

RIO GRANDE COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2023



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

RIO GRANDE COUNTY, COLORADO
TABLE OF CONTENTS
December 31, 2023

	<u>PAGE</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	i-xvi
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Fund Financial Statements:	
Statement of Net Position	10
Statement of Changes in Fiduciary Net Position	11
Notes to the Basic Financial Statements	12
Required Supplementary Information:	
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual General Fund and Major Special Revenue Funds:	
General Fund	30
Road and Bridge Fund	31
Social Services Fund	32
Other Supplementary Information:	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	33
Combining Schedules of Revenues, Expenditures, and Changes in Fund Balances	34
Schedule of Expenditures and Transfers Out – Budget and Actual	35
Other Schedules and Reports:	
Schedule of Expenditures of Federal Awards	36
Notes to the Schedule of Expenditures of Federal Awards	39
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>	40
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	42
Schedule of Findings and Questioned Costs	45
Summary Schedule of Prior Year Findings	47
Corrective Action Plan	
Local Highway Finance Report	

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2023, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 1 – Summary of Significant Accounting Policies, in fiscal year 2023 the County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 96, *Subscription-Based Information Technology Agreement (SBITA)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Certified Public Accountants

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Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not

express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining nonmajor fund financial schedules, the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the Local Highway Finance Report, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining nonmajor fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 03, 2024 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 03, 2024

Rio Grande County
Management's Discussion and Analysis
For the Year Ended December 31, 2023

This document offers Rio Grande County's financial statements and a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2023. In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of Rio Grande County's financial performance provides an overview of the County's financial activities for two fiscal years ending December 31, 2022, and December 31, 2023.

We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the County's financial statements, which follow this section.

Financial Highlights

- As of December 31, 2023, Rio Grande County's government-wide net position totaled \$52,059,101. Total net position for the County increased by \$517,315 or .01 percent.
- The Statement of Activities indicates that Rio Grande County had \$27,174,714 in total government-wide revenues. Of this amount, general revenues (primarily taxes) account for approximately \$8,188,167 or 30 percent and program specific revenues in the form of charges for services, grants and contributions accounted for \$18,986,547 or 70 percent.
- Total government-wide revenues decreased by \$22,145 compared to 2022. A majority of the decrease was in Health and Welfare charges for services and operating grants and contributions. The decreases within operating grants and contributions were due to the American Rescue Plan Act – State and Local Fiscal Recovery Fund and the Local Assistance and Tribal Consistency Funds distributed by the federal government through the Department of Treasury ending.
- The County had \$26,657,399 in expenses related to governmental activities, only \$18,986,547 of these expenses were offset by program specific charges for services and grants. The remaining balance of \$7,670,852 was supported by general revenues, mostly in the form of taxes, this also increased the overall Net Position for the County in fiscal year 2023.
- The government-wide expenditures decreased by \$642,456 compared to 2022. A majority of the decrease relates to health and welfare totaling \$3,163,356, and increases in general government of \$322,902, public safety of \$412,310, highway and streets of \$1,617,695, judicial of \$116,476, auxiliary services of \$6,428, culture and recreation of \$28,926, and interest and debt of \$16,348.
- At the end of 2023, Rio Grande County's governmental funds reported combined ending fund balances of \$13,383,783, an increase of \$411,511 compared to 2022. Of this amount, \$1,548,142 is restricted, \$6,525,868 is committed, \$88,500 is assigned, \$4,258,014 is unassigned, and \$963,259 is non-spendable in the form of inventory.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

- Rio Grande County's long-term liabilities decreased by \$539,369 during the 2023 fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. We present two years of information, as recommended by GASB, so that the reader can review trends in the County's financial position and activities. The County's basic financial statements are comprised of three components: 1) Government-wide financial statements, 2) Fund financial statements, and 3) Notes to the basic financial statement. This report also contains other supplementary information in addition to the basic financial statements.

Rio Grande County adopted GASB 87 and GASB 96 in accordance with the generally accepted accounting principles of the United States of America.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers a broad overview of the County's finances, in a manner similar to a private-sector business and provide both short-term and long-term information about the County's overall financial status.

The *statement of net position* presents information on all of Rio Grande County's assets, liabilities, and deferred inflows of resources, with the difference between them reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. To assess the County's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of County buildings and other facilities.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. Changes in net position are recorded in the statement of activities when the underlying event occurs, regardless of the timing of related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*). The governmental activities of Rio Grande County include general government, public safety, health and welfare, highway and streets, judicial, auxiliary services, culture and recreation, and interest on debt.

Fund Financial Statements

The *fund financial statements* provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to track specific sources of funding and spending on particular programs. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's funds are divided into two

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

categories: governmental funds and fiduciary funds. Governmental Funds are further divided into Governmental Activities which includes: General Government, Public Safety, Health and Welfare, Highways and Streets, Judicial, Auxiliary Services and Culture and Recreation.

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. All of the County's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) balances remaining at year-end which are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the County's programs. Because this information does not encompass the long-term focus of the government-wide statements, the reconciliations within the financial statements, explain the relationship (or differences) between them.

Rio Grande County maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the (1) General Fund, (2) the Road and Bridge Fund, (3) the Social Services Fund, (4) the Capital Projects Fund, (5) Weed Control District Fund, (6) the Airport Fund, (7) the Conservation Trust Fund, (8) the Tourism Fund, and (9) the Public Health Agency Fund. Data from the Funds (4) through (9) are combined into a single, aggregated presentation.

Rio Grande County adopts an annual budget for each of the individual governmental funds. A budgetary comparison schedule for each fund is included in the fund financial statements to demonstrate compliance with the adopted budget.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The County is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs.

Notes to the Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents supplementary information. Supplementary information includes combining statements mentioned earlier in connection with non-major governmental funds as well as budget-to-actual information for all funds as dictated by state law.

Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Government-wide Financial Analysis

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities of the current year (2023) with those of the prior year (2022) and comparison of balances at year-end (December 31) for the same two years.

As noted earlier, the net position may serve, over time, as a useful indicator of a government’s financial position. In the case of Rio Grande County, assets exceeded liabilities and deferred inflows by \$52,059,101 at December 31, 2023.

The County’s net position can be separated into three primary categories: 1) Net investment in capital assets, 2) restricted assets, and 3) unrestricted assets.

The largest portion of the County’s net position reflects its investment of \$38,952,253 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. Rio Grande County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position of \$1,548,142 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$11,558,706 unrestricted net position may be used to meet the County’s ongoing obligations to citizens and creditors. During the current fiscal year, the County’s net position increased by \$517,315.

Table 1 provides a summary of the County’s net position at December 31, 2022, and 2023. Additional information is presented in the statement of net position.

Table 1 Condensed Statement of Net Position

	<u>2022</u>	<u>2023</u>
Current and Other Assets	\$ 19,862,791	\$ 18,764,425
Noncurrent Assets	\$ 40,100,085	\$ 40,197,837
Total assets	<u>\$ 59,962,876</u>	<u>\$ 58,962,262</u>
Current Liabilities	\$ 3,554,255	\$ 1,867,493
Noncurrent Liabilities	\$ 1,255,857	\$ 1,151,980
Total Liabilities	<u>\$ 4,810,112</u>	<u>\$ 3,019,473</u>
Deferred Inflows of Resources	\$ 3,610,978	\$ 3,883,688
Net Position		
Net Invested in Capital Assets	\$ 39,045,936	\$ 38,952,253
Restricted	\$ 1,437,384	\$ 1,548,142
Unrestricted	\$ 11,058,466	\$ 11,558,706
Total Net Position	<u>\$ 51,541,786</u>	<u>\$ 52,059,101</u>

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Analysis of Changes in Net Position

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position. The County's overall financial position experienced an increase during fiscal 2023. As stated earlier the County's net position increased by \$517,315 during fiscal year 2023.

Table 2 provides a summary of the changes in net position for the years 2022 and 2023. The following table 2 is specific discussion related to overall revenues and expenses. Additional information is presented in the Statement of Activities.

Table 2
Changes in Net Position from Operating Results

	<u>2022</u>	<u>2023</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 1,168,604	\$ 1,367,243
Operating Grants and Contributions	\$ 18,306,660	\$ 16,109,508
Capital Grants and Contributions	\$ 375,020	\$ 1,509,796
General Revenues		
Taxes	\$ 6,136,365	\$ 6,473,750
Payment in Lieu of Taxes	\$ 932,834	\$ 991,065
Interest on investments	\$ 181,488	\$ 546,755
Gain on Sale of Capital Assets	\$ 8,001	\$ 100,000
Other	\$ 87,887	\$ 76,597
Total Revenues	\$ 27,196,859	\$ 27,174,714
<u>Expenses</u>		
General Government	\$ 4,568,545	\$ 4,891,447
Public Safety	\$ 3,631,029	\$ 4,043,339
Health and Welfare	\$ 14,945,766	\$ 11,782,410
Highways and Streets	\$ 3,393,047	\$ 5,010,742
Judicial	\$ 189,079	\$ 305,555
Auxiliary Services	\$ 79,722	\$ 85,970
Culture and Recreation	\$ 447,721	\$ 476,642
Interest on Debt	\$ 44,946	\$ 61,294
Total Expenses	\$ 27,299,855	\$ 26,657,399
Increase (decrease) in Net Position	\$ (102,996)	\$ 517,315
Beginning Net Position	\$ 51,644,782	\$ 51,541,786
Ending Net Position	\$ 51,541,786	\$ 52,059,101

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2023**

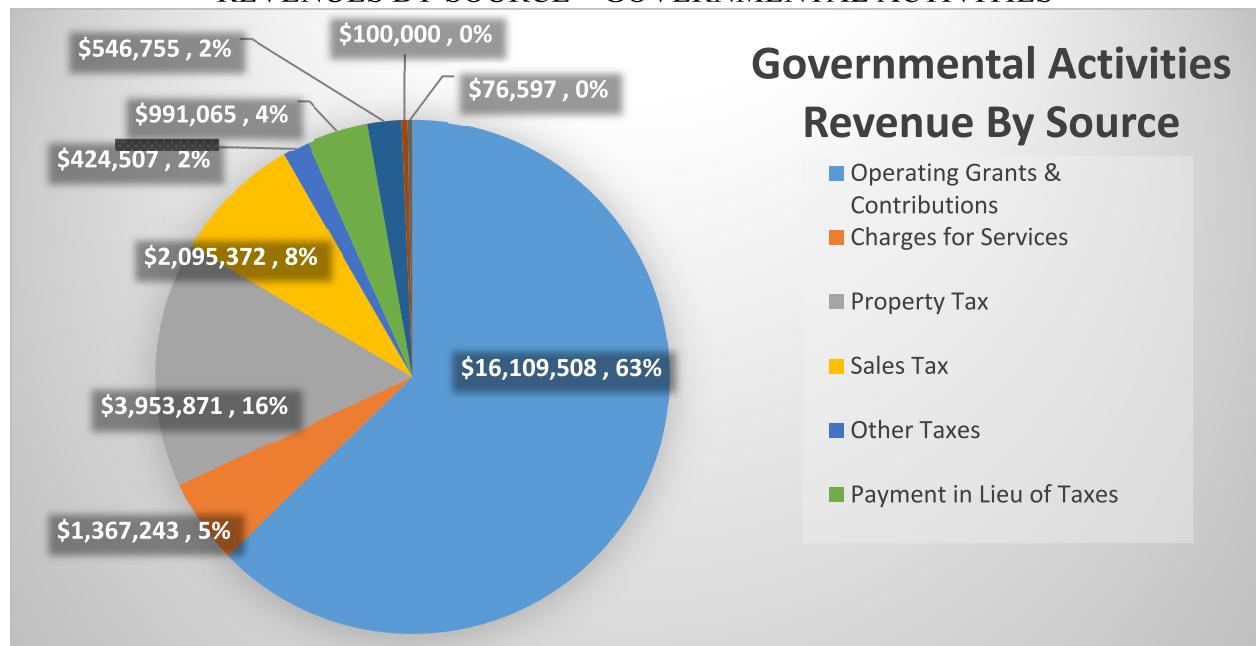
The County is heavily reliant on operating grants and contributions, and tax revenue to support governmental operations. Operating and Capital grants and contributions from the State and Federal government contribute \$17,619,304 or 65 percent. Property taxes, sales tax, PILT and other taxes account for \$7,464,815 or 27 percent. The remainder comes from fees charged for services, investment income, and miscellaneous sources which total \$2,090,595 of total governmental revenue. Rio Grande County’s overall governmental revenue decreased by \$22,145 or less than 1 percent compared to 2022.

Governmental Activities

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

Governmental activity expenses totaled \$26,657,399. Major expenses included in governmental activities are; \$11,782,410 for Health and Welfare, \$4,891,447 for General Government, \$5,010,742 for Highway and Streets, and \$4,043,339 for Public Safety. Over the prior fiscal year, the overall decrease in governmental expenses was \$642,456 or approximately 2 percent. A majority of this decrease relates to health and welfare \$3,163,356

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



**Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023**

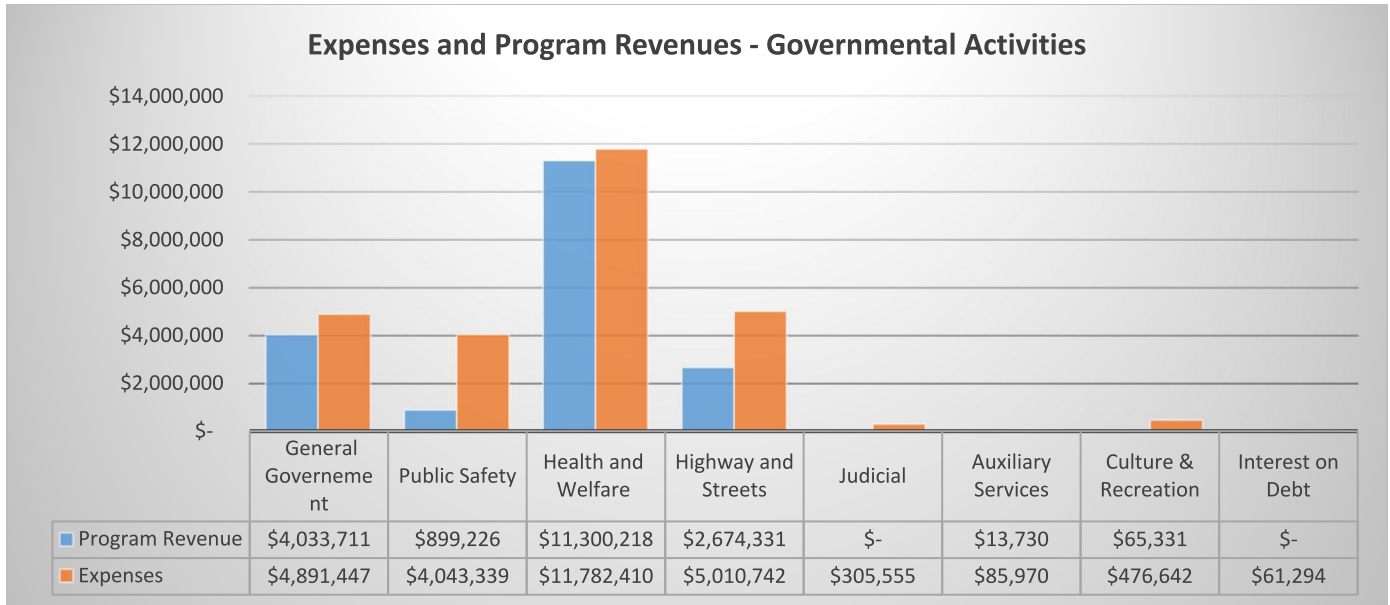


Table 3 presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenue generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

	Total Cost of Services	Percent of Total	Net (Cost) or Gain of Services	Percent of Total
General Government	\$ 4,891,447	18.35%	\$ (857,736)	11.18%
Public Safety	4,043,339	15.17%	(3,144,113)	40.99%
Health and Welfare	11,782,410	44.20%	(482,192)	6.29%
Highways and Streets	5,010,742	18.80%	(2,336,411)	30.46%
Judicial	305,555	1.15%	(305,555)	3.98%
Auxiliary Services	85,970	0.32%	(72,240)	0.94%
Culture and Recreation	476,642	1.79%	(411,311)	5.36%
Interest on Debt	61,294	0.23%	(61,294)	0.80%
Total	\$ 26,657,399	100.00%	\$ (7,670,852)	100.00%

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Financial Analysis of the County's Funds

Rio Grande County uses fund accounting to ensure and demonstrate compliance with finance-related legal, federal and state requirements.

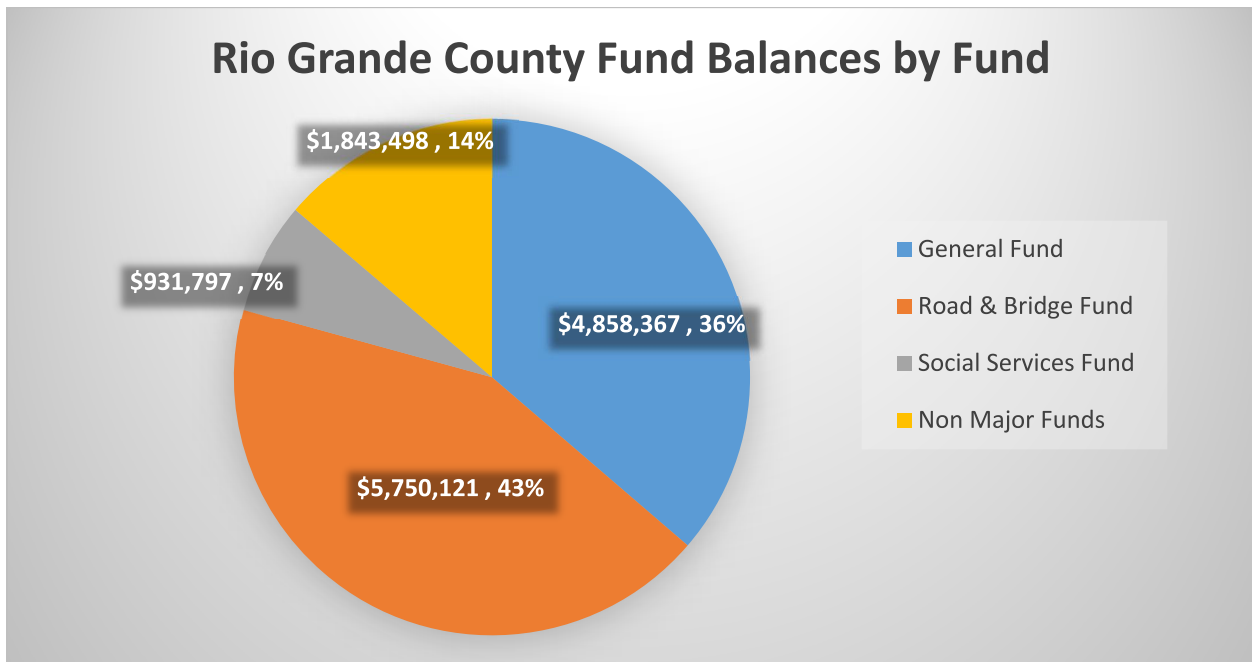
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. Fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Major governmental funds reported by Rio Grande County include the General Fund, Road and Bridge Fund, and Social Services Fund. Nonmajor funds include the Public Health Fund, Airport Fund, Conservation Trust Fund, Tourism Fund, and Capital Projects Fund. The Rio Grande County Weed Control District is a component unit within the County's reporting entity, therefore the district is blended into the County's financial statements within the nonmajor funds section.

Information about the County's funds follow the government-wide statements in the governmental funds' statements. These funds are accounted for using the modified accrual basis of accounting. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$13,383,783, an increase of \$411,511 from the prior year ending fund balances. Most of the increase was in the General Fund in the amount of \$503,744, Social Service Fund of \$93,161, and other Funds of \$193,764 with a decrease in the Road and Bridge Fund of \$379,158. The County's fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balances for the County were classified in the following categories:

- ✓ *Non-spendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. As of December 31, 2023, the County's portion of non-spendable fund balance which is associated with inventory was \$963,259.
- ✓ *Restricted Fund Balance* – are restricted when constraints are placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. As of December 31, 2023, the County's governmental funds reported a restricted fund balance of \$1,548,142.
- ✓ *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by resolution of the Board of County Commissioners. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balance differs from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The County's governmental funds reported a committed fund balance of \$6,525,868, a majority of this fund balance is committed to highway and streets in the amount of \$4,695,862.

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2023**

- ✓ *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority. The County reported an assigned fund balance of \$88,500.
- ✓ *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund. As of December 31, 2023, the county reported an unassigned fund balance of \$4,258,014.



The Road and Bridge Fund has an overall fund balance of \$5,750,121, a decrease of \$379,158 compared to 2022. Of this amount, \$91,000 is restricted for Tabor, \$4,695,862 is available for highway and street related projects, and \$963,259 is non-spendable inventory funds.

The General Fund has a fund balance of \$4,858,367, a increase of \$503,744 compared to 2022. Of this amount, \$475,051 is restricted, \$36,802 is committed, \$88,500 is assigned, and \$4,258,014 is unassigned.

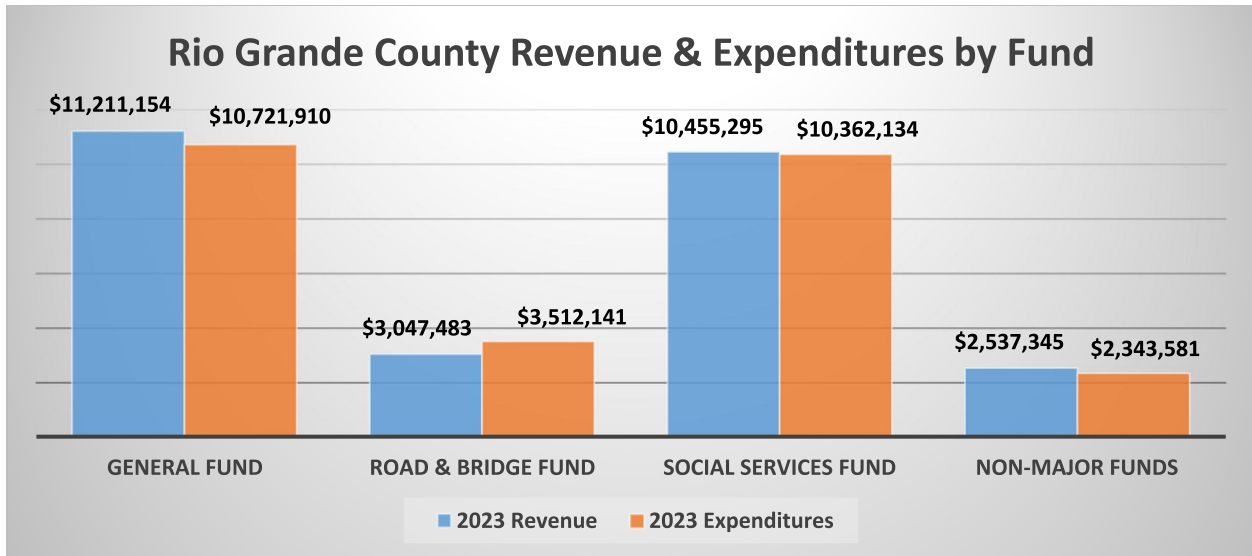
The Social Services Fund has a fund balance of \$931,797, an increase of \$93,161 compared to 2022. Of this amount, \$90,000 is restricted for Tabor, and \$841,797 is committed for health and welfare services.

Non major funds have a fund balance of \$1,843,498, an increase of \$193,764 compared to 2022. Fund balances for non-major funds include, Public Health Fund \$824,473, Airport Fund \$68,084, Conservation Trust Fund \$377,731, Tourism Fund \$475,360, and Weed Control District \$89,670. These funds are considered Special Revenue Funds which are used to account for specific revenues that are legally restricted to be expended for particular purposes. Nonmajor funds also include the Capital Projects Fund with a fund balance of \$8,180.

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2023**

Revenue. Revenues in governmental funds total \$27,251,277, an decrease of \$79,372 or less than 1 percent compared to the prior year. The majority of the decrease was in intergovernmental revenue with a decrease of \$953,107. Taxes, Licenses and Permits, Charges for Services, Investment, and Miscellaneous income also saw increases. Most of the decrease in intergovernmental revenue was in the Social Services Fund with a decrease of \$3,330,989. Total governmental fund revenues related to taxes was \$6,473,750, intergovernmental revenue was \$18,790,658, licenses and permits was \$223,195, investment income was \$546,755, charges for services were \$1,028,488, and miscellaneous revenue was \$188,431.

Expenditures. As of December 31, 2023, governmental fund expenditures totaled \$26,939,766, an decrease of \$686,011. Of this amount, \$5,450,560 relates to General Government, \$4,022,474 to Public Safety, \$305,555 to Judicial, \$3,064,832 to Highway and Streets, \$11,941,068 to Health and Welfare, \$85,970 to Auxiliary Services, \$468,977 to Culture and Recreation, \$1,212,574 to Capital Outlay, and \$387,756 to Debt Service.



General Fund: The General Fund is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. As of December 31, 2023, revenues exceeded expenditures by \$503,744, increasing the fund balance.

- ✓ *Revenues.* General Fund revenues totaled \$11,211,154, an increase of \$2,714,455 compared to 2022. Tax revenue is the primary source of revenue in the General Fund totaling \$4,816,373, followed by intergovernmental revenue which totaled \$4,702,937. Compared to the prior fiscal year, tax revenue increased by \$304,579, intergovernmental revenue also increased by \$1,887,238 and all other revenue increased by \$522,635.
- ✓ *Expenditures.* Total expenditures in the General Fund were \$10,721,910, an increase of \$1,701,455 compared to 2022. A majority of this increase relates to General Government in the amount of \$1,013,418 and Public Safety in the amount of \$526,422.

Road and Bridge Fund: The Road and Bridge Fund is a special revenue fund used to account for the maintenance and improvements of streets and highways. The sources of funds include property

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

taxes, highway user fees, and other revenue sources. As of December 31, 2023, expenditures exceeded the revenues by \$379,158, decreasing the fund balance to \$5,750,121. This fund balance will be used to fund future road and bridge projects and equipment purchases or leases.

- ✓ *Revenues.* Total revenues, for 2023, in this fund were \$3,047,483, a decrease of \$6,696 compared to 2022. Highway user tax funds (HUTF) is the primary source of revenue in the Road and Bridge Fund. During 2023, the Road and Bridge Fund received \$2,487,860 in HUTF revenue, an increase of \$31,993 compared to 2022. Other revenue in this fund totaled \$559,623, a decrease of \$38,739.
- ✓ *Expenditures.* Total expenditures in the Road and Bridge Fund were \$3,512,141, an increase of \$445,154. A majority of this increase was due to the increased spending within highway and streets.

Social Services Fund: The Social Service Fund is a special revenue fund used to account for the operations of social programs; i.e., Temporary Aid to Needy Families, Old Age Pension, Aide to blind, Aide to the Needy and Disabled, among other state mandated social services. On December 31, 2023, revenues exceeded expenditures by \$93,161, increasing the fund by this amount.

- ✓ *Revenues.* Social Service Fund revenues totaled \$10,455,295 in 2023, an increase of \$3,298,561 compared to 2022. Intergovernmental revenue which comes from Federal and State governments are the primary source of revenue in this fund. Intergovernmental revenue decreased by \$3,330,989 and tax revenue increased by \$32,338.
- ✓ *Expenditures.* Total expenditures in the Social Service Fund were \$10,362,134, a decrease of \$3,339,836 compared to 2022.

Non-major Governmental Funds. Information for non-major governmental funds is aggregated and reported as special revenue funds. Special revenue funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. Further detail by fund can be found in the other supplementary information section of this financial report. As of December 31, 2023, revenues exceeded expenditures by \$193,764, increasing the fund balance by this amount.

- ✓ *Revenues.* All other governmental funds have total revenues of \$2,537,345, an increase of \$511,430 compared to 2022. Other governmental funds include Public Health Fund with total revenues of \$1,470,430, an increase of \$257,305, Airport Fund total revenues of \$438,148, an increase of \$255,353, Conservation Trust Fund total revenues of \$64,927, an increase of \$5,609, Tourism Fund total revenues of \$347,205, an decrease of \$2,858, RG County Weed Control District total revenues of \$216,635, a decrease of \$3,979, and there was no change for the Capital Project Fund revenues.
- ✓ *Expenditures.* Total expenditures in other governmental funds were \$2,343,581, an increase of \$507,216. Funds included in this expenditure amount are Public Health Fund \$1,296,739, Airport Fund \$415,516, Conservation Trust Fund \$15,000, Tourism Fund \$335,509, and the Weed Control District \$280,817.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

Table 4 below provides you with a comparison of revenues, expenditures, and changes in fund balance as of December 31, 2022, and 2023.

Table 4
Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance
Governmental Funds

	2022	2023
Revenue		
Taxes	\$ 6,136,365	\$ 6,473,750
Intergovernmental Revenue	\$ 19,743,765	\$ 18,790,658
Licenses and Permits	\$ 193,185	\$ 223,195
Investment Income	\$ 181,488	\$ 546,755
Charges for Services	\$ 923,679	\$ 1,028,488
Miscellaneous	\$ 152,167	\$ 188,431
Total Revenue	\$ 27,330,649	\$ 27,251,277
Expenditure		
General Government	\$ 4,413,690	\$ 5,450,560
Public Safety	\$ 3,496,032	\$ 4,022,474
Judicial	\$ 189,079	\$ 305,555
Highway and Streets	\$ 2,649,060	\$ 3,064,832
Health and Welfare	\$ 15,019,833	\$ 11,941,068
Auxiliary Services	\$ 79,722	\$ 85,970
Culture and Recreation	\$ 426,055	\$ 468,977
Capital Outlay	\$ 928,277	\$ 1,212,574
Debt Services	\$ 424,029	\$ 387,756
Total Expenditures	\$ 27,625,777	\$ 26,939,766
Surplus (Deficiency) of Revenue over Expenditures	\$ (295,128)	\$ 311,511
Other Financing Sources (Uses)		
Debt Proceeds	\$ -	\$ -
Sale of Capital Assets	\$ 8,001	\$ 100,000
Total Other Financing Sources (Uses)	\$ 8,001	\$ 100,000
Net Change in Fund Balance	\$ (287,127)	\$ 411,511
Fund Balance at the Beginning of Year	\$ 13,259,399	\$ 12,972,272
Fund Balance at End of Year	\$ 12,972,272	\$ 13,383,783

Budgetary Highlights

The County approved the 2023 annual budget in December 2022, based on the needs of the various departments and the projected revenue. During fiscal year 2023, the General Fund budget was amended from the original revenue budget of \$8,910,977 to a final budget of \$12,884,912. The

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

original expenditure budget of \$9,239,520 was also amended to a final budget of \$12,300,433 for the General Fund. The Weed District Fund budget was amended from the original revenue budget of \$211,279 to a final budget of \$290,287. The original expenditure budget of \$215,188 was also amended to a final budget of \$294,196. The Airport Fund budget was amended from the original revenue of \$453,630 to a final budget of \$546,630. The original expenditure budget of \$484,283 was also amended to a final budget of \$501,283. The Conservation Trust Fund budget was amended from the original revenue of \$30,000 to a final budget of \$65,788. The original expenditure budget of \$30,000 was also amended to a final budget of \$45,000. The Tourism Fund budget was amended from the original revenue of \$260,000 to a final budget of \$422,435. The original expenditure budget of \$243,000 was also amended to a final budget of \$351,500. The Public Health budget was amended from the original revenue of \$1,270,428 to a final budget of \$1,858,808. The original expenditure budget of 1,031,586 was also amended to a final budget of \$1,586,737. The primary reason for the supplementary budget was the receipt of various State of Colorado and Federal dollars passed through CDPHE for Public Health and from the Federal Department of Treasury for the General Fund.

The fund balance for the General Fund, as of December 31, 2023, was \$4,858,367 compared to \$4,354,623. The net change in fund balance in the General Fund was an increase of \$503,744

Capital Assets and Debt Administration

Capital Assets

Rio Grande County's investment in capital and lease assets for its governmental activities as of December 31, 2023, amount to \$40,197,837 (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, construction in progress, infrastructure (e.g. road, bridges, sidewalks, underground pipe, traffic signals, and similar items). The County defines a capital asset if the initial, individual cost is more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives or the remaining period of the lease as applicable.

As of December 31, 2023, the County had \$2,019,829 in additional capital assets and \$721,239 in deletions, increasing capital assets to \$87,782,768. Accumulated depreciation as of December 31, 2023, was \$47,962,183, bringing the County's net capital assets to \$40,197,837. Several major capital projects occurred during 2023. These projects included the addition and expansion of the McCallister Building which houses the Department of Human Services for , the purchase of a Jet A fuel trailer and UTV and a Planning and Design Project for the Airport Runway Overlay, the replacement of the Jail roof, and the purchase of several vehicles for the Sheriff's Office, as well as a new piece of equipment for Road and Bridge.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

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

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

	Governmental Activities	
	2022	2023
Land	\$ 583,584	\$ 583,584
Construction in Progress	\$ 30,286	\$ 232,611
Building & Site Improvements	\$ 4,255,613	\$ 4,702,031
Equipment & Vehicles	\$ 3,917,123	\$ 4,437,421
Infrastructure	\$ 31,272,238	\$ 29,681,133
Lease & Subscription Assets		
Amortized	\$ 712,085	\$ 561,057
Total	\$ 40,770,929	\$ 40,197,837

Debt Administration

At the end of the year, the County's long-term liabilities totaled \$985,285. Rio Grande County's total debt decreased by \$539,369 during the current fiscal year. More detailed information about the County's long-term debt is presented in Note 7 of the notes to the basic financial statements.

Table 6 provides a summary of the County's long-term debt obligations at December 31, 2023.

Table 6
Rio Grande County
Long-Term Debt

	Governmental Activities	
	2022	2023
Financed Purchase Agreements		
County Jail Expansion	\$ 532,825	\$ 365,165
Energy Performance Audit	\$ 10,956	\$ -
Sheriff GM Trucks	\$ 114,168	\$ 77,576
R&B Motor Graders	\$ 356,364	\$ 245,110
Compensated Absences	\$ 470,505	\$ 276,935
Lease Agreements	\$ 39,836	\$ 20,499
Subscription Agreements	\$ 670,844	\$ 537,234
Total Long-Term Debt	\$ 2,195,498	\$ 1,522,519

In order to finance the needed expansion of the County Jail, Rio Grande County entered into an annually renewable Financed Purchase Agreement with San Luis Valley Federal Bank. The bank issued \$2,500,000 for the purchase of the McCallister Building, the Annex, and two county shop buildings. The county is leasing the buildings back via the Financed Purchase Agreement at 4.5%

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

interest. The payments are due to the bank in annual installments through October 2025, from the General Fund. The outstanding principal balance at December 31, 2023, was \$365,165.

A Financed Purchase Agreement was entered into between All American Investment Group, LLC, as lessor, and the County as lessee in the amount of \$367,062 with an interest rate of 2.5% on November 20, 2012 to purchase energy efficient components for the County buildings. Repayment began in April 2013 and quarterly thereafter from the General Fund. This Financed Purchase Agreement will be completed in 2023. The outstanding principal balance at December 31, 2023 was \$0.

A new Financed Purchase Agreement was entered into between GM Financial, and the County on March 4, 2021, in the amount of \$190,470 with an interest rate of 3.95%. The County used the proceeds to purchase five (5) 2021 Chevrolet Silverado SSVs. Annual payments of principal and interest are made from the General Fund through March 2025. The outstanding principal balance at December 31, 2023 was \$77,576.

Rio Grande County also entered into lease agreements for equipment with terms of 5 to 8 years, totaling \$139,342 less the accumulated amortization of \$115,519. The lease agreements were entered into as right-to-use lease assets. As of December 31, 2023, there is no loss associated with an impairment.

Rio Grande County, as a subscriber, has entered into several subscription-based information technology arrangements, with the longest expiring in 2028, The subscriptions require annual payments ranging from \$25,166 to \$49,009

Factors Bearing on the County's Future

At the time these financial statements were prepared and audited, the county was aware of the following existing circumstances that could significantly affect its financial health in the future:

- Total Revenue decreased \$22,145 or 1% from 2022 to 2023.
- Tourism/Lodging Tax is seeing a leveling out of lodging tax distributions.
- Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax increased by \$337,385 or 5% in 2023 compared to 2022.
- Intergovernmental Revenue saw a decrease by \$953,107 or 5% in 2023.
- Licenses and Permits increased by \$30,010 or 16%.
- Interest on investments increased \$365,267 from 2022 to 2023.
- Charges for Services increased by \$104,809 or 11% in 2023 compared to 2022.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2023

- The 2023 County Budget was funded by 75% intergovernmental Revenues; with 22% from Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax; and 5% from Other Local Revenue.
- The County voted to increase employee salaries to remain competitive starting January 2023. This will bring employee salaries to a more competitive level within the County as well as other surrounding Counties.
- The County voted to take on the employee costs of Health Insurance to make the benefits package more competitive.

With the economic climate in the State of Colorado and the United States, the County did not experience a decline in General Revenues rather there continued to be an increase totaling \$841,592 or 11%. If this trend continues, the County anticipates a slight increase in 2023. Although property tax revenue continues to be of question due to the numerous legislative proposals. Inflation continues to be a big concern in 2022 and going into 2023.

The overall fund balance of the General Fund continues to experience growth since 2016, increasing by \$2,213,862, between all years with the exception of a slight decrease of \$688,870. The 2024 Adopted Budget for the General Fund anticipates the use of approximately \$88,000, in unappropriated fund balance. In prior years, the County anticipated the use of fund balance but due to diligent spending the use of fund balance was not needed until the 2022 budget year. We recognize the use of unappropriated fund balance is not sustainable and serious discussions need to begin regarding revenue increases. It is the County's 5-year goal to have each Fund operate with a balanced budget by creating a sustainable revenue stream.

During 2023, the Administration Department continued to experience staff turnover and several positions were vacant. The Human Resources position saw three different employees with one being promoted to the County Administrator Position in April of 2023. The County Administrator vacancy was filled as of April 2023. Rio Grande County continues to fill the vacant positions within Administration to ensure a fully staffed Administration Department. The Commissioners will continue to evaluate and analyze ways to streamline the County's operations, wherever possible, to achieve maximum cost effectiveness for taxpayers.

Contacting the County's Financial Management

This financial report is designed to provide the County's citizens, taxpayers, customers, and investors and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Chief Financial Officer, 925 6th Street, Room 207, Del Norte, CO 81132.

RIO GRANDE COUNTY, COLORADO
BASIC FINANCIAL STATEMENTS

RIO GRANDE COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2023

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 12,457,952
Accounts Receivable	79,919
Due from Other Governments	1,379,607
Property Taxes Receivable	3,616,984
Lease Receivable	266,704
Inventories	963,259
Total Current Assets	18,764,425
Noncurrent Assets:	
Capital assets not being depreciated	816,195
Capital assets, net of accumulated depreciation	38,820,585
Subscription assets, net of accumulated amortization	537,234
Lease assets, net of accumulated amortization	23,823
Total Noncurrent Assets	40,197,837
TOTAL ASSETS	58,962,262
LIABILITIES	
Current Liabilities:	
Accounts Payable	319,251
Due to Other Governments	49,064
Accrued Interest Payable	-
Unearned Grant Revenue	1,128,639
Financed Purchase Agreement	213,242
Lease Agreements	20,499
Subscription Agreements	129,414
Compensated Absences	7,384
Total Current Liabilities	1,867,493
Noncurrent Liabilities:	
Financed Purchase Agreement	474,609
Lease Agreements	-
Subscription Agreements	407,820
Compensated Absences	269,551
Total Noncurrent Liabilities	1,151,980
TOTAL LIABILITIES	3,019,473
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Tax	3,616,984
Unavailable Revenue - Leases	266,704
TOTAL DEFERRED INFLOWS OF RESOURCES	3,883,688
NET POSITION	
Net Investment in Capital Assets	38,952,253
Restricted for:	
TABOR	466,200
Title III	84,575
Clerk's Filing Surcharge	155,476
Culture and Recreation	841,891
Unrestricted	11,558,706
TOTAL NET POSITION	\$ 52,059,101

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

RIO GRANDE COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental Activities:					
General government	\$ 4,891,447	\$ 928,146	\$ 1,595,769	\$ 1,509,796	\$ (857,736)
Public safety	4,043,339	344,960	554,266	-	(3,144,113)
Health and welfare	11,782,410	75,773	11,224,445	-	(482,192)
Highways and streets	5,010,742	3,449	2,670,882	-	(2,336,411)
Judicial	305,555	-	-	-	(305,555)
Auxiliary services	85,970	13,730	-	-	(72,240)
Culture and recreation	476,642	1,185	64,146	-	(411,311)
Interest on debt	61,294	-	-	-	(61,294)
Total Governmental Activities	\$ 26,657,399	\$ 1,367,243	\$ 16,109,508	\$ 1,509,796	(7,670,852)
General Revenues:					
Taxes:					
General Property Taxes - Net					3,953,871
Sales Taxes					2,095,372
Other Taxes					424,507
Payment in Lieu of Taxes					991,065
Interest on Investments					546,755
Gain on Sale of Capital Assets					100,000
Miscellaneous					76,597
Total General Revenues					8,188,167
Change in Net Position					517,315
Net Position - Beginning					51,541,786
Net Position - Ending					\$ 52,059,101

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

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2023

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 5,394,588	\$ 4,677,071	\$ 884,495	\$ 1,501,798	\$ 12,457,952
Accounts Receivable - Net	-	-	9,583	146,280	155,863
Due From Other Governments	688,529	198,208	154,282	338,588	1,379,607
Property Taxes Receivable	2,489,882	464,660	506,440	156,002	3,616,984
Lease Receivable	-	-	-	266,704	266,704
Inventory	-	963,259	-	-	963,259
TOTAL ASSETS	\$ 8,572,999	\$ 6,303,198	\$ 1,554,800	\$ 2,409,372	\$ 18,840,369
LIABILITIES					
Accounts Payable	\$ 169,982	\$ 88,417	\$ 5,029	\$ 131,767	\$ 395,195
Accrued Payroll Liabilities	-	-	-	-	-
Due to Other Governments	5,431	-	43,633	-	49,064
Unearned Revenue - Grants	1,049,337	-	67,901	11,401	1,128,639
TOTAL LIABILITIES	1,224,750	88,417	116,563	143,168	1,572,898
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	2,489,882	464,660	506,440	156,002	3,616,984
Unavailable Revenue - Leases	-	-	-	266,704	266,704
TOTAL DEFERRED INFLOWS OF RESOURCES	2,489,882	464,660	506,440	422,706	3,883,688
FUND BALANCE					
Nonspendable	-	963,259	-	-	963,259
Restricted	475,051	91,000	90,000	892,091	1,548,142
Committed	36,802	4,695,862	841,797	951,407	6,525,868
Assigned	88,500	-	-	-	88,500
Unassigned	4,258,014	-	-	-	4,258,014
TOTAL FUND BALANCE	4,858,367	5,750,121	931,797	1,843,498	13,383,783
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 8,572,999	\$ 6,303,198	\$ 1,554,800	\$ 2,409,372	\$ 18,840,369

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

RIO GRANDE COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2023

Total governmental fund balances \$ 13,383,783

Amounts reported for governmental activities in the Statement of
Net Position are different because:

Capital assets, leased assets, and subscription assets used in governmental activities
are not financial resources and therefore are not reported in the funds. 40,197,837

Long-term liabilities are not due and payable in the current period and
therefore are not reported in the funds.

Financed Purchase Agreements	\$	(687,851)	
Lease Agreements		(20,499)	
Subscription Agreements		(537,234)	
Compensated Absences		(276,935)	
Accrued Interest Payable		-	
		-	(1,522,519)

Net position of governmental activities \$ 52,059,101

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 4,816,373	\$ 484,333	\$ 637,990	\$ 535,054	\$ 6,473,750
Intergovernmental Revenue	4,702,937	2,545,381	9,817,305	1,725,035	18,790,658
Licenses and Permits	222,045	1,150	-	-	223,195
Charges for Services	811,095	11,632	-	205,761	1,028,488
Investment Income	543,262	-	-	3,493	546,755
Miscellaneous	115,442	4,987	-	68,002	188,431
TOTAL REVENUES	11,211,154	3,047,483	10,455,295	2,537,345	27,251,277
EXPENDITURES					
Current Expenditures:					
General Government	5,259,025	-	-	191,535	5,450,560
Public Safety	4,022,474	-	-	-	4,022,474
Health and Welfare	1,378	-	10,362,134	1,577,556	11,941,068
Highways and Streets	-	3,064,832	-	-	3,064,832
Judicial	305,555	-	-	-	305,555
Auxiliary Services	85,970	-	-	-	85,970
Culture and Recreation	118,468	-	-	350,509	468,977
Capital Outlay	684,782	303,811	-	223,981	1,212,574
Debt Service	244,258	143,498	-	-	387,756
TOTAL EXPENDITURES	10,721,910	3,512,141	10,362,134	2,343,581	26,939,766
Excess (deficiency) of revenues over expenditures	489,244	(464,658)	93,161	193,764	311,511
OTHER FINANCING SOURCES (USES)					
Sale of Capital Assets	14,500	85,500	-	-	100,000
TOTAL OTHER FINANCING SOURCES (USES)	14,500	85,500	-	-	100,000
Net Change in Fund Balance	503,744	(379,158)	93,161	193,764	411,511
Fund Balance at beginning of year	4,354,623	6,129,279	838,636	1,649,734	12,972,272
Fund Balance at end of year	\$ 4,858,367	\$ 5,750,121	\$ 931,797	\$ 1,843,498	\$ 13,383,783

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

RIO GRANDE COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

Net change in fund balances - total governmental funds \$ 411,511

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the activity for the current period.

Fixed Asset Additions	\$ 2,019,829	
Depreciation and Amortization Expense	<u>(2,592,921)</u>	(573,092)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Debt activity is as follows:

Financed Purchase Payments	326,462	
Lease Agreement Payments	19,337	
Subscription Agreement Payments	<u>133,610</u>	479,409

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	193,570	
Accrued Interest Payable Changes	<u>5,917</u>	<u>199,487</u>

Change in net position of governmental funds \$ 517,315

RIO GRANDE COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF NET POSITION
December 31, 2023

	<u>COUNTY TREASURER</u>	<u>COUNTY CLERK</u>	<u>PUBLIC TRUSTEE</u>	<u>JAIL COMMISSARY</u>	<u>TOTAL CUSTODIAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,691,202	\$ 203,076	\$ 6,317	\$ 19,355	\$ 1,919,950
Property Tax Receivable	12,133,508	-	-	-	12,133,508
TOTAL ASSETS	<u>13,824,710</u>	<u>203,076</u>	<u>6,317</u>	<u>19,355</u>	<u>14,053,458</u>
LIABILITIES					
Due to Other Governments	1,691,202	210,859	-	-	1,902,061
Deposits held for Others	-	-	-	-	-
TOTAL LIABILITIES	<u>1,691,202</u>	<u>210,859</u>	<u>-</u>	<u>-</u>	<u>1,902,061</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	12,133,508	-	-	-	12,133,508
NET POSITION					
Restricted for:					
Individuals, Organizations, and Other Governments	-	(7,783)	6,317	19,355	17,889
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ (7,783)</u>	<u>\$ 6,317</u>	<u>\$ 19,355</u>	<u>\$ 17,889</u>

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

RIO GRANDE COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2023

	<u>COUNTY</u> <u>TREASURER</u>	<u>COUNTY</u> <u>CLERK</u>	<u>PUBLIC</u> <u>TRUSTEE</u>	<u>JAIL</u> <u>COMMISSARY</u>	<u>TOTAL</u> <u>CUSTODIAL</u> <u>FUNDS</u>
ADDITIONS					
Tax Collections for Other Governments	\$ 15,701,573	\$ -	\$ -	\$ -	\$ 15,701,573
Public Trustee Activity	-	-	55,791	-	55,791
Held for Others	-	3,943,188	-	280,488	4,223,676
Miscellaneous	1,572,777	-	-	-	1,572,777
Total Additions	<u>17,274,350</u>	<u>3,943,188</u>	<u>55,791</u>	<u>280,488</u>	<u>21,553,817</u>
DEDUCTIONS					
Taxes Disbursed	17,274,350	-	-	-	17,274,350
Public Trustee Disbursements	-	-	53,674	-	53,674
Funds Held for Others	-	3,979,587	-	274,702	4,254,289
Total Deductions	<u>17,274,350</u>	<u>3,979,587</u>	<u>53,674</u>	<u>274,702</u>	<u>21,582,313</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>-</u>	<u>(36,399)</u>	<u>2,117</u>	<u>5,786</u>	<u>(28,496)</u>
Net Position - Beginning of the Year	<u>-</u>	<u>28,616</u>	<u>4,200</u>	<u>13,569</u>	<u>46,385</u>
Net Position - End of the Year	<u>\$ -</u>	<u>\$ (7,783)</u>	<u>\$ 6,317</u>	<u>\$ 19,355</u>	<u>\$ 17,889</u>

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Rio Grande County (the County) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the Board). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, coroner, sheriff, district attorney, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including general administration, public safety, highways and streets, health and social services, public improvements, planning, zoning, airport, and weed control.

Component Units

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is fiscal dependency by the organization on the County
- The organization is financially accountable to the County
- The organization receives or holds funds that are for the benefit of the County; and the County has access to a majority of the funds held; and the funds that are accessible are also significant to the County

Rio Grande County has operational responsibility and manages the Rio Grande County Weed Control District. The District is blended into the County's financial statements as a special revenue fund.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the County and its component units, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The Statement of Activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The *General Fund* is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The *Road and Bridge Fund* is a special revenue fund used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, highway users fees, and other revenue sources.
- The *Social Services Fund* is a special revenue fund used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aide to the Blind, Aide to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The fiduciary fund financial statements consist of custodial funds that are fiduciary in nature and present changes in fiduciary net position. Custodial funds are accounted for using the accrual basis of accounting. These funds are used to account for assets that the County holds for others in a fiduciary capacity.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The County’s cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable. The 2023 property tax levy due January 1, 2024, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Receivables/Payables From Other County Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as “Due To/From Other Funds.”

Inventories

Inventory is valued at the lower of cost (last-in, first-out) or market. Inventory in the Road and Bridge Fund consists of expendable supplies held for use.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, underground pipe, traffic signals, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives or the remaining period of the lease, as applicable:

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

Leases and Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

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

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

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

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

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflows of resources is initially measured as the initial

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources are recognized as revenues over the life of the lease term.

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

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

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

Compensated Absences

Annual leave may be accrued to the maximum of:

1st-10th year	21 days
11th-15th year	27 days
16th year and over	31 days

Upon separation from the County, an employee shall be paid for the amount of annual leave that he/she has accrued, subject to the limitation above. All vacation leave pay is accrued when incurred in the government-wide financial statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Encumbrances

The County does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows or resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. Fund balances are classified in one of the five categories:

- *Nonspendable Fund Balance* – are amounts that cannot be spent because they are not in spendable form—such as inventory and prepaid expense.
- *Restricted Fund Balance* – are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by resolution of the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removed those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Nonspendable - Inventory	\$ -	\$ 963,259	\$ -	\$ -	\$ 963,259
	-	963,259	-	-	963,259
Restricted for:					
TABOR	235,000	91,000	90,000	50,200	466,200
Title III	84,575	-	-	-	84,575
Clerk's Filing Surcharge	155,476	-	-	-	155,476
Culture and Recreation	-	-	-	841,891	841,891
	<u>475,051</u>	<u>91,000</u>	<u>90,000</u>	<u>892,091</u>	<u>1,548,142</u>
Committed:					
Capital Projects	-	-	-	8,180	8,180
Public Safety	36,802	-	-	-	36,802
Highways and Streets	-	4,695,862	-	-	4,695,862
Health and Welfare	-	-	841,797	804,473	1,646,270
Weed Control	-	-	-	82,670	82,670
Astronaut Rominger Airpor	-	-	-	56,084	56,084
	<u>36,802</u>	<u>4,695,862</u>	<u>841,797</u>	<u>951,407</u>	<u>6,525,868</u>
Assigned - Designated for Subsequent Years	88,500	-	-	-	88,500
	<u>88,500</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>88,500</u>
Unassigned:	4,258,014	-	-	-	4,258,014
TOTAL FUND BALANCE	<u>\$ 4,858,367</u>	<u>\$ 5,750,121</u>	<u>\$ 931,797</u>	<u>\$ 1,843,498</u>	<u>\$ 13,383,783</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance/net position is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Reclassifications

Certain amounts from prior years financial statements have been reclassified for current year financial statement presentation.

New Accounting Pronouncements

During fiscal year 2023, the County adopted the provisions of GASB Statement No. 96, *Subscription-Based Information Technology Arrangement (SBITA)*, that establishes that a SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

in an exchange or exchange-like transaction. This standard requires governmental entities to record a subscription liability and an intangible right-to-use subscription asset for those contracts for the subscription term. There is no effect on fund balance or net position as a result of the implementation of this standard. However, beginning subscription assets and subscription liabilities were restated by \$670,844 to reflect the net present value of subscription-based information technology arrangements as of December 31, 2022.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Rio Grande County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

- Preparation of budget documents by administrative staff, which shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the County. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners did adopt supplemental appropriations during 2023.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash and Investments for the County are as follow:

Cash on Hand	\$ 1,219
Cash Deposited in Banks	3,902,462
COLOTrust	10,474,221
 Total Cash, Deposits, and Investments (Book Balance)	 14,377,902
Less: Amounts Related to Agency Fund	(1,919,950)
 Total Cash, Deposits, and Investments on the Statement of Net Position	 \$ 12,457,952

Cash and Deposits

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2023, \$2,796,361 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

The County's investment policy and Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investments contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk – Investments

The County's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The policy allows for the investment in local government investment pools.

Interest Rate Risk

Colorado Revised Statutes and the County's investment policy limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

Fair Value

Fair value investments classified as Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

The Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado, pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. ColoTrust is rated AAAM by Standard and Poor's.

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2023, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$2,489,882
Road and Bridge Fund	464,660
Social Services Fund	506,440
Public Health Fund	71,044
Weed Control District	84,958
	<u>\$3,616,984</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2023, was as follows:

	Balance 12/31/2022	Additions	Deletions	Balance 12/31/2023
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 583,584	\$ -	\$ -	\$ 583,584
Construction in Progress	30,286	742,564	540,239	232,611
Total capital assets not being depreciated	<u>613,870</u>	<u>742,564</u>	<u>540,239</u>	<u>816,195</u>
Capital assets being depreciated				
Buildings and Improvements	8,177,937	598,664	-	8,776,601
Vehicles and Equipment	10,329,601	1,218,840	181,000	11,367,441
Infrastructure	66,638,726	-	-	66,638,726
Total capital assets being depreciated	<u>85,146,264</u>	<u>1,817,504</u>	<u>181,000</u>	<u>86,782,768</u>
Less: accumulated depreciation for				
Buildings and Improvements	3,922,324	152,246	-	4,074,570
Vehicles and Equipment	6,412,478	698,542	181,000	6,930,020
Infrastructure	35,366,488	1,591,105	-	36,957,593
Total accumulated depreciation	<u>45,701,290</u>	<u>2,441,893</u>	<u>181,000</u>	<u>47,962,183</u>
Total Capital Assets being depreciated, net	<u>39,444,974</u>	<u>(624,389)</u>	<u>-</u>	<u>38,820,585</u>
Assets being amortized				
Lease Assets:				
Equipment	139,342	-	-	139,342
Subscription Assets	883,253	-	-	883,253
Total Assets being amortized	<u>1,022,595</u>	<u>-</u>	<u>-</u>	<u>1,022,595</u>
Less Accumulated Amortization for				
Lease Assets:				
Equipment	98,101	17,418	-	115,519
Subscription Assets	212,409	133,610	-	346,019
Total Accumulated Amortization	<u>310,510</u>	<u>151,028</u>	<u>-</u>	<u>461,538</u>
Total Assets being amortized, net	<u>712,085</u>	<u>(151,028)</u>	<u>-</u>	<u>561,057</u>
Governmental Activities Assets, Net	<u>\$ 40,770,929</u>	<u>\$ (32,853)</u>	<u>\$ 540,239</u>	<u>\$ 40,197,837</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

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

Governmental Activities:	
General Government	\$ 374,935
Public Safety	190,829
Health and Welfare	51,761
Highways and Streets	1,953,730
Culture and Recreation	<u>21,666</u>
Total Depreciation and Amortization Expense	<u><u>\$2,592,921</u></u>

NOTE 6 LEASES RECEIVABLE

The County is leasing multiple hangers at the County Airport. The County has recognized a lease receivable as of December 31, 2023 for the terms of these leases.

Total lease revenue recognized during the fiscal year ending December 31, 2023 is \$8,640 and \$8,260 of interest income.

The following is the lease receivable schedule as of December 31, 2023:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 8,899	\$ 8,001	\$ 16,900
2025	9,166	7,734	16,900
2026	9,441	7,459	16,900
2027	9,724	7,176	16,900
2028	10,016	6,884	16,900
2029-2033	54,770	29,730	84,500
2034-2038	63,494	21,006	84,500
2039-2043	69,767	11,063	80,830
2044-2046	31,427	1,762	33,189
	<u>\$ 266,704</u>	<u>\$ 100,815</u>	<u>\$ 367,519</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2023, was as follows:

	12/31/2022			12/31/2023	Due Within
	Balance	Additions	Deletions	Balance	One Year
<i>Governmental Activities:</i>					
Financed Purchase Agreements					
Jail	\$ 532,825	\$ -	\$ 167,660	\$ 365,165	\$ 175,205
Energy Performance Audit	10,956	-	10,956	-	-
Sheriff GM Trucks	114,168	-	36,592	77,576	38,037
R&B Motor Graders	356,364	-	111,254	245,110	-
Total	<u>1,014,313</u>	<u>-</u>	<u>326,462</u>	<u>687,851</u>	<u>213,242</u>
Lease Agreements	39,836	-	19,337	20,499	20,499
Subscription Agreements	670,844	-	133,610	537,234	129,414
Compensated Absences	470,505	-	193,570	276,935	7,384
Total Governmental Activities	<u>\$ 2,195,498</u>	<u>\$ -</u>	<u>\$ 672,979</u>	<u>\$ 1,522,519</u>	<u>\$ 370,539</u>

Financed Purchase Agreements

An annually renewable financed purchase agreement, dated January 11, 2005, was entered into between San Luis Valley Federal Bank (the “Bank”) and Rio Grande County (the “County”). The bank issued \$2,500,000 to the County for the purchase of the McCallister Building, the Courthouse Annex, the Road and Bridge Shop Building, and the Road and Bridge Truck Garage. The County is purchasing the buildings back via the financed purchase agreement at 4.50% interest. The County used the proceeds from the sale to construct and equip a new jail facility. Payments are due to the Bank in annual installments through October 2025, from the General Fund. The County can purchase the building back at any time for the Purchase Option Price included in the agreement. The buildings are included in fixed assets at a cost of \$1,762,653 with accumulated depreciation of \$1,013,956. Principal balance at December 31, 2023, was \$365,165.

A Financed Purchase Agreement, dated November 20, 2012, was entered into between All American Investment Group, LLC and Rio Grande County (the “County”) in the amount of \$367,062, with an interest rate of 2.50%. The County used the proceeds to purchase energy efficient components based on an energy efficiency audit on the County buildings. Quarterly payments of principal and interest are made from the General Fund through January 2023. Principal balance at December 31, 2023, was \$0.

A Financed Purchase Agreement, dated March 4, 2021, was entered into between GM Financial and Rio Grande County (the “County”) in the amount of \$190,470, with an interest rate of 3.95%. The County used proceeds to purchase five 2021 Chevrolet Silverado SSVs. Annual payments of principal and interest are made from the General Fund through March 2025. The Chevrolet Silverado trucks are included in fixed assets at a cost of \$38,094 per truck, for a total cost of \$190,470, with accumulated depreciation of \$52,379. Principal balance at December 31, 2023, was \$77,576.

A Financed Purchase Agreement, dated February 14, 2020, was entered into between Caterpillar Financial Services Corporation and Rio Grande County (the “County”) in the amount of \$421,106, with an interest rate of 3.85%. The County used proceeds to purchase two CAT Motor Graders. Annual payments of principal and interest are made from the Road and Bridge Fund through March 2025. The CAT Motor Graders are included in fixed assets at a cost

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

of \$311,553 per grader, for a total cost of \$623,106, with accumulated depreciation of \$483,600. Principal balance at December 31, 2023, was \$245,110. Financed purchase agreement was previously recorded under lease agreements.

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

	Principal	Interest	Total
2024	\$ 213,242	\$ 19,186	\$ 232,428
2025	474,609	21,288	495,897
	\$ 687,851	\$ 40,474	\$ 728,325

Lease Agreements

The County, as a lessee, has entered into lease agreements for equipment with lease terms of 5 to 8 years. The total costs of these right-to-use lease assets are recorded as \$139,342 less accumulated amortization of \$115,519. The County has determined that as of December 31, 2023, there is no loss associated with an impairment of the right-to-use lease asset.

During 2023 the County decided to purchase two of the leased assets. The equipment has been moved from a leased asset to a capitalized asset, and the lease agreement is now recognized as a financed purchase agreement.

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

	Principal	Interest	Total
2024	\$ 20,499	\$ 489	\$ 20,988
	\$ 20,499	\$ 489	\$ 20,988

Subscription Agreements

The County, as a subscriber, has entered into several subscription-based information technology arrangements, with the longest expiring in 2028. The subscriptions require annual payments ranging from \$25,166 to \$49,009.

The required principal and interest payments to maturity are found in the table below:

	Principal	Interest	Total
2024	\$ 129,414	\$ 14,924	\$ 144,338
2025	133,297	11,006	144,303
2026	137,295	6,970	144,265
2027	89,646	4,117	93,763
2028	47,582	1,427	49,009
	\$ 537,234	\$ 38,444	\$ 575,678

NOTE 8 DEFINED CONTRIBUTION PLAN

All eligible employees, participate in the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan), a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible immediately upon their employment with Rio Grande County, County contributions begin immediately, and participation is mandatory at the time of employment. The employee contributions are always 100% vested, and the employer match follows a graded five-year vesting schedule pro rata monthly at 20% annual rate until the employee is fully vested at five years. The employee shall vest each plan month at the rate which equals the product of 1/12 multiplied by 20% but must be more than 10%, as stated in the contract. Employees are fully vested after a five-year participation period, or at the age of 55, whichever is earlier. Elected officials are 100% vested immediately upon participation.

The County must contribute a minimum of 4% and a maximum of 6% of the compensation of each employee. For 2023, the contribution rate was 4%. Each participant contributes a minimum amount equal to the County's contribution, and is permitted to make additional contributions not to exceed 10% of their compensation. For the year ended December 31, 2023, employee contributions totaled \$273,501 and the County recognized pension expense of \$273,906. The County recognized \$27,858 of forfeitures in retirement expense during 2023.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The Plan may be amended by resolution of the Board of Commissioners but it may not be amended beyond the limits established by state statute.

NOTE 9 DEFERRED COMPENSATION PLAN

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f), administered by Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan).

The Plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The County has no other liability other than to make the required monthly contribution.

NOTE 10 TABOR AMENDMENT RESERVE

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. The voters of the County passed a ballot issue in 1999 allowing the County to retain and expend all revenues collected in the year 2000 and thereafter, which do not involve any new taxes and or an increase in the existing mill levy, notwithstanding the limitations of section 29-1-301, C.R.S. and Article X, section 20 of the Colorado Constitution.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3% of fiscal year spending. The Emergency Reserve has been presented as a restriction of fund balance in the County funds and restricted net position on the Statement of Net Position. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

NOTE 11 COLORADO CONTRABAND FORFEITURE ACT

We have reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2023.

NOTE 12 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool (CAPP)

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

At December 31, 2023, CAPP had assets of \$29,572,690 liabilities of \$18,386,695 (including \$17,157,405 reserved for losses and claims), and members' equity of \$11,185,995. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2023, amounted to \$15,156,572 and total expenses were \$12,532,239 resulting in net income before return of surplus of 2,624,333.

Colorado Workers' Compensation Pool (CWCP)

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

At December 31, 2023, CWCP had assets of \$55,475,628 liabilities of \$30,105,475 (including \$25,974,257 reserved for losses and claims) and members' equity of \$25,370,153. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2023, amounted to \$11,864,038 total expenses were \$7,238,446 resulting in net income before return of surplus of \$4,625,592.

NOTE 13 JOINT VENTURES

SAN LUIS VALLEY REGIONAL SOLID WASTE AUTHORITY

The San Luis Valley Regional Solid Waste Authority was created by an intergovernmental agreement between Rio Grande County and Alamosa County on April 14, 1995, pursuant to the authority granted by C.R.S. 29-1-203. It has been designated as a joint venture under the provisions of GASB Statement No. 14. Its purpose is to provide the citizens of both counties an integrated municipal solid waste disposal facility in accordance with provision of C.R.S. 30-20-1005.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

The Authority is governed by a Board of Directors consisting of five members as follows: one Rio Grande County Commissioner, one Alamosa County Commissioner, one director appointed by the City of Monte Vista, one director appointed by the City of Alamosa, and one director who is a member of the Rio Grande County Land Use or administrative staff as appointed by the Rio Grande County Commissioners.

It is the intent of the counties that the initial funding of the Authority by each county be provided on a loan basis in substantially the same proportion that the population of each county bears to the combined population of both counties. Alamosa and Rio Grande Counties may provide additional funding at any time in the future if they choose to do so by resolution.

Closure and Post-Closure Care

Rio Grande and Alamosa Counties are exposed to closure and post-closure expenses, should the Authority be unable to meet those obligations when they become due. Management believes the risk of failure to be minimal. State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Authority reported \$1,360,360 as landfill closure and post-closure care liability at December 31, 2022, that represents the cumulative amount reported to date based on the use of 43% of the estimated capacity of the landfill.

The Authority will recognize the remaining estimated cost of closure and post-closure care of \$1,788,865 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2022, the most recent information available. The Authority expects to close the landfill in the year 2043, the remaining useful life is 21 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The most recent audited financial statements of the authority report total assets of \$4,840,221, total liabilities of \$1,443,434, and net position of \$3,396,787 at December 31, 2022.

The San Luis Valley Regional Solid Waste Authority issues publicly available annual financial statements. That report may be obtained by writing to the San Luis Valley Regional Solid Waste Authority, PO Box 861, Monte Vista, Colorado 81144.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Programs

The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the County expects any such amounts to be immaterial.

Litigation

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2023

that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

Construction Project

The County is in the process of updating the airport runway. The project is estimated to be completed September 2024. As of December 31, 2023, project costs are approximately \$212,908 with total estimated completion costs of \$2,358,084. The County is using grant funding of \$2,322,275 from the Colorado Department of Transportation Division of Aeronautics with a 10% match from the County.

NOTE 15 SUBSEQUENT EVENTS

Weed/Pest Property Purchase

In January 2024 the County purchased property at 0164 West CO Road 3 North in Monte Vista, Colorado for the Weed/Pest District from the Conservation District in the amount of \$231,164.

RIO GRANDE COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 4,462,754	\$ 7,555,189	\$ 4,816,373	\$ (2,738,816)
Intergovernmental Revenue	3,080,873	3,487,373	4,702,937	1,215,564
Licenses and Permits	158,800	158,800	222,045	63,245
Charges for Services	911,200	911,200	811,095	(100,105)
Investment Income	75,000	550,000	543,262	(6,738)
Miscellaneous	95,350	95,350	115,442	20,092
TOTAL REVENUES	8,783,977	12,757,912	11,211,154	(1,546,758)
EXPENDITURES				
General Government	4,075,161	5,860,461	5,259,025	601,436
Public Safety	4,233,336	4,779,336	4,022,474	756,862
Health and Welfare	-	-	1,378	(1,378)
Judicial	333,333	333,333	305,555	27,778
Auxiliary Services	84,912	84,912	85,970	(1,058)
Culture and Recreation	97,563	119,076	118,468	608
Capital Outlay	169,075	877,175	684,782	192,393
Debt Service	246,140	246,140	244,258	1,882
TOTAL EXPENDITURES	9,239,520	12,300,433	10,721,910	1,578,523
Excess (deficiency) of revenues over expenditures	(455,543)	457,479	489,244	31,765
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	2,000	2,000	14,500	12,500
Debt Proceeds	125,000	125,000	-	(125,000)
TOTAL OTHER FINANCING SOURCES (USES)	127,000	127,000	14,500	(112,500)
Net Change in Fund Balance	(328,543)	584,479	503,744	(80,735)
Fund Balance at beginning of year	4,726,052	4,726,052	4,354,623	(371,429)
Fund Balance at end of year	\$ 4,397,509	\$ 5,310,531	\$ 4,858,367	\$ (452,164)

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 482,143	\$ 482,143	\$ 484,333	\$ 2,190
Intergovernmental Revenue	2,573,927	2,573,927	2,545,381	(28,546)
Licenses and Permits	400	400	1,150	750
Charges for Services	1,000	1,000	11,632	10,632
Miscellaneous	5,500	5,500	4,987	(513)
TOTAL REVENUES	3,062,970	3,062,970	3,047,483	(15,487)
EXPENDITURES				
Highways and Streets	3,466,526	3,466,526	3,064,832	401,694
Capital Outlay	300,000	300,000	303,811	(3,811)
Debt Service	152,000	152,000	143,498	8,502
TOTAL EXPENDITURES	3,918,526	3,918,526	3,512,141	406,385
Excess (deficiency) of revenues over expenditures	(855,556)	(855,556)	(464,658)	390,898
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	1,000	85,500	84,500
TOTAL OTHER FINANCING SOURCES (USES)	1,000	1,000	85,500	84,500
Net Change in Fund Balance	(854,556)	(854,556)	(379,158)	475,398
Fund Balance at beginning of year	5,758,368	5,758,368	6,129,279	370,911
Fund Balance at end of year	\$ 4,903,812	\$ 4,903,812	\$ 5,750,121	\$ 846,309

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 702,927	\$ 702,927	\$ 637,990	\$ (64,937)
Intergovernmental Revenue	13,050,439	13,050,439	9,817,305	(3,233,134)
TOTAL REVENUES	13,753,366	13,753,366	10,455,295	(3,298,071)
EXPENDITURES				
General Government	-	-	-	-
Health and Welfare	13,753,366	13,753,366	10,362,134	3,391,232
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	13,753,366	13,753,366	10,362,134	3,391,232
Net Change in Fund Balance	-	-	93,161	93,161
Fund Balance at beginning of year	721,737	721,737	838,636	116,899
Fund Balance at end of year	\$ 721,737	\$ 721,737	\$ 931,797	\$ 210,060

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO

OTHER SUPPLEMENTARY INFORMATION

The combining financial statements represent the second level of financial reporting for the County. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

PUBLIC HEALTH FUND – This fund is used to account for the multiple programs of providing public health nursing services. Financing is provided by grants and fees for services.

AIRPORT FUND – This fund is used to account for improvements to and operations of the Astronaut Rominger Airport.

CONSERVATION TRUST FUND – This fund is used to account for the County share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks and other public recreational facilities.

TOURISM FUND – This fund is used to account for the County share of the lodging tax collected on each hotel/motel that is rented in Rio Grande County. The monies may be expended to promote Rio Grande County to tourists.

RIO GRANDE COUNTY WEED CONTROL DISTRICT – This fund is used to provide monies for spraying undesirable plants along the roads within Rio Grande County as required by the Colorado Weed Management Act.

CAPITAL PROJECTS FUND

Capital Projects Funds are used to account for the financing of capital purchases or construction for Rio Grande County and its facilities.

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2023

	SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	TOTAL	
ASSETS								
Cash and Investments	\$ 571,380	\$ (1,853)	\$ 377,731	\$ 490,238	\$ 56,122	\$ 8,180	\$ 1,501,798	
Accounts Receivable	75,944	70,143	-	-	193	-	146,280	
Due From Other Governments	304,549	-	-	-	34,039	-	338,588	
Lease Receivable	-	266,704	-	-	-	-	266,704	
Property Taxes Receivable	71,044	-	-	-	84,958	-	156,002	
TOTAL ASSETS	\$ 1,022,917	\$ 334,994	\$ 377,731	\$ 490,238	\$ 175,312	\$ 8,180	\$ 2,409,372	
LIABILITIES								
Accounts Payable	\$ 115,999	\$ 206	\$ -	\$ 14,878	\$ 684	\$ -	\$ 131,767	
Due To Other Funds	-	-	-	-	-	-	-	
Unearned Revenue - Grants	11,401	-	-	-	-	-	11,401	
TOTAL LIABILITIES	127,400	206	-	14,878	684	-	143,168	
DEFERRED INFLOWS OF RESOURCES								
Unavailable Revenue - Property Tax	71,044	-	-	-	84,958	-	156,002	
Unavailable Revenue - Leases	-	266,704	-	-	-	-	266,704	
TOTAL DEFERRED INFLOWS OF RESOURCES	71,044	266,704	-	-	84,958	-	422,706	
FUND BALANCE								
Restricted	20,000	12,000	377,731	475,360	7,000	-	892,091	
Committed	804,473	56,084	-	-	82,670	8,180	951,407	
TOTAL FUND BALANCE	824,473	68,084	377,731	475,360	89,670	8,180	1,843,498	
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,022,917	\$ 334,994	\$ 377,731	\$ 490,238	\$ 175,312	\$ 8,180	\$ 2,409,372	

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2023

	SPECIAL REVENUE FUNDS							TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND		
REVENUES								
Taxes	\$ 87,423	\$ -	\$ -	\$ 346,966	\$ 100,665	\$ -	\$ -	\$ 535,054
Intergovernmental Revenue	1,378,033	253,749	64,146	-	29,107	-	-	1,725,035
Charges For Services	3,068	129,988	-	-	72,705	-	-	205,761
Investment Income	1,906	23	177	239	1,148	-	-	3,493
Miscellaneous	-	54,388	604	-	13,010	-	-	68,002
TOTAL REVENUES	1,470,430	438,148	64,927	347,205	216,635	-	-	2,537,345
EXPENDITURES								
Current Expenditures:								
General Government	-	191,535	-	-	-	-	-	191,535
Health and Welfare	1,296,739	-	-	-	280,817	-	-	1,577,556
Culture and Recreation	-	-	15,000	335,509	-	-	-	350,509
Capital Outlay	-	223,981	-	-	-	-	-	223,981
TOTAL EXPENDITURES	1,296,739	415,516	15,000	335,509	280,817	-	-	2,343,581
Excess (deficiency) of revenues over expenditures	173,691	22,632	49,927	11,696	(64,182)	-	-	193,764
OTHER FINANCING SOURCES (USES)								
Sale of Fixed Asset	-	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-	-
Net Change in Fund Balance	173,691	22,632	49,927	11,696	(64,182)	-	-	193,764
Fund Balance at beginning of year	650,782	45,452	327,804	463,664	153,852	8,180	8,180	1,649,734
Fund Balance at end of year	\$ 824,473	\$ 68,084	\$ 377,731	\$ 475,360	\$ 89,670	\$ 8,180	\$ 8,180	\$ 1,843,498

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL
For the Year Ended December 31, 2023

	BUDGETED AMOUNTS		EXPENDITURES	VARIANCE WITH
	ORIGINAL	FINAL	REPORTED ON	FINAL BUDGET
			THE GAAP	POSITIVE
			BASIS	(NEGATIVE)
Governmental Funds				
Non-major Governmental Funds				
Special Revenue Funds				
Public Health Agency Fund	\$ 1,031,586	\$ 1,586,737	\$ 1,296,739	\$ 289,998
Airport Fund	484,283	501,283	415,516	85,767
Conservation Trust Fund	-	45,000	15,000	30,000
Tourism Fund	243,000	351,500	335,509	15,991
Pest & Weed Control District	215,189	294,196	280,817	13,379
Total Special Revenue Funds	<u>1,974,058</u>	<u>2,778,716</u>	<u>2,343,581</u>	<u>435,135</u>
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-major Governmental Funds	<u>\$ 1,974,058</u>	<u>\$ 2,778,716</u>	<u>\$ 2,343,581</u>	<u>\$ 435,135</u>

RIO GRANDE COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster				
Department of Health and Human Services				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ -	\$ 134,301
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	-	60,079
<i>Total Department of Health and Human Services</i>			-	194,380
Total CCDF Cluster			-	194,380
Food Distribution Cluster				
Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	-	73,937
<i>Total Department of Agriculture</i>			-	73,937
Total Food Distribution Cluster			-	73,937
Medical Assistance Program (Medicaid Cluster)				
Department of Health and Human Services				
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A	-	245,033
Total Department of Health and Human Services			-	245,033
Total Medical Assistance Program (Medicaid Cluster)			-	245,033
SNAP Cluster				
Department of Agriculture				
Supplemental Nutrition Assistance Program COVID-19 State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	-	1,297
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	-	542
<i>Total Department of Agriculture</i>			-	169,965
Total SNAP Cluster			-	171,804

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
<i>Forest Service Schools and Roads Cluster</i>				
Department of Agriculture				
Schools and Roads - Grants to States, Title I	10.665	Colorado Department of Treasury,N/A	115,103	153,470
Schools and Roads - Grants to States, Title III	10.665	Colorado Department of Treasury,N/A	-	16,140
Total Department of Agriculture			<u>115,103</u>	<u>169,610</u>
<i>Total Forest Service Schools and Roads Cluster</i>			<u>115,103</u>	<u>169,610</u>
<i>Total All Clusters</i>				
			<u>115,103</u>	<u>854,764</u>
<i>Other Programs</i>				
Department of Homeland Security				
Homeland Security Grant Program	97.067	Governor's Office of Homeland Security, N/A	-	289,332
<i>Total Department of Homeland Security</i>			<u>-</u>	<u>289,332</u>
Department of Interior				
National Wildlife Refuge Fund	15.659		<u>3,646</u>	<u>20,658</u>
<i>Total Department of Interior</i>			<u>3,646</u>	<u>20,658</u>
Department of the Treasury				
Local Assistance and Tribal Consistency Fund	21.032		-	1,366,630
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Local Affairs, N/A	-	1,284,168
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Human Services, N/A	-	17,924
<i>Total Department of the Treasury</i>			<u>-</u>	<u>2,668,722</u>
Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, C23PHPCONT	-	17,970
Guardianship Assistance	93.090	Colorado Department of Human Services,N/A	-	5,982
COVID-19 Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#4	-	14,573

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#3	-	40,666
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, COVID ELC	-	41,422
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, ELC	-	481,945
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Public Health and Environment, OPHP LPHA	-	23,579
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A	-	492,740
Child Support Enforcement	93.563	Colorado Department of Human Services,N/A	-	283,538
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	-	570,303
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	-	10,271
Foster Care_ Title IV-E	93.658	Colorado Department of Human Services,N/A	-	316,361
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	-	89,297
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	-	57,380
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment,HPP-HCC	-	158,680
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment, OPHP LPHA	-	13,423
<i>Total Department of Health and Human Services</i>			-	2,618,130
Total Other Programs			3,646	5,596,842
Total Expenditures of Federal Awards			\$ 118,749	\$ 6,451,606

RIO GRANDE COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rio Grande County, Colorado under programs of the federal government for the year ended December 31, 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 Rio Grande County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Rio Grande County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, except for funds passed-through the Colorado Department of Human Services, Department of Public Health and Environment, Department of Health Care Policy and Financing, and Care and Share Food Bank. These funds are reported on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The County elected to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2023.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

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



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 03, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an

Certified Public Accountants

3001 Adcock Circle PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Rio Grande County's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the County's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The County's response to the finding identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 03, 2024

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



**Wall,
Smith,
Bateman Inc.**

To the Board of County Commissioners
Rio Grande County, Colorado
Del Norte, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Rio Grande County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2023. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Certified Public Accountants

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Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 03, 2024

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Federal Assistance Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.032	Local Assistance and Tribal Consistency Fund

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as a low-risk auditee? yes X no

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2023

Section II – Financial Statement Findings

Finding 2023-001: Internal Control Over Financial Reporting
(Repeat of finding 2022-001, 2021-001, 2020-001, 2019-001, 2018-001, 2017-001
and 2016-001)

Type of Finding: Internal Control (material weakness)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner.

Cause: Monthly cash reconciliations throughout the year were not complete and did not agree to the general ledger. In addition, year-end reconciliation and review processes were not completed to ensure account balances were properly stated.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over year-end financial statement balances, non-routine transactions, and compliance with budget laws.

Effect: As a result of this condition the following areas were affected:

1. General ledger cash reconciliation discrepancies netted to \$70,135 between the General, Road & Bridge, Public Health, Weed and Airport Funds at December 31, 2023.
2. Audit adjustments were proposed to properly state the financial statements as of December 31, 2023, in accordance with generally accepted accounting principles.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding monthly cash and year-end reconciling of account balances for accurate financial statement reporting. The County should incorporate a monthly review process over the cash reconciliations to ensure they are completed timely and accurately.

Management's Response: See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

RIO GRANDE COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2023

Section II – Financial Statement Findings

Finding 2022-001: Internal Control over Financial Reporting
(Repeat of Finding 2021-001, 2020-001, 2019-001, 2018-001, 2017-001, and 2016-001)

Type of finding: Internal Control (material weakness)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner.

Status: Not Implemented. See finding 2023-001.



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

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Department of Treasury

Rio Grande County County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2023.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
3001 Adcock Circle, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended December 31, 2023

The findings from the December 31, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

**Finding 2023-001: Internal Control over Financial Reporting
(Repeat of Findings 2022-001, 2021-001, 2020-001, 2019-001, 2018-001,
2017-001, and 2016-001)**

Type of finding: Internal Control (material weakness)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding monthly cash and year-end reconciling of account balances for accurate financial statement reporting. The County should incorporate a monthly review process over the cash reconciliations to ensure they are completed timely and accurately.

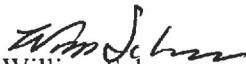
Action Taken:


Rio Grande County is aware of the mistakes made during the reconciliation process. A more detailed monthly reconciliation process has been implemented, as well as a revenue recognition/reconciliation policy to ensure accounting balances are more accurately recorded on a monthly basis.

Rio Grande County, Colorado
Corrective Action Plan
Page 2

If the U.S. Department of Treasury, has questions regarding this plan, please call the responsible party listed below.

Sincerely yours,


William Schoen
County Administrator
Rio Grande County, Colorado


Amanda Klapperich
Chief Financial Officer
Rio Grande County, Colorado

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

LOCAL HIGHWAY FINANCE REPORT		City or County: RIO GRANDE COUNTY
		YEAR ENDING : December 2023
This Information From The Records Of Rio Grande County:	Prepared By: Amanda Klapperich	Phone: 719-657-2744

I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

ITEM	A. Local Motor-Fuel Taxes	B. Local Motor-Vehicle Taxes	C. Receipts from State Highway-User Taxes	D. Receipts from Federal Highway Administration
1. Total receipts available				
2. Minus amount used for collection expenses				
3. Minus amount used for nonhighway purposes				
4. Minus amount used for mass transit				
5. Remainder used for highway purposes				

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,879,428
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 788,531
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 47,850
2. General fund appropriations		b. Snow and ice removal	\$ 389,635
3. Other local imposts (from page 2)	484,333	c. Other	
4. Miscellaneous local receipts (from page 2)	103,269	d. Total (a. through c.)	\$ 437,485
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 263,201
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 3,368,645
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	587,602	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,524,723	2. Notes:	
D. Receipts from Federal Government (from page 2)	20,658	a. Interest	\$ 32,244
E. Total receipts (A.7 + B + C + D)	3,132,983	b. Redemption	\$ 111,254
		c. Total (a. + b.)	\$ 143,498
		3. Total (1.c + 2.c)	\$ 143,498
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,512,143

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	\$ 356,364		\$ 111,254	\$ 245,110

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	6,129,281	3,132,983	3,512,143	5,750,121	0

Notes and Comments:

Previously presented operating leases were reclassified to notes payable. Therefore, adjusted the beginning notes payable balance to reflect this change in 2023.

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2023

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	447,931	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	85,500
4. Licenses		f. Charges for Services	11,632
5. Specific Ownership &/or Other	36,402	g. Other Misc. Receipts	6,137
6. Total (1. through 5.)	36,402	h. Other	
c. Total (a. + b.)	484,333	i. Total (a. through h.)	103,269
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,487,860	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	20,658
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	34,518	d. Federal Transit Admin	
d. Other (Specify) - DOLA Mineral	2,345	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	36,863	g. Total (a. through f.)	20,658
4. Total (1. + 2. + 3.f)	2,524,723	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,879,428	1,879,428
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,879,428	1,879,428
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,879,428	1,879,428
			(Carry forward to page 1)

Notes and Comments: