

RIO GRANDE COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2024



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

RIO GRANDE COUNTY, COLORADO
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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

Certified Public Accountants

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misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining nonmajor fund financial

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 24, 2025 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 24, 2025

Rio Grande County
Management's Discussion and Analysis
For the Year Ended December 31, 2024

This document offers Rio Grande County's financial statements users a narrative overview and analysis of the financial activities of the County for the year ended December 31, 2024. In compliance with Statement Number 34 also known as GASB34, we present this report titled Management's Discussion and Analysis, or MD&A. This discussion and analysis of Rio Grande County's financial performance provides an overview of the County's financial activities for two fiscal years ending December 31, 2023, and December 31, 2024.

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

Financial Highlights

- As of December 31, 2024, Rio Grande County's government-wide net position totaled \$53,575,099. Total net position for the County increased by \$1,515,998 or .02 percent.
- The Statement of Activities indicates that Rio Grande County had \$27,018,928 in total government-wide revenues. Of this amount, general revenues (primarily taxes) account for approximately \$8,674,667 or 32 percent and program specific revenues in the form of charges for services, grants and contributions accounted for \$18,344,261 or 68 percent.
- Total government-wide revenues increased by \$155,786 compared to 2023. A majority of the increase in Capital Outlay charges for services and Highway and Streets. The increases in Capital Outlay are due to activities with the Airport Overlay project funded by the Colorado Department of Transportation and other projects with Road and Bridge improvements.
- The County had \$25,502,930 in expenses related to governmental activities, only \$18,344,261 of these expenses were offset by program specific charges for services and grants. The remaining balance of \$7,158,642 was supported by general revenues, mostly in the form of taxes, this also increased the overall Net Position for the County in fiscal year 2024.
- The government-wide expenditures decreased by \$1,154,469 compared to 2023. A majority of the decrease relates to general government totaling \$755,270, health and welfare totaling \$731,064, highway and streets of \$579,335, and increases in public safety \$422,107, judicial of \$131,692, auxiliary services of \$13,147, culture and recreation of \$241,115, and interest and debt of \$103,139.
- At the end of 2024, Rio Grande County's governmental funds reported combined ending fund balances of \$12,997,064, an decrease of \$386,719 compared to 2023. Of this amount, \$1,504,885 is restricted, \$6,888,126 is committed, \$621,522 is assigned, \$2,906,819 is unassigned, and \$1,075,712 is non-spendable in the form of inventory.
- Rio Grande County's long-term liabilities decreased by \$42,389 during the 2024 fiscal year.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

Overview of the Financial Statements

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

Rio Grande County adopted GASB 87 and GASB 96 in 2023, and adopted GASB 101 in 2024, in accordance with the generally accepted accounting principles of the United States of America.

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

The *fund financial statements* provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to track specific sources of funding and spending on particular programs. The County, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The County's funds are divided into two categories: governmental funds and fiduciary funds. Governmental Funds are further divided into Governmental Activities which includes: General Government, Public Safety, Health and Welfare, Highways and Streets, Judicial, Auxiliary Services and Culture and Recreation.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

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

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

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

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

Notes to the Financial Statements

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

Other Information

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

Government-wide Financial Analysis

Analysis of Net Position

The focus of this financial analysis is on comparisons of the activities of the current year (2024) with those of the prior year (2023) and comparison of balances at year-end (December 31) for the same two years.

Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

As noted earlier, the net position may serve, over time, as a useful indicator of a government’s financial position. In the case of Rio Grande County, assets exceeded liabilities and deferred inflows by \$53,575,099 at December 31, 2024.

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

The largest portion of the County’s net position reflects its investment of \$41,232,573 in capital assets (e.g., land, buildings, improvements, equipment, and infrastructure); less any related outstanding debt used to acquire those assets. Rio Grande County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County’s net position of \$1,504,885 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$10,837,641 unrestricted net position may be used to meet the County’s ongoing obligations to citizens and creditors. During the current fiscal year, the County’s net position increased by \$1,515,998.

Table 1 provides a summary of the County’s net position at December 31, 2023, and 2024. Additional information is presented in the statement of net position.

Table 1 Condensed Statement of Net Position

	<u>2023</u>	<u>2024</u>
Current and Other Assets	\$ 18,764,425	\$ 17,911,691
Noncurrent Assets	\$ 40,197,837	\$ 42,893,417
Total assets	<u>\$ 58,962,262</u>	<u>\$ 60,805,108</u>
Current Liabilities	\$ 1,867,493	\$ 2,139,220
Noncurrent Liabilities	\$ 1,151,980	\$ 1,109,591
Total Liabilities	<u>\$ 3,019,473</u>	<u>\$ 3,248,811</u>
Deferred Inflows of Resources	\$ 3,883,688	\$ 3,981,198
Net Position		
Net Invested in Capital Assets	\$ 38,952,253	\$ 41,232,573
Restricted	\$ 1,548,142	\$ 1,504,885
Unrestricted	\$ 11,558,706	\$ 10,837,641
Total Net Position	<u>\$ 52,059,101</u>	<u>\$ 53,575,099</u>

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

Analysis of Changes in Net Position

At the end of the current fiscal year, the County is able to report positive balances in all three categories of net position. The County's overall financial position experienced an increase during fiscal 2024. As stated earlier the County's net position increased by \$1,515,998 during fiscal year 2024.

Table 2 provides a summary of the changes in net position for the years 2023 and 2024. The following table 2 is specific discussion related to overall revenues and expenses. Additional information is presented in the Statement of Activities.

Table 2
Changes in Net Position from Operating Results

	<u>2023</u>	<u>2024</u>
<u>Revenues</u>		
Program Revenues		
Charges for Services	\$ 1,367,243	\$ 1,529,563
Operating Grants and Contributions	\$ 16,109,508	\$ 14,663,976
Capital Grants and Contributions	\$ 1,509,796	\$ 2,150,722
General Revenues		
Taxes	\$ 6,473,750	\$ 7,032,678
Payment in Lieu of Taxes	\$ 991,065	\$ 1,059,524
Interest on investments	\$ 546,755	\$ 532,294
Gain on Sale of Capital Assets	\$ 100,000	\$ 0
Other	\$ 76,597	\$ 50,171
Total Revenues	\$ 27,174,714	\$ 27,018,928
<u>Expenses</u>		
General Government	\$ 4,891,447	\$ 4,136,177
Public Safety	\$ 4,043,339	\$ 4,465,446
Health and Welfare	\$ 11,782,410	\$ 11,051,346
Highways and Streets	\$ 5,010,742	\$ 4,431,407
Judicial	\$ 305,555	\$ 437,247
Auxiliary Services	\$ 85,970	\$ 99,117
Culture and Recreation	\$ 476,642	\$ 717,757
Interest on Debt	\$ 61,294	\$ 164,433
Total Expenses	\$ 26,657,399	\$ 25,502,930
Increase (decrease) in Net Position	\$ 517,315	\$ 1,515,998
Beginning Net Position	\$ 51,541,786	\$ 52,059,101
Ending Net Position	\$ 52,059,101	\$ 53,575,099

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

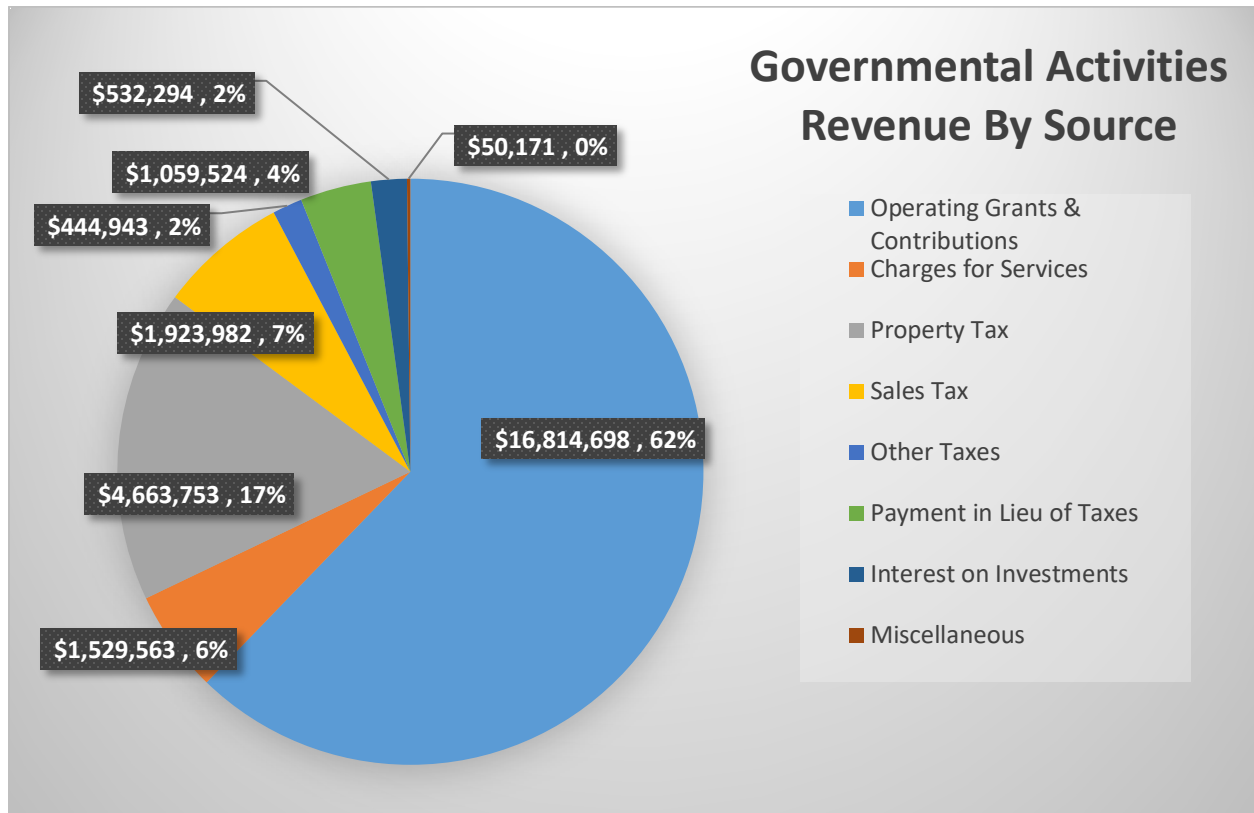
The County is heavily reliant on operating grants and contributions, and tax revenue to support governmental operations. Operating and Capital grants and contributions from the State and Federal government contribute \$16,814,698 or 62 percent. Property taxes, sales tax, PILT and other taxes account for \$8,092,202 or 29 percent. The remainder comes from fees charged for services, investment income, and miscellaneous sources which total \$2,112,028 of total governmental revenue. Rio Grande County’s overall governmental revenue decreased by \$155,786 or less than 1 percent compared to 2023.

Governmental Activities

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

Governmental activity expenses totaled \$25,502,930. Major expenses included in governmental activities are; \$11,051,346 for Health and Welfare, \$4,136,177 for General Government, \$4,431,407 for Highway and Streets, and \$4,465,446 for Public Safety. Over the prior fiscal year, the overall decrease in governmental expenses was \$1,154,469 or approximately 4 percent. A majority of this decrease relates to health and welfare, and highway and streets.

REVENUES BY SOURCE – GOVERNMENTAL ACTIVITIES



**Rio Grande County
Management’s Discussion and Analysis
(Continued) For the Year Ended December 31, 2024**

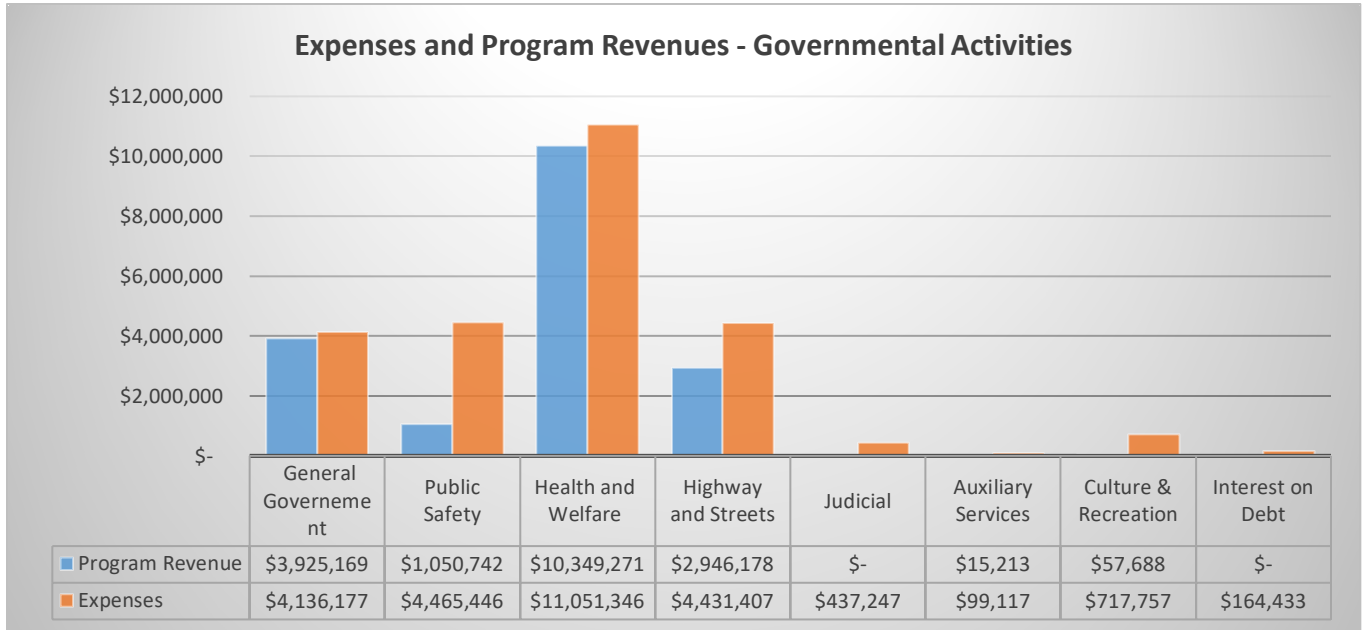


Table 3 presents the cost of each of the County’s programs, including the net costs (i.e., total cost less revenue generated by the activities). The net costs illustrate the financial burden that was placed on the County’s taxpayers by each of these functions.

**Table 3
Net Cost of Governmental Activities**

	Total Cost of Services	Percent of Total	Net (Cost) or Gain of Services	Percent of Total
General Government	\$ 4,136,177	16.22%	\$ (211,008)	2.95%
Public Safety	4,465,446	17.51%	(3,414,704)	47.70%
Health and Welfare	11,051,346	43.33%	(702,075)	9.81%
Highways and Streets	4,431,407	17.38%	(1,485,229)	20.75%
Judicial	437,247	1.71%	(437,247)	6.11%
Auxiliary Services	99,117	0.39%	(83,904)	1.17%
Culture and Recreation	717,757	2.81%	(660,069)	9.22%
Interest on Debt	164,433	0.64%	(164,433)	2.30%
Total	\$ 25,502,930	100.00%	\$ (7,158,669)	100.00%

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

Financial Analysis of the County's Funds

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

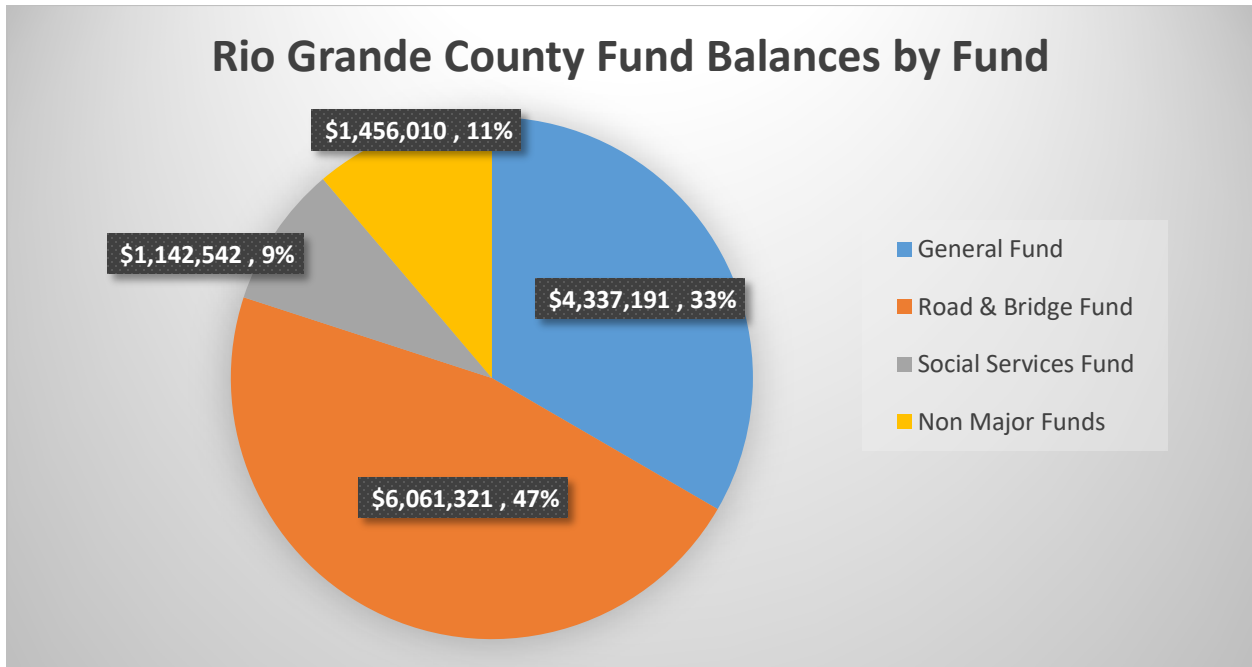
Governmental Funds. The focus of the County's governmental funds is to provide information on near-term inflows, outflows and balances of resources that are available for spending. Such information is useful in assessing the County's financing requirements. Fund balances may serve as a useful measure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

Information about the County's funds follows the government-wide statements in the governmental funds' statements. These funds are accounted for using the modified accrual basis of accounting. As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,997,064, a decrease of \$386,719 from the prior year ending fund balances. The decrease in overall fund balance is associated with decreases in the General Fund of \$521,176, and other nonmajor funds of \$387,488. There were also increases to fund balances in the Road and Bridge Fund of \$311,200 and the Social Services Fund of \$210,745. The County's fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the fund balances for the County were classified in the following categories:

- ✓ *Non-spendable fund balance* – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. As of December 31, 2024, the County's portion of non-spendable fund balance which is associated with inventory was \$1,075,712.
- ✓ *Restricted Fund Balance* – are restricted when constraints are placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation. As of December 31, 2024, the County's governmental funds reported a restricted fund balance of \$1,504,885.
- ✓ *Committed Fund Balance* – are amounts that can only be used for specific purposes as a result of constraints imposed by resolution of the Board of County Commissioners. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balance differs from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation. The County's governmental funds reported a committed fund balance of \$6,888,126, a majority of this fund balance is committed to highway and streets in the amount of \$4,883,609.

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

- ✓ *Assigned Fund Balance* – are amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority. The County reported an assigned fund balance of \$621,522.
- ✓ *Unassigned Fund Balance* – are amounts that are available for any purpose; these amounts are reported only in the General Fund. As of December 31, 2024, the county reported an unassigned fund balance of \$2,906,819.



The Road and Bridge Fund has an overall fund balance of \$6,061,321, a increase of \$311,200 compared to 2023. Of this amount, \$102,000 is restricted for Tabor, \$4,883,609 is available for highway and street related projects, and \$1,075,712 is non-spendable inventory funds.

The General Fund has a fund balance of \$4,337,191, a decrease of \$521,176 compared to 2023. Of this amount, \$486,117 is restricted, \$36,802 is committed, \$621,522 is assigned, and \$3,192,750 is unassigned.

The Social Services Fund has a fund balance of \$1,142,542, an increase of \$210,745 compared to 2023. Of this amount, \$82,000 is restricted for Tabor, and \$1,060,542 is committed for health and welfare services.

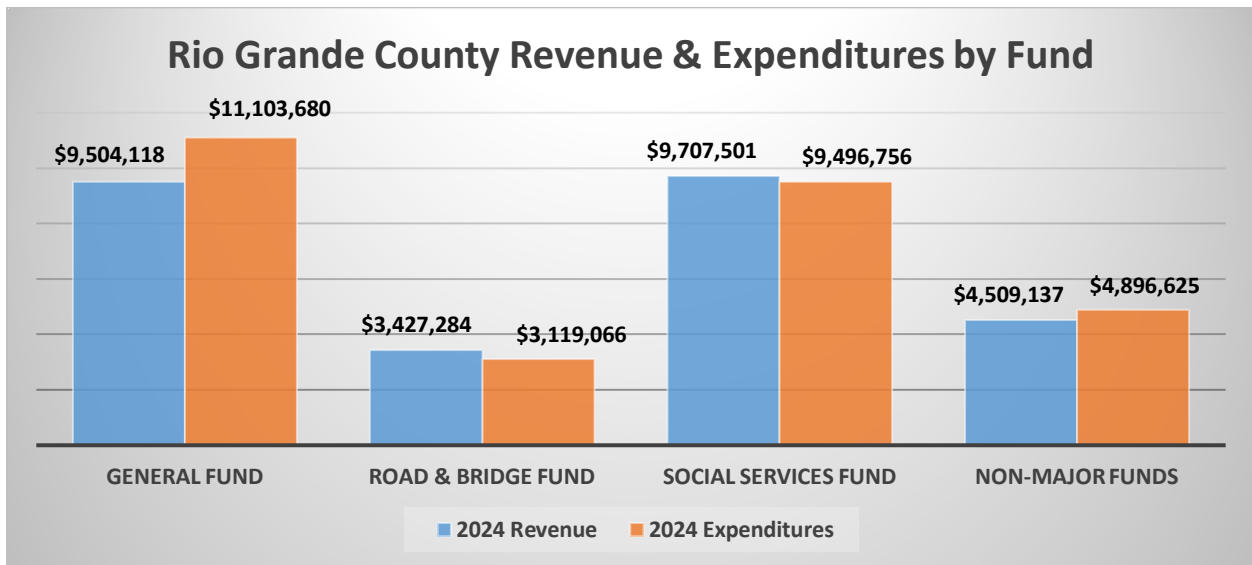
Non major funds have a fund balance of \$1,456,010, a decrease of \$387,488 compared to 2023. Fund balances for non-major funds include, Public Health Fund \$894,895, Airport Fund -\$213,931 due to the delay in grant reimbursement from the Department of Aeronautics, Conservation Trust Fund \$273,163, Tourism Fund \$459,605, and Weed Control District \$34,098. These funds are considered Special Revenue Funds which are used to account for specific revenues that are legally

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

restricted to be expended for particular purposes. Nonmajor funds also include the Capital Projects Fund with a fund balance of \$8,180.

Revenue. Revenues in governmental funds total \$27,148,040, an decrease of \$103,237 or less than 1 percent compared to the prior year. The majority of the decrease was in intergovernmental revenue with a decrease of \$781,448. Investment income also saw a decrease \$14,461. Taxes, Licenses and Permits, Charges for Services, and Miscellaneous income also saw increases. Most of the decrease in intergovernmental revenue was in the Social Services Fund, and the General Funds. Total governmental fund revenues related to taxes was \$7,032,678, intergovernmental revenue was \$18,009,210, licenses and permits was \$232,389, investment income was \$532,294, charges for services were \$1,192,056, and miscellaneous revenue was \$149,413.

Expenditures. As of December 31, 2024, governmental fund expenditures totaled \$28,616,127, an increase of \$1,676,361. Of this amount, \$4,879,798 relates to General Government, \$4,103,878 to Public Safety, \$437,247 to Judicial, \$2,640,890 to Highway and Streets, \$11,163,363 to Health and Welfare, \$99,117 to Auxiliary Services, \$691,518 to Culture and Recreation, \$4,109,344 to Capital Outlay, and \$490,972 to Debt Service.



General Fund: The General Fund is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. As of December 31, 2024, expenditures exceeded revenues by \$521,176, decreasing the fund balance.

- ✓ *Revenues.* General Fund revenues totaled \$9,504,118, a decrease of \$1,707,036 compared to 2023. Tax revenue is the primary source of revenue in the General Fund totaling \$5,136,562, followed by intergovernmental revenue which totaled \$2,648,061. Compared to the prior fiscal year, tax revenue increased by \$320,189, with intergovernmental revenue decreasing by \$2,054,876 and all the licenses and permits and charges for services increasing a total of \$50,433. Investment income and miscellaneous revenues decreased for a total of \$22,782.

**Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

- ✓ *Expenditures.* Total expenditures in the General Fund were \$11,103,680, an increase of \$381,770 compared to 2023.

Road and Bridge Fund: The Road and Bridge Fund is a special revenue fund used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, highway user fees, and other revenue sources. As of December 31, 2024, revenues exceeded expenditures by \$311,200, increasing the fund balance to \$6,061,321. This fund balance will be used to fund future road and bridge projects and equipment purchases or leases.

- ✓ *Revenues.* Total revenues, for 2024, in this fund were \$3,427,284, an increase of \$379,801 compared to 2023. Highway user tax funds (HUTF) is the primary source of revenue in the Road and Bridge Fund. During 2024, the Road and Bridge Fund received \$2,701,107 in HUTF revenue, an increase of \$213,247 compared to 2023. Other revenue in this fund totaled \$726,177, an increase of \$166,554.
- ✓ *Expenditures.* Total expenditures in the Road and Bridge Fund were \$3,119,066, a decrease of \$393,075. A majority of this decrease was due to the decreased spending within highway and streets.

Social Services Fund: The Social Service Fund is a special revenue fund used to account for the operations of social programs; i.e., Temporary Aid to Needy Families, Old Age Pension, Aide to blind, Aide to the Needy and Disabled, among other state mandated social services. On December 31, 2024, revenues exceeded expenditures by \$210,745, increasing the fund by this amount.

- ✓ *Revenues.* Social Service Fund revenues totaled \$9,707,501 in 2024, a decrease of \$747,794 compared to 2023. Intergovernmental revenue which comes from Federal and State governments are the primary source of revenue in this fund. Intergovernmental revenue decreased by \$834,045 and tax revenue increased by \$86,251.
- ✓ *Expenditures.* Total expenditures in the Social Service Fund were \$9,496,756, a decrease of \$865,378 compared to 2023.

Non-major Governmental Funds. Information for non-major governmental funds is aggregated and reported as special revenue funds. Special revenue funds are used to account for specific revenues that are legally restricted to be expended for particular purposes. Further detail by fund can be found in the other supplementary information section of this financial report. As of December 31, 2024, expenditures exceeded revenues by \$387,488, decreasing the fund balance by this amount.

- ✓ *Revenues.* All other governmental funds have total revenues of \$4,509,137, an increase of \$1,971,792 compared to 2023. Other governmental funds include Public Health Fund with total revenues of \$1,406,866, an increase of \$63,564, Airport Fund total revenues of \$2,408,682, an increase of \$1,970,534, Conservation Trust Fund total revenues of \$56,294, a decrease of \$8,633, Tourism Fund total revenues of \$362,704, an increase of \$15,499, RG County Weed Control District total revenues of \$274,591, an increase of \$57,956, and there was no change for the Capital Project Fund revenues.
- ✓ *Expenditures.* Total expenditures in other governmental funds were \$4,896,625, an increase of \$2,553,044. Funds included in this expenditure amount are Public Health Fund \$1,336,444, Airport Fund \$2,690,697, Conservation Trust Fund \$160,862, Tourism Fund \$378,459, and the Weed Control District \$330,163.

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

Table 4 below provides you with a comparison of revenues, expenditures, and changes in fund balance as of December 31, 2023, and 2024.

Table 4

Condensed Statement of Revenues, Expenditures, and Changes in Fund Balance

	<u>Governmental Funds</u>	
	2023	2024
Revenue		
Taxes	\$ 6,473,750	\$ 7,032,678
Intergovernmental Revenue	\$ 18,790,658	\$ 18,009,210
Licenses and Permits	\$ 223,195	\$ 232,389
Investment Income	\$ 546,755	\$ 532,294
Charges for Services	\$ 1,028,488	\$ 1,192,056
Miscellaneous	\$ 188,431	\$ 149,413
Total Revenue	\$ 27,251,277	\$ 27,148,040
Expenditure		
General Government	\$ 5,450,560	\$ 4,879,798
Public Safety	\$ 4,022,474	\$ 4,103,878
Judicial	\$ 305,555	\$ 437,247
Highway and Streets	\$ 3,064,832	\$ 2,640,890
Health and Welfare	\$ 11,941,068	\$ 11,163,363
Auxiliary Services	\$ 85,970	\$ 99,117
Culture and Recreation	\$ 468,977	\$ 691,518
Capital Outlay	\$ 1,212,574	\$ 4,109,344
Debt Services	\$ 387,756	\$ 490,972
Total Expenditures	\$ 26,939,766	\$ 28,616,127
Surplus (Deficiency) of Revenue over Expenditures	\$ 311,511	\$ (1,468,087)
Other Financing Sources (Uses)		
Lease and SBITA Proceeds	\$ -	\$ 1,074,991
Sale of Capital Assets	\$ 100,000	\$ 6,377
Total Other Financing Sources (Uses)	\$ 100,000	\$ 1,081,368
Net Change in Fund Balance	\$ 411,511	\$ (386,719)
Fund Balance at the Beginning of Year	\$ 12,972,272	\$ 13,383,783
Fund Balance at End of Year	\$ 13,383,783	\$ 12,997,064

**Rio Grande County
Management’s Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

Budgetary Highlights

The County approved the 2024 annual budget in December 2023, based on the needs of the various departments and the projected revenue. During fiscal year 2024, the General Fund budget was amended from the original revenue budget of \$8,976,209 to a final budget of \$10,746,493. The original expenditure budget of \$9,064,709 was also amended to a final budget of \$11,649,191 for the General Fund. The Weed District Fund budget was amended from the original revenue budget of \$230,877 to a final budget of \$314,227. The original expenditure budget of \$232,727 was also amended to a final budget of \$347,195. The Road and Bridge Fund budget was amended from the original revenue of \$3,248,961 to a final budget of \$3,798,036. The Airport Fund budget was amended from the original revenue of \$1,081,970 to a final budget of \$2,780,025. The original expenditure budget of \$901,391 was also amended to a final budget of \$2,881,241. The Conservation Trust Fund budget was amended from the original revenue of \$30,000 to a final budget of \$60,175. The original expenditure budget of \$30,000 was also amended to a final budget of \$161,000. The Tourism Fund budget was amended from the original revenue of \$260,000 to a final budget of \$365,225. The original expenditure budget of \$243,000 was also amended to a final budget of \$386,300. The Public Health budget was amended from the original revenue of \$1,158,814 to a final budget of \$1,537,636. The original expenditure budget of \$1,105,938 was also amended to a final budget of \$1,537,363. The primary reason for the supplementary budget was the receipt of various State of Colorado and Federal dollars passed through CDPHE for Public Health and from the Federal and State Governments for the General Fund.

The fund balance for the General Fund, as of December 31, 2024, was \$4,337,191 compared to \$4,858,367. The net change in fund balance in the General Fund is a decrease of \$521,176.

Capital Assets and Debt Administration

Capital Assets

Rio Grande County’s investment in capital and lease assets for its governmental activities as of December 31, 2024, amount to \$42,893,417 (net of accumulated depreciation). Capital assets include land, buildings and improvements, equipment, construction in progress, infrastructure (e.g. road, bridges, sidewalks, underground pipe, traffic signals, and similar items). The County defines a capital asset if the initial, individual cost is more than \$5,000. This definition was updated October 2024 by the Uniform Guidance to \$10,000 which the county also adopted. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Capital assets are depreciated using the straight-line method over their estimated useful lives or the remaining period of the lease as applicable.

As of December 31, 2024, the County had \$7,106,258 in additional capital assets and \$3,082,112 in deletions, increasing capital assets to \$91,623,109. Accumulated depreciation as of December 31, 2024, was \$50,075,698, bringing the County’s net capital assets to \$42,893,417. Several major capital projects occurred during 2024. These projects included the completion of the Airport

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

Taxiway Overlay project as well as improvements and repairs to the jail facility and several new vehicles and equipment across multiple departments.

Table 5 below provides a summary of the County's capital assets (net of accumulated depreciation). Additional Information can be found in note 6 of the notes to the basic financial statements.

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

	Governmental Activities	
	2023	2024
Land	\$ 583,584	\$ 583,584
Construction in Progress	\$ 232,611	\$ -
Building & Site Improvements	\$ 4,702,031	\$ 5,004,715
Equipment & Vehicles	\$ 4,437,421	\$ 4,156,065
Infrastructure	\$ 29,681,133	\$ 31,803,047
Lease & Subscription Assets		
Amortized	\$ 561,057	\$ 1,346,006
Total	\$ 40,197,837	\$ 42,893,417

Debt Administration

At the end of the year, the County's long-term liabilities totaled \$2,315,382. Rio Grande County's total debt increased by \$792,863 during the current fiscal year. The largest increases were seen in the lease and subscription agreements as well as the Compensated Absences. More detailed information about the County's long-term debt is presented in Note 8 of the notes to the basic financial statements.

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

Table 6
Rio Grande County
Long-Term Debt

	Governmental Activities	
	2023	2023
Financed Purchase Agreements		
County Jail Expansion	\$ 365,165	\$ 186,960
Sheriff GM Trucks	\$ 77,576	\$ 39,539
R&B Motor Graders	\$ 245,110	\$ 131,813
Compensated Absences	\$ 276,935	\$ 654,538
Lease Agreements	\$ 20,499	\$ 534,089
Subscription Agreements	\$ 537,234	\$ 654,538
Total Long-Term Debt	\$ 1,522,519	\$ 2,315,382

Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024

In order to finance the needed expansion of the County Jail, Rio Grande County entered into an annually renewable Financed Purchase Agreement with San Luis Valley Federal Bank. The bank issued \$2,500,000 for the purchase of the McCallister Building, the Annex, and two county shop buildings. The county is leasing the buildings back via the Financed Purchase Agreement at 4.5% interest. The payments are due to the bank in annual installments through October 2025, from the General Fund. The outstanding principal balance at December 31, 2024, was \$186,960.

A new Financed Purchase Agreement was entered into between GM Financial, and the County on March 4, 2021, in the amount of \$190,470 with an interest rate of 3.95%. The County used the proceeds to purchase five (5) 2021 Chevrolet Silverado SSVs. Annual payments of principal and interest are made from the General Fund through March 2025. The outstanding principal balance at December 31, 2024 was \$39,539.

Rio Grande County also entered into lease agreements for equipment with terms of 5 to 8 years, totaling \$139,342 less the accumulated amortization of \$115,519. The lease agreements were entered into as right-to-use lease assets. As of December 31, 2024, there is no loss associated with an impairment.

Rio Grande County, as a subscriber, has entered into several subscription-based information technology arrangements, with the longest expiring in 2028, The subscriptions require annual payments ranging from \$25,166 to \$61,097.

Factors Bearing on the County's Future

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

- Total Revenue decreased \$103,237 or 1% from 2023 to 2024.
- Tourism/Lodging Tax is seeing a leveling out of lodging tax distributions.
- Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax increased by \$558,928 or 8% in 2024 compared to 2023.
- Intergovernmental Revenue saw a decrease by \$781,448 or 4% in 2024.
- Licenses and Permits increased by \$9,194 or 4%.
- Interest on investments decreased \$14,461 from 2023 to 2024.
- Charges for Services increased by \$104,809 or 11% in 2023 compared to 2022.
- The 2024 County Budget was funded by 75% intergovernmental Revenues; with 22% from Property Tax, Sales Tax, Lodging Tax, and Specific Ownership Tax; and 5% from Other Local Revenue.

**Rio Grande County
Management's Discussion and Analysis (Continued)
For the Year Ended December 31, 2024**

- The County voted to increase employee salaries to remain competitive starting January 2024. This will bring employee salaries to a more competitive level within the County as well as other surrounding Counties.
- The County voted to update the percentage of Employee and County contributions to the Health Insurance Benefits. The single employee insurance is 5% employee contribution and 95% county contribution with the couple and family insurance plans at 10% employee contribution and 90% county contribution.

With the economic climate in the State of Colorado and the United States, the County did not experience a significant decline in General Revenues but did see a slight decrease totaling \$103,237 or less than 1%. If the trends continue the county could see a leveling out of revenues. Although property tax revenue continues to be of question due to the numerous legislative proposals. Inflation continues to be a big concern in 2023 and going into 2024.

The overall fund balance of the General Fund did see a decrease in the fund balance for the 2024 year. The decrease totaled \$521,176. This decrease comes after several years of continued growth even through the COVID-19 pandemic, In prior years, the County anticipated the use of fund balance but due to diligent spending the use of fund balance was not needed until the 2022 budget year. We recognize the use of unappropriated fund balance is not sustainable and serious discussions need to begin regarding revenue increases. It is the County's 5-year goal to have each Fund operate with a balanced budget by creating a sustainable revenue stream.

During 2024, the Administration Department continued to experience staff turnover and several positions were vacant. The Human Resources position saw two new employees. Rio Grande County continues to fill the vacant positions within Administration to ensure a fully staffed Administration Department. The Commissioners will continue to evaluate and analyze ways to streamline the County's operations, wherever possible, to achieve maximum cost effectiveness for taxpayers.

Contacting the County's Financial Management

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

RIO GRANDE COUNTY, COLORADO
BASIC FINANCIAL STATEMENTS

RIO GRANDE COUNTY, COLORADO

STATEMENT OF NET POSITION

December 31, 2024

	Primary Government Governmental Activities
ASSETS	
Current Assets:	
Cash and Investments	\$ 11,512,389
Accounts Receivable	73,973
Due from Other Governments	1,268,419
Property Taxes Receivable	3,677,659
Lease Receivable	303,539
Inventories	1,075,712
Total Current Assets	17,911,691
Noncurrent Assets:	
Capital assets not being depreciated	583,584
Capital assets, net of accumulated depreciation	40,963,827
Subscription assets, net of accumulated amortization	805,365
Lease assets, net of accumulated amortization	540,641
Total Noncurrent Assets	42,893,417
TOTAL ASSETS	60,805,108
LIABILITIES	
Current Liabilities:	
Accounts Payable	246,458
Due to Other Governments	56,214
Accrued Interest Payable	-
Unearned Grant Revenue	630,757
Financed Purchase Agreement	361,312
Lease Agreements	122,564
Subscription Agreements	218,778
Compensated Absences	503,137
Total Current Liabilities	2,139,220
Noncurrent Liabilities:	
Financed Purchase Agreement	-
Lease Agreements	411,525
Subscription Agreements	546,665
Compensated Absences	151,401
Total Noncurrent Liabilities	1,109,591
TOTAL LIABILITIES	3,248,811
DEFERRED INFLOWS OF RESOURCES	
Unavailable Revenue - Property Tax	3,677,659
Unavailable Revenue - Leases	303,539
TOTAL DEFERRED INFLOWS OF RESOURCES	3,981,198
NET POSITION	
Net Investment in Capital Assets	41,232,573
Restricted for:	
TABOR	539,200
Title III	93,446
Clerk's Filing Surcharge	150,671
Culture and Recreation	721,568
Unrestricted	10,837,641
TOTAL NET POSITION	\$ 53,575,099

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

RIO GRANDE COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expenses) Revenues and Changes in Net Position Primary Government
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	
Primary Government:					
Governmental Activities:					
General government	\$ 4,136,177	\$ 1,008,642	\$ 765,805	\$ 2,150,722	\$ (211,008)
Public safety	4,465,446	376,320	674,422	-	(3,414,704)
Health and welfare	11,051,346	126,513	10,222,758	-	(702,075)
Highways and streets	4,431,407	1,315	2,944,863	-	(1,485,229)
Judicial	437,247	-	-	-	(437,247)
Auxiliary services	99,117	15,213	-	-	(83,904)
Culture and recreation	717,757	1,560	56,128	-	(660,069)
Interest on debt	164,433	-	-	-	(164,433)
Total Governmental Activities	\$ 25,502,930	\$ 1,529,563	\$ 14,663,976	\$ 2,150,722	(7,158,669)
General Revenues:					
Taxes:					
					4,663,753
					1,923,982
					444,943
					1,059,524
					532,294
					50,171
					<u>8,674,667</u>
					1,515,998
					<u>52,059,101</u>
					<u>\$ 53,575,099</u>

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

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2024

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 4,334,732	\$ 4,792,365	\$ 1,032,551	\$ 1,352,741	\$ 11,512,389
Accounts Receivable - Net	-	-	11,071	62,902	73,973
Due From Other Funds	111,194	-	-	14,233	125,427
Due From Other Governments	514,099	217,550	211,802	324,968	1,268,419
Property Taxes Receivable	2,513,727	476,618	506,440	180,874	3,677,659
Lease Receivable	-	-	-	303,539	303,539
Inventory	-	1,075,712	-	-	1,075,712
TOTAL ASSETS	\$ 7,473,752	\$ 6,562,245	\$ 1,761,864	\$ 2,239,257	\$ 18,037,118
LIABILITIES					
Accounts Payable	\$ 66,860	\$ 24,306	\$ 286	\$ 155,006	\$ 246,458
Accrued Payroll Liabilities	-	-	-	-	-
Due To Other Funds	-	-	-	125,427	125,427
Due To Other Governments	12,581	-	43,633	-	56,214
Unearned Revenue - Grants	543,393	-	68,963	18,401	630,757
TOTAL LIABILITIES	622,834	24,306	112,882	298,834	1,058,856
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	2,513,727	476,618	506,440	180,874	3,677,659
Unavailable Revenue - Leases	-	-	-	303,539	303,539
TOTAL DEFERRED INFLOWS OF RESOURCES	2,513,727	476,618	506,440	484,413	3,981,198
FUND BALANCE					
Nonspendable	-	1,075,712	-	-	1,075,712
Restricted	486,117	102,000	82,000	834,768	1,504,885
Committed	36,802	4,883,609	1,060,542	907,173	6,888,126
Assigned	621,522	-	-	-	621,522
Unassigned	3,192,750	-	-	(285,931)	2,906,819
TOTAL FUND BALANCE	4,337,191	6,061,321	1,142,542	1,456,010	12,997,064
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 7,473,752	\$ 6,562,245	\$ 1,761,864	\$ 2,239,257	\$ 18,037,118

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

RIO GRANDE COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2024

Total governmental fund balances \$ 12,997,064

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

Capital assets, leased assets, and subscription assets used in governmental activities
are not financial resources and therefore are not reported in the funds. 42,893,417

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

Financed Purchase Agreements	\$	(361,312)	
Lease Agreements		(534,089)	
Subscription Agreements		(765,443)	
Compensated Absences		(654,538)	
		(2,315,382)	(2,315,382)

Net position of governmental activities \$ 53,575,099

RIO GRANDE COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2024

	<u>GENERAL FUND</u>	<u>ROAD AND BRIDGE FUND</u>	<u>SOCIAL SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Taxes	\$ 5,136,562	\$ 578,187	\$ 724,241	\$ 593,688	\$ 7,032,678
Intergovernmental Revenue	2,648,061	2,803,889	8,983,260	3,574,000	18,009,210
Licenses and Permits	231,689	700	-	-	232,389
Charges for Services	851,884	27,024	-	313,148	1,192,056
Investment Income	529,173	-	-	3,121	532,294
Miscellaneous	106,749	17,484	-	25,180	149,413
TOTAL REVENUES	<u>9,504,118</u>	<u>3,427,284</u>	<u>9,707,501</u>	<u>4,509,137</u>	<u>27,148,040</u>
EXPENDITURES					
Current Expenditures:					
General Government	4,557,959	-	-	321,839	4,879,798
Public Safety	4,103,878	-	-	-	4,103,878
Health and Welfare	-	-	9,496,756	1,666,607	11,163,363
Highways and Streets	-	2,640,890	-	-	2,640,890
Judicial	437,247	-	-	-	437,247
Auxiliary Services	99,117	-	-	-	99,117
Culture and Recreation	152,197	-	-	539,321	691,518
Capital Outlay	1,385,044	355,442	-	2,368,858	4,109,344
Debt Service	368,238	122,734	-	-	490,972
TOTAL EXPENDITURES	<u>11,103,680</u>	<u>3,119,066</u>	<u>9,496,756</u>	<u>4,896,625</u>	<u>28,616,127</u>
Excess (deficiency) of revenues over expenditures	<u>(1,599,562)</u>	<u>308,218</u>	<u>210,745</u>	<u>(387,488)</u>	<u>(1,468,087)</u>
OTHER FINANCING SOURCES (USES)					
Lease and SBITA Proceeds	1,074,991	-	-	-	1,074,991
Sale of Capital Assets	3,395	2,982	-	-	6,377
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,078,386</u>	<u>2,982</u>	<u>-</u>	<u>-</u>	<u>1,081,368</u>
Net Change in Fund Balance	(521,176)	311,200	210,745	(387,488)	(386,719)
Fund Balance at beginning of year	<u>4,858,367</u>	<u>5,750,121</u>	<u>931,797</u>	<u>1,843,498</u>	<u>13,383,783</u>
Fund Balance at end of year	<u>\$ 4,337,191</u>	<u>\$ 6,061,321</u>	<u>\$ 1,142,542</u>	<u>\$ 1,456,010</u>	<u>\$ 12,997,064</u>

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

RIO GRANDE COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds \$ (386,719)

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

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

Fixed Asset, Lease, and SBITA Additions	\$ 5,579,781	
Deletions Net of Accumulated Depreciation	(193,379)	
Depreciation and Amortization Expense	<u>(2,690,822)</u>	
		2,695,580

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

Financed Purchase Payments	326,539	
Lease Agreement Payments	91,804	
Subscription Agreement Payments	241,388	
Lease and SBITA Proceeds	<u>(1,074,991)</u>	
		(415,260)

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

Compensated Absences		<u>(377,603)</u>
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Change in net position of governmental funds \$ 1,515,998

RIO GRANDE COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF NET POSITION
December 31, 2024

	<u>COUNTY TREASURER</u>	<u>COUNTY CLERK</u>	<u>PUBLIC TRUSTEE</u>	<u>JAIL COMMISSARY</u>	<u>TOTAL CUSTODIAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 1,113,799	\$ 336,226	\$ 15,703	\$ 22,653	\$ 1,488,381
Property Tax Receivable	12,087,649	-	-	-	12,087,649
TOTAL ASSETS	<u>13,201,448</u>	<u>336,226</u>	<u>15,703</u>	<u>22,653</u>	<u>13,576,030</u>
LIABILITIES					
Due to Other Governments	1,113,799	274,418	-	-	1,388,217
Deposits held for Others	-	-	-	-	-
TOTAL LIABILITIES	<u>1,113,799</u>	<u>274,418</u>	<u>-</u>	<u>-</u>	<u>1,388,217</u>
DEFERRED INFLOWS OF RESOURCES					
Property Taxes	12,087,649	-	-	-	12,087,649
NET POSITION					
Restricted for:					
Individuals, Organizations, and Other Governments	-	61,808	15,703	22,653	100,164
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 61,808</u>	<u>\$ 15,703</u>	<u>\$ 22,653</u>	<u>\$ 100,164</u>

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

RIO GRANDE COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
December 31, 2024

	<u>COUNTY TREASURER</u>	<u>COUNTY CLERK</u>	<u>PUBLIC TRUSTEE</u>	<u>JAIL COMMISSARY</u>	<u>TOTAL CUSTODIAL FUNDS</u>
ADDITIONS					
Tax Collections for Other Governments	\$ 17,140,750	\$ -	\$ -	\$ -	\$ 17,140,750
Public Trustee Activity	-	-	165,191	-	165,191
Held for Others	-	4,379,968	-	245,799	4,625,767
Miscellaneous	1,130,892	-	-	-	1,130,892
Total Additions	<u>18,271,642</u>	<u>4,379,968</u>	<u>165,191</u>	<u>245,799</u>	<u>23,062,600</u>
DEDUCTIONS					
Taxes and Other Collections Disbursed	18,271,642	-	-	-	18,271,642
Public Trustee Disbursements	-	-	155,805	-	155,805
Funds Held for Others	-	4,310,377	-	242,501	4,552,878
Total Deductions	<u>18,271,642</u>	<u>4,310,377</u>	<u>155,805</u>	<u>242,501</u>	<u>22,980,325</u>
Net Increase (Decrease) in Fiduciary Net Position	<u>-</u>	<u>69,591</u>	<u>9,386</u>	<u>3,298</u>	<u>82,275</u>
Net Position - Beginning of the Year	<u>-</u>	<u>(7,783)</u>	<u>6,317</u>	<u>19,355</u>	<u>17,889</u>
Net Position - End of the Year	<u>\$ -</u>	<u>\$ 61,808</u>	<u>\$ 15,703</u>	<u>\$ 22,653</u>	<u>\$ 100,164</u>

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

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

Component Units

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

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

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The County reports the following major governmental funds:

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

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

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

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

Cash

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

Investments

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

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable. The 2024 property tax levy due January 1, 2025, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Receivables/Payables From Other County Funds

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

Inventories

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, underground pipe, traffic signals, and similar items), are reported in the applicable governmental activities’ column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$10,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

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

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

Leases and Subscription-Based Information Technology Arrangements (SBITA)

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

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

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

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

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

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

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

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

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

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

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

Compensated Absences

Annual leave may be accrued to the maximum of:

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

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

Unearned Revenue

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

Deferred Inflows of Resources

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

Encumbrances

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

Net Position

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

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

Fund Balance

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

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Nonspendable - Inventory	\$ -	\$ 1,075,712	\$ -	\$ -	\$ 1,075,712
	-	1,075,712	-	-	1,075,712
Restricted for:					
TABOR	242,000	102,000	82,000	113,200	539,200
Title III	93,446	-	-	-	93,446
Clerk's Filing Surcharge	150,671	-	-	-	150,671
Culture and Recreation	-	-	-	721,568	721,568
	<u>486,117</u>	<u>102,000</u>	<u>82,000</u>	<u>834,768</u>	<u>1,504,885</u>
Committed:					
Capital Projects	-	-	-	8,180	8,180
Public Safety	36,802	-	-	-	36,802
Highways and Streets	-	4,883,609	-	-	4,883,609
Health and Welfare	-	-	1,060,542	873,895	1,934,437
Weed Control	-	-	-	25,098	25,098
Astronaut Rominger Airport	-	-	-	-	-
	<u>36,802</u>	<u>4,883,609</u>	<u>1,060,542</u>	<u>907,173</u>	<u>6,888,126</u>
Assigned - Designated for Subsequent Years	621,522	-	-	-	621,522
	<u>621,522</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>621,522</u>
Unassigned:	3,192,750	-	-	(285,931)	2,906,819
TOTAL FUND BALANCE	<u>\$ 4,337,191</u>	<u>\$ 6,061,321</u>	<u>\$ 1,142,542</u>	<u>\$ 1,456,010</u>	<u>\$ 12,997,064</u>

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

Use of Estimates

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

Reclassifications

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

New Accounting Pronouncements

During fiscal year 2024, the County adopted the provisions of GASB Statement No. 101, *Compensated Absences*, that aligns the recognition and measurement guidance for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means under a unified model. In addition, it amended

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

certain previously required disclosures. There is no effect on beginning net position as a result of the implementation of this standard.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

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

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

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners did adopt supplemental appropriations during 2024.

Stewardship

The County budgeted a negative fund balance in the Airport Fund of (\$75,965) and had a deficit fund balance of (\$213,931) as of December 31, 2024. This may be a violation of Colorado Revised Statutes 29-1-103(2).

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

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

Cash on Hand	\$	1,300
Cash Deposited in Banks		3,019,346
COLOTrust		<u>9,980,124</u>
 Total Cash, Deposits, and Investments (Book Balance)		 13,000,770
Less: Amounts Related to Custodial Funds		<u>(1,488,381)</u>
 Total Cash, Deposits, and Investments on the Statement of Net Position	 \$	 <u><u>11,512,389</u></u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

Cash and Deposits

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

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2024, \$4,431,810 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

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

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

Custodial Credit Risk – Investments

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

Interest Rate Risk

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

Fair Value

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2024, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$2,513,727
Road and Bridge Fund	476,618
Social Services Fund	506,440
Public Health Fund	82,392
Weed Control District	98,482
	\$3,677,659

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Receivables/Payables

The County reports interfund balances between many of its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2024, were as follows:

Receivable Fund	Payable Fund	Amount
General Fund	Public Health Fund	\$ 115,272
	Weed Control Fund	10,155
		125,427
Airport Fund	General Fund	14,233
		\$ 139,660

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, was as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 583,584	\$ -	\$ -	\$ 583,584
Construction in Progress	232,611	2,368,858	2,601,469	-
Total capital assets not being depreciated	<u>816,195</u>	<u>2,368,858</u>	<u>2,601,469</u>	<u>583,584</u>
Capital assets being depreciated				
Buildings and Improvements	8,776,601	470,292	-	9,246,893
Vehicles and Equipment	11,367,441	546,076	480,643	11,432,874
Infrastructure	66,638,726	3,721,032	-	70,359,758
Total capital assets being depreciated	<u>86,782,768</u>	<u>4,737,400</u>	<u>480,643</u>	<u>91,039,525</u>
Less: accumulated depreciation for				
Buildings and Improvements	4,074,570	167,608	-	4,242,178
Vehicles and Equipment	6,930,020	634,054	287,265	7,276,809
Infrastructure	36,957,593	1,599,118	-	38,556,711
Total accumulated depreciation	<u>47,962,183</u>	<u>2,400,780</u>	<u>287,265</u>	<u>50,075,698</u>
Total Capital Assets being depreciated, net	<u>38,820,585</u>	<u>2,336,620</u>	<u>(193,378)</u>	<u>40,963,827</u>
Assets being amortized				
Lease Assets:				
Equipment	139,342	605,394	-	744,736
Subscription Assets	883,253	469,597	-	1,352,850
Total Assets being amortized	<u>1,022,595</u>	<u>1,074,991</u>	<u>-</u>	<u>2,097,586</u>
Less Accumulated Amortization for				
Lease Assets:				
Equipment	115,519	88,576	-	204,095
Subscription Assets	346,019	201,466	-	547,485
Total Accumulated Amortization	<u>461,538</u>	<u>290,042</u>	<u>-</u>	<u>751,580</u>
Total Assets being amortized, net	<u>561,057</u>	<u>784,949</u>	<u>-</u>	<u>1,346,006</u>
Governmental Activities Assets, Net	<u>\$ 40,197,837</u>	<u>\$ 5,490,427</u>	<u>\$2,408,091</u>	<u>\$ 42,893,417</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

Governmental Activities:	
General Government	\$ 414,025
Public Safety	357,731
Health and Welfare	51,882
Highways and Streets	1,840,945
Culture and Recreation	<u>26,239</u>
Total Depreciation and Amortization Expense	<u><u>\$2,690,822</u></u>

NOTE 7 LEASES RECEIVABLE

The County is leasing multiple hangers at the County Airport. The County has recognized a lease receivable as of December 31, 2024 for the terms of these leases.

Total lease revenue recognized during the fiscal year ending December 31, 2024 is \$10,189 and \$7,159 of principal and interest income.

The following is the lease receivable schedule as of December 31, 2024:

	Principal	Interest	Total
2025	\$ 10,494	\$ 9,106	\$ 19,600
2026	10,809	8,791	19,600
2027	11,133	8,467	19,600
2028	11,467	8,133	19,600
2029	11,811	7,789	19,600
2030-2034	64,590	33,413	98,003
2035-2039	74,503	23,125	97,628
2040-2044	79,774	11,485	91,259
2045-2048	28,958	1,549	30,507
	<u>\$ 303,539</u>	<u>\$ 111,858</u>	<u>\$ 415,397</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2024, was as follows:

	12/31/2023			12/31/2024	Due Within
	Balance	Additions	Deletions	Balance	One Year
<i>Governmental Activities:</i>					
Financed Purchase Agreements					
Jail	\$ 365,165	\$ -	\$ 175,205	\$ 189,960	\$ 189,960
Truck Lease Agreement	77,576	-	38,037	39,539	39,539
R&B Motor Graders	245,110	-	113,297	131,813	131,813
Total	<u>687,851</u>	<u>-</u>	<u>326,539</u>	<u>361,312</u>	<u>361,312</u>
Lease Agreements	20,499	605,394	91,804	534,089	122,564
Subscription Agreements	537,234	469,597	241,388	765,443	218,778
Compensated Absences	<u>276,935</u>	<u>377,603</u>	<u>-</u>	<u>654,538</u>	<u>503,137</u>
Total Governmental Activities	<u>\$ 1,522,519</u>	<u>\$1,452,594</u>	<u>\$ 659,731</u>	<u>\$ 2,315,382</u>	<u>\$1,205,791</u>

*The change in compensated absences liability is presented as a net change.

Financed Purchase Agreements

An annually renewable financed purchase agreement, dated January 11, 2005, was entered into between San Luis Valley Federal Bank (the "Bank") and Rio Grande County (the "County"). The bank issued \$2,500,000 to the County for the purchase of the McCallister Building, the Courthouse Annex, the Road and Bridge Shop Building, and the Road and Bridge Truck Garage. The County is purchasing the buildings back via the financed purchase agreement at 4.50% interest. The County used the proceeds from the sale to construct and equip a new jail facility. Payments are due to the Bank in annual installments through October 2025, from the General Fund. The County can purchase the building back at any time for the Purchase Option Price included in the agreement. The buildings are included in fixed assets at a cost of \$1,762,653 with accumulated depreciation of \$1,031,450. Principal balance at December 31, 2024, was \$189,960.

A Financed Purchase Agreement, dated March 4, 2021, was entered into between GM Financial and Rio Grande County (the "County") in the amount of \$190,470, with an interest rate of 3.95%. The County used proceeds to purchase five 2021 Chevrolet Silverado SSVs. Annual payments of principal and interest are made from the General Fund through March 2025. The Chevrolet Silverado trucks are included in fixed assets at a cost of \$38,094 per truck, for a total cost of \$190,470, with accumulated depreciation of \$71,426. Principal balance at December 31, 2024, was \$39,539.

A Financed Purchase Agreement, dated February 14, 2020, was entered into between Caterpillar Financial Services Corporation and Rio Grande County (the "County") in the amount of \$421,106, with an interest rate of 3.85%. The County used proceeds to purchase two CAT Motor Graders. Annual payments of principal and interest are made from the Road and Bridge Fund through March 2025. The CAT Motor Graders are included in fixed assets at a cost of \$311,553 per grader, for a total cost of \$623,106, with accumulated depreciation of \$529,640. Principal balance at December 31, 2024, was \$131,813.

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

	Principal	Interest	Total
2025	\$ 361,312	\$ 24,525	\$ 385,837
	\$ 361,312	\$ 24,525	\$ 385,837

Lease Agreements

The County, as a lessee, has entered into lease agreements for equipment with lease terms of 3 to 8 years. The total costs of these right-to-use lease assets are recorded as \$744,736 less accumulated amortization of \$204,095. The County has determined that as of December 31, 2024, there is no loss associated with an impairment of the right-to-use lease asset.

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

	Principal	Interest	Total
2025	\$ 122,564	\$ 32,454	\$ 155,018
2026	129,779	25,238	155,017
2027	109,396	18,077	127,473
2028	116,415	11,058	127,473
2029	55,935	4,889	60,824
	\$ 534,089	\$ 91,716	\$ 625,805

Subscription Agreements

The County, as a subscriber, has entered into several subscription-based information technology arrangements, with the longest expiring in 2028. The subscriptions require annual payments ranging from \$25,166 to \$61,097.

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

	Principal	Interest	Total
2025	\$ 218,778	\$ 22,963	\$ 241,741
2026	225,341	16,400	241,741
2027	180,334	9,640	189,974
2028	140,990	4,230	145,220
	\$ 765,443	\$ 53,233	\$ 818,676

NOTE 9 DEFINED CONTRIBUTION PLAN

All eligible employees, participate in the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan), a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible immediately upon their employment with Rio Grande County, County contributions begin immediately, and participation is mandatory at the time of employment. The employee contributions are always

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

The County must contribute a minimum of 4% and a maximum of 6% of the compensation of each employee. For 2024, the contribution rate was 4%. Each participant contributes a minimum amount equal to the County's contribution, and is permitted to make additional contributions not to exceed 10% of their compensation. For the year ended December 31, 2024, employee contributions totaled \$262,773 and the County recognized pension expense of \$262,773. The County recognized \$0 of forfeitures in retirement expense during 2024.

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

NOTE 10 DEFERRED COMPENSATION PLAN

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

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

NOTE 11 TABOR AMENDMENT RESERVE

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

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

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

NOTE 12 COLORADO CONTRABAND FORFEITURE ACT

We have reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2024.

NOTE 13 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool (CAPP)

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

At December 31, 2024, CAPP had assets of \$33,762,267 liabilities of \$23,939,800 (including \$22,655,070 reserved for losses and claims), and members' equity of \$9,822,467. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2024, amounted to \$17,520,103 and total expenses were \$17,773,221 resulting in net loss before return of surplus of \$253,118.

Colorado Workers' Compensation Pool (CWCP)

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

At December 31, 2024, CWCP had assets of \$56,681,598 liabilities of \$31,081,500 (including \$25,576,065 reserved for losses and claims) and members' equity of \$25,600,098. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2024, amounted to \$11,279,000 total expenses were \$7,047,665 resulting in net income before return of surplus of \$4,231,335.

NOTE 14 JOINT VENTURES

SAN LUIS VALLEY REGIONAL SOLID WASTE AUTHORITY

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

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

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

Closure and Post-Closure Care

Rio Grande and Alamosa Counties are exposed to closure and post-closure expenses, should the Authority be unable to meet those obligations when they become due. Management believes the risk of failure to be minimal. State and federal laws and regulations require the Authority to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the Authority reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. The Authority reported \$1,531,368 as landfill closure and post-closure care liability at December 31, 2024, that represents the cumulative amount reported to date based on the use of 47% of the estimated capacity of the landfill.

The Authority will recognize the remaining estimated cost of closure and post-closure care of \$1,678,529 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2024, the most recent information available. The Authority expects to close the landfill in the year 2043, the remaining useful life is 19 years. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The most recent audited financial statements of the authority report total assets of \$5,262,559, total liabilities of \$1,627,098, and net position of \$3,635,461 at December 31, 2024.

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

NOTE 15 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

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

RIO GRANDE COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2024

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

RIO GRANDE COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

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

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2024

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 4,824,665	\$ 5,865,823	\$ 5,136,562	\$ (729,261)
Intergovernmental Revenue	2,782,144	3,131,270	2,648,061	(483,209)
Licenses and Permits	154,500	154,500	231,689	77,189
Charges for Services	850,300	850,300	851,884	1,584
Investment Income	150,000	530,000	529,173	(827)
Miscellaneous	87,600	87,600	106,749	19,149
TOTAL REVENUES	8,849,209	10,619,493	9,504,118	(1,115,375)
EXPENDITURES				
General Government	4,213,677	5,363,677	4,557,959	805,718
Public Safety	3,831,105	4,831,105	4,103,878	727,227
Health and Welfare	-	-	-	-
Judicial	333,333	417,815	437,247	(19,432)
Auxiliary Services	95,997	95,997	99,117	(3,120)
Culture and Recreation	151,069	151,069	152,197	(1,128)
Capital Outlay	73,200	423,200	1,385,044	(961,844)
Debt Service	366,328	366,328	368,238	(1,910)
TOTAL EXPENDITURES	9,064,709	11,649,191	11,103,680	545,511
Excess (deficiency) of revenues over expenditures	(215,500)	(1,029,698)	(1,599,562)	(569,864)
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	2,000	2,000	3,395	1,395
Lease and SBITA Proceeds	125,000	125,000	1,074,991	949,991
TOTAL OTHER FINANCING SOURCES (USES)	127,000	127,000	1,078,386	951,386
Net Change in Fund Balance	(88,500)	(902,698)	(521,176)	381,522
Fund Balance at beginning of year	4,864,363	4,864,363	4,858,367	(5,996)
Fund Balance at end of year	\$ 4,775,863	\$ 3,961,665	\$ 4,337,191	\$ 375,526

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2024

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 524,036	\$ 1,074,111	\$ 578,187	\$ (495,924)
Intergovernmental Revenue	2,717,025	2,717,025	2,803,889	86,864
Licenses and Permits	400	400	700	300
Charges for Services	1,000	1,000	27,024	26,024
Miscellaneous	5,500	5,500	17,484	11,984
TOTAL REVENUES	<u>3,247,961</u>	<u>3,798,036</u>	<u>3,427,284</u>	<u>(370,752)</u>
EXPENDITURES				
Highways and Streets	3,506,298	3,506,298	2,640,890	865,408
Capital Outlay	300,000	300,000	355,442	(55,442)
Debt Service	152,000	152,000	122,734	29,266
TOTAL EXPENDITURES	<u>3,958,298</u>	<u>3,958,298</u>	<u>3,119,066</u>	<u>839,232</u>
Excess (deficiency) of revenues over expenditures	<u>(710,337)</u>	<u>(160,262)</u>	<u>308,218</u>	<u>468,480</u>
OTHER FINANCING SOURCES (USES)				
Sale of Capital Assets	1,000	1,000	2,982	1,982
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,000</u>	<u>1,000</u>	<u>2,982</u>	<u>1,982</u>
Net Change in Fund Balance	(709,337)	(159,262)	311,200	470,462
Fund Balance at beginning of year	<u>5,240,382</u>	<u>5,240,382</u>	<u>5,750,121</u>	<u>509,739</u>
Fund Balance at end of year	<u>\$ 4,531,045</u>	<u>\$ 5,081,120</u>	<u>\$ 6,061,321</u>	<u>\$ 980,201</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2024

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ 638,820	\$ 638,820	\$ 724,241	\$ 85,421
Intergovernmental Revenue	13,663,733	13,663,733	8,983,260	(4,680,473)
TOTAL REVENUES	<u>14,302,553</u>	<u>14,302,553</u>	<u>9,707,501</u>	<u>(4,595,052)</u>
EXPENDITURES				
General Government	-	-	-	-
Health and Welfare	14,407,293	14,407,293	9,496,756	4,910,537
Capital Outlay	-	-	-	-
TOTAL EXPENDITURES	<u>14,407,293</u>	<u>14,407,293</u>	<u>9,496,756</u>	<u>4,910,537</u>
Net Change in Fund Balance	(104,740)	(104,740)	210,745	315,485
Fund Balance at beginning of year	<u>722,163</u>	<u>722,163</u>	<u>931,797</u>	<u>209,634</u>
Fund Balance at end of year	<u>\$ 617,423</u>	<u>\$ 617,423</u>	<u>\$ 1,142,542</u>	<u>\$ 525,119</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
This schedule is presented on the GAAP basis.

RIO GRANDE COUNTY, COLORADO

OTHER SUPPLEMENTARY INFORMATION

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

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

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

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

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

CAPITAL PROJECTS FUND

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

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2024

SPECIAL REVENUE FUNDS

	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	RIO GRANDE COUNTY WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS							
Cash and Investments	\$ 872,129	\$ (215,567)	\$ 273,163	\$ 407,924	\$ 6,912	\$ 8,180	\$ 1,352,741
Accounts Receivable	-	62,709	-	-	193	-	62,902
Due From Other Funds	-	14,233	-	-	-	-	14,233
Due From Other Governments	225,944	-	-	51,681	47,343	-	324,968
Lease Receivable	-	303,539	-	-	-	-	303,539
Property Taxes Receivable	82,392	-	-	-	98,482	-	180,874
TOTAL ASSETS	\$ 1,180,465	\$ 164,914	\$ 273,163	\$ 459,605	\$ 152,930	\$ 8,180	\$ 2,239,257
LIABILITIES							
Accounts Payable	\$ 76,505	\$ 75,306	\$ -	\$ -	\$ 3,195	\$ -	\$ 155,006
Due To Other Funds	115,272	-	-	-	10,155	-	125,427
Unearned Revenue - Grants	11,401	-	-	-	7,000	-	18,401
TOTAL LIABILITIES	203,178	75,306	-	-	20,350	-	298,834
DEFERRED INFLOWS OF RESOURCES							
Unavailable Revenue - Property Tax	82,392	-	-	-	98,482	-	180,874
Unavailable Revenue - Leases	-	303,539	-	-	-	-	303,539
TOTAL DEFERRED INFLOWS OF RESOURCES	82,392	303,539	-	-	98,482	-	484,413
FUND BALANCE							
Restricted	21,000	72,000	273,163	459,605	9,000	-	834,768
Committed	873,895	-	-	-	25,098	8,180	907,173
Unassigned	-	(285,931)	-	-	-	-	(285,931)
TOTAL FUND BALANCE	894,895	(213,931)	273,163	459,605	34,098	8,180	1,456,010
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,180,465	\$ 164,914	\$ 273,163	\$ 459,605	\$ 152,930	\$ 8,180	\$ 2,239,257

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2024

	SPECIAL REVENUE FUNDS						TOTAL NONMAJOR GOVERNMENTAL FUNDS
	PUBLIC HEALTH FUND	AIRPORT FUND	CONSERVATION TRUST FUND	TOURISM FUND	RIO GRANDE COUNTY WEED CONTROL DISTRICT	CAPITAL PROJECTS FUND	
REVENUES							
Taxes	\$ 104,939	\$ -	\$ -	\$ 362,494	\$ 126,255	\$ -	\$ 593,688
Intergovernmental Revenue	1,282,702	2,205,101	56,128	-	30,069	-	3,574,000
Charges For Services	9,825	187,600	-	-	115,723	-	313,148
Investment Income	276	195	166	210	2,274	-	3,121
Miscellaneous	9,124	15,786	-	-	270	-	25,180
TOTAL REVENUES	1,406,866	2,408,682	56,294	362,704	274,591	-	4,509,137
EXPENDITURES							
Current Expenditures:							
General Government	-	321,839	-	-	-	-	321,839
Health and Welfare	1,336,444	-	-	-	330,163	-	1,666,607
Culture and Recreation	-	-	160,862	378,459	-	-	539,321
Capital Outlay	-	2,368,858	-	-	-	-	2,368,858
TOTAL EXPENDITURES	1,336,444	2,690,697	160,862	378,459	330,163	-	4,896,625
Excess (deficiency) of revenues over expenditures	70,422	(282,015)	(104,568)	(15,755)	(55,572)	-	(387,488)
OTHER FINANCING SOURCES (USES)							
Sale of Fixed Asset	-	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-	-	-	-
Net Change in Fund Balance	70,422	(282,015)	(104,568)	(15,755)	(55,572)	-	(387,488)
Fund Balance at beginning of year	824,473	68,084	377,731	475,360	89,670	8,180	1,843,498
Fund Balance at end of year	\$ 894,895	\$ (213,931)	\$ 273,163	\$ 459,605	\$ 34,098	\$ 8,180	\$ 1,456,010

RIO GRANDE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL
For the Year Ended December 31, 2024

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES REPORTED ON THE GAAP BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
Governmental Funds				
Non-major Governmental Funds				
Special Revenue Funds				
Public Health Agency Fund	\$ 1,105,938	\$ 1,537,636	\$ 1,336,444	\$ 201,192
Airport Fund	901,391	2,881,241	2,690,697	190,544
Conservation Trust Fund	30,000	161,000	160,862	138
Tourism Fund	243,000	386,300	378,459	7,841
Pest & Weed Control District	232,727	347,195	330,163	17,032
Total Special Revenue Funds	<u>2,513,056</u>	<u>5,313,372</u>	<u>4,896,625</u>	<u>416,747</u>
Capital Projects Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Non-major Governmental Funds	<u>\$ 2,513,056</u>	<u>\$ 5,313,372</u>	<u>\$ 4,896,625</u>	<u>\$ 416,747</u>

RIO GRANDE COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
<i>CCDF Cluster</i>				
Department of Health and Human Services				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A	\$ -	\$ 123,924
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A	-	70,348
<i>Total CCDF Cluster</i>			-	194,272
<i>Food Distribution Cluster</i>				
Department of Agriculture				
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A	-	115,939
<i>Total Food Distribution Cluster</i>			-	115,939
<i>Medical Assistance Program (Medicaid Cluster)</i>				
Department of Health and Human Services				
Grants to States for Medicaid	93.778	Colorado Department of Health Care Policy and Financing, N/A	-	323,413
<i>Total Medical Assistance Program (Medicaid Cluster)</i>			-	323,413
<i>SNAP Cluster</i>				
Department of Agriculture				
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services,N/A	-	3,040
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services,N/A	-	227,177
<i>Total SNAP Cluster</i>			-	230,217
<i>Forest Service Schools and Roads Cluster</i>				
Department of Agriculture				
Schools and Roads - Grants to States, Title I	10.665	Colorado Department of Treasury,N/A	130,424	173,899
Schools and Roads - Grants to States, Title III	10.665	Colorado Department of Treasury,N/A	-	5,450
<i>Total Forest Service Schools and Roads Cluster</i>			130,424	179,349
<i>Total All Clusters</i>			130,424	1,043,190

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Other Programs				
Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738		-	50,000
<i>Total Department of Justice</i>			-	50,000
Department of Homeland Security				
Homeland Security Grant Program	97.067	Governor's Office of Homeland Security, N/A	-	295,717
<i>Total Department of Homeland Security</i>			-	295,717
Department of Interior				
National Wildlife Refuge Fund	15.659		5,328	20,658
<i>Total Department of Interior</i>			5,328	20,658
Department of the Treasury				
Local Assistance and Tribal Consistency Fund	21.032		-	767,271
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Human Services, N/A	-	16,456
Coronavirus State and Local Fiscal Recovery Funds	21.027	Colorado Department of Public Health and Environment, OPHP LPHA ARPA	-	82,392
<i>Total Department of the Treasury</i>			-	866,119
Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, PHEP	-	61,629
Guardianship Assistance	93.090	Colorado Department of Human Services, N/A	-	6,444
COVID-19 Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#4	-	7,666
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, IMM#3	-	46,751
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases	93.323	Colorado Department of Public Health and Environment, COVID ELC	-	108,839

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	Colorado Department of Public Health and Environment, OPHP LPHA	-	23,579
COVID-19 Activities to Support State, Tribal, Local and Territorial (STLT) Health Department Response to Public Health or Healthcare Crises	93.391	Colorado Department of Public Health and Environment, COVID HDG	-	229,067
Title IV-E Kinship Navigator Program	93.471	Colorado Department of Human Services,N/A	-	12,862
Title IV-E Prevention Program	93.472	Colorado Department of Human Services,N/A	-	6,360
COVID-19 Temporary Assistance for Needy Families (TANF)	93.558	Colorado Department of Human Services,N/A	-	2,889
Temporary Assistance for Needy Families (TANF)	93.558	Colorado Department of Human Services,N/A	-	455,730
Child Support Services	93.563	Colorado Department of Human Services,N/A	-	250,980
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services,N/A	-	449,801
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services,N/A	-	7,421
Foster Care_Title IV-E	93.658	Colorado Department of Human Services,N/A	-	246,003
Adoption Assistance	93.659	Colorado Department of Human Services,N/A	-	113,582
Social Services Block Grant	93.667	Colorado Department of Human Services,N/A	-	61,780
National Bioterrorism Hospital Preparedness Program	93.889	Colorado Department of Public Health and Environment, OEPR-HPP HCC	-	118,246
Centers for Disease Control and Prevention Collaboration with Academia to Strengthen Public Health	93.967	Colorado Department of Public Health and Environment, OPHP LPHA CDC	-	31,384
Preventive Health and Health Services Block Grant	93.991	Colorado Department of Public Health and Environment, OPHP	-	9,497

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

<i>Federal Grantor/Program or Cluster Title</i>	<i>Assistance Listing Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment, OPHP LPHA	-	16,779
<i>Total Department of Health and Human Services</i>			-	2,267,289
<i>Total Other Programs</i>			5,328	3,499,783
<i>Total Expenditures of Federal Awards</i>			<u>\$ 135,752</u>	<u>\$ 4,542,973</u>

RIO GRANDE COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Rio Grande County, Colorado under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Rio Grande County, Colorado, it is not intended to and does not present the financial position or changes in net position of Rio Grande County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting, except for funds passed-through the Colorado Department of Human Services, Department of Public Health and Environment, Department of Health Care Policy and Financing, and Care and Share Food Bank. These funds are reported on a cash basis. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through identifying numbers are presented where available. The County elected to use the 10-percent or 15-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2024.

NOTE 3 FOOD DISTRIBUTION

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

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



Wall,
Smith,
Bateman Inc.

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Rio Grande County, Colorado (the County), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 24, 2025.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2024-001 and 2024-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Certified Public Accountants

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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*.

The 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 corrective action plan. The County's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 24, 2025

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



**Wall,
Smith,
Bateman Inc.**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Certified Public Accountants

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Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 24, 2025

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major programs:

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

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

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

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665	Forest Service Schools and Roads Cluster
21.032	Local Assistance and Tribal Consistency Fund
93.558	COVID and NonCOVID Temporary Assistance for Needy Families
93.568	Low-Income Home Energy Assistance

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

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

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section II – Financial Statement Findings

Finding 2024-001: Internal Control Over Financial Reporting
(Repeat of finding 2023-001, 2022-001, 2021-001, 2020-001, 2019-001, 2018-001, 2017-001 and 2016-001)

Type of Finding: Internal Control (material weakness)

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner, ensure compliance with statutory budget requirements and identify negative fund balance to allow for timely reimbursement requests for the airport grant.

Cause: Year-end reconciliation and review processes were not completed to ensure account balances were properly stated to allow for timely and proper oversight of fund activity.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over year-end financial statement balances, non-routine transactions, and grant management. In addition, funds should maintain positive balances to demonstrate fiscal responsibility and compliance with budget requirements.

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

1. Audit adjustments were proposed to properly state the financial statements as of December 31, 2024, in accordance with generally accepted accounting principles.
2. The Airport Fund has a negative fund balance of \$213,931 as of December 31, 2024. Grant activity was not reconciled timely to allow reimbursement requests to be submitted to provide sufficient cash flow. In addition, the Airport Fund budgeted a negative fund balance of \$75,965 as of December 31, 2024. This may be a violation of Colorado Revised Statute 29-1-103.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding year-end reconciling of account balances for accurate financial statement reporting and grant reimbursements. In addition, budget appropriations and supplementals should be reviewed to ensure the County is not budgeting a negative fund balance.

Management's Response: See Corrective Action Plan

Finding 2024-002: Cash Reconciliations

Type of Finding: Internal Control (material weakness)

Condition: Cash account reconciliations prepared during the year were incomplete and contained unreconciled differences. Monthly cash account reconciliations for fiscal year 2024 were not completed until September 2025. Late and inaccurate reconciliations increase the risk of undetected errors,

RIO GRANDE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

misstatements, or potential fraud. Unreconciled differences that appear immaterial can obscure significant offsetting items that would be a cause for investigation if the items were apparent.

Criteria: Colorado Fiscal Policies and Procedures, along with recognized best practices, suggest cash reconciliations be completed promptly after month-end, typically within 30 days. Timely preparation of complete and accurate reconciliations is a key safeguard over cash receipts and disbursements and supports reliable financial reporting.

Cause: Reconciliations were not consistently completed on time due to the absence of formal procedures setting clear timelines, responsibilities, and review steps.

Effect: Additional audit work was needed to assist in the cash reconciliation process. Audit adjustments were proposed to correctly state cash balances as of December 31, 2024.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures requiring monthly cash reconciliations to be completed within established timeframes. Clear deadlines should be set, accountability assigned, and monitoring controls implemented to ensure reconciliations are accurate and timely.

Management's Response: See Corrective Action Plan

Section III – Federal Award Findings and Questioned Costs

None

RIO GRANDE COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2024

Section II – Financial Statement Findings

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

Type of finding: Internal Control (material weakness)

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

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

Status: Not Implemented. See finding 2024-001.



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

CORRECTIVE ACTION PLAN

Oversight Agency: U.S. Departments of Agriculture, Treasury, and Health and Human Services

Rio Grande County County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2024.

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

Audit period: Year ended December 31, 2024

The findings from the December 31, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

**Finding 2024-001: Internal Control over Financial Reporting
(Repeat of Findings 2023-001, 2022-001, 2021-001, 2020-001, 2019-001, 2018-001,
2017-001, and 2016-001)**

Type of finding: Internal Control (material weakness) and Noncompliance

Condition: The County's system of internal controls did not detect and correct financial misstatements in a timely manner, ensure compliance with statutory budget requirements and identify negative fund balance to allow for timely reimbursement request for the airport grant.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding year-end reconciling of account balances for accurate financial statement reporting and grant reimbursements. In addition, budget appropriations and supplementals should be reviewed to ensure the County is not budgeting a negative fund balance.

Action Taken:

Rio Grande County is aware of the mistake made regarding the reimbursement request associated with the Airport Fund and the State of Colorado Department of Aeronautics. We have added a new position, and the policies and procedures will be updated to ensure this does not occur again. The appropriate request to correct the deficiency in the Airport fund has been made.

Finding 2024-002: Cash Reconciliations

Type of Finding: Internal Control (material weakness)

Condition: Cash account reconciliations prepared during the year were incomplete and contained unreconciled differences. Monthly cash account reconciliations for fiscal year 2024 were not completed until September 2025. Late and inaccurate reconciliations increase the risk of undetected errors, misstatements, or potential fraud. An unreconciled difference that appears immaterial can obscure significant offsetting items that would be a cause for investigation if the items were apparent.


Recommendation: The County should strengthen its internal controls with adopted policies and procedures requiring monthly cash reconciliations to be completed within established timeframes. Clear deadlines should be set, accountability assigned, and monitoring controls implemented to ensure reconciliations are accurate and timely.


Action Taken:

Rio Grande County is aware of the mistakes made during the reconciliation process. We have added a new position and are updating the processes and procedures to ensure a more timely reconciliation occurs.

If the U.S. Departments have questions regarding this plan, please call the responsible parties listed below.

Sincerely yours,


William Schoen
County Administrator
Rio Grande County, Colorado


Amanda Klapperich
Chief Finance Officer
Rio Grande County, Colorado

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

LOCAL HIGHWAY FINANCE REPORT		City or County: RIO GRANDE COUNTY
		YEAR ENDING : December 2024
This Information From The Records Of Rio Grande County:	Prepared By: Amanda Klapperich	Phone: 719-657-2744

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,690,331
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 599,508
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 11,917
2. General fund appropriations		b. Snow and ice removal	\$ 444,954
3. Other local imposts (from page 2)	496,889	c. Other	\$ 11,907
4. Miscellaneous local receipts (from page 2)	48,190	d. Total (a. through c.)	\$ 468,778
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 156,416
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,915,033
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	545,079	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,739,755	2. Notes:	
D. Receipts from Federal Government (from page 2)	64,133	a. Interest	\$ 9,437
E. Total receipts (A.7 + B + C + D)	3,348,967	b. Redemption	\$ 113,297
		c. Total (a. + b.)	\$ 122,734
		3. Total (1.c + 2.c)	\$ 122,734
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,037,767

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	\$ 245,110		\$ 113,297	\$ 131,813

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,750,121	3,348,967	3,037,767	6,061,321	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2024

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	457,488	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	2,982
4. Licenses		f. Charges for Services	27,024
5. Specific Ownership &/or Other	39,401	g. Other Misc. Receipts	18,184
6. Total (1. through 5.)	39,401	h. Other	
c. Total (a. + b.)	496,889	i. Total (a. through h.)	48,190
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,701,107	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	64,133
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	37,258	d. Federal Transit Admin	
d. Other (Specify) - DOLA Mineral	1,390	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	38,648	g. Total (a. through f.)	64,133
4. Total (1. + 2. + 3.f)	2,739,755	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.I. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,690,331	1,690,331
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,690,331	1,690,331
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,690,331	1,690,331
			(Carry forward to page 1)

Notes and Comments: