

CONEJOS COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2020



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

CONEJOS COUNTY, COLORADO

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INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Conejos County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos County, Colorado (the County), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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 Conejos County, Colorado as of December 31, 2020, 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.

Certified Public Accountants

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, 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.

Other 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 combining fund financial schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 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 9, 2021, on our consideration of the County's internal control over financial reporting and on our tests of compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 9, 2021

CONEJOS COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

CONEJOS COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2020

	Primary Government Governmental Activities
ASSETS	
Current Assets	
Cash and Investments	\$ 6,480,976
Accounts Receivable	95,021
Due From Other Governments	287,756
Property Taxes Receivable	1,814,308
Inventories	92,879
Total Current Assets	8,770,940
Noncurrent Assets	
Capital Assets	
Land	740,824
Construction in Progress	103,174
Infrastructure	1,709,599
Buildings and Improvements	6,642,513
Equipment	5,179,442
Vehicles	1,445,594
Less Accumulated Depreciation/Depletion	(9,242,925)
Total Noncurrent Assets	6,578,221
TOTAL ASSETS	15,349,161
LIABILITIES	
Current Liabilities	
Accounts Payable	190,559
Due To Other Governments	-
Unearned Grant Revenue	453,788
Capital Leases Payable	40,247
Compensated Absences	12,265
Total Current Liabilities	696,859
Noncurrent Liabilities	
Capital Leases Payable	147,690
Compensated Absences	255,369
Total Noncurrent Liabilities	403,059
TOTAL LIABILITIES	1,099,918
DEFERRED INFLOWS OF RESOURCES - CURRENT	
Unavailable Revenue - Property Tax	1,814,308
NET POSITION	
Net Investment in Capital Assets	6,390,284
Restricted for	
TABOR Amendment Reserve	286,000
Forest Reserve - Title III	40,079
Unrestricted	5,718,572
TOTAL NET POSITION	\$ 12,434,935

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

CONEJOS COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2020

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Revenue and Changes in Net Position
					Primary Government
Primary Government					
Governmental Activities					
General Government	\$ 2,315,823	\$ 442,292	\$ 540,108	\$ 60,000	\$ (1,273,423)
Public Safety	1,901,305	16,765	65,901	-	(1,818,639)
Health and Welfare	7,443,212	738,713	6,251,874	-	(452,625)
Highways and Streets	2,250,409	-	1,747,855	-	(502,554)
Judicial - District Attorney	172,088	-	-	-	(172,088)
Auxiliary Services	27,414	-	-	-	(27,414)
Culture and Recreation	69,375	-	44,820	-	(24,555)
Interest on Long-Term Debt	10,235	-	-	-	(10,235)
Total Governmental Activities	\$ 14,189,861	\$ 1,197,770	\$ 8,650,558	\$ 60,000	(4,281,533)
General Revenues					
Taxes					
General Property Taxes - Net					2,109,696
Other Taxes					36,130
Payment in Lieu of Taxes					1,230,543
Interest on Investments					76,566
Gain on Sale of Capital Assets					50,000
Miscellaneous					95,831
Total General Revenues					3,598,766
					Change in Net Position (682,767)
Net Position - Beginning					13,117,702
Net Position - Ending					\$ 12,434,935

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

CONEJOS COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2020

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,411,626	\$ 1,669,576	\$ 1,494,864	\$ 904,910	\$ 6,480,976
Accounts Receivable	-	-	846	94,175	95,021
Due From Other Governments	94,250	123,620	61,493	8,393	287,756
Due From Other Funds	-	-	2,803	6,025	8,828
Property Taxes Receivable	1,454,886	87,339	253,599	18,484	1,814,308
Inventories	-	80,698	-	12,181	92,879
TOTAL ASSETS	\$ 3,960,762	\$ 1,961,233	\$ 1,813,605	\$ 1,044,168	\$ 8,779,768
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 41,869	\$ 7,337	\$ 418	\$ 140,935	\$ 190,559
Due to Other Funds	8,828	-	-	-	8,828
Unearned Grant Revenue	5,284	-	400,185	48,319	453,788
TOTAL LIABILITIES	55,981	7,337	400,603	189,254	653,175
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue - Property Tax	1,454,886	87,339	253,599	18,484	1,814,308
FUND BALANCE					
Nonspendable					
Inventory	-	80,698	-	12,181	92,879
Restricted for					
TABOR Amendment Reserve	286,000	-	-	-	286,000
Forest Reserve - Title III	-	40,079	-	-	40,079
Committed for					
Contingencies	482,691	-	-	-	482,691
Capital Expenditures	-	-	-	183,968	183,968
Highways and Streets	-	1,745,780	-	-	1,745,780
Health and Welfare	-	-	1,159,403	493,039	1,652,442
Culture and Recreation	-	-	-	147,242	147,242
Assigned for					
Subsequent Year Expenditures	1,021,524	-	-	-	1,021,524
Unassigned	659,680	-	-	-	659,680
TOTAL FUND BALANCE	2,449,895	1,866,557	1,159,403	836,430	6,312,285
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,960,762	\$ 1,961,233	\$ 1,813,605	\$ 1,044,168	\$ 8,779,768

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

CONEJOS COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2020

Total governmental fund balances \$ 6,312,285

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 6,578,221

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

Capital Leases Payable	(187,937)	
Compensated Absences	(267,634)	
	(455,571)	(455,571)

Net position of governmental activities **\$ 12,434,935**

CONEJOS COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICE FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 1,696,369	\$ 96,147	\$ 297,197	\$ 52,313	\$ 2,142,026
Intergovernmental Revenue	1,610,781	2,006,626	5,803,401	419,586	9,840,394
Licenses and Permits	95,312	-	-	-	95,312
Interest on Investments	65,381	8,182	-	3,003	76,566
Charges for Services	686,380	-	-	424,890	1,111,270
Miscellaneous	79,935	7,017	-	104,574	191,526
TOTAL REVENUES	4,234,158	2,117,972	6,100,598	1,004,366	13,457,094
EXPENDITURES					
Current Expenditures					
General Government	2,002,352	253,024	-	532	2,255,908
Public Safety	1,710,441	-	-	-	1,710,441
Health and Welfare	670,370	-	6,055,710	1,033,889	7,759,969
Highways and Streets	-	1,902,262	-	-	1,902,262
Judicial - District Attorney	172,088	-	-	-	172,088
Culture and Recreation	-	-	-	65,322	65,322
Auxiliary Services	27,414	-	-	-	27,414
Capital Outlay	13,859	321,462	-	157,059	492,380
Debt Service	48,777	42,269	-	-	91,046
TOTAL EXPENDITURES	4,645,301	2,519,017	6,055,710	1,256,802	14,476,830
Excess (Deficiency) of Revenues Over Expenditures	(411,143)	(401,045)	44,888	(252,436)	(1,019,736)
OTHER FINANCING SOURCES (USES)					
Lease Proceeds	-	-	-	-	-
Transfers In	135,000	-	-	100,000	235,000
Transfers Out	(100,000)	(135,000)	-	-	(235,000)
Sale of Capital Assets	50,000	-	-	-	50,000
Commodities Received	-	-	-	107,562	107,562
Commodities Issued	-	-	-	(107,562)	(107,562)
TOTAL OTHER FINANCING SOURCES (USES)	85,000	(135,000)	-	100,000	50,000
Net Change in Fund Balance	(326,143)	(536,045)	44,888	(152,436)	(969,736)
Fund Balance at Beginning of Year	2,776,038	2,402,602	1,114,515	988,866	7,282,021
Fund Balance at End of Year	\$ 2,449,895	\$ 1,866,557	\$ 1,159,403	\$ 836,430	\$ 6,312,285

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

CONEJOS 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, 2020

Net change in fund balances - total governmental funds \$ (969,736)

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.

Fixed asset additions	\$ 874,875	
Depreciation expense	(642,897)	
Net effect of capital outlay, depreciation, and deletions		231,978

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. Activity of debt is as follows:

Capital lease proceeds	-	
Capital lease payments	80,811	
		80,811

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.

Change in compensated absences		(25,820)

Change in net position of governmental activities \$ (682,767)

CONEJOS COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended December 31, 2020

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents- County Treasurer	\$ 148,145
Jail Commissary Cash	102,030
TOTAL ASSETS	\$ 250,175
LIABILITIES	
Funds Held for Others	\$ 250,175
TOTAL LIABILITIES	\$ 250,175

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

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of 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 seven other elected officials - assessor, clerk and recorder, coroner, sheriff, district attorney, surveyor, 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, parks and recreation, health and social services, public improvements, planning, zoning, sanitation, and the office of the public trustee.

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.

Based on the aforementioned criteria, Conejos County has no component units.

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.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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:

- 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. The County considers grant revenues to be available if they are collected within 120 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.

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 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 used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the County in a trustee capacity or as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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 2020 property tax levy due January 1, 2021, 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 and Prepaid Items

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory in the special revenue funds consists of expendable supplies held for use. Reported inventories are equally offset by a nonspendable fund balance, which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets. The inventory policy on government-wide statements is consistent with fund statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

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

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:

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Assets	Years
Buildings and Improvements	10-40
Equipment	5-15
Vehicles	5-7
Infrastructure	10-40

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as debt service expenditures.

Compensated Absences

County policy allows employees to accumulate unused vacation, comp time, and sick leave up to certain maximum hours. At December 31 of each year, unused vacation time over 150 hours is forfeited. Retiring employees are paid 100% of unused vacation and comp time. Sick time unused by retiring employees is paid 50% up to 240 hours. All vacation and sick 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 contract 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 and the governmental funds Balance Sheet report 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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is 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 of 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.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Fund Balance

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

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts 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* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes 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* – 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* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance 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 reclassifications were made to fiscal year 2019 financial statements in order to conform to the fiscal year 2020 financial statement presentation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Conejos 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.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

- 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 adopted supplemental appropriations during 2020.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

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

Cash on Hand	\$	3,053
Cash Deposited in Banks		497,860
C-SAFE		651,701
ColoTrust		5,016,152
Other Investments		562,385
Total Cash, Deposits, and Investments (Book Balance)		6,731,151
Less: Amounts Related to Agency Fund		(250,175)
Total Cash, Deposits, and Investments on the Statement of Net Position	\$	6,480,976

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. All deposits in 2020 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

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, 2020, \$883,821 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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

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

The Colorado Surplus Asset Fund Trust (C-SAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions, redemption notice periods or withdrawal restrictions. CSAFE investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. CSAFE measures all of its investments at amortized cost. CSAFE is rated AAAM by Standard & Poor's.

<u>Investment Type</u>	<u>Rating</u>	<u>Up to 120 days</u>	<u>121 days to 5 years</u>	<u>Fair Value Measurements Using: Level 2</u>
Certificates of Deposit	100% (un-rated)	\$ 481,606	\$ 80,779	\$ 562,385

NOTE 4 ACCOUNTS RECEIVABLE

At December 31, 2020, the County had accounts receivable as follows:

General Fund:	
Ambulance Accounts Receivable	\$ 257,317
(Less) Allowance for Uncollectible	(257,317)
Other	-
	-
Public Works	60,000
Social Services	846
Public Health	34,175
	\$ 95,021

NOTE 5 PROPERTY TAXES RECEIVABLE

At December 31, 2020, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$ 1,454,886
Road and Bridge Fund	87,339
Social Services Fund	253,599
Capital Expenditures Fund	18,484
	\$ 1,814,308

NOTE 6 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 balance are generally expected to be repaid within one year of the financial statement date.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

Interfund receivable and payable balances at December 31, 2020, were as follows:

Receivable Fund	Payable Fund	Amount
Social Services Fund	General Fund	\$ 2,803
Capital Expenditures Fund	General Fund	6,025
		\$ 8,828

Interfund Transfers

Interfund transfers for the year ended December 31, 2020, were as follows:

Transfer In	Transfer Out	Amount
General Fund (PILT Fund)	Road and Bridge Fund	\$ 100,000
General Fund	Road and Bridge Fund	35,000
Public Health Fund	General Fund (Contingency)	100,000
		\$ 235,000

The Road and Bridge transfer to General Fund (PILT Fund) in the amount of \$100,000 is for 1/5th of the amount and the final payment used to purchase Road & Bridge equipment in 2015.

The Road and Bridge transfer to the General Fund in the amount of \$35,000 is for administrative costs.

The General Fund (Contingency) transfer in the amount of \$100,000 is to subsidize the Public Health Fund.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020, was as follows:

	Balance 12/31/2019	Additions	Deletions	Balance 12/31/2020
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 740,824	\$ -	\$ -	\$ 740,824
Construction in Progress	8,947	94,227	-	103,174
Total capital assets not being depreciated	<u>749,771</u>	<u>94,227</u>	<u>-</u>	<u>843,998</u>
Capital assets being depreciated				
Infrastructure	1,270,010	439,589	-	1,709,599
Buildings and Improvements	6,737,537	-	95,024	6,642,513
Equipment	4,869,933	309,509	-	5,179,442
Vehicles	1,414,044	31,550	-	1,445,594
Total capital assets being depreciated	<u>14,291,524</u>	<u>780,648</u>	<u>95,024</u>	<u>14,977,148</u>
Less: accumulated depreciation for				
Infrastructure	439,447	151,095	-	590,543
Buildings and Improvements	3,218,106	136,123	95,024	3,259,204
Equipment	4,056,653	210,418	-	4,267,071
Vehicles	980,846	145,261	-	1,126,107
Total accumulated depreciation	<u>8,695,052</u>	<u>642,897</u>	<u>95,024</u>	<u>9,242,925</u>
Total Capital Assets being depreciated, net	<u>5,596,472</u>	<u>137,751</u>	<u>-</u>	<u>5,734,223</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,346,243</u>	<u>\$ 231,978</u>	<u>\$ -</u>	<u>\$ 6,578,221</u>

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

Governmental Activities:	
General Government	\$ 39,260
Public Safety	135,867
Health and Welfare	115,570
Highways and Streets	348,147
Culture and Recreation	4,053
Total Depreciation Expense	<u>\$ 642,897</u>

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability balances for the year ended December 31, 2020, were as follows:

	12/31/2019			12/31/2020	Due Within
	Balance	Additions	Deletions	Balance	One Year
<i>Governmental Activities:</i>					
Capital Leases	\$ 268,748	\$ -	\$ 80,811	\$ 187,937	\$ 40,247
Compensated Absences	241,814	25,820	-	267,634	12,265
Total Governmental Activities	<u>\$ 510,562</u>	<u>\$ 25,820</u>	<u>\$ 80,811</u>	<u>\$ 455,571</u>	<u>\$ 52,512</u>

Capital Leases

The County is obligated under certain leases accounted for as capital leases. These agreements are backed by the full faith and credit of the County and debt service is accounted for by the fund purchasing the equipment, the Road and Bridge Fund. The leased assets and related obligations are accounted for in the Statement of Net Position and the Statement of Activities.

2013 San Luis Valley Federal Bank

A lease purchase agreement, dated September 16, 2013, was entered into for \$165,000 between San Luis Valley Federal Bank, as lessor, and Conejos County (the "County"), as lessee, for the purchase of road and bridge equipment. Payments are due quarterly with an interest rate of 4.10%. Final payment was made September 2020. The equipment is included in capital assets at a cost of \$165,000 and accumulated depreciation of \$140,155 as of December 31, 2020. Principal balance at December 31, 2020, was \$0.

2013 Merchants Capital Resources, Inc.

A lease purchase agreement, dated July 11, 2013, was entered into for \$289,250 between Merchants Capital Resources, Inc., as lessor, and Conejos County (the "County"), as lessee, for the purchase of two motor graders. Payments are due quarterly with an interest rate of 3.69%. Final payment was made July 2020. The equipment is included in capital assets at a cost of \$289,250 and accumulated depreciation of \$231,404 as of December 31, 2020. Principal balance at December 31, 2020, was \$0.

2018 Alamosa State Bank

A lease purchase agreement, dated September 7, 2018, was entered into for \$96,380 between Alamosa State Bank as lessor, and Conejos County (the "County"), as lessee, for the purchase of three vehicles for the Sheriff's department. Payments are due annually with an interest rate of 4.5%. Final payment is due September 2025. The vehicles are included in capital assets at a cost of \$120,474 and accumulated depreciation of \$51,631 as of December 31, 2020. Principal balance at December 31, 2020, was \$71,801.

2019 Alamosa State Bank

A lease purchase agreement, dated August 7, 2019, was entered into for \$142,058 between Alamosa State Bank as lessor, and Conejos County (the "County"), as lessee, for the purchase of four vehicles for the Sheriff's department. Payments are due annually with an interest rate of 4.57%. Final payment is due August 2024. The vehicles are included in capital assets at a cost of \$162,104 and accumulated depreciation of \$58,297 as of December 31, 2020. Principal balance at December 31, 2020, was \$116,136.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

The annual debt service for the capital leases is as follows:

	Principal	Interest	Total
2021	\$ 40,247	\$ 8,530	\$ 48,777
2022	42,074	6,701	48,775
2023	43,986	4,791	48,777
2024	45,979	2,796	48,775
2025	15,651	704	16,355
	\$ 187,937	\$ 23,522	\$ 211,459

NOTE 9 OPERATING LEASES

The County is committed under various leases for office equipment and software. These leases are considered operating leases for accounting purposes. Lease expenses for the year totaled \$48,709.

NOTE 10 RETIREMENT

Pension Plans

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 after completing twelve months of service with the County, and participation is mandatory after one year of employment. Employee and employer contributions are 100% vested immediately upon employee participation in the plan.

The County must contribute 4% of the compensation of each participant. 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, 2020, employee contributions totaled \$125,662 and the County recognized pension expense of \$125,662. The County recognized \$4,203 of forfeitures in retirement expense during 2020.

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 County Commissioners but it may not be amended beyond the limits established by state statute.

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.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 COLORADO CONTRABAND FORFEITURE ACT

We have reviewed financial activity in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2020.

NOTE 12 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 have approved a measure that allows the County to retain and spend revenue in excess of the limit.

The amendment also requires that emergency reserves be established. These reserves must be at least three percent of fiscal year spending. The emergency reserve has been presented as restricted fund balance/net position in the financial statements. The County is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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, 2020, CAPP had assets of \$22,392,071, liabilities of \$10,318,455 (including \$8,858,403 reserved for losses and claims), and members' equity of \$12,073,616. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2020, amounted to \$8,582,801 and total expenses were \$7,702,367 resulting in net income before return of surplus of \$880,434.

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

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2020

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, 2020, CWCP had assets of \$48,084,671, liabilities of \$27,181,859 (including \$25,249,871 reserved for losses and claims) and members' equity of \$20,902,812. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2020, amounted to \$12,426,724 total expenses were \$8,102,764 resulting in net income before return of surplus of \$4,323,960.

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Single Entry Point Program

In 2020, the Colorado Department of Health Care Policy and Financing ended the Single Entry Point Program. The County is required to pay back \$140,016 to close out the program. This amount is recorded as accounts payable in the Public Health Fund and was paid in June 2021.

Litigation

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

Insurance Pools

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

COVID-19

In March of 2020, the COVID-19 virus was declared a global pandemic. Business continuity throughout the County could be severely impacted for months or more, as significant and unprecedented measures to mitigate the consequences of the pandemic are undertaken. The County has received Coronavirus Aid, Relief, and Economic Security (CARES) Act funding in 2020, and American Rescue Plan Act (ARPA) in 2021 to mitigate some of the costs/losses incurred as a result of the pandemic. However, no adjustments have been made to these financial statements as additional impact is unknown at this time.

CONEJOS 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.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 1,530,707	\$ 1,530,707	\$ 1,696,369	\$ 165,662
Intergovernmental Revenue	1,341,600	1,486,260	1,610,781	124,521
Licenses and Permits	43,000	43,000	95,312	52,312
Interest on Investments	54,800	54,800	65,381	10,581
Charges for Services	649,600	649,600	686,380	36,780
Miscellaneous	5,000	33,208	79,935	46,727
TOTAL REVENUES	3,624,707	3,797,575	4,234,158	436,583
EXPENDITURES				
General Government	1,729,611	1,751,211	2,002,352	(251,141)
Public Safety	1,897,950	1,897,950	1,710,441	187,509
Health and Welfare	642,177	678,977	670,370	8,607
Judicial - District Attorney	172,088	172,088	172,088	-
Auxiliary Services	21,088	28,588	27,414	1,174
Capital Outlay	67,776	67,776	13,859	53,917
Debt Service	-	48,777	48,777	-
TOTAL EXPENDITURES	4,530,690	4,645,367	4,645,301	66
Excess (Deficiency) of Revenues Over Expenditures	(905,983)	(847,792)	(411,143)	436,649
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	-	-
Transfers In	35,000	35,000	135,000	100,000
Transfers Out	(90,000)	(90,000)	(100,000)	(10,000)
Sale of Capital Assets	50,000	50,000	50,000	-
TOTAL OTHER FINANCING SOURCES (USES)	(5,000)	(5,000)	85,000	90,000
Net Change in Fund Balance	(910,983)	(852,792)	(326,143)	526,649
Fund Balance at Beginning of Year	2,564,082	2,564,082	2,776,038	211,956
Fund Balance at End of Year	\$ 1,653,099	\$ 1,711,290	\$ 2,449,895	\$ 738,605

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2020

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 96,868	\$ 96,868	\$ 96,147	\$ (721)
Intergovernmental Revenue	1,929,100	1,929,100	2,006,626	77,526
Interest on Investments	1,000	1,000	8,182	7,182
Miscellaneous	-	-	7,017	7,017
TOTAL REVENUES	2,026,968	2,026,968	2,117,972	91,004
EXPENDITURES				
General Government	-	-	253,024	(253,024)
Highways and Streets	2,446,490	2,446,490	1,902,262	544,228
Capital Outlay	150,000	150,000	321,462	(171,462)
Debt Service	54,916	54,916	42,269	12,647
TOTAL EXPENDITURES	2,651,406	2,651,406	2,519,017	132,389
Excess (Deficiency) of Revenues Over Expenditures	(624,438)	(624,438)	(401,045)	223,393
OTHER FINANCING SOURCES (USES)				
Transfers Out	(140,000)	(140,000)	(135,000)	5,000
TOTAL OTHER FINANCING SOURCSE (USES)	(140,000)	(140,000)	(135,000)	5,000
Net Change in Fund Balance	(764,438)	(764,438)	(536,045)	228,393
Fund Balance at Beginning of Year	2,118,096	2,118,096	2,402,602	284,506
Fund Balance at End of Year	\$ 1,353,658	\$ 1,353,658	\$ 1,866,557	\$ 512,899

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2020

	<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	\$ 295,669	\$ 295,669	\$ 297,197	\$ 1,528
Intergovernmental Revenue	7,260,232	7,260,232	5,803,401	(1,456,831)
Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES	<u>7,555,901</u>	<u>7,555,901</u>	<u>6,100,598</u>	<u>(1,455,303)</u>
EXPENDITURES				
Health and Welfare	6,931,849	6,931,849	6,055,710	876,139
TOTAL EXPENDITURES	<u>6,931,849</u>	<u>6,931,849</u>	<u>6,055,710</u>	<u>876,139</u>
Net Change in Fund Balance	624,052	624,052	44,888	(579,164)
Fund Balance at Beginning of Year	<u>1,377,970</u>	<u>1,377,970</u>	<u>1,114,515</u>	<u>(263,455)</u>
Fund Balance at End of Year	<u><u>\$ 2,002,022</u></u>	<u><u>\$ 2,002,022</u></u>	<u><u>\$ 1,159,403</u></u>	<u><u>\$ (842,619)</u></u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO

SUPPLEMENTARY INFORMATION

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

CONEJOS COUNTY, COLORADO
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2020

	GENERAL FUND	GENERAL CONTINGENCY FUND	CONTINGENCY FUND	PILT FUND	TOTAL
ASSETS					
Cash and Investments	\$ 1,642,935	\$ 606,105	\$ 162,586	\$ -	\$ 2,411,626
Accounts Receivable	-	-	-	-	-
Due From Other Governments	94,250	-	-	-	94,250
Property Taxes Receivable	1,436,402	-	18,484	-	1,454,886
TOTAL ASSETS	\$ 3,173,587	\$ 606,105	\$ 181,070	\$ -	\$ 3,960,762
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 41,869	\$ -	\$ -	\$ -	\$ 41,869
Due To Other Funds	8,828	-	-	-	8,828
Unearned Grant Revenue	5,284	-	-	-	5,284
TOTAL LIABILITIES	55,981	-	-	-	55,981
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue - Property Tax	1,436,402	-	18,484	-	1,454,886
FUND BALANCE					
Restricted for:					
TABOR Amendment Reserve	-	286,000	-	-	286,000
Committed to:					
Contingencies	-	320,105	162,586	-	482,691
Assigned	1,021,524	-	-	-	1,021,524
Unassigned	659,680	-	-	-	659,680
TOTAL FUND BALANCE	1,681,204	606,105	162,586	-	2,449,895
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 3,173,587	\$ 606,105	\$ 181,070	\$ -	\$ 3,960,762

CONEJOS COUNTY, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended December 31, 2020

	GENERAL FUND	GENERAL CONTINGENCY FUND	CONTINGENCY FUND	PILT FUND	ELIMINATIONS	TOTAL
REVENUES						
Taxes	\$ 1,675,162	\$ -	\$ 21,207	\$ -	\$ -	\$ 1,696,369
Intergovernmental Revenue	380,238	-	-	1,230,543	-	1,610,781
Licenses and Permits	95,312	-	-	-	-	95,312
Interest on Investments	49,846	2,750	221	12,564	-	65,381
Charges for Services	686,380	-	-	-	-	686,380
Miscellaneous	79,935	-	-	-	-	79,935
TOTAL REVENUES	2,966,873	2,750	21,428	1,243,107	-	4,234,158
EXPENDITURES						
General Government	2,001,820	-	532	-	-	2,002,352
Public Safety	1,710,441	-	-	-	-	1,710,441
Health and Welfare	670,370	-	-	-	-	670,370
Judicial - District Attorney	172,088	-	-	-	-	172,088
Auxiliary Services	27,414	-	-	-	-	27,414
Capital Outlay	13,859	-	-	-	-	13,859
Debt Service	48,777	-	-	-	-	48,777
TOTAL EXPENDITURES	4,644,769	-	532	-	-	4,645,301
Excess (Deficiency) of Revenues Over Expenditures	(1,677,896)	2,750	20,896	1,243,107	-	(411,143)
OTHER FINANCING SOURCES (USES)						
Lease Proceeds	-	-	-	-	-	-
Transfers In	2,843,262	-	-	100,000	(2,808,262)	135,000
Transfers Out	-	-	(100,000)	(2,808,262)	2,808,262	(100,000)
Sale of Capital Assets	50,000	-	-	-	-	50,000
TOTAL OTHER FINANCING SOURCES (USES)	2,893,262	-	(100,000)	(2,708,262)	-	85,000
Net Change in Fund Balance	1,215,366	2,750	(79,104)	(1,465,155)	-	(326,143)
Fund Balance at Beginning of Year	465,838	603,355	241,690	1,465,155	-	2,776,038
Fund Balance at End of Year	\$ 1,681,204	\$ 606,105	\$ 162,586	\$ -	\$ -	\$ 2,449,895

CONEJOS 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 providing health services. Financing is provided by grants and fees for services.

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.

Lodging Tax Fund – This fund is used to account for the County share of the lodging tax collected on each hotel/motel that is rented in Conejos County. The monies may be expended to promote Conejos County to tourists.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Capital Expenditures Fund – This fund is used to account for the monies set aside for capital expenditures.

CONEJOS COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2020

	NONMAJOR SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
	PUBLIC HEALTH FUND	CONSERVATION TRUST FUND	LODGING TAX FUND	CAPITAL EXPENDITURES FUND	
ASSETS					
Cash and Investments	\$639,716	\$ 88,401	\$ 58,850	\$ 117,943	\$ 904,910
Accounts Receivable	34,175	-	-	60,000	94,175
Due From Other Governments	8,393	-	-	-	8,393
Due From Other Funds	-	-	-	6,025	6,025
Property Taxes Receivable	-	-	-	18,484	18,484
Inventories	12,181	-	-	-	12,181
TOTAL ASSETS	\$694,465	\$ 88,401	\$ 58,850	\$ 202,452	\$ 1,044,168
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$140,926	\$ 9	\$ -	\$ -	\$ 140,935
Unearned Grant Revenue	48,319	-	-	-	48,319
TOTAL LIABILITIES	189,245	9	-	-	189,254
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenue - Property Tax	-	-	-	18,484	18,484
FUND BALANCE					
Nonspendable					
Inventory	12,181	-	-	-	12,181
Committed for					
Capital Expenditures	-	-	-	183,968	183,968
Health and Welfare	493,039	-	-	-	493,039
Culture and Recreation	-	88,392	58,850	-	147,242
TOTAL FUND BALANCE	505,220	88,392	58,850	183,968	836,430
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$694,465	\$ 88,401	\$ 58,850	\$ 202,452	\$ 1,044,168

CONEJOS COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2020

	NONMAJOR SPECIAL			CAPITAL	TOTAL
	REVENUE FUNDS			PROJECTS	
	PUBLIC	CONSERVATION	LODGING	FUND	
HEALTH	TRUST	TAX	CAPITAL	NONMAJOR	
	FUND	FUND	FUND	EXPENDITURES	GOVERNMENTAL
	FUND	FUND	FUND	FUND	
REVENUES					
Taxes	\$ -	\$ -	\$ 31,106	\$ 21,207	\$ 52,313
Intergovernmental Revenue	374,766	44,820	-	-	419,586
Interest on Investments	365	74	-	2,564	3,003
Charges for Services	424,890	-	-	-	424,890
Miscellaneous	44,574	-	-	60,000	104,574
TOTAL REVENUES	844,595	44,894	31,106	83,771	1,004,366
EXPENDITURES					
General Government	-	-	-	532	532
Health and Welfare	1,033,889	-	-	-	1,033,889
Culture and Recreation	-	30,666	34,656	-	65,322
Capital Outlay	-	-	-	157,059	157,059
TOTAL EXPENDITURES	1,033,889	30,666	34,656	157,591	1,256,802
Excess (Deficiency) of Revenues Over Expenditures	(189,294)	14,228	(3,550)	(73,820)	(252,436)
OTHER FINANCING SOURCES (USES)					
Transfers In	100,000	-	-	-	100,000
Transfers Out	-	-	-	-	-
Commodities Received	107,562	-	-	-	107,562
Commodities Issued	(107,562)	-	-	-	(107,562)
TOTAL OTHER FINANCING SOURCES (USES)	100,000	-	-	-	100,000
Net Change in Fund Balance	(89,294)	14,228	(3,550)	(73,820)	(152,436)
Fund Balance at Beginning of Year	594,514	74,164	62,400	257,788	988,866
Fund Balance at End of Year	\$ 505,220	\$ 88,392	\$ 58,850	\$ 183,968	\$ 836,430

CONEJOS COUNTY, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL
ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2020

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>REPORTED ON</u>	<u>FINAL BUDGET</u>
			<u>THE GAAP</u>	<u>POSITIVE</u>
			<u>BASIS</u>	<u>(NEGATIVE)</u>
Governmental Funds				
Non-major Governmental Funds				
Special Revenue Funds				
Public Health Fund	\$ 1,469,385	\$ 1,469,385	\$ 1,141,451	\$ 327,934
Conservation Trust Fund	67,341	67,341	30,666	36,675
Lodging Tax Fund	58,800	58,800	34,656	24,144
Total Special Revenue Funds	<u>1,595,526</u>	<u>1,595,526</u>	<u>1,206,773</u>	<u>388,753</u>
Capital Projects Fund				
Capital Expenditures Fund	<u>30,475</u>	<u>158,000</u>	<u>157,591</u>	<u>409</u>
Total Non-major Governmental Funds	<u>\$ 1,626,001</u>	<u>\$ 1,753,526</u>	<u>\$ 1,364,364</u>	<u>\$ 389,162</u>

CONEJOS COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster				
U.S. Department of Health and Human Services				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services, N/A		\$ 89,813
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services, N/A		<u>28,384</u>
<i>Total U.S. Department of Health and Human Services</i>				<u>118,197</u>
Total CCDF Cluster				118,197
Food Distribution Cluster				
U.S. Department of Agriculture				
Commodity Supplemental Food Program - USDA Foods	10.565	Colorado Department of Human Services, N/A		107,562
Commodity Supplemental Food Program - Administrative Funds	10.565	Colorado Department of Human Services, N/A		<u>43,513</u>
Total Commodity Supplemental Food Program				151,075
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank, N/A		<u>63,587</u>
<i>Total U.S. Department of Agriculture</i>				<u>214,662</u>
Total Food Distribution Cluster				214,662
Medical Assistance Program (Medicaid Cluster)				
U.S. Department of Health and Human Services				
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A		126,549
Medical Assistance Program - HCA	93.778	Colorado Department of Health Care Policy and Financing, N/A		13,423
Medical Assistance Program - SEP	93.778	Colorado Department of Health Care Policy and Financing, N/A	61,900	<u>133,272</u>
Total Medical Assistance Program			<u>61,900</u>	<u>273,244</u>
Total Medical Assistance Program (Medicaid Cluster)				61,900 273,244
SNAP Cluster				
U.S. Department of Agriculture				
Supplemental Nutrition Assistance Program	10.551	Colorado Department of Human Services, N/A		1,173
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services, N/A		<u>64,771</u>
<i>Total U.S. Department of Agriculture</i>				<u>65,944</u>
Total SNAP Cluster				65,944

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Forest Service Schools and Roads Cluster				
U.S. Department of Agriculture		Colorado Department of Treasury, N/A		
Title I Schools and Roads - Grants to States	10.665		253,024	266,342
Total Forest Service Schools and Roads Cluster			253,024	266,342
Total All Clusters			314,924	938,389
Other Programs				
U.S. Department of Homeland Security		Colorado Department of Local Affairs, N/A		
Emergency Management Performance Grants	97.042			30,639
Total U.S. Department of Homeland Security				30,639
U.S. Department of the Treasury		Colorado Department of Local Affairs, CVRF CM-071		
Coronavirus Relief Fund	21.019		137,199	218,933
Coronavirus Relief Fund	21.019	Colorado Department of Public Health and Environment, N/A		49,507
Coronavirus Relief Fund	21.019	Colorado Department of Human Services, N/A		28,016
Total U.S. Department of the Treasury			137,199	296,456
U.S. Department of Health and Human Services		Colorado Department of Public Health and Environment, HW20CJ		
Public Health Emergency Preparedness	93.069			16,996
Guardianship Assistance	93.090	Colorado Department of Human Services, N/A		944
Immunization Cooperative Agreements	93.268	Colorado Department of Public Health and Environment, JG20CH		7,441
COVID-19 Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	Colorado Department of Public Health and Environment, ELC		61,843
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services, N/A		371,465
Child Support Enforcement	93.563	Colorado Department of Human Services, N/A		110,658
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services, N/A		7,417
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services, N/A		1,286
Foster Care Title IV-E	93.658	Colorado Department of Human Services, N/A		129,174
Adoption Assistance	93.659	Colorado Department of Human Services, N/A		32,191

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal Assistance Listing</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Social Services Block Grant	93.667	Colorado Department of Human Services, N/A		42,261
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment, ND20FL		9,758
<i>Total U.S. Department of Health and Human Services</i>				791,434
<i>Total Other Programs</i>			137,199	1,118,529
<i>Total Expenditures of Federal Awards</i>			\$ 452,123	\$ 2,056,918

CONEJOS COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2020

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Conejos County, Colorado under programs of the federal government for the year ended December 31, 2020. 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 Conejos County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Conejos 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 and Department of Public Health and Environment. These funds are reported on the 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 did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2020.

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
Conejos County, 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 Conejos County, Colorado (the County), as of and for the year ended December 31, 2020, 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 9, 2021.

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) to determine the 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 did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. Finding 2020-001.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

Certified Public Accountants

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results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Finding

The County's response to the finding identified in our audit are described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 entity'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 entity'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 9, 2021

**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
Conejos County, Colorado
Conejos, Colorado

Report on Compliance for Each Major Federal Program

We have audited Conejos County, Colorado's (the County) compliance with the types of compliance requirements described 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, 2020. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the County's compliance.

Opinion on Each Major Federal Program

In our opinion, Conejos County, Colorado, 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, 2020.

Certified Public Accountants

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Report on Internal Control Over Compliance

Management of the County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 9, 2021

CONEJOS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

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>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665	Schools and Roads – Grants to States
21.019	Coronavirus Relief Fund
93.558	Temporary Assistance for Needy Families

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

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

CONEJOS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

Section II – Financial Statement Findings

Finding 2020-001: Internal Control over Financial Reporting
(Repeat of Finding 2019-001, 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001 and 12-1)

Type of finding: Internal Control (material weakness)

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, financial statement preparation and grant management.

Condition: The County's system of internal controls did not prevent or detect and correct financial misstatements.

Cause: The County did not complete monthly reconciliations of general ledger accounts and properly track grant activity. Year-end reconciliation procedures included journal entries to fix ending balances without properly identifying and reconciling the differences.

Effect: Additional investigation and reconciliation procedures were performed during the audit. Audit adjustments were proposed to properly state the County financial statements as of December 31, 2020, in accordance with generally accepted accounting principles.

Recommendation: The County finance department should strengthen its internal controls with adopted policies and procedures regarding monthly and year-end financial close accounting and continue to strengthen reconciliation and monitoring processes over grant activity.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

CONEJOS COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2020

Section II – Financial Statement Findings

Finding 2019-001: Internal Control over Financial Reporting

(Repeat of Finding 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, and 12-1)

Type of finding: Internal Control (material weakness)

Condition/Cause: Internal controls over monthly and year-end reconciliation procedures in the finance and sheriff administration were not sufficient to prevent and detect financial misstatements and document account transactions.

Status: Partially Implemented (see Finding 2020-001)



Board of County Commissioners

Mitchell Jarvies

Carlos Garcia

Joseph J. Baroz

CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Health and Human Services

Conejos County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2020.

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, 2020

The findings from the December 31, 2020 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 2020-001: Internal Control over Financial Reporting
(Repeat of Findings 2019-001, 2018-001, 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, and 12-1)

Type of finding: Internal Control (material weakness)

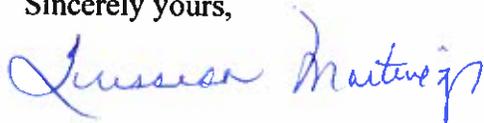
Recommendation: The County finance department should strengthen its internal controls with adopted policies and procedures regarding monthly and year-end financial close accounting and continue to strengthen reconciliation and monitoring processes over grant activity.

Action Taken: Upon completion of the bank reconciliation for the month, the accountant will review each account ledger for accuracy and correctness and make needed corrections. An annual review of each ledger account will take place when the county budget is prepared.

Grant/contract proposals will go before the Board of County Commissioners and put in the minutes. A complete copy of the grant/contract awarded to the County will be given to the County's accountant, who will notify the A/P Clerk and the County Treasurer by E-Mail. The Treasurer will make a revenue line item within the fund and the A/P clerk will create a revenue and expenditure line item in the ledgers to account for all revenues and expenditures of the grant. Each grant/contract will be assigned to an individual for monitoring purposes and revenue and expenditures will be reconciled by the accountant making any necessary changes.

If the U.S. Department of Health and Human Services have questions regarding this plan, please call the responsible party listed below.

Sincerely yours,



Tressesa Martinez
County Administrator
Conejos County, Colorado

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Conejos County			
		YEAR ENDING : December 2020			
This Information From The Records Of : County of Conejos		Prepared By: Phone:	GARY GURULE (719)376-5772 x2		
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)	498,911		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,655,167		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations			
2. General fund appropriations		b. Snow and ice removal			
3. Other local imposts (from page 2)	101,210	c. Other Misc. Grant	0		
4. Miscellaneous local receipts (from page 2)	26,720	d. Total (a. through c.)	0		
5. Transfers from toll facilities		4. General administration & miscellaneous	202,449		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,085		
a. Bonds - Original Issues		6. Total (1 through 5)	2,358,612		
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)	127,930	b. Redemption			
B. Private Contributions		c. Total (a. + b.)	0		
C. Receipts from State government (from page 2)	1,723,700	2. Notes:			
D. Receipts from Federal Government (from page 2)	13,318	a. Interest	0		
E. Total receipts (A.7 + B + C + D)	1,864,948	b. Redemption	42,381		
		c. Total (a. + b.)	42,381		
		3. Total (1.c + 2.c)	42,381		
		C. Payments to State for highways			
		D. Payments to toll facilities			
		E. Total disbursements (A.6 + B.3 + C + D)	2,400,993		
IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)					
		Opening Debt	Amount Issued	Closing Debt	
A. Bonds (Total)				0	
1. Bonds (Refunding Portion)					
B. Notes (Total)	42,381	0	42,381	0	
V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,402,602	1,864,948	2,400,993	1,866,557	0
Notes and Comments:					

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2020

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	79,780	a. Interest on investments	8,181
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	5,824	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	428
4. Licenses		f. Charges for Services	16,111
5. Specific Ownership &/or Other	15,606	g. Other Misc. Receipts	2,000
6. Total (1. through 5.)	21,430	h. Other	
c. Total (a. + b.)	101,210	i. Total (a. through h.)	26,720
	(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	1,723,700	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	13,318
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations		d. Federal Transit Admin	
d. Other (Specify) - Misc. Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal: RAC Grant	
f. Total (a. through e.)		g. Total (a. through f.)	13,318
4. Total (1. + 2. + 3.f)	1,723,700	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		439,589	439,589
(3). System Preservation		59,322	59,322
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	498,911	498,911
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	498,911	498,911
			(Carry forward to page 1)

Notes and Comments: