



**BACA COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
THE INDEPENDENT AUDITOR'S REPORT**

**FOR THE FISCAL YEAR ENDED  
DECEMBER 31, 2024**

**BACA COUNTY, COLORADO**  
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December 31, 2024

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## INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners  
Baca County, Colorado  
Springfield, 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 Baca County, Colorado (the County) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County, as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the County as of December 31, 2024, and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis of Opinions

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

#### Emphasis of a Matter

As discussed in Note 9 to the financial statements, in 2024, the County restated prior year financial statements due to corrections of errors. Our opinions are not modified with respect to this matter.

#### Responsibilities of Management for the Financial Statements

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

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

### **Change in Accounting Principle**

As discussed in Note 9 to the financial statements, in 2024, the County adopted new accounting guidance, GASBS No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

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

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

### **Required Supplementary Information**

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

### **Supplementary Information**

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*DMC Auditing and Consulting, LLC*

January 16, 2026  
Bailey, Colorado

## **BACA COUNTY, COLORADO**

### **Management's Discussion and Analysis**

Management of Baca County, Colorado offers readers of the county's annual financial report this discussion and analysis of financial activities for the fiscal year ended December 31, 2024. We encourage readers to consider the information presented herein in conjunction with the county's financial statements, which follow this section.

#### **FINANCIAL HIGHLIGHTS**

- The County's total combined net position for government were **\$17,192,520** on December 31, 2024.
- During the year, **\$10,854,413** was generated by taxes, grants, and other forms of revenue in all governmental funds, which left a 3% increase compared to 2023.
- As of December 31, 2024, the County's governmental funds reported combined ending fund balances of **\$12,282,650**.
- County Fund Balance increased 21.2% General Fund, 14.2% for Road & Bridge, 1.1% for Health & Human Services, 5% Non-Major Governmental Funds.
- As of December 31, 2024, total general fund expenditures were **\$9,061,345**; alternatively, **74%** of the unreserved/unassigned fund balance for the general fund.
- In the general fund, the actual revenues of **\$6,064,755** were **9.2%** higher than what was budgeted, while actual expenditures of **\$4,670,295** were **18.3%** lower than budgeted. This resulted in a total excess of revenues over expenses of **\$1,394,460**.

#### **Overview of the Financial Statements**

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

**Government-wide financial statements** – The government-wide financial statements are designed to provide readers with a comprehensive overview of the county's finances, presented in a manner similar to that of a private-sector business.

The statement of net position presents information on all of the county's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a valuable indicator of the county's financial viability.

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

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

The government-wide financial statements can be found on pages 9 - 10 of the audit report.

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

**Governmental funds:** Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources and balances of spendable resources available at the end of the fiscal year.

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

The county maintains five governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund, Road & Bridge Fund, Health & Human Services), and other governmental funds, including Capital Expenditures, and Non-Major Governmental Funds.

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

**Fiduciary funds:** The County is the trustee, or *fiduciary*, for certain funds. Some examples of fiduciary funds are School Districts, Cities & Towns, Health Department & District Attorneys, and other Special Districts. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the county's programs.

The basic fiduciary fund financial statements are located on pages 12 - 13 of this report.

**Notes to the Financial Statements** – The notes provide additional information essential to a complete understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14-26 of this report.

## GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position may serve over time as a valuable indicator of a government's financial position. In the case of Baca County, assets exceeded liabilities and deferred inflows of resources by \$17,192,520 as of December 31, 2024.

Of the county's total net position, 27% is reflected in capital assets investments (e.g., land, buildings, roads, bridges, equipment), less any related debt used to acquire assets that remain outstanding. The county utilizes these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the county's investment in its capital assets is reported net of related debt, it is worth noting that the resources needed to repay this debt must be provided from other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

### COUNTY'S NET POSITION

	Governmental Activities	
	2024	2023
Capital Asset, Not Depreciated	\$175,247	\$16,480
Capital Asset, Being Depreciated	\$5,171,230	\$6,596,148
Total Capital Assets	\$5,346,477	\$6,612,628
Current & Other Assets	\$17,539,860	\$15,854,756
Total Assets	\$22,886,337	\$22,467,384
Long Tern Liabilities Outstanding		
Other Liabilities	\$1,784,336	\$1,591,393
Total Liabilities	\$1,784,336	\$1,591,393
Defferred Inflows of Resources	\$3,909,481	\$4,114,771
Net Position:		
Net Investr Capital Assets	\$4,793,028	\$7,565,122
Restricted	\$4,463,432	\$46,178
Unrestricted (Deficit)	\$7,935,735	\$9,149,920
Total Net Position	\$17,192,520	\$16,761,220

The decrease in net position from 2023 to 2024 is primarily due to capital assets and depreciation expenses. A portion of the county's net position represents resources that are subject to an external restriction on how they may be used. The remaining unrestricted net position, \$7,935,520, has decreased by 13.2% from the 2023 level.

Additionally, the remaining funds may be used to fulfill the government's ongoing obligations to citizens and creditors. As of December 31, 2024, the county can report positive balances in all three categories of total net position, both for the government as a whole and its separate governmental.

**Changes in Net Position** – The County's total revenues are \$10,854,413. Of this total, 73% is general revenue, i.e., taxes, intergovernmental revenue, interest income, etc.; 21% is from state programs and grants; 0.6% relates to charges for services.

The total cost of all programs and services was \$9,268,385. The two most considerable portions are 27.8% for General Government and 39% for the roads & bridges fund.

**Analysis of the County's Operations** – The table below summarizes County's operations for 2024. In governmental activities, the net position increased by \$1,586,028.

		Governmental Activities		
Changes in Net Position:		2024	2023	Change
Revenues				
Property Taxes		\$4,062,421	\$3,867,167	\$70,097
Specific Ownership Taxes		\$402,636	\$383,342	
Sales Taxes		\$2,824,429	\$0	
Operating Grants and Contributions		\$2,317,195	\$5,002,389	\$8,723
Charges for Service		\$618,916	\$667,626	\$93,919
Interest Income		\$471,410	\$330,631	\$3,016
Miscellaneous		\$157,406	\$285,155	\$30,042
Total Revenues		\$10,854,413	\$10,536,310	\$205,797
Expenses				
General Government		2,572,681	3,688,888	(1,116,207)
Public Safety		1,736,367	1,356,515	379,852
Public Works		3,638,835	3,572,439	66,396
Health and Welfare		1,046,150	938,224	107,926
Culture and Recreation		270,626	254,697	15,929
Debt Service Interest		3,726	-	3,726
Total Expenses		9,268,385	9,810,763	(542,378)
Increase/(Decrease) in Net Position		1,586,028	725,547	748,175
Net Position -- January 1		16,761,220	16,035,673	853,230
Prior Year Adjustment		(1,154,728)	-	(1,154,728)
Net Position -- December 31		17,192,520	16,761,220	446,677

**CAPITAL ASSETS AT YEAR-END**  
**Net of Accumulated Depreciation**

	Governmental Activities	
Capital Assets Net of Depreciation	<u>2024</u>	<u>2023</u>
Land	\$16,480	\$16,480
Construction in Progress	\$158,767	\$145,339
Buildings and Improvements	\$3,050,927	\$3,143,618
Machinery and Equipment	\$2,026,288	\$2,150,509
Right-to-use Asset	\$94,015	\$107,446
Total Capital Assets	\$5,346,477	\$5,563,392

During the fiscal year 2024, Baca County added \$696,029 in capital assets; After depreciation, the total value of all assets is \$5,346,477. The county depreciates capital assets, except land and water rights, using the straight-line depreciation method and a predetermined useful life of the asset.

**LONG-TERM DEBT**

**LONG-TERM DEBT AT YEAR-END**

Long Term Debt	<u>2024</u>	<u>2023</u>
Right-to-use Lease	\$93,452	\$103,919
Compensated Absences	\$343,155	\$342,563
Total Long-term Debt	\$436,607	\$446,482

**Total long-term** - debt obligations of the county decreased by \$10,467 from 2023 to 2024. The amount owed to employees for compensated absences increased by \$592 compared to 2023. The increase in compensated absences is primarily due to the implementation of GASB 101. This new standard revises the criteria for recognizing liabilities related to leave benefits. Compensated absences include accrued annual leave and sick leave due to general fund employees, road & bridge fund, and the Department of Social (Human) Services fund upon their separation from employment with the county.

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The assessed valuation of taxable properties used for the 2025 budget preparation increased by \$232,592, or 6%. The 2025 property taxes were certified in December 2024.

**REQUESTS FOR INFORMATION**

This financial report is designed to give our citizens, taxpayers, customers, investors, and creditors a general overview of the county's finances. If you have questions about this report or need additional financial information, please get in touch with the County Administrator at 741 Main Street, Suite 1, Springfield, Colorado, or by calling 719-523-6532.

## **BASIC FINANCIAL STATEMENTS**

**BACA COUNTY, COLORADO**  
**STATEMENT OF NET POSITION**  
December 31, 2024

	<u>PRIMARY GOVERNMENT GOVERNMENTAL ACTIVITIES</u>
<b>ASSETS</b>	
Cash and Investments	\$ 13,444,928
Accounts Receivable	142,488
Taxes Receivable	3,909,481
Due from Other Governments	42,963
Capital Assets, <i>Not Being Depreciated</i>	175,247
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>5,171,230</u>
 TOTAL ASSETS	 <u>22,886,337</u>
<b>LIABILITIES</b>	
Accounts Payable	154,815
Unearned Revenues	1,192,914
Noncurrent Liabilities	
Due Within One Year	237,439
Due in More Than One Year	<u>199,168</u>
 TOTAL LIABILITIES	 <u>1,784,336</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	<u>3,909,481</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	4,793,028
Restricted for:	
Emergencies	172,000
Roads and Bridges	2,812,543
Public Safety	587,905
Parks and Recreation	106,196
Social Services	609,248
Capital Projects	175,865
Unrestricted	<u>7,935,735</u>
 TOTAL NET POSITION	 <u>\$ 17,192,520</u>

**BACA COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2024

FUNCTIONS / PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGE IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities</b>				
General Government	\$ 2,572,681	\$ 477,406	\$ 635,109	\$ (1,460,166)
Public Safety	1,736,367	128,284	130,367	(1,477,716)
Public Works	3,638,835	13,226	344,844	(3,280,765)
Health and Welfare	1,046,150	-	1,083,376	37,226
Culture and Recreation	270,626	-	123,499	(147,127)
Interest on Long-Term Debt	3,726	-	-	(3,726)
	<u>\$ 9,268,385</u>	<u>\$ 618,916</u>	<u>\$ 2,317,195</u>	<u>(6,332,274)</u>
<b>TOTAL PRIMARY GOVERNMENT</b>				
<b>GENERAL REVENUES</b>				
				4,062,421
Property Taxes				402,636
Specific Ownership Taxes				2,824,429
Sales Taxes				471,410
Interest Income				150,354
Other Revenues				7,052
Gain (Loss) on Disposal of Capital Assets				7,052
				<u>7,918,302</u>
<b>TOTAL GENERAL REVENUES</b>				
				1,586,028
<b>CHANGE IN NET POSITION</b>				
				16,761,220
<b>NET POSITION, Beginning, as Originally Stated</b>				
				(929,925)
<b>Restatement - Correction of Errors</b>				
				(224,803)
<b>Restatement - Change in Accounting Principle</b>				
				<u>15,606,492</u>
<b>NET POSITION, Beginning, as Restated</b>				
				\$ 17,192,520
<b>NET POSITION, Ending</b>				
				<u>\$ 17,192,520</u>

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

**BACA COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
December 31, 2024

	GENERAL	ROAD AND BRIDGE	HEALTH AND HUMAN SERVICES
<b>ASSETS</b>			
Cash and Investments	\$ 8,321,477	\$ 3,360,094	\$ 865,519
Accounts Receivable	110,807	26,784	4,897
Taxes Receivable	3,085,640	584,379	177,639
Due from Other Government	-	-	42,963
<b>TOTAL ASSETS</b>	<b>11,517,924</b>	<b>3,971,257</b>	<b>1,091,018</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	\$ 64,896	\$ 83,331	\$ 4,800
Unearned Revenues	402,579	491,004	299,331
<b>TOTAL LIABILITIES</b>	<b>467,475</b>	<b>574,335</b>	<b>304,131</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	3,085,640	584,379	177,639
<b>FUND BALANCES</b>			
Restricted for:			
Emergencies	172,000	-	-
Roads and Bridges	-	2,812,543	-
Public Safety	-	-	-
Culture and Recreation	-	-	-
Social Services	-	-	609,248
Capital Projects	-	-	-
Unassigned	7,792,809	-	-
<b>TOTAL FUND BALANCES</b>	<b>7,964,809</b>	<b>2,812,543</b>	<b>609,248</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 8,432,284</b>	<b>\$ 3,971,257</b>	<b>\$ 1,091,018</b>

	NONMAJOR GOVERNMENTAL		
<u>CAPITAL</u>	<u>FUNDS</u>	<u>TOTAL</u>	
\$ -	\$ 897,838	\$ 13,444,928	
-	-	142,488	
-	61,823	3,909,481	
-	-	42,963	
<u>-</u>	<u>959,661</u>	<u>17,539,860</u>	
\$ -	\$ 1,788	\$ 154,815	
-	-	1,192,914	
<u>-</u>	<u>1,788</u>	<u>1,347,729</u>	
-	61,823	3,909,481	
-	-	172,000	
-	-	2,812,543	
-	587,905	587,905	
-	106,196	106,196	
-	-	609,248	
-	175,865	175,865	
-	26,084	7,818,893	
<u>-</u>	<u>896,050</u>	<u>12,282,650</u>	
<u>\$ -</u>	<u>\$ 959,661</u>	<u>\$ 17,539,860</u>	

**BACA COUNTY, COLORADO**  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
December 31, 2024

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

Total Fund Balances of Governmental Funds	\$	12,282,650
Capital assets and lease right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.		5,346,477
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds:		
Leases Payable		(93,452)
Accrued Compensated Absences		(343,155)
		(436,607)
Total Net Position of Governmental Activities	\$	17,192,520

**BACA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
Year Ended December 31, 2024

	<u>GENERAL</u>	<u>ROAD AND BRIDGE</u>	<u>HEALTH AND HUMAN SERVICES</u>
<b>REVENUES</b>			
Taxes	\$ 3,673,773	\$ 550,667	\$ 170,520
Intergovernmental	1,260,872	3,201,457	660,850
Charges for Services	511,771	-	-
Investment Income	468,394	-	-
Miscellaneous	149,945	367	-
	<u>6,064,755</u>	<u>3,752,491</u>	<u>831,370</u>
<b>TOTAL REVENUES</b>			
<b>EXPENDITURES</b>			
<b>Current</b>			
General Government	2,486,333	-	-
Public Safety	1,581,312	-	-
Health and Welfare	230,457	-	825,025
Culture and Recreation	283,013	-	-
Public Works	-	3,403,048	-
Capital Outlay	74,987	-	-
<b>Debt Service</b>			
Principal	10,467	-	-
Interest	3,726	-	-
	<u>4,670,295</u>	<u>3,403,048</u>	<u>825,025</u>
<b>TOTAL EXPENDITURES</b>			
<b>CHANGES IN FUND BALANCES</b>	1,394,460	349,443	6,345
<b>FUND BALANCES, Beginning, as Originally Stated</b>	6,347,119	2,463,100	602,903
Change within Financial Reporting Entity	-	-	-
Restatement - Correction of Errors	223,230	-	-
	<u>6,570,349</u>	<u>2,463,100</u>	<u>602,903</u>
<b>FUND BALANCES, Beginning, as Restated</b>			
<b>FUND BALANCES, Ending</b>	<u>\$ 7,964,809</u>	<u>\$ 2,812,543</u>	<u>\$ 609,248</u>

	NONMAJOR GOVERNMENTAL FUNDS	TOTAL
CAPITAL		
\$ -	\$ 70,097	\$ 4,465,057
-	8,723	5,131,902
-	93,919	605,690
-	3,016	471,410
-	30,042	180,354
-	205,797	10,854,413
-	7,833	2,494,166
-	117,142	1,698,454
-	-	1,055,482
-	38,002	321,015
-	-	3,403,048
-	-	74,987
-	-	10,467
-	-	3,726
-	162,977	9,061,345
-	42,820	1,793,068
175,865	677,365	10,266,352
(175,865)	175,865	-
-	-	223,230
-	853,230	10,489,582
\$ -	\$ 896,050	\$ 12,282,650

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

**BACA COUNTY, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
Year Ended December 31, 2024

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

Net Change in Fund Balances of Governmental Funds	\$ 1,793,068
<p>Governmental funds report capital outlays and leases as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as:</p>	
Depreciation Expense	(899,513)
Amortization Expense	(13,431)
Capital Outlay	696,029
<p>The repayment of long-term debt principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position and does not affect the statement of activities.</p>	
	10,467
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This includes the changes in the following:</p>	
Accrued Compensated Absences	<u>(592)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,586,028</u></u>

**BACA COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
December 31, 2024

	CUSTODIAL FUNDS			TOTAL
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	PUBLIC TRUSTEE	FIDUCIARY FUNDS
<b>ASSETS</b>				
Cash and Investments	\$ 106,310	\$ 22,877	\$ 4	\$ 129,191
<b>NET POSITION</b>				
Restricted for Individuals, Organizations, and Other Governments	\$ 106,310	\$ 22,877	\$ 4	\$ 129,191

**BACA COUNTY, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
Year Ended December 31, 2024

	CUSTODIAL FUNDS			TOTAL FIDUCIARY FUNDS
	COUNTY TREASURER	COUNTY CLERK AND RECORDER	PUBLIC TRUSTEE	
ADDITIONS				
Taxes and Fees Collected for Other Governments	\$ 7,851,430	\$ 1,519,564	\$ 3,045	\$ 9,374,039
DEDUCTIONS				
Taxes and Fees Disbursed to Other Governments	7,816,911	1,500,794	3,045	9,320,750
CHANGE IN NET POSITION	34,519	18,770	-	53,289
NET POSITION, Beginning, as Originally Stated	12,048,650	4,107	4	12,052,761
Restatement - Correction of an Error	(11,976,859)	-	-	(11,976,859)
NET POSITION, Beginning as Restated	71,791	4,107	4	75,902
NET POSITION, Ending	\$ 106,310	\$ 22,877	\$ 4	\$ 129,191

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies**

Baca County (the County) was created by an act of legislature in 1887 and is governed by applicable Colorado Statutes. The County is managed by three Commissioners and provides the following services: public safety, roads and bridges, health and social services, culture and recreation, public improvements, planning and zoning, tax and license assessments and collections, and general administrative services.

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

**Reporting Entity**

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

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

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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

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

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

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

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

The *Road and Bridge Fund* is used to account for the operations and maintenance of roads and bridges. Financing is provided by property taxes, state contributions, and other intergovernmental revenues, such as grants.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

The *Health and Human Services Fund* is used to account for the operations and expenditures related to health and human services and welfare. Financing is provided by state grants and property taxes.

Additionally, the County reports the following fund type:

The *Fiduciary Funds* account for assets held by the County in a custodial capacity or as an agent on behalf of others. *Fiduciary Funds* are accounted for using the accrual basis of accounting. The County's Custodial Funds include the Treasurer's Office, the Clerk and Recorder's Office and the Public Trustee. The Fiduciary Funds are not reported in any other financial statements.

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 and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current year.

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

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

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

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position**

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

*Receivables* – Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. Property taxes levied in the current year for collection in the subsequent year are recorded as receivables and deferred inflows of resources at year end. Taxes are due in the subsequent year on April 30, or in two installments on February 28 and June 15. Taxes are collected by the County Treasurer and remitted to the County on a monthly basis. Grant reimbursements not received before year-end for which eligibility has been met and expenditures have been incurred are reported as grants receivable.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)**

*Capital Assets* – Capital assets include property, equipment, and infrastructure. These are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives.

Land Improvements	25 years
Buildings and Improvements	75 years
Machinery and Equipment	10 years
Vehicles	5 years
Infrastructure	50 years

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

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

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

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

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

*Compensated Absences* – Personnel accrue vacation leave based on years of service up to a maximum of 216 hours. Unused accumulated vacation leave benefits are paid upon separation/termination at their current pay rate. Sick leave is accumulated at a rate of eight hours per month up to a maximum of 480 hours. Upon separation, accumulated leave is not paid out. A long-term liability is reported in the government-wide financial statements for the accrued compensated absences more likely than not to be used for time off or paid out. Governmental funds recognize a liability only when payment is due.

*Unearned Revenue* – Unearned revenues include grants that have been collected but the corresponding expenditures have not been incurred and the eligibility criteria have not been met.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 1: Summary of Significant Accounting Policies (Continued)**

**Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Fund Balance / Net Position (Continued)**

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

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

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

**Property Taxes**

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

**NOTE 2: Cash and Cash Equivalents**

At December 31, 2024, the County had the following cash and cash equivalents:

Cash on Hand	\$ 1,032
Deposits	4,872,014
Investments	8,701,073
Total	\$ 13,574,119

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

Cash and Investments	\$ 13,444,928
Fiduciary Funds	129,191
Total	\$ 13,574,119

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2024, the County had bank deposits of \$4,707,929 collateralized with securities held by the financial institution’s agent but not in the County’s name.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 2: Cash and Investments (Continued)**

**Investments**

At December 31, 2024, the County had investments as follows:

Investment Type	NSRO Rating	Fair Value	Maturity		% of Investments	Fair Value Heirarchy
			Less Than One Year	1-5 Years		
Local Government Pools	AAAm/AAAf	\$ 6,380,946	\$ 6,380,946	\$ -	73%	NAV
Money Markets	AAAm	18,099	18,099	-	0%	2
Government Agency	AA+	1,351,548	287,441	1,064,107	16%	1
Certificates of Deposit	Not Rated	950,480	199,181	751,300	11%	2
<b>Total Investments</b>		<b>\$ 8,701,073</b>	<b>\$ 6,885,667</b>	<b>\$ 1,815,407</b>	<b>100%</b>	

The County is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

*Fair Value Measurements* - At December 31, 2024, the County's investments in the local government investment pool were reported at the net asset value per share, money markets reported at Level 2, government agency investments reported at Level 1, negotiable certificates of deposit reported at Level 2.

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years from the date of purchase unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission's Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by one or more nationally recognized statistical rating organizations (NRSROs).

*Concentration of Credit Risk* - State statutes do not limit the amount the County may invest in a single issuer of investment securities, except for corporate securities.

*Local Government Investment Pool* - At December 31, 2024, the County had \$3,607,462 and \$2,773,484, invested in the Colorado Local Government Liquid Asset Trust Plus (ColoTrust) and Colorado Surplus Asset Fund Trust (CSAFE) (the Pools), respectively. The Pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the Pools. ColoTrust, CSAFE, and CSIP are measured at the net asset value per share, with each share valued at \$1. ColoTrust and CSIP are rated AAAM by Standard and Poor's, and CSAFE is rated AAAMmf by Fitch Ratings. Investments of the Pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 3: Capital Assets**

Capital asset activity for the year ended December 31, 2024, is summarized below:

	Balance 12/31/2023, as Restated	Additions	Deletions	Balance 12/31/2024
<b>Governmental Activities:</b>				
Capital Assets, Not Being Depreciated / Amortized:				
Land	\$ 16,480	\$ -	\$ -	\$ 16,480
Construction in Progress	145,339	50,834	(37,406)	158,767
Total Capital Assets, Not Being Depreciated / Amortized	<u>161,819</u>	<u>50,834</u>	<u>(37,406)</u>	<u>175,247</u>
Capital Assets, Being Depreciated / Amortized:				
Buildings and Improvements	5,313,157	86,458	-	5,399,615
Machinery and Equipment	12,503,707	596,143	(548,377)	12,551,473
Right-to-Use Lease Assets	134,308	-	-	134,308
Total Capital Assets, Being Depreciated / Amortized	<u>17,951,172</u>	<u>682,601</u>	<u>(548,377)</u>	<u>18,085,396</u>
Less Accumulated Depreciation / Amortized:				
Buildings and Improvements	(2,169,539)	(179,149)	-	(2,348,688)
Machinery and Equipment	(10,353,198)	(720,364)	548,377	(10,525,185)
Right-to-Use Lease Assets	(26,862)	(13,431)	-	(40,293)
Total Accumulated Depreciation / Amortization	<u>(12,549,599)</u>	<u>(912,944)</u>	<u>548,377</u>	<u>(12,914,166)</u>
Total Capital Assets, Being Depreciated / Amortized, Net	<u>5,401,573</u>	<u>(230,343)</u>	<u>-</u>	<u>5,171,230</u>
Capital Assets, Governmental Activities, Net	<u>\$ 5,563,392</u>	<u>\$ (179,509)</u>	<u>\$ (37,406)</u>	<u>\$ 5,346,477</u>

Depreciation / amortization expense was charged to programs of the County as follows:

General Government	\$ 132,337
Public Safety	244,313
Highways and Streets	447,529
Health and Welfare	158
Culture and Recreation	88,607
Total	<u>\$ 912,944</u>

**NOTE 4: Long Term Debt**

At December 31, 2024, the following is a summary of long-term debt:

	Restated Balance 12/31/2023	Additions	Payments	Balance 12/31/2024	Due Within One Year
<b>Governmental Activities</b>					
Right-to-Use Lease	\$ 103,919	\$ -	\$ 10,467	\$ 93,452	\$ 11,126
Compensated Absences	342,563	592	-	343,155	226,313
Total	<u>\$ 446,482</u>	<u>\$ 592</u>	<u>\$ 10,467</u>	<u>\$ 436,607</u>	<u>\$ 237,439</u>

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 4: Long Term Debt (Continued)**

*Right-to-Use Lease*

In 2016, the County entered into a lease agreement as lessee for the use of Dominion Voting Systems voting equipment expiring December 31, 2031. As of December 31, 2024, the value of the lease liability was \$93,452. The County is required to make annual principal and interest payments of ranging from \$14,193 to \$19,941. The lease interest accrues at a rate of 4.5% per annum. At December 31, 2024, the net book value of the right-to-use assets as of the was \$94,015 with total amortization expense of \$13,431 in 2024. Financed purchase payments to maturity are as follows:

<u>Year Ended June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 11,126	\$ 3,351	\$ 14,477
2026	11,815	2,952	14,767
2027	12,534	2,528	15,062
2028	13,284	2,079	15,363
2029	14,068	1,602	15,670
2030-2031	30,625	1,662	32,287
Total	<u>\$ 93,452</u>	<u>\$ 14,174</u>	<u>\$ 107,626</u>

**NOTE 5: Risk Management**

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

**County Worker’s Compensation Pool**

In 1986, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**Colorado Counties Casualty and Property Pool**

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

**NOTE 6: Employee Retirement Plans**

**Defined Contribution Plan**

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

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 6: Employee Retirement Plans (Continued)**

**Defined Contribution Plan (Continued)**

Employees contribute 3% of their salary to the plan with an equal amount contributed by the County. Vesting occurs at the rate of 20% per year. County contributions for, and earnings forfeited by, employees who leave employment before fully vesting are returned to the County. The County is required to contribute 3% to the Plan of the compensation of the participant. In 2024, employer contributions to the plan were \$93,589. The County had no outstanding liability for this plan at year end. The County commissioners authorize the benefit terms and have the authority to amend these terms.

**Deferred Compensation Plan**

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

In 2001, the County adopted an amendment to its Deferred Compensation Plan with Colorado Retirement Association. The adoption of the amendment was due to recent changes in the Internal Revenue Code. Specifically, the amendment states that all amounts deferred under this plan, all property and rights purchased with such amounts, and all income attributable to such amounts, property or rights shall, until made available to the participant or beneficiary, be held in the Colorado Retirement Association Deferred Compensation Plan Trust for the exclusive benefit of participants and their beneficiaries. Colorado Retirement Association is trustee of the trust. Eligible voluntary employee contributions were \$89,890 for 2024.

**NOTE 7: Commitments and Contingencies**

**Claims and Judgments**

The County participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental entities. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the County may be required to reimburse the grantor government. At December 31, 2024, significant amounts of grant expenditures have not been audited but management believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on the overall financial position of the County.

**Tabor Amendment**

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

In November 1995, the registered voters approved a ballot initiative permitting the County to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure for use as the Board of County Commissioners deem appropriate, the full proceeds and revenues received from any and all grants awarded to the County, from any source, without limitation, in 1995 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

The Amendment requires the County to establish a reserve for emergencies, representing 3% of qualifying expenditures with the exception Street Improvement Fund, explained in the following paragraph. At December 31, 2024, the County's emergency reserve was reported as restricted fund balance in the General Fund in the amount of \$172,000.

**BACA COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
December 31, 2024

**NOTE 7: Commitments and Contingencies (Continued)**

**Litigation**

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

**NOTE 8: Change in Reporting Entity**

At December 31, 2024, the County evaluated the criteria for major fund classification and determined the Capital Fund no longer met the thresholds to be presented as a major governmental fund. As a result, the County reclassified the Capital Fund from major fund to a nonmajor fund. This change is considered a change in the reporting entity and applied retrospectively as required by GASB Statement No. 100. The reclassification had no effect on total fund balances or net position.

**NOTE 9: Restatement - Change in Accounting Principle and Corrections of Errors**

At December 31, 2024, the County implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*, which required a change in accounting principle. The implementation was applied retroactively and resulted in a restatement of the beginning net position for the fiscal year ended December 31, 2023. Under GASB Statement No. 101, *Compensated Absences*, the County was required to calculate and record a liability for accumulated sick leave for full-time and part-time employees, which affected the beginning net position reported in the financial statements.

In addition, the County identified and corrected errors impacting the beginning net position and fund balance in the governmental activities, General Fund, and fiduciary funds as of December 31, 2023. These prior year corrections related to (1) the proper recognition of revenue in accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; (2) proper capitalization of capital assets and recognition of a right-to-use lease asset and the related lease liability; and (3) the correction of cash and investments that were incorrectly reported on the fiduciary financial statements in the prior year. The summary of the corrections of errors as of December 31, 2023, are reported as follows:

	General Fund	Governmental Activities	Fiduciary Funds
Net Position/Fund Balance, Beginning, as Originally Stated	\$ 6,347,119	\$ 16,761,220	\$ 12,052,761
Cash and Investments	-	-	(11,976,859)
Accounts Receivable	94,407	94,407	-
Unearned Revenue	128,823	128,823	-
Capital Assets	-	(1,049,236)	-
Long Term Debt	-	(103,919)	-
Compensated Absences	-	(224,803)	-
Net Position/Fund Balance, Beginning, as Restated	\$ 6,570,349	\$ 15,606,492	\$ 75,902

**REQUIRED SUPPLEMENTARY INFORMATION**

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
Year Ended December 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Taxes	\$ 3,267,361	\$ 3,517,460	\$ 3,673,773	\$ 156,313
Intergovernmental	961,464	1,137,759	1,260,872	123,113
Charges for Services	434,500	434,500	511,771	77,271
Investment Income	205,000	205,000	468,394	263,394
Miscellaneous	263,915	263,915	149,945	(113,970)
<b>TOTAL REVENUES</b>	<u>5,132,240</u>	<u>5,558,634</u>	<u>6,064,755</u>	<u>506,121</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General Government	3,161,621	3,270,154	2,486,333	783,821
Public Safety	1,526,906	1,526,906	1,581,312	(54,406)
Health and Welfare	559,857	559,857	230,457	329,400
Culture and Recreation	364,947	364,947	283,013	81,934
Capital Outlay	-	-	74,987	(74,987)
<b>Debt Service</b>				
Principal	-	-	10,467	(10,467)
Interest	-	-	3,726	(3,726)
<b>TOTAL EXPENDITURES</b>	<u>5,613,331</u>	<u>5,721,864</u>	<u>4,670,295</u>	<u>1,051,569</u>
<b>CHANGE IN FUND BALANCE</b>	(481,091)	(163,230)	1,394,460	1,557,690
<b>FUND BALANCE, Beginning,</b>				
as Originally Stated	5,715,170	5,715,170	6,347,119	631,949
Restatement - Correction of Errors	-	-	223,230	223,230
<b>FUND BALANCE, Beginning,</b>	<u>5,715,170</u>	<u>5,715,170</u>	<u>6,570,349</u>	<u>855,179</u>
<b>FUND BALANCE, Ending</b>	<u>\$ 5,234,079</u>	<u>\$ 5,551,940</u>	<u>\$ 7,964,809</u>	<u>\$ 2,189,639</u>

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**ROAD AND BRIDGE FUND**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 573,638	\$ 550,667	\$ (22,971)
Intergovernmental	2,929,450	3,201,457	272,007
Miscellaneous	53,900	367	(53,533)
<b>TOTAL REVENUES</b>	<b>2,983,350</b>	<b>3,752,491</b>	<b>218,474</b>
EXPENDITURES			
Current			
Public Works	4,389,558	3,134,515	1,255,043
Capital Outlay	-	268,533	(268,533)
<b>TOTAL EXPENDITURES</b>	<b>4,389,558</b>	<b>3,403,048</b>	<b>986,510</b>
<b>CHANGE IN FUND BALANCE</b>	<b>(1,406,208)</b>	<b>349,443</b>	<b>1,755,651</b>
FUND BALANCE, Beginning	1,747,327	2,463,100	715,773
FUND BALANCE, Ending	<u>\$ 341,119</u>	<u>\$ 2,812,543</u>	<u>\$ 2,471,424</u>

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**HEALTH AND HUMAN SERVICES FUND**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 171,611	\$ 170,520	\$ (1,091)
Intergovernmental	<u>1,451,780</u>	<u>660,850</u>	<u>(790,930)</u>
 TOTAL REVENUES	 <u>1,623,391</u>	 <u>831,370</u>	 <u>(792,021)</u>
EXPENDITURES			
Current			
Health and Welfare	<u>1,481,035</u>	<u>825,025</u>	<u>656,010</u>
 CHANGE IN FUND BALANCE	 <u>142,356</u>	 <u>6,345</u>	 <u>(136,011)</u>
FUND BALANCE, Beginning	<u>858,616</u>	<u>602,903</u>	<u>(255,713)</u>
FUND BALANCE, Ending	<u>\$ 1,000,972</u>	<u>\$ 609,248</u>	<u>\$ (391,724)</u>

**BACA COUNTY, COLORADO**  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
December 31, 2024

**NOTE 1: Stewardship, Compliance, and Accountability**

**Budgetary Information**

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

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

**Budget Compliance**

At December 31, 2024, the County's Conservation Trust Fund actual expenditures/expenses exceeded budgeted appropriations by \$28,702. This may be a violation of state statutes.

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

**BACA COUNTY, COLORADO**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
December 31, 2024

	<u>E911</u>	<u>CONTINGENCY</u>	<u>CONSERVATION TRUST</u>
<b>ASSETS</b>			
Cash and Investments	\$ 290,280	\$ 106,196	\$ 26,084
Taxes Receivable	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>290,280</u>	<u>106,196</u>	<u>26,084</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts Payable	<u>1,788</u>	<u>-</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>-</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>			
Restricted for:			
Public Safety	288,492	-	-
Culture and Recreation	-	-	26,084
Committed to:			
Contingencies	-	106,196	-
Capital Projects	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL FUND BALANCES</b>	<u>288,492</u>	<u>106,196</u>	<u>26,084</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<u>\$ 290,280</u>	<u>106,196</u>	<u>26,084</u>

PEST CONTROL DISTRICT	CAPITAL EXPENDITURE	TOTAL
\$ 299,413	175,865	\$ 897,838
61,823	-	61,823
<u>361,236</u>	<u>175,865</u>	<u>959,661</u>
-	-	1,788
<u>61,823</u>	<u>-</u>	<u>61,823</u>
299,413	-	587,905
-	-	26,084
-	-	106,196
-	175,865	175,865
<u>299,413</u>	<u>175,865</u>	<u>896,050</u>
<u>299,413</u>	<u>175,865</u>	<u>897,838</u>

**BACA COUNTY, COLORADO**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
Year Ended December 31, 2024

	E911	CONTINGENCY	CONSERVATION TRUST
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Intergovernmental	-	-	8,723
Charges for Services	93,919	-	-
Investment Income	1,276	-	134
Miscellaneous	-	-	30,000
	95,195	-	38,857
EXPENDITURES			
Current			
General Government	-	7,833	-
Public Safety	58,352	-	-
Culture and Recreation	-	-	38,002
	58,352	7,833	38,002
TOTAL EXPENDITURES	58,352	7,833	38,002
CHANGES IN FUND BALANCES	36,843	(7,833)	855
FUND BALANCES, Beginning, as Originally Stated	251,649	114,029	25,229
Change Within Financial Reporting Entity	-	-	-
	251,649	114,029	25,229
FUND BALANCES, Beginning, as Restated	251,649	114,029	25,229
FUND BALANCES, Ending	\$ 288,492	\$ 106,196	\$ 26,084

PEST CONTROL DISTRICT	CAPITAL EXPENDITURE	TOTAL
\$ 70,097	-	\$ 70,097
-	-	8,723
-	-	93,919
1,606	-	3,016
42	-	30,042
71,745	-	205,797
-	-	7,833
58,790	-	117,142
-	-	38,002
58,790	-	162,977
12,955	-	42,820
286,458	-	677,365
-	175,865	
286,458	175,865	853,230
\$ 299,413	175,865	\$ 896,050

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CAPITAL EXPENDITURES FUND**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 791,004	\$ -	\$ (791,004)
EXPENDITURES			
Current			
General Government	491,004	-	491,004
Capital Outlay	300,000	-	300,000
TOTAL EXPENDITURES	791,004	-	791,004
CHANGE IN FUND BALANCE	-	-	-
FUND BALANCE, Beginning	201,219	175,865	(25,354)
FUND BALANCE, Ending	\$ 201,219	\$ 175,865	\$ (25,354)

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
E911 FUND  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Surcharge Revenue	\$ 44,650	\$ 93,919	\$ 49,269
Intergovernmental	7,000	-	(7,000)
Investment Income	650	1,276	626
Miscellaneous	18,000	-	(18,000)
<b>TOTAL REVENUES</b>	<b>70,300</b>	<b>95,195</b>	<b>24,895</b>
EXPENDITURES			
Current			
Public Safety	64,300	58,352	5,948
Capital Outlay	6,000	-	6,000
<b>TOTAL EXPENDITURES</b>	<b>70,300</b>	<b>58,352</b>	<b>11,948</b>
CHANGE IN FUND BALANCE	-	36,843	(36,843)
FUND BALANCE, Beginning	175,684	251,649	75,965
FUND BALANCE, Ending	\$ 175,684	\$ 288,492	\$ 112,808

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONSERVATION TRUST FUND**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Intergovernmental	\$ 9,300	\$ 8,723	\$ (577)
Investment Income	-	134	134
Miscellaneous	-	30,000	30,000
<b>TOTAL REVENUES</b>	<b>9,300</b>	<b>38,857</b>	<b>29,557</b>
EXPENDITURES			
Current			
Culture and Recreation	9,300	38,002	(28,702)
<b>CHANGE IN FUND BALANCE</b>	<b>-</b>	<b>855</b>	<b>855</b>
FUND BALANCE, Beginning	11,260	25,229	13,969
FUND BALANCE, Ending	\$ 11,260	\$ 26,084	\$ 14,824

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**CONTINGENCY**  
Year Ended December 31, 2024

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 100,010	\$ -	\$ (100,010)
EXPENDITURES			
Current			
General Government	100,010	7,833	92,177
CHANGE IN FUND BALANCE	-	(7,833)	(7,833)
FUND BALANCE, Beginning	114,029	114,029	-
FUND BALANCE, Ending	<u>\$ 114,029</u>	<u>\$ 106,196</u>	<u>\$ (7,833)</u>

**BACA COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**PEST CONTROL DISTRICT**  
Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Taxes	\$ 68,616	\$ 70,097	\$ 1,481
Investment Income	200	1,606	1,406
Miscellaneous	-	42	42
<b>TOTAL REVENUES</b>	<b>68,816</b>	<b>71,745</b>	<b>2,929</b>
EXPENDITURES			
Current			
Public Safety	63,200	58,790	4,410
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>5,616</b>	<b>12,955</b>	<b>7,339</b>
OTHER FINANCING SOURCES (USES)			
Transfers In	50	-	(50)
<b>CHANGE IN FUND BALANCE</b>	<b>5,666</b>	<b>12,955</b>	<b>7,289</b>
FUND BALANCE, Beginning	217,664	286,458	68,794
FUND BALANCE, Ending	<u>\$ 223,330</u>	<u>\$ 299,413</u>	<u>\$ 76,083</u>

## **COMPLIANCE SECTION**

# **SINGLE AUDIT**

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

Board of County Commissioners  
Baca County, Colorado  
Springfield, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County, Colorado (the County) as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County and have issued our report thereon dated January 16, 2026.

**Report on Internal Control Over Financial Reporting**

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

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

Our consideration of the County’s internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

We have identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-002, 2024-003, 2024-004, and 2024-005 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

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

Board of County Commissioners  
Baca County, Colorado

### **County's Response to Findings**

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

*DMC Auditing and Consulting, LLC*

January 16, 2026  
Bailey, Colorado

**INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH  
MAJOR FEDERAL PROGRAM, INTERNAL CONTROL OVER COMPLIANCE,  
AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
REQUIRED BY THE UNIFORM GUIDANCE**

Board of County Commissioners  
Baca County, Colorado  
Trinidad, Colorado

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

**Opinion on Each Major Federal Program**

We have audited Baca County, Colorado’s (the County) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the County’s major federal programs for the year ended December 31, 2024. The County’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

**Basis for Opinion on Each Major Federal Program**

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

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

**Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

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

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

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

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

### ***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-005. Our opinion on each major federal program is not modified with respect to these matters.

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

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

Board of County Commissioners  
Baca County, Colorado

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

*A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 and 2024-005 to be material weaknesses.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on County's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. County's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

*DMC Auditing and Consulting, LLC*

January 16, 2026  
Bailey, Colorado

**BACA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Pass-through to Subrecipients	Expenditures
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Colorado Department of Human Services</i>				
<u>SNAP Cluster</u>				
Supplemental Nutrition Assistance Program	10.551	N/A	\$ -	\$ 282
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	-	54,753
<u>Total SNAP Cluster</u>				<u>55,035</u>
Special Supplemental Nutrition Program for Women, Infants, and Children (WIC)	10.557	N/A	-	26,838
TOTAL U.S. DEPARTMENT OF AGRICULTURE				<u>81,873</u>
<b>U.S. DEPARTMENT OF TREASURY</b>				
<i>Direct</i>				
Local Assistance and Tribal Consistency Fund	21.032	N/A	-	88,424
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	124,611
<i>Passed Through Colorado Department of Health and Environment</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	37,061
<i>Passed Through Colorado Department of Human Services</i>				
Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	7,924
TOTAL U.S. DEPARTMENT OF TREASURY				<u>258,020</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>				
<i>Passed Through Colorado Department of Human Services</i>				
<u>Medicaid Cluster</u>				
Medical Assistance Program	93.778	N/A	-	64,630
<u>Subtotal Medicaid Cluster</u>				<u>64,630</u>
Special Programs for the Aging	93.044	N/A	-	10,344
Guardianship Assistance	93.090	N/A	-	542
<u>Child Care Disaster Relief Cluster</u>				
Child Care and Development Block Grant	93.575	N/A	-	3,505
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	-	3,680
<u>Subtotal Child Care Disaster Relief Cluster</u>				<u>7,185</u>
Strengthening Public Health Systems and Services through National Partnerships	93.421	N/A	-	50,000
Title IV-E Kinship Navigator Program	93.471	N/A	-	3,506
Title IV-E Prevention Program	93.472	N/A	-	1,783
Temporary Assistance for Needy Families (TANF)	93.558	N/A	-	113,538
Child Support Enforcement	93.563	N/A	-	77,393
Low-Income Energy Assistance	93.568	N/A	-	27,780
Community Services Block Grant	93.569	N/A	-	35,256
Foster Care Title IV-E	93.658	N/A	-	73,757
Adoption Assistance	93.659	N/A	-	3,356
Social Services Block Grant	93.667	N/A	-	14,149
<i>Total Passed Through Colorado Department of Human Services</i>				<u>483,219</u>
<i>Passed through the Colorado Department of Public Health and Environment</i>				
Public Health Emergency Preparedness	93.069	N/A	-	8,630
Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	N/A	-	6,199
Immunization Cooperative Agreements	93.268	N/A	-	1,346
OPHP CDC Infrastructure	93.967	N/A	-	3,900
Public Health Emergency Response: Cooperative Agreement for Emergency	93.354	N/A	-	38,216
Maternal and Child Health Services Block Grant	93.994	N/A	-	4,375
<i>Total Passed Through Colorado Department of Public Health and Environment</i>				<u>62,666</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				<u>545,885</u>
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>				
<i>Passed through the Colorado Division of Homeland and Emergency Management</i>				
Emergency Management Performance Grants	97.042	N/A	-	24,873
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ -</u> <u>\$ 910,651</u>

**BACA COUNTY, COLORADO**  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2024

**NOTE 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, using the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in the financial statements. The County does not charge a de minimis indirect cost rate. Because the schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position or fund balance, or cash flows of the County.

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

**NOTE 2: Summary of Significant Accounting Policies**

Governmental fund types account for the majority of the County's federal grant activity. Expenditures reported in the schedule of expenditures of federal awards are recognized on a modified basis of accounting. Subrecipient expenditures are recorded on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or limited as to reimbursement. Non-cash expenditures are included in the footnotes to this schedule.

**NOTE 3: Indirect Cost Rate**

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

**NOTE 4: Value of Non-Cash Awards**

Supplemental Nutrition Assistance Program (SNAP) electronic benefit transfers of \$1,296,621 are reported in the Social Services Fund and not reported in the Schedule of Expenditures of Federal Awards. SNAP benefits are provided exclusively by the electronic benefits method (EBT) and processed and determined by the State of Colorado. Therefore, SNAP benefits are not considered the County's federal award and not reported on the County's Schedule of Expenditures of Federal Awards.

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**SECTION I: SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

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

Internal control over financial reporting:

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

Noncompliance material to the financial statements noted?

- Yes  No

**Federal Awards**

Internal control over major federal programs:

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

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

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

- Yes  No

Identification of major federal programs:

<b>Federal Assistance Listings Number</b>	<b>Name of Federal Cluster/Program</b>
21.027	Coronavirus State and Local Fiscal Recovery Funds
21.032	Local Assistance and Tribal Consistency Fund
93.354	Public Health Emergency Response: Cooperative Agreement for Emergency Strengthening Public Health Systems and Services through National Partnerships
93.967	
97.042	Emergency Management Performance Grants

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

Auditee qualified as low-risk auditee?

- Yes  No

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**SECTION II: FINANCIAL STATEMENT FINDINGS**

**2024-001: Material Weakness in Financial Reporting**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error.

**Condition:** We have identified several material errors in the current year and prior year financial statements as follows: 1) revenue recognition of expenditure-driven grants at the year-end cut-off in compliance with Governmental Accounting Standards Board (GASB) Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*; and 2) lease payable to comply with GASB Statement No. 87, *Leases*. The County incurred grant expenditures but did not recognize the corresponding revenue upon meeting eligibility in the proper period. The County did not properly record and estimate the lease payable that were required to be reported at December 31, 2023, and December 31, 2024, to comply with the required implementation of GASB No. 87, *Leases*. Lastly, the County incurred several material audit adjusting journal entries to properly report financial statements.

**Cause:** The County did not have proper internal controls over financial reporting, year-end closing and cut-off processes and procedures, and did not properly report certain prior year balances. The County's internal controls over year-end revenue cut-off and revenue recognition were not properly designed in identifying such issues in the current and prior years. In relation to GASB implementation, the County did not properly report several GASB statements, which required a restatement of prior year net position and fund balances. This stems from the County's lack of internal controls over compliance with GASB requirements and not being aware of certain requirements that materially impact the financial statements.

**Effect:** The County incurred material current year and prior year audit adjustments to beginning balances to various funds, including General Fund, Fiduciary Funds, and Government-Wide Financial Statements. General Fund beginning fund balance and government-wide net position corrections in the amount of \$223,230 were required in order to comply with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and year-end cut-off. In addition, the County was required to restate beginning net position in the government-wide financial statements related to GASB No. 87, *Leases*, at December 31, 2023, in the amount of \$103,919. The County also had several current year material audit adjustments in various funds that indicated lack of internal controls over various year-end closing process and financial reporting. Material audit adjustments and restatements caused significant delays in the audit process

**Repeat Finding:** No.

**Recommendation:** We recommend that the County implement a year-end closing process that includes cut-off procedures related to accounts payable, accounts receivable, grants, and any other accounts that would need to be adjusted to comply with the accrual basis of accounting. These improvements procedures should include expenditure-driven revenue recognition at year-end and improve cut-off verification procedures to record grants on an accrual basis of accounting. In addition, we recommend that the County implement internal controls over financial reporting by thoroughly reviewing the annual audited financial statements when prepared by the auditor or a third party. Also, we highly encourage the County to stay up to date with new GASB requirements through various government accounting organizations such as GFOA, CGFOA, and/or communication with accounting professionals, including the County's audit firm.

**Corrective Action Plan for Financial Reporting Findings:** Reported on page 49-50.

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**2024-002: Material Weakness in Financial Reporting**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error. In addition, the County is responsible and must be aware of the Governmental Accounting Standards Board Standards in order to make sure that the financial statements are in compliance with those standards.

**Condition:** We have identified a material misstatement related to the presentation of the fiduciary funds in the prior period financial statements and related cash and investments. In addition, the fiduciary funds did not comply with GASB Statement No. 84, *Fiduciary Funds*. At December 31, 2023, the County overstated the reporting of fiduciary fund cash and investments and net position in the amount of \$11,976,859 for the fiscal year ended December 31, 2023.

**Cause:** The County did not have proper internal controls over financial reporting fiduciary funds and year-end closing and cut-off processes and procedures. In addition, it appears that the County did not properly review the draft audited financial statements in the prior year to identify the material misstatement.

Lastly, the County was not aware of GASBS No. 84, *Fiduciary Funds*, which required a restatement of prior year net position and fund balances as of December 31, 2023. This stems from the County's lack of internal controls over compliance with GASB requirements and not being aware of certain requirements that materially impact the financial statements.

**Effect:** This resulted in the County recording a material prior year correction of an error to beginning balances to the fiduciary – custodial funds and/or government-wide financial statements. The County was required to record and audit adjustment for a restatement for fiduciary funds related to an overstatement of cash and investments as of December 31, 2023, in the amount of \$11,976,859. These large corrections, lack of internal controls over financial reporting, and oversight could potentially cause material misstatements in the future.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County properly reconcile cash and investments between the Treasurer's financial reports and the County's accounting records regularly and prepare a year-end reconciliation as part of the year-end closing process. In addition, we recommend that the County implement internal controls over financial reporting by reviewing the annual audited financial statements when prepared by the auditor or a third party prior to completion of the audit to verify that the information presented matches the County's accounting records. The preparation of the audited financial statements is a non-audit service performed by the auditor that is not required. The financial statements are the responsibility of the County. Also, we highly encourage the County to stay up to date with new GASB requirements through various government accounting organizations such as GFOA, CGFOA, and/or communication with accounting professionals, including the County's audit firm.

**Corrective Action Plan for Financial Reporting Findings:** Reported on page 49-50.

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**2024-003: Material Weakness in Reporting the Schedule of Expenditures of Federal Awards**

**Criteria:** Section 200.510b of the Code of Federal Regulations Title 2, Subtitle A, Chapter II, Part 200, Subpart F (also known as 2CFR200) states that the auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. The schedule must include the total Federal awards expended as determined in accordance with section 200.502.

**Condition:** The County failed to provide a Schedule of Expenditures of Federal Awards (SEFA) or summarized and accurate information for the auditor to prepare the SEFA based on the client as required by 2 CFR 200 Part F. In order for the auditor to perform the non-audit service of preparing the SEFA, the County must provide the auditor with summarized and accurate federal grant expenditure and revenue information that agrees to the accounting records and grant agreements. In addition, the County must have proper internal controls in place to mitigate various audit risks that are created from performing the non-audit service. The County was not able to provide the information in this format in a timely manner, which required additional audit procedures that identified material corrections to the County's accounting records and to the SEFA in order to properly prepare and present the Schedule of Expenditures of Federal Awards, and comply with 2 CFR 200.510b requirement.

**Cause:** The County lacks proper internal controls over financial reporting related to the Schedule of Expenditures of Federal Awards, including year-end closing and cut-off processes and procedures to properly report federal awards. This caused material audit adjustments to the County's federal grants revenue and expenditures and material corrections to the reporting in the Schedule of Expenditures of Federal Awards. In addition, the County was not aware how to prepare the Schedule of Expenditures of Federal Awards or provide accurate information to the preparer.

**Effect:** In each of the last four years, the County has reported an audited Schedule of Expenditures of Federal Awards. Based on our audit procedures, the County was not able to prepare an accurate Schedule of Expenditures of Federal Awards or provide accurate federal expenditure information to the auditor without material audit adjustments. The County did not comply with 2 CFR 200 requirements related to internal controls related to the SEFA reporting, which state that internal controls over the Schedule of Expenditures of Federal Awards are properly implemented to identify errors and provide accurate information. In addition, the County's SEFA may be missing information that the auditor may not have been able to identify through audit procedures. Additional audit procedures related to the SEFA also create a significant delay in the audit process.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County implement internal controls over Schedules of Expenditures of Federal Awards reporting, which includes compilation and review of various grant agreements and accurately prepare a grants summary or Schedule of Expenditures of Federal Awards that includes all federal award expenditures and revenues on an accrual basis prior to the start of the audit process to comply with the federal requirements and avoid delays in the audit process.

**Corrective Action Plan for Financial Reporting Findings:** Reported on page 49-50.

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**2024-004: Failure to Maintain Accurate and Complete Capital Asset Inventory and Material Weakness Related to Internal Controls Over Capital Assets**

**Criteria:** AU-C Section 265, A.11 in part states that indicators of material weaknesses in internal control include a restatement of previously issued financial statements to reflect the correction of a material misstatement due to fraud or error. In addition, the governmental accounting standards require the County to maintain accurate and complete records for capital assets. County must also maintain internal controls and periodic inventory of capital assets and annually calculate related depreciation / amortization.

**Condition:** The County's capital asset records required material audit adjustments and corrections to balances at December 31, 2024, and December 31, 2023 (prior year balances). During the scheduled audit fieldwork, capital asset records were not available for auditing and not properly monitored by the County, because the County was not able to implement the asset management system prior to the start of fieldwork. The County was able to find prior year capital asset listings and depreciation calculations and roll them forward to provide 2024 capital asset additions and deletions.

**Cause:** Lack of proper internal controls and maintenance of capital asset records and implementation of the capital asset management system prior to the start of the audit. The County was not able to implement the asset management system and provide accurate capital asset records prior to year-end and audit fieldwork.

**Effect:** This resulted in material audit adjustments during the fiscal years ending December 31, 2024, and December 31, 2023, related to capital asset and related depreciation balances. In addition, this created significant delays in the audit process and delayed the completion of the audit in a timely manner.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County develop and implement capital asset management system as part of the year-end closing process and prior to the start of audit fieldwork. In addition, we recommend that the County implement internal controls over capital assets by performing periodic maintenance and inventory at least once per year in order to maintain accurate and complete accounting records.

**Corrective Action Plan for Financial Reporting Findings:** Reported on page 49-50.

**BACA COUNTY, COLORADO**  
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**  
Year Ended December 31, 2024

**SECTION III: FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS**

**2024-005: Noncompliance and Material Weakness of Internal Controls over the Reporting Requirement**

**Federal Program:** Local Assistance and Tribal Consistency Fund (LATCF)

**Federal Assistance Listing Number(s):** 21.032

**Federal Agency:** U.S. Department of Treasury

**Pass-through Entity:** Direct

**Criteria:** 2 CFR 200.328 states in part that the recipient and subrecipient must submit financial reports as required by the federal award. In addition, in accordance with the 2024 LATCF compliance requirements for reporting, the aggregate recipient-reported obligations and expenditures by governmental purpose must match the recipient's financial statements with no more than a 10% difference from the total amount reported.

**Condition:** Based on our review of the annual financial report for LATCF program, the County's reporting was more than the 10% difference from the total amount reported. The County did not comply with the reporting requirement for the LATCF grant program. In addition, the County lacked proper internal controls over the reporting compliance requirement for the LATCF program.

**Cause:** The County lacked internal controls over the LATCF reporting requirement and reported incorrect balances in the annual report to the federal grants that exceeded the 10% difference from the total amount reported and the financial statements.

**Effect:** Our testing identified that the County did not meet the reporting compliance requirements for LATCF grant program. The County received the LATCF grant as part of the COVID-19 response but did not establish any internal control processes to address the reporting compliance requirements. The County was noncompliant with this reporting compliance requirement.

**Repeat Finding:** No.

**Recommendation:** We recommend that the County establish internal controls over the reporting compliance requirement for these types of federal grant programs by establishing a segregation of duties or secondary review of the report submitted to the grantor agency.

**Corrective Action Plan:** Reported on page 49-50.



Baca County Commissioners  
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January 16, 2026

### **Corrective Action Plan:**

Finding: 2024-001

Type of Finding: Material Weakness over Financial Reporting

Baca County had the following regarding internal controls:

•

Baca County concurs with finding 2024-001 and will implement the following corrective steps:

- Baca County will implement a year-end closing process that includes cut-off procedures related to accounts payable, accounts receivable, grants, and any other accounts that would need to be adjusted to comply with the accrual basis of accounting. This improvement of procedures will include expenditure-driven revenue recognition at year-end and will improve verification procedures to record grants on an accrual basis of accounting. Baca County will endeavor to stay up to date with new GASB requirements through various government accounting organizations such as GFOA, CGFOA, and Baca County's audit firm. The goal of this improvement is to prevent audit adjustments in the General Fund balance and the restatements of government-wide financial statements according to the GASB.

Baca County concurs with finding 2024-002 and will implement the following corrective steps:

- Baca County implement internal controls over financial reporting by reviewing the annual audited financial statements when prepared by the auditor or a third party prior to completion of the audit to verify that the information presented matches the County's accounting records. Baca County will endeavor to stay up to date with new GASB requirements through various government accounting organizations such as GFOA, CGFOA, and Baca County's audit firm. The goal of this improvement is to prevent a correction of an error to beginning balances to the fiduciary as incurred in 2024 to custodial funds and/or government-wide financial statements. Baca County was required to record and audit adjustment for a large restatement for fiduciary funds related to an overstatement of cash and investments.

Baca County concurs with finding 2024-003 and will implement the following corrective steps:

- Baca County will implement internal controls over Schedules of Expenditures of Federal Awards reporting, to include compilation and review of various grant agreements and accurately prepare a grants summary or Schedule of Expenditures of Federal Awards to include all federal award expenditures and revenues on an accrual basis prior to the start of the audit process to comply with the federal requirements and avoid delays in the audit process. The goal of the development and implementation of these controls is to improve the SEFA reporting.

Baca County concurs with finding 2024-004 and will implement the following corrective steps:

- Baca County has converted our capital asset program to our current software and the conversion process was not seamless like it should have been. Going forward this should not be an issue once we have a solid inventory base to build on.

Baca County concurs with finding 2024-005 and will implement the following corrective steps:

- Baca County Commissioners had a personnel change during the report period and the new personnel mistakenly reported the LATCF expenditures twice. By the time this mistake was discovered there was no way to recall / revise the LATCF reporting error. The county has improved the tracking spreadsheet for all grants to include more details. Also, second reviewer will go over the grant details to make sure nothing is missed prior to reporting.

## **STATE COMPLIANCE**

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
12/31/2024

This Information From The Records Of:

Prepared By:

Missy Corn  
719-523-6532

**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			2,797,645	
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			2,797,645	

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	292,792
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,276,826
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	501,167	c. Other	6,107
4. Miscellaneous local receipts (from page 2)	18,438	d. Total (a. through c.)	6,107
5. Transfers from toll facilities		4. General administration & miscellaneous	834,968
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,410,693
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)		a. Interest	
7. Total (1 through 6)	519,605	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	
<b>C. Receipts from State government</b> (from page 2)	2,811,763	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	344,844	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	3,676,212	b. Redemption	
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	
			3,410,693

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
 Colorado  
 YEAR ENDING (mm/yy):  
 12/31/2024

**II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	501,167	a. Interest on investments	
b. Other local imposts:		Sale of surplus property	7,052
1. Sales Taxes		Charges for services	2,281
2. (Specify)		Misc insurance proceeds	9,105
3. (Specify)		e. (Specify)	
4. (Specify)		f. (Specify)	
5. (Specify)		g. (Specify)	
6. Total (1. through 5.)		h. (Specify)	
c. Total (a. + b.)	501,167	i. Total (a. through h.)	18,438
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	2,797,645	1. FHWA (from Item I.D.5.)	
2. State general funds	10,945	2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	344,844
a. State bond proceeds		b. FEMA	
Severance Tax	3,173	c. HUD	
c. (Specify)		d. (Specify)	
d. (Specify)		e. (Specify)	
e. (Specify)		f. (Specify)	
f. Total (a. through e.)	3,173	g. Total (a. through f.)	344,844
4. Total (1. + 2. + 3.f)	2,811,763	3. Total (1. + 2.g)	344,844
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

**III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL**

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs		292,792	292,792
b. Engineering Costs			
c. Construction:			
(1). New Facilities			
(2). Capacity Improvements			
(3). System Preservation			
(4). System Enhancement And Operation			
(5). Total Construction (1)+(2)+(3)+(4)			
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)		292,792	292,792
		<i>(Carry forward to page 1)</i>	

Notes and Comments: