended to present the financial position, and the changes in financial position of only that portion of the governmental activities, and General Fund of the Health Department that is attributable to the transactions of the Health Department. They do not purport to, and do not, present fairly the financial positions of the Counties of Las Animas or Huerfano, Colorado, as of December 31, 2023, the changes in their financial positions, or, where applicable, their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements***

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

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

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

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

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



### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 Health Department's basic financial statements. The accompanying 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*, is presented for purposes of additional analysis 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 the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2025, on our consideration of the Health Department'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 Health Department'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 Health Department's internal control over financial reporting and compliance.

***CBIZ CPAs P.C.***

Colorado Springs, Colorado  
September 25, 2025

**MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)**

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

As management of Las Animas-Huerfano Counties District Health Department (the Health Department), we offer readers of the Health Department's financial statements this narrative overview and analysis of the financial activities of the Health Department for the fiscal year ended December 31, 2023.

***Financial Highlights***

The assets of Las Animas-Huerfano Counties District Health Department exceeded its liabilities at the close of the most recent fiscal year by \$3,223,570 (net position). Of this amount, \$2,527,863 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.

As of the close of the current fiscal year, the Health Department's governmental fund reported an ending balance of \$3,061,217. Of this amount, \$2,540,259 is available for spending at the government's discretion (unassigned fund balance).

*Overview of the Financial Statements*

This discussion and analysis is intended to serve as an introduction to the to the Health Department's basic financial statements, which comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements themselves. This report also contains other required supplementary information.

*Government-Wide Financial Statements*

The government-wide financial statements are designed to present the financial activities of the Health Department.

The statement of net position presents information on all of the Health Department's assets and liabilities, with the difference between the two as net position. This statement reports all of the governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations. Over time, increases in net position may serve as a useful indicator of whether the financial position of the Health Department is improving or deteriorating.

The statement of activities presents information showing how the Health Department'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 the change occurs, regardless of the timing of related cash flows. Thus revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities of the Health Department include general administration, environmental health, communicable disease, Women, Infants, and Children (WIC) services, prevention program services, vital statistics, and emergency preparedness and response. The Health Department does not engage in any business-type activities.

*Fund Financial Statements*

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Health Department, like other state and local government agencies, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The governmental fund is used to account for all of the Health department's activities.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

*Governmental Funds*

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

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

*Notes to the Basic Financial Statements*

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

*Required Supplementary Information*

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Health Department's budgetary comparison schedule for the General Fund which demonstrates compliance with the annual appropriated budget.

**Government-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Health Department, assets exceed liabilities by \$3,223,570 at the close of the most recent fiscal year. Of this amount, \$195,707 (6.1%) of the Health Department’s net position represents the investment in capital assets (e.g. building improvements and equipment), and \$500,000 (15.5%) represents the amounts received from grantors that are restricted for specific use (e.g. capital projects). The Health Department uses the capital assets to provide services to citizens, and the restricted contributions cannot be used for a purpose other than that specified by the donor; consequently, these assets are not available for future spending as unrestricted net position. The remaining balance of unrestricted net position \$2,527,863 may be used to meet the government's ongoing obligations.

The Health Department’s net position increased by \$636,751 in 2023, bringing the total to \$3,223,570. This increase was primarily driven by approximately \$615,000 in additional current and other assets, resulting from salary savings associated with COVID-related grants and the COAC Infrastructure grant. A reduction in current liabilities also contributed to the overall increase. Additionally, the restricted net position rose by \$500,000 due to the receipt of a restricted COAC Infrastructure grant designated for the Huerfano Campus project.

The Health Department’s change in net position during 2023 was \$636,751, an increase of approximately \$279,000 over 2022. The increase was primarily driven by approximately \$324,000 in additional grants and contributions resulting from salary savings tied to COVID-related grant funds, along with a reduction of about \$102,000 in public health expenditures due to unfilled positions in Environmental Health and Administration.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

At the end of the current fiscal year, the Health Department is able to report positive balances in all categories of net position.

**Las Animas-Huerfano Counties District Health Department's Net Position**

	<u>2023</u>	<u>2022 (Restated)</u>
Current and Other Assets	\$ 3,109,324	\$ 2,494,142
Capital Assets	195,707	240,929
Total Assets	<u>\$ 3,305,031</u>	<u>\$ 2,735,071</u>
Current Liabilities	\$ 48,107	\$ 119,806
Current Portion of Compensated Absences	-	28,446
Long-Term Portion of Compensated Absences	33,354	-
Total Liabilities	<u>\$ 81,461</u>	<u>\$ 148,252</u>
Net Position:		
Invested in Capital Assets	\$ 195,707	\$ 240,929
Restricted	500,000	-
Unrestricted	2,527,863	2,345,890
Total Net Position	<u>\$ 3,223,570</u>	<u>\$ 2,586,819</u>

**Las Animas-Huerfano Counties District Health Department's Change in Net Position**

	<u>2023</u>	<u>2022 (Restated)</u>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 213,587	\$ 246,757
Operating Grants and Contributions	2,051,225	1,773,510
General Revenues		
County Allocations	531,959	485,847
Investment Earnings	4,681	2,549
Other Revenues	2,656	118,757
Total Revenues	<u>2,804,108</u>	<u>2,627,420</u>
<b>Expenditures</b>		
Public Health	<u>2,167,357</u>	<u>2,269,790</u>
Total Expenditures	<u>2,167,357</u>	<u>2,269,790</u>
<b>Change in Net Position</b>	<u>\$ 636,751</u>	<u>\$ 357,630</u>

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

**Las Animas-Huerfano Counties District Health Department's Activities by Major Function**

	<u>2023</u>		<u>2022</u>	
	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Public Health Services	\$ 2,167,357	\$ 97,455	\$ 2,269,790	\$ (249,523)

**Financial Analysis of the Health Department's Fund**

As noted earlier, the Health Department uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Health Department's governmental fund is to provide information on current year revenue, expenditures and balances of spendable resources. Such information is useful in assessing the Health Department's financing resources available for spending at the end of the fiscal year.

The general fund is the only governmental fund of the Health Department. As of December 31, 2023, the Health Department’s General Fund reported an ending balance of \$3,061,217, of which \$2,540,259 constitutes unassigned fund balance, all of which is available for spending at the Health Department’s discretion.

**General Fund Budgetary Highlights**

**Las Animas-Huerfano Counties District Health Department's Budgetary Comparison**

	<u>Final Budget</u>	<u>Actual</u>
<b>Revenues</b>		
State Contracts	\$ 1,749,795	\$ 1,527,500
County Contributions	530,472	531,959
Foundations and Local Grants, Contributions	58,000	523,725
Charges for Services	254,000	213,587
Other Revenue	33,915	8,329
<b>Total Revenues</b>	<u>2,626,182</u>	<u>2,805,100</u>
<b>Expenditures</b>		
Public Safety	<u>2,626,182</u>	<u>2,118,219</u>
<b>Total Expenditures</b>	<u>2,626,182</u>	<u>2,118,219</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ 686,881</u>

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

Differences between final amended budget and expenditures totaled \$507,963 (actual expenditures less than budgeted amounts) and can be briefly summarized as follows:

- In 2023, the Las Animas-Huerfano Counties Health Department continued to respond to the COVID-19 pandemic. Even after three years, the department remained eligible for and received additional State and Federal grants specifically designated for COVID-19-related activities.
- Salary savings were due to unfilled positions within the Environmental Health and Administration divisions. Additionally, ongoing COVID-19 grant funding was used to supplement staff salaries.
- Some vaccine-related billing was delayed, resulting in a temporary overstatement of revenue. These funds will be appropriately expended in the following fiscal year.
- Expenditures on clinic supplies declined as the demand for COVID-19 response activities began to taper off.
- A shift toward outsourcing more print jobs led to reduced duplication costs. However, this was offset by a corresponding increase in spending on office supplies.
- The Family Engagement expenditure line item reflects activity within the HULA Early Childhood department, for which the Health Department serves as the fiscal agent. Spending in both family engagement and educational supplies categories increased, largely driven by HULA grants, particularly the Universal Pre-Kindergarten (UPK) grant.
- Advertising expenditures saw a significant increase, funded primarily through COVID-19 grant dollars. Additionally, HULA programs conducted extensive outreach efforts related to Universal Pre-K, contributing to the rise.
- The insurance category includes CTSI Volunteer Insurance, COPIC, and Property and Casualty coverage. Notably, payments for both the 2022 and 2023 insurance premiums were posted in the same fiscal year due to a mailing issue that resulted in a lost check.
- Capital outlay funds were budgeted for the replacement of aging vehicles in the agency’s fleet, as well as for potential grant match requirements related to the Huerfano Campus project. However, due to a rigorous maintenance program, vehicle replacements were deferred, effectively extending the service life of existing assets.
- Progress on the new public health building in Huerfano County was delayed due to a change in architectural firms, resulting in reduced expenditures under the contract services category for the current fiscal year. Related expenses are expected to occur in FY 2024 and FY 2025 and will be funded in part through the COAC Infrastructure Grant.

**Capital Assets**

The Health Department's investment in capital assets for its governmental activities as of December 31, 2023 amounted to \$195,707, net of accumulated depreciation. This investment in capital assets includes buildings and equipment.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2023  
(UNAUDITED)**

**Las Animas-Huerfano Counties District Health Department's Capital Assets  
(Net of Depreciation)**

	<b>2023</b>	<b>2022</b>
Building	\$ 69,065	\$ 75,218
Equipment	64,122	79,604
Vehicles	62,520	86,107
Total	\$ 195,707	\$ 240,929

**Requests for Information**

The financial report is designed to provide a general overview of the Las Animas-Huerfano Counties District Health Department's finances for all interested. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Las Animas-Huerfano Counties District Health Department  
Business Manager  
412 Benedicta Avenue  
Trinidad, CO 81082-2005

## **FINANCIAL STATEMENTS**

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
GOVERNMENT-WIDE FINANCIAL STATEMENT  
STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

	<b>Governmental Activities</b>
<b>Assets</b>	
Cash	\$ 2,797,315
Accounts and Grants Receivable	291,051
Inventories	20,958
Fixed Assets, Net of Depreciation	195,707
<b>Total Assets</b>	<b>\$ 3,305,031</b>
 <b>Liabilities</b>	
Accounts Payable	\$ 48,107
Long-term Liabilities	
Compensated Absences	33,354
<b>Total Liabilities</b>	<b>\$ 81,461</b>
 <b>Net Position</b>	
Net Investment in Capital Assets	\$ 195,707
Restricted	
Capital Project Contributions	500,000
Unrestricted	2,527,863
<b>Total Net Position</b>	<b>\$ 3,223,570</b>

See Notes to Financial Statements

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
GOVERNMENT-WIDE FINANCIAL STATEMENT  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

<b>Functions/Programs</b>	<b>Program Revenues</b>			<b>Net Revenue (Expense)</b>	
	<b>Expenses</b>	<b>Charges for Services</b>	<b>Operating Grants and</b>		<b>Capital Grants and</b>
<b>Governmental Activities</b>					
Public Health	\$ 2,167,357	\$ 213,587	\$ 2,051,225	\$ -	\$ 97,455
<b>Total Governmental Activities</b>	<b>\$ 2,167,357</b>	<b>\$ 213,587</b>	<b>\$ 2,051,225</b>	<b>\$ -</b>	<b>\$ 97,455</b>
			<b>General Revenues</b>		
			County Allocations		531,959
			Investment Earnings		4,681
			Other Revenues		3,647
			Loss on Disposal of Fixed Assets		(991)
			<b>Total General Revenues</b>		<b>539,296</b>
			<b>Change in Net Position</b>		636,751
			<b>Net Position - Beginning (Restated)</b>		<b>2,586,819</b>
			<b>Net Position - Ending</b>		<b>\$ 3,223,570</b>

See Notes to Financial Statements

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
BALANCE SHEET  
GOVERNMENTAL FUND - GENERAL FUND  
DECEMBER 31, 2023**

**ASSETS**

Cash and Cash Equivalents	\$ 2,797,315
Accounts and Grants Receivable	291,051
Inventories	20,958
	20,958
<b>Total Assets</b>	<b>\$ 3,109,324</b>
	3,109,324

**LIABILITIES AND FUND BALANCE**

**Liabilities**

Accounts Payable	\$ 48,107
<b>Total Liabilities</b>	<b>48,107</b>
	48,107

**Fund Balance**

Nonspendable	20,958
Restricted	
Capital Project Contributions	500,000
Unassigned	2,540,259
<b>Total Fund Balance</b>	<b>3,061,217</b>
	3,061,217

<b>Total Liabilities and Fund Balance</b>	<b>\$ 3,109,324</b>
	3,109,324

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
RECONCILIATION OF THE BALANCE SHEET GOVERNMENTAL FUND - GENERAL FUND  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2023**

<b>Total Fund Balance - Governmental Fund</b>	\$	3,061,217
---	----	-----------

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

Capital assets used in governmental activities are not financial resources, and therefore are not reported as assets in governmental funds.

Capital Assets		561,770
Accumulated Depreciation		(366,063)

Liabilities regarding compensated absences are not due and payable in the current period, and therefore are not reported as liabilities in the governmental funds.

		(33,354)
--	--	----------

<b>Total Net Position - Governmental Activities</b>	\$	3,223,570
---	----	-----------

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023**

**Expenditures**

Public Health		
Administration	\$	404,704
Environmental Health		197,086
Public Health		250,096
Vital Stats		83,248
WIC		67,895
COVID/ARPA Programs		22,562
HuLA		299,482
ELC		382,376
Temple Buell		66,204
HPP		56,767
OBH		83,228
TGYS		51,469
OEPR		38,761
OPHP		66,717
All Other Programs		44,466
Capital Outlay		3,158
<b>Total Expenditures</b>		<b>2,118,219</b>

**Program Revenues**

Federal and State Grants		1,527,500
Intergovernmental Revenues - Counties		531,959
Charges for Services, Licenses, and Permits		213,587
Foundations and Local Grants and Contributions		523,725
Miscellaneous Revenues		3,648
<b>Total Program Revenues</b>		<b>2,800,419</b>

**General Revenue**

Investment Earnings		4,681
		<u>4,681</u>

<b>Net Revenues</b>		<b>2,805,100</b>
---------------------	--	------------------

<b>Net Change in Fund Balance</b>		686,881
-----------------------------------	--	---------

<b>Fund Balance - Beginning (Restated)</b>		<b>2,374,336</b>
--	--	------------------

<b>Fund Balance - Ending</b>	\$	<b>3,061,217</b>
------------------------------	----	------------------

See Notes to Financial Statements

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
RECONCILIATION OF THE STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN FUND BALANCE GENERAL FUND  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2023**

<b>Total Net Change in Fund Balance - Governmental Funds</b>	\$	686,881
--	----	---------

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.

Depreciation Expense		(44,231)
Loss on Disposal of Fixed Assets		(991)

Governmental funds report compensated absences as expenses when paid. However, in the statement of activities the expense is accrued.

Prior Year Compensated Absences Payable		28,446
Current Year Compensated Absences Payable		(33,354)
		(4,908)

<b>Change in Net Position - Governmental Activities</b>	<b>\$</b>	<b>636,751</b>
---	-----------	----------------

## **NOTES TO FINANCIAL STATEMENTS**

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Las Animas - Huerfano Counties District Health Department (Health Department) was originally established in September 1941 and was restructured under a new intergovernmental agreement in March 2009 between Las Animas and Huerfano counties. Governance is provided by a five-member board appointed by the counties. This board is responsible for appointing the public health director, approving the department's annual operating budget, and submitting it to the Boards of County Commissioners of both counties. The commissioners then review and approve the budget, determining each county's financial contribution based on its share of the total population served.

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting standards and financial reporting principles.

The more significant accounting and reporting principles and practices used by the Health Department are described below.

**Reporting Entity** - The Health Department follows generally accepted accounting principles (GAAP) that provide guidance for determining which activities, organizations and functions should be included within the financial reporting entity. GAAP establishes financial accountability as the basic criterion for including a possible component organization in a primary government's legal entity. Financial accountability includes but is not limited to; ability to appoint a majority of the organization's governing body, ability to impose its will on the organization, and potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The Health Department does not have any component units. The Health Department is not considered a component unit of the County of Las Animas or County of Huerfano for their annual financial reporting.

**Government-Wide and Fund Financial Statements**

**Government-Wide Financial Statements** - The government-wide financial statements report information on all of the nonfiduciary activities of the Health Department. The degree to which the direct expense of a given function or segment is offset by program revenues (i.e., the statement of activities).

The government-wide focus is more on the sustainability of the Health Department as an entity and the change in aggregate financial position resulting from activities of the fiscal period. The focus of the fund financial statements is on the major individual fund.

Since the Health Department does not operate any enterprise fund or internal service fund activities, no proprietary funds are included in this report. The General Fund, because it is considered a major governmental fund, is the Health Department's only fund.

**Fund Financial Statements** - The accounts of the Health Department are organized on the basis of funds. Each fund is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording cash and/or other assets together with all related liabilities, obligations, reserves and equities, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

The governmental funds balance sheet includes reconciliation between *fund balances – total governmental funds* and *net position - governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between *net change in fund balances – total government funds* and *changes in net position of governmental activities* as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

The Health Department reports the following major governmental fund:

**General Fund** – The General Fund is the primary operating fund of the Health Department. It accounts for general operating financial resources of the Health Department and all operating expenditures are recorded in this fund.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues.

**Measurement Focus, Basis of Accounting and Financial Statement Presentation** - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. 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. Under 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 period or soon enough thereafter to pay the liabilities of the current period. For this purpose, the Health Department generally considers revenue to be available if collected within 60 days of the end of the current fiscal period. In applying the measurable and available concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used as guidance. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds while proceeds of long-term debt and acquisitions under capital leases are reported as other financing sources.

Grant and entitlement revenues, interest, and charges for services are considered revenues susceptible to accrual. Other receipts are generally not susceptible to accrual because they are not generally measurable until received in cash. Entitlements and shared revenues are recorded at the time of receipt or earlier if the accrual criteria are met. Expenditure-driven grants recognize revenue when the qualifying expenditures have been incurred and other grant requirements have been met.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Cash, Cash Equivalents, and Investments** – The Health Department's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Health Department to deposit in the accounts of federally-insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, banker's acceptances, and mutual funds composed of otherwise legal investments.

**Accounts and Grants Receivable**

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2023, management did not consider an allowance for credit losses necessary accounts and grants receivable. All receivables are expected to be collected within one year.

**Prepaid Fees and Grants** - Prepaid items represent payments made for expenditures to be charged to a future accounting period. Prepaid grants represent amounts collected for specified expenditures that have not been incurred yet.

**Inventory** – Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

**Capital Assets** - Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Health Department as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during 2023.

The following is the Health Department's assets depreciated over their estimated useful lives:

<u>Asset Type</u>	<u>Years</u>
Buildings	20-27
Equipment	5-15
Vehicles	5-7

**Compensated Absences** – Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Compensated absences are expected to be liquidated with available financial resources, and are reported as an expenditure and fund liability of the General Fund when amounts are due.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Long-Term Liabilities** - In the government-wide financial statements, long-term debt and other similar long-term obligations are reported as liabilities of the General Fund in the applicable statement of net position.

**Fund Balance Classification Policies and Procedures** – The Health Department adopted the provisions of GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. The objective of the statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. As such, governmental funds report fund balances in classifications based primarily on the extent to which the Health Department is bound to honor constraints on the specific purpose for which amounts in the funds can be spent. Fund balance for the Health Department’s governmental fund consists of the following:

*Nonspendable* – Nonspendable such as fund balances associated with inventories, prepaids, long-term loans and notes receivable, and property held for resale (unless the proceeds are restricted, committed, or assigned).

*Restricted* – Includes items restricted by external sources like grantors, donors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

*Committed* – Includes amounts that can only be used for the specific purposes determined by a formal action of the Board of Health (the Health Department’s highest level of decision-making authority). The Health Department’s Committed Fund Balance is fund balance reporting required by the Board, either because of a Board Policy in the Board Policy Manual, or because of motions that passed at Board meetings. The same formal action must be taken to remove or change the limitations placed on the funds.

*Assigned* – Assigned fund balance classification is intended to be used by the government for specific purposes that do not meet the criteria to be classified as restricted or committed. The Health Department’s Assigned Fund Balance is fund balance reporting occurring by Board authority, under the direction of the Chief Business Officer.

*Unassigned* – Unassigned fund balance is the residual classification for the government’s general fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications, fund balance is reduced in the order of restricted, committed, assigned and unassigned.

In the government-wide financial statements, net position is classified in the following categories:

*Net Investment in Capital Assets* - this classification consists of capital assets net of accumulated depreciation and reduced by outstanding related debt that is attributed to the acquisition, construction, or improvement of capital assets.

*Restricted* - this classification consists of restrictions created by external creditors, grantors, contributors, laws, or regulations of other governments, enabling legislation and constitutional provisions.

*Unrestricted* - this classification represents the remainder of net assets that do not meet the definition of “net investment in capital assets”, or “restricted.”

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Use of Estimates** - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Deferred Outflows/Inflows of Resources** - This separate financial statement element, *deferred outflows of resources, and deferred inflows of resources* represents consumption or acquisition of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) or an inflow (revenue) until that time.

**Budgets and Budgetary Accounting** – The Health Department has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
3. Budgets for the General Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

**Encumbrances** – Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration in the General Fund. All encumbrances lapse at the end of the year.

**NOTE 1 – CASH, CASH EQUIVALENTS, AND DEPOSITS**

Cash, and cash equivalents are summarized as follows:

Cash on Hand	\$ 447,990
Deposit with County Treasurer	2,349,325
Total Cash and Cash Equivalents	<u><u>\$ 2,797,315</u></u>

**Deposits** – At December 31, 2023, the bank balance of the Health Department’s deposits, including deposits with County Treasurer, was \$2,621,582. Of the bank balance, \$250,000 was covered by federal depository insurance and remaining was collateralized in single financial institution collateral pools maintained by the individual financial institutions that hold these deposits but are not subject to credit risk because they are collateralized with securities held by the pledging financial institution’s agent in the Health Department’s name or County Treasurer.

Colorado law requires all public monies be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge qualifying collateral as security for all public deposits held by that institution that are not insured by depository insurance. The market value of the collateral that each institution pledges as security must equal at least 102% of the total uninsured deposits held by that institution. Generally, the eligible collateral in the collateral pools is held by the depository institution or its agent in the name of the depository institution. Custodial credit risk is the risk that, in the event of bank failure, the Health Department’s deposits may not be returned to it. The Health Department does not have a policy for custodial credit risk.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 2 – RECEIVABLES**

Receivables at December 31, 2023, consist of the following:

COVID - ELC	\$ 47,515
COVID Immunization	42,789
WIC Program	37,179
EPC Core Grant	23,619
OBH	15,684
Immunization Core Grant	11,459
HPP/HCC	4,382
Radon	4,330
Waste Tire	713
Department of Human Services	5,774
Kresge Foundation	5,466
Colorado Department of Early Childhood - HuLA	91,647
Other	494
	<u>\$ 291,051</u>

**NOTE 3 - CAPITAL ASSETS**

An analysis of changes in capital assets for the year ended December 31, 2023, follows:

<u>Description</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Depreciable Assets				
Building	\$ 155,627	\$ -	\$ (3,302)	\$ 152,325
Equipment	193,705	-	(25,275)	168,430
Vehicles	241,015	-	-	241,015
Total Depreciable Assets	<u>590,347</u>	<u>-</u>	<u>(28,577)</u>	<u>561,770</u>
Less: Accumulated Depreciation				
Building	(80,409)	(5,162)	2,311	(83,260)
Equipment	(114,101)	(15,482)	25,275	(104,308)
Vehicles	(154,908)	(23,587)	-	(178,495)
Total Accumulated Depreciation	<u>(349,418)</u>	<u>(44,231)</u>	<u>27,586</u>	<u>(366,063)</u>
Total Capital Assets, Net	<u>\$ 240,929</u>	<u>\$ (44,231)</u>	<u>\$ (991)</u>	<u>\$ 195,707</u>

Depreciation expense was charged to functions/programs as follows:

Public Health	<u>\$ 44,231</u>
---------------	------------------

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 4 - LONG-TERM LIABILITIES**

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended December 31, 2023:

<b>Description</b>	<b>Beginning Balance</b>	<b>Net Change</b>	<b>Ending Balance</b>	<b>Due Within One Year</b>
Compensated Absences	\$ 28,446	\$ 4,908	\$ 33,354	\$ -
			Obligations Due Beyond One Year	\$ 33,354

**NOTE 5 - FUND BALANCES**

In the fund financial statements, the governmental fund reports the following classification of fund balance at December 31, 2023:

	<b>Fund Financial Statements</b>
<b>Nonspendable</b>	
Inventories	\$ 20,958
<b>Restricted</b>	
Capital Project Contributions	500,000
<b>Unassigned</b>	2,540,259
Total Fund Balance	\$ 3,061,217

**NOTE 6 - RISK MANAGEMENT**

The Health Department is exposed to various risks of loss related to employee health coverage: Injuries to employees, torts, theft of, damage to, and destruction of assets, errors and omissions, and natural disasters for which the Health Department carries commercial insurance. There have been no significant reductions in coverage from the prior year and settlements have not exceeded coverage in the past three years.

**NOTE 7 – DEFINED CONTRIBUTION PENSION PLAN**

The Health Department provides pension benefits for full time employees through a defined contribution plan of the Colorado Retirement Association. Six months of service is required prior to participation in the plan. Employees contribute 3% of their salary to the plan with an equal amount contributed by the Health Department. Vesting occurs at the rate of 20% per year. Past service credit, for vesting purposes, was allowed to all employees of the Health Department at plan inception. The Health Department authorizes benefit terms and has the authority to amend them. Health Department contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the Health Department. The Health Department's total payroll for year 2023 was \$972,047. The Health Department is required to make contributions of 3% of eligible compensation to the plan. The Health Department recognized \$24,630 in pension expense for 2023. The Health Department has no outstanding pension liability at year-end.

Plan benefits and terms were authorized by the Board of Directors who have the authority to amend them.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 8 - RELATED PARTIES**

As discussed in the SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, the Health Department was established by intergovernmental agreement between the County of Las Animas and the County of Huerfano. The following is a summary of the related party transactions for the year ended December 31, 2023:

**County of Las Animas**

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$ 320,472
Payments to the County Commissioner for Building Rent - Recorded as Expenses in the Statement of Activities	\$ 16,200
Payments to the County Commissioner for Casualty & Property, and Workers' Compensation Insurance - Recorded as Expenses in the Statement of Activities	\$ 51,866

**County of Huerfano**

Operating Subsidy Provided to the Health Department - Recorded as Revenue in the Statement of Activities	\$ 211,487
--	------------

**NOTE 9 - COMMITMENTS AND CONTINGENCIES**

**TABOR Amendment** - In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Health Department's management believes none of its operations qualified for this exclusion.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 9 - COMMITMENTS AND CONTINGENCIES – Continued**

TABOR requires, with certain exceptions, voters’ approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax., or implementing a tax policy change directly causing a net tax revenue gain to any local government.

Except for bond refinancing at lower interest rates or adding employees to existing pension plans, TABOR specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or without irrevocably pledging present cash reserves for all future payments.

The Health Department is a cooperative entity that exists for the purpose of administering programs to benefit the Huerfano and Las Animas County areas. They have no taxing authority, and no bonded debt. They are primarily funded by federal grants, state grants and local county contributions and are not subject to reserve requirements.

The Health Department's management believes it is in compliance with the provisions of TABOR which are applicable to this entity. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate fiscal Year Spending limits (and qualification as an Enterprise) will require judicial interpretation.

**Other** - The Health Department participates in a number of federal and state assisted grant programs. The disbursement of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are subject to audit by grantor agencies. Any disallowed claims resulting from such audits could become a liability of the Health Department. In the opinion of management, however, any such disallowed claims would not have a material effect on the financial statements of the Health Department as of and for the year ended December 31, 2023.

**NOTE 10 - REVENUE – COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT**

The Health Department receives various contracts and grants that are passed on from the Colorado Department of Health and Environment. Total revenue allocated to each function of the Health Department for the year ended December 31, 2023, is as follows:

Per Capita	\$	165,785
COVID - ELC		426,440
COVID Immunization		46,389
WIC Program		74,502
OPHP		168,009
OBH		95,264
Immunization Core Grant		29,788
HPP/HCC		64,165
Radon		11,091
OEPR		45,429
Other		9,391
Total from CDPHE		1,136,253
Other Federal Funding		391,247
Total Federal and State Grants	\$	1,527,500

**LAS ANIMAS – HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO FINANCIAL STATEMENTS**

**NOTE 10 - REVENUE – COLORADO DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT  
- Continued**

The Health Department also reports the amounts redeemed under the WIC program for in-kind food debit type cards, from the Colorado Department of Public Health & Environment, in the amount of \$326,970. These in-kind donations are not included in the Statement of Activities or the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance, but are reported under the Schedule of Expenditures of Federal Awards as noncash expenditures.

**NOTE 11 – RESTATEMENT OF BEGINNING BALANCES**

The Health Department has restated the beginning balances of net position and fund balance for matters relating to understatement of assets on the statement of net position and the governmental fund balance sheet. During 2022, a bank balance and related revenue were understated due to incorrect bank reconciliation procedures and were improperly closed to ending net position and fund balance. Therefore, the net position and fund balance balances for December 31, 2022, have been amended to correct the errors.

The following table summarizes the changes to the Health Department’s net position and fund balance as a result of error corrections.

	<u>Previously Reported</u>	<u>Net Change</u>	<u>As Restated</u>
<b>Governmental Activities</b>			
Beginning Net Position	\$ 2,491,255	\$ 95,564	\$ 2,586,819
<b>General Fund</b>			
Beginning Fund Balance	\$ 2,278,772	\$ 95,564	\$ 2,374,336

**NOTE 12 - SUBSEQUENT EVENT**

Management has evaluated subsequent events through September 25, 2025, the date the financial statements were available to be issued.

**REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)**

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with</b>
	<b>Original</b>	<b>Final</b>		<b>Final Budget</b>
				<b>Favorable</b>
				<b>(Unfavorable)</b>
<b>Revenues</b>				
State Contracts				
Federal and State Grants and Contracts	\$ 1,533,997	\$ 1,533,997	\$ 1,409,352	\$ (124,645)
Per Capita Funding	215,798	215,798	118,148	(97,650)
County Contributions				
Huerfano	210,000	210,000	211,487	1,487
Las Animas	320,472	320,472	320,472	-
Foundations and Local Grants, Contributions	58,000	58,000	523,725	465,725
Fees				
Charges for Services	254,000	254,000	213,587	(40,413)
Other Revenue	33,915	33,915	8,329	(25,586)
<b>Total Revenues</b>	<u>2,626,182</u>	<u>2,626,182</u>	<u>2,805,100</u>	<u>178,918</u>
<b>Expenditures</b>				
Public Safety				
Wages and Benefits	1,594,475	1,594,475	1,254,232	340,243
Lab and Xray	1,000	1,000	849	151
Drugs	30,000	30,000	14,052	15,948
Clinic Supplies	36,000	36,000	16,572	19,428
Equipment	7,100	7,100	1,220	5,880
Travel and Training	47,534	47,534	55,103	(7,569)
Professional Development and Training	32,942	32,942	32,780	162
Dues and Memberships	11,350	11,350	12,681	(1,331)
Legal and Audit	10,000	10,000	12,000	(2,000)
Services Rendered	69,826	69,826	70,302	(476)
Office Supplies	86,023	86,023	110,683	(24,660)
Educational Supplies	29,969	29,969	51,614	(21,645)
Telephone-Internet	33,193	33,193	23,294	9,899
Postage	3,333	3,333	2,913	420
Duplication	14,817	14,817	4,248	10,569
Insurance	32,000	32,000	52,746	(20,746)
Family Engagement	34,646	34,646	51,153	(16,507)
Miscellaneous	400	400	458	(58)
Advertising	69,996	69,996	90,964	(20,968)
Repairs and Maintenance	26,946	26,946	16,539	10,407
Rent	16,200	16,200	16,200	-
Utilities	45,000	45,000	28,295	16,705
Capital Outlay	35,000	35,000	3,158	31,842
Contract Services	358,432	358,432	196,163	162,269
<b>Total Expenditures</b>	<u>2,626,182</u>	<u>2,626,182</u>	<u>2,118,219</u>	<u>507,963</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	686,881	<u>\$ 329,045</u>
<b>Reconciliation to GAAP Basis Statement of Activity</b>				
Depreciation			(44,231)	
Loss on Disposal of Fixed Assets			(991)	
Change in Accrued Compensated Absences			(4,908)	
<b>Change in Net Position of Governmental Activities</b>			<u>\$ 636,751</u>	

**LAS ANIMAS-HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO BUDGETARY COMPARISON SCHEDULE - GENERAL FUND  
YEAR ENDED DECEMBER 31, 2023  
(UNAUDITED)**

**NOTE 1 - BUDGETARY INFORMATION**

The Las Animas-Huerfano Counties District Health Department adopts budgets on a basis consistent with US generally accepted accounting principles for all government funds.

The Las Animas-Huerfano Counties District Health Department uses the following procedures in establishing the budgetary data reflected in the financial statements. These procedures are in compliance with Colorado Revised Statutes.

Budgets are required by state law for all funds. A formal budget is adopted each calendar year upon approval by the Board of Health and is employed as a management control device for the General Fund. In addition, the budget for the General Fund is adopted on a basis consistent with generally accepted accounting principles. Budgetary control exists at the total fund level.

Unused appropriations for all of the annually budgeted funds lapse at the end of the year. Therefore, encumbrances are not presented as a reservation of fund balance and the Las Animas-Huerfano Counties District Health Department appropriates funds in the subsequent year to honor these commitments.

## **SUPPLEMENTARY INFORMATION**

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2023**

	<u>ASSISTANCE LISTING NUMBER</u>	<u>ADDITIONAL AWARD IDENTIFYING NUMBER</u>	<u>PASS-THROUGH ENTITY'S IDENTIFYING NUMBER</u>	<u>FROM PASS- THROUGH AWARDS</u>	<u>FROM DIRECT AWARDS</u>	<u>TOTAL FEDERAL EXPENDITURES</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>							
Passed through from the Colorado Department of Public Health and Environment							
WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Program	10.557		2023*2230, 2024*2472	\$ 74,502	\$ -	\$ 74,502	\$ -
WIC Special Supplemental Nutrition Program for Women, Infants, and Children - Certificates	10.557		2023*2230, 2024*2472	<u>326,970</u>	<u>-</u>	<u>326,970</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>				<u>401,472</u>	<u>-</u>	<u>401,472</u>	<u>-</u>
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>							
Passed through from the Colorado Department of Public Health and Environment							
Performance Partnership Grants	66.605		FEEA 202400007214	<u>11,091</u>	<u>-</u>	<u>11,091</u>	<u>-</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>							
Passed through from the Colorado Department of Public Health and Environment							
Public Health Emergency Preparedness	93.069		2023*0199, 2024*0095	42,971	-	42,971	-
Immunization Cooperative Agreements	93.268		FHCA 202200003002, 2021*6265, 2022*3193, 2024*0038	4,450	-	4,450	-
COVID-19 - Immunization Cooperative Agreements	93.268		FHCA 202200003002, 2021*6265, 2022*3193, 2024*0038	<u>8,530</u>	<u>-</u>	<u>8,530</u>	<u>-</u>
Total Immunization Cooperative Agreements				12,980	-	12,980	-
Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323		FHJA 202100010517, FHCA 202400002293	432,273	-	432,273	-
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354		FAAA 202200009758	45,672	-	45,672	-
National Bioterrorism Hospital Preparedness Program	93.889		2023*0291	59,708	-	59,708	-
Block Grants for Prevention and Treatment of Substance Abuse	93.959		2023*0327	88,614	-	88,614	-
Preventive Health and Health Services Block Grant	93.991		FAAA 202400004787	<u>15,420</u>	<u>-</u>	<u>15,420</u>	<u>-</u>
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				<u>697,638</u>	<u>-</u>	<u>697,638</u>	<u>-</u>
<b>TOTAL FEDERAL EXPENDITURES</b>				<u>\$ 1,110,201</u>	<u>\$ -</u>	<u>\$ 1,110,201</u>	<u>\$ -</u>

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED DECEMBER 31, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Las Animas - Huerfano Counties District Health Department under programs of the federal government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Las Animas - Huerfano Counties District Health Department, it is not intended to and does not present the net position, or changes in net position of Las Animas - Huerfano Counties District Health Department.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Las Animas - Huerfano Counties District Health Department has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 3 – FAIR VALUE OF NONCASH AWARDS**

Included in the amount reported for Assistance Listing Number 10.557 *WIC Special Supplemental Nutrition Program for Women, Infants, and Children (“WIC”)*, is \$326,970 for the fair market value of the redeemed food instrument issuances. A food instrument is a debit-type card called “eWIC” produced through the Colorado State WIC program that is issued to WIC participants and may be used to obtain WIC approved foods/formula from authorized vendors.

**NOTE 4 – OTHER ITEMS**

**Pass-Through Entity’s Identifying Number** - The pass-through entity’s identifying number has been included where available.

## **SINGLE AUDIT INFORMATION**



CBIZ CPAs P.C.

90 South Cascade Avenue  
Suite 200  
Colorado Springs, CO 80903

P: 719.531.0445 | F: 719.531.0448

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

The Board of Health and Management  
Las Animas - Huerfano Counties District Health Department  
Trinidad, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities and general fund of Las Animas - Huerfano Counties District Health Department as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Las Animas - Huerfano Counties District Health Department's basic financial statements, and have issued our report thereon dated September 25, 2025.

**Report on Internal Control over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Las Animas - Huerfano Counties District Health Department's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 to be material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2023-003 to be a significant deficiency.



## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Las Animas - Huerfano Counties District Health Department'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*.

## Las Animas - Huerfano Counties District Health Department's Response to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Las Animas - Huerfano Counties District Health Department's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Las Animas - Huerfano Counties District Health Department's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

## Purpose of This Report

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

*CBIZ CPAs P.C.*

Colorado Springs, Colorado  
September 25, 2025

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

Board of Health  
Las Animas - Huerfano Counties District Health Department  
Trinidad, Colorado

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Las Animas - Huerfano Counties District Health Department's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Las Animas - Huerfano Counties District Health Department's major federal programs for the year ended December 31, 2023. Las Animas - Huerfano Counties District Health Department'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, Las Animas - Huerfano Counties District Health Department complied, in all material respects, with the types of 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 the 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 Las Animas - Huerfano Counties District Health Department 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 Las Animas - Huerfano Counties District Health Department'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 Las Animas - Huerfano Counties District Health Department'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 express an opinion on Las Animas - Huerfano Counties District Health Department'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 Las Animas - Huerfano Counties District Health Department'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 Las Animas - Huerfano Counties District Health Department'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 Las Animas - Huerfano Counties District Health Department'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 Las Animas - Huerfano Counties District Health Department's internal control over compliance. Accordingly, no such opinion is expressed.

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

### **Report on Internal Control over Compliance**

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



Our consideration of internal control over compliance was for the limited purpose described in the 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. 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.

*CBIZ CPAs P.C.*

Colorado Springs, Colorado  
September 25, 2025

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

**Section I - Summary of Auditors' Results**

***Financial Statements***

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weaknesses identified?

X  Yes           No

Significant deficiencies identified?

X  Yes           None Reported

Noncompliance material to financial statements noted?

       Yes     X  No

***Federal Awards***

Internal control over major programs:

Material weaknesses identified?

       Yes     X  No

Significant deficiencies identified?

       Yes     X  None Reported

Type of auditors' 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     X  No

Identification of major federal programs:

U.S. Department of Agriculture, Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) – Federal Assistance Listing Number 10.557

U.S. Department of Health and Human Services, Block Grants for Prevention and Treatment of Substance Abuse – Federal Assistance Listing Number 93.959

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as a low-risk auditee?

       Yes     X  No

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

**Section II – Financial Statement Findings**

**2023-001 – Journal Entry Procedures**

*Type of Finding:* Material Weakness

*Criteria:* Effective internal control over financial reporting requires the segregation of duties among different individuals to prevent a single individual from having control over multiple phases of a transaction. This includes the responsibilities of making, reviewing, and approving journal entries.

*Condition:* During our audit, we noted that the same individual was responsible for making, reviewing, and approving journal entries. This lack of segregation of duties compromises the internal control environment and increases the risk of error or fraud.

*Cause:* The Health Department has not established adequate segregation of duties within the journal entry process. Additionally, there is a lack of independent review to ensure that journal entries are properly completed and accurately recorded.

*Effect:* The concentration of responsibilities within a single individual significantly increases the risk of undetected errors or fraud. This could lead to material misstatements in the financial statements, adversely affecting the accuracy and reliability of financial reporting.

*Recommendation:* We recommend that the Health Department implement a robust internal control process where different individuals are responsible for making, reviewing, and approving journal entries. This could involve designating separate personnel to each task or introducing automated systems that require multiple approvals. Additionally, periodic independent reviews should be conducted to ensure the accuracy and appropriateness of journal entries.

To further strengthen the internal control environment, we advise providing additional training and resources to staff involved in the journal entry process to ensure a thorough understanding of the procedures and the importance of segregation of duties.

*View of Responsible Officials:* Management agreed with the auditors.

**2023-002 – Bank Reconciliation Procedures and Correction of Error**

*Type of Finding:* Material Weakness

*Criteria:* Effective internal control over financial reporting requires the segregation of duties among different individuals to prevent a single individual from having control over multiple phases of a transaction. This includes the responsibilities of performing, reviewing, and approving bank reconciliations.

*Condition:* During our audit, we noted that the same individual was responsible for performing, reviewing, and approving bank reconciliations. Furthermore, we observed material unreconciled differences in the year-end bank reconciliations, which had not been appropriately addressed. These unreconciled differences resulted in a prior period adjustment to correct an error due to understated assets on the statement of net position.

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2023**

**Cause:** The Health Department has not established adequate segregation of duties within the bank reconciliation process. Additionally, there is a lack of independent review to ensure that reconciliations are properly completed and discrepancies are resolved in a timely manner.

**Effect:** The absence of segregation of duties and independent review increases the risk of error or fraud, which can result in material misstatements in the financial statements. Specifically, the unreconciled differences in the year-end bank reconciliations led to material misstatements and a prior period adjustment to correct an error due to understated assets on the statement of net position, which were identified during our audit.

**Recommendation:** We recommend that the Health Department implement a robust internal control process where different individuals are responsible for performing, reviewing, and approving bank reconciliations. This could involve designating separate personnel to each task or introducing automated reconciliation systems requiring multiple approvals. Additionally, periodic independent reviews should be conducted to ensure timely resolution of any discrepancies.

To further strengthen the internal control environment, we advise providing additional training and resources to staff involved in the reconciliation process to ensure a thorough understanding of procedures and the importance of addressing unreconciled differences promptly.

**View of Responsible Officials:** Management agreed with the auditors.

**2023-003 – Data Collection Form**

**Criteria:** The Data Collection Form is required to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the audit report or nine months after the end of the audit period in accordance with 2 CFR 200.512.

**Condition:** The Data Collection Form was not submitted to the Federal Audit Clearinghouse within the nine-month period for the year ended December 31, 2023.

**Cause:** The financial statements were not finalized by the due date.

**Effect:** The Health Department is not in compliance with 2 CFR 200.512.

**Recommendation:** We recommend that the Data Collection Form be filed as soon as possible.

**View of Responsible Officials:** Management agreed with the auditors.

**Section III – Federal Award Findings and Questioned Costs**

None

**LAS ANIMAS - HUERFANO COUNTIES DISTRICT HEALTH DEPARTMENT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2023**

**SUMMARY OF PRIOR YEAR AUDIT FINDINGS**

No prior year findings were reported.



September 25, 2025

**2023-001 – Journal Entry Procedures**

***Type of Finding:*** Material Weakness

***Criteria:*** Effective internal control over financial reporting requires the segregation of duties among different individuals to prevent a single individual from having control over multiple phases of a transaction. This includes the responsibilities of making, reviewing, and approving journal entries.

***Condition:*** During our audit, we noted that the same individual was responsible for making, reviewing, and approving journal entries. This lack of segregation of duties compromises the internal control environment and increases the risk of error or fraud.

***Cause:*** The Health Department has not established adequate segregation of duties within the journal entry process. Additionally, there is a lack of independent review to ensure that journal entries are properly completed and accurately recorded.

***Effect:*** The concentration of responsibilities within a single individual significantly increases the risk of undetected errors or fraud. This could lead to material misstatements in the financial statements, adversely affecting the accuracy and reliability of financial reporting.

***Recommendation:*** We recommend that the Health Department implement a robust internal control process where different individuals are responsible for making, reviewing, and approving journal entries. This could involve designating separate personnel to each task or introducing automated systems that require multiple approvals. Additionally, periodic independent reviews should be conducted to ensure the accuracy and appropriateness of journal entries.

To further strengthen the internal control environment, we advise providing additional training and resources to staff involved in the journal entry process to ensure a thorough understanding of the procedures and the importance of segregation of duties.

***View of Responsible Officials:*** Management agreed with the auditors.

***Corrective Plan of Action:*** The Health Department has updated to strengthen internal controls. Journal entries are prepared by one staff member and reviewed by another individual to ensure accuracy and proper segregation of duties.

***Anticipated Completion Date:*** May 21, 2025

## **2023-002 – Bank Reconciliation Procedures and Correction of Error**

***Type of Finding:*** Material Weakness

***Criteria:*** Effective internal control over financial reporting requires the segregation of duties among different individuals to prevent a single individual from having control over multiple phases of a transaction. This includes the responsibilities of performing, reviewing, and approving bank reconciliations.

***Condition:*** During our audit, we noted that the same individual was responsible for performing, reviewing, and approving bank reconciliations. Furthermore, we observed material unreconciled differences in the year-end bank reconciliations, which had not been appropriately addressed. These unreconciled differences resulted in a prior period adjustment to correct an error due to understated assets on the statement of net position.

***Cause:*** The Health Department has not established adequate segregation of duties within the bank reconciliation process. Additionally, there is a lack of independent review to ensure that reconciliations are properly completed and discrepancies are resolved in a timely manner.

***Effect:*** The absence of segregation of duties and independent review increases the risk of error or fraud, which can result in material misstatements in the financial statements. Specifically, the unreconciled differences in the year-end bank reconciliations led to material misstatements and a prior period adjustment to correct an error due to understated assets on the statement of net position, which were identified during our audit.

***Recommendation:*** We recommend that the Health Department implement a robust internal control process where different individuals are responsible for performing, reviewing, and approving bank reconciliations. This could involve designating separate personnel to each task or introducing automated reconciliation systems requiring multiple approvals. Additionally, periodic independent reviews should be conducted to ensure timely resolution of any discrepancies.

To further strengthen the internal control environment, we advise providing additional training and resources to staff involved in the reconciliation process to ensure a thorough understanding of procedures and the importance of addressing unreconciled differences promptly.

***View of Responsible Officials:*** Management agreed with the auditors.

***Corrective Plan of Action:*** The Health Department has implemented a Bank Reconciliation Policy.

***Anticipated Completion Date:*** May 21, 2025

**2023-003 – Data Collection Form**

**Criteria:** The Data Collection Form is required to be submitted to the Federal Audit Clearinghouse the earlier of 30 calendar days after receipt of the audit report or nine months after the end of the audit period in accordance with 2 CFR 200.512.

**Condition:** The Data Collection Form was not submitted to the Federal Audit Clearinghouse within the nine-month period for the year ended December 31, 2023.

**Cause:** The financial statements were not finalized by the due date.

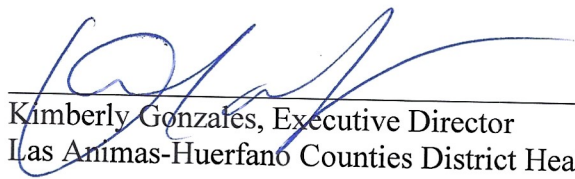
**Effect:** The Health Department is not in compliance with 2 CFR 200.512.

**Recommendation:** We recommend that the Data Collection Form be filed as soon as possible.

**View of Responsible Officials:** Management agreed with the auditors.

**Corrective Plan of Action:** Upon completion of the financial statement audit, and acceptance by the Board of Directors, the Data Collection Form will be filed.

**Anticipated Completion Date:** Upon completion of the audit.

  
\_\_\_\_\_  
Kimberly Gonzales, Executive Director  
Las Animas-Huerfano Counties District Health Department