

Archuleta County, Colorado

Financial Statements
with Independent Auditor's Report

December 31, 2021



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Archuleta County, Colorado

Table of Contents
December 31, 2021

Independent Auditor's Report	1
Management's Discussion and Analysis	i
Basic Financial Statements	
<i>Government-wide Financial Statements</i>	
Statement of Net Position	4
Statement of Activities	5
<i>Governmental Funds</i>	
Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	7
Statement of Revenues, Expenditures and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	9
<i>Proprietary Funds</i>	
Statement of Net Position	10
Statement of Revenues, Expenses and Changes in Net Position	11
Statement of Cash Flows.....	12
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
<i>Notes to the Financial Statements</i>	15
Required Supplementary Information	
<i>Budgetary Comparison Schedules</i>	
General Fund.....	35
Road and Bridge Fund.....	36
Human Services Fund	37
<i>Notes to Required Supplementary Information</i>	38
Supplementary Information	
<i>Listing of Nonmajor Governmental Funds</i>	39
Combining Balance Sheet	40
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	41

(Continued)

Archuleta County, Colorado

Table of Contents
December 31, 2021
(Continued)

Compliance Section

Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42
Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control Over Compliance, and Report on Schedule of Expenditures of Federal Awards Required by the <i>Uniform Guidance</i>	44
Schedule of Expenditures of Federal Awards.....	48
<i>Notes to the Schedule of Expenditures of Federal Awards</i>	50
Summary Schedule of Findings and Questioned Costs	51
Summary Schedule of Prior Year Findings.....	53
State Compliance	
Local Highway Finance Report.....	54



**HINKLE &
COMPANY**
Strategic ^{PC}
Business Advisors

Independent Auditor's Report

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the County) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information listed in the table of contents is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2022 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Hick & Company, PC

Englewood, Colorado
November 3, 2022



Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2021. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Archuleta County exceeded its liabilities and deferred inflows of resources at December 31, 2021 by \$79,311,125. Of this amount, \$25,092,554 may be used to meet the County's ongoing obligations to citizens and creditors.

- The County's total net position increased by \$7,127,982 or 9.87% during 2021. The governmental net position increased by \$7,738,172 or 17.19% and the business-type net position decreased by (\$610,190) or (2.25%).

- The combined governmental fund balances at December 31, 2021 were \$26,278,592, an increase over 2020 of \$711,806. The unassigned combined fund balance is \$9,119,573 and is available for spending.

The unassigned fund balance within the General Fund is \$7,477,219 and is 59.44% of the total General Fund expenditures, excluding Transfers Out.

- The County's total long-term liabilities decreased (\$893,939) or (5.56%).

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Archuleta County's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of Archuleta County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between the categories reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Archuleta County is improving or deteriorating.

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

Archuleta County, Colorado

Management's Discussion and Analysis

December 31, 2021

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of Archuleta County include general government, public safety, highway and streets, health and welfare, economic development, and recreation. The Business-type Activities of Archuleta County include Solid Waste and Airport.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Some funds are required to be established by State law or bond covenants. All the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds – Most of the County's basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations, and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent soon to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations.

Proprietary funds – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (components of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses an internal service fund (the other component of proprietary funds) to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary funds – Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Basic Financial Statements.

Notes to the Basic Financial Statements

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

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets exceeded liabilities and deferred inflows of resources by \$79,311,125 on December 31, 2021.

The following table provides a summary comparison of the County's governmental and business-type net position on December 31, 2021.

Net Position						
	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other asset	\$ 35,426,648	\$ 33,902,166	\$ 2,775,485	\$ 2,543,887	\$ 38,202,133	\$ 36,446,053
Capital assets	40,330,663	34,741,039	24,705,712	25,578,119	65,036,375	60,319,158
Total assets	75,757,311	68,643,205	27,481,197	28,122,006	103,238,508	96,765,211
Current liabilities	2,415,698	2,631,814	107,885	155,604	2,523,583	2,787,418
Noncurrent liabilities	13,772,700	14,648,147	817,422	800,322	14,590,122	15,448,469
Total liabilities	16,188,398	17,279,961	925,307	955,926	17,113,705	18,235,887
Deferred inflow of resources	6,813,678	6,346,181	-	-	6,813,678	6,346,181
Net position:						
Net investment in capital assets	26,037,597	19,590,067	24,674,111	25,515,877	50,711,708	45,105,944
Restricted	3,506,863	3,506,863	-	-	3,506,863	3,506,863
Unrestricted	23,210,775	21,920,133	1,881,779	1,650,203	25,092,554	23,570,336
Total net position	\$ 52,755,235	\$ 45,017,063	\$ 26,555,890	\$ 27,166,080	\$ 79,311,125	\$ 72,183,143

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

The largest portion of Archuleta County's net position, about 63.94%, reflects its investment in capital assets (e.g., land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 4.42% of the County's net position is subject to restrictions on how it may be used. About 31.64% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Note that "unrestricted" funds are not the same as "unassigned". Some of the "unrestricted" funding is assigned or committed to specific uses or include internal reserves.

GOVERNMENTAL ACTIVITIES

The Governmental Activities total revenues of \$37,707,164 exceeded expenditures of \$29,968,992 resulting in an increase in net assets of \$7,738,172 at December 31, 2021.

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2021.

<u>Changes in Net Position</u>						
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Program Revenues:						
Charges for services	\$ 5,791,926	\$ 4,575,004	\$ 1,353,659	\$ 1,198,098	\$ 7,145,585	\$ 5,773,102
Operating grants	12,834,455	9,175,988		292	12,834,455	9,176,280
Capital grants - contributions		0	50,140	150,459	50,140	150,459
General revenues:						
Property & specific ownership taxes	7,039,711	6,238,813		0	7,039,711	6,238,813
Sales and use taxes	8,699,070	8,136,402	22,892	16,104	8,721,962	8,152,506
Other taxes	1,782,294	1,319,711		0	1,782,294	1,319,711
Other general revenues	1,559,708	808,758	129,571	98,928	1,689,279	907,686
Total revenues	37,707,164	30,254,676	1,556,262	1,463,881	39,263,426	31,718,557
Program expenses:						
General Government	8,059,800	7,868,143	-	-	8,059,800	7,868,143
Public Safety	6,956,293	5,671,497	-	-	6,956,293	5,671,497
Health and Welfare	8,702,967	5,993,367	-	-	8,702,967	5,993,367
Highways and Streets	4,785,831	4,780,979	-	-	4,785,831	4,780,979
Economic Development	410,392	430,489	-	-	410,392	430,489
Recreation and Culture	586,317	183,073	-	-	586,317	183,073
Capital Outlay		47,807	-	-	-	47,807
Interest Expense	467,392	498,708	-	-	467,392	498,708
Airport		-	1,054,658	1,044,666	1,054,658	1,044,666
Solid Waste	-	-	1,111,794	1,002,715	1,111,794	1,002,715
Total expenses	29,968,992	25,474,063	2,166,452	2,047,381	32,135,444	27,521,444
Change in Net Position	7,738,172	4,780,613	(610,190)	(583,500)	7,127,982	4,197,113
Beginning Net Position	45,017,063	40,236,450	27,166,080	27,749,580	72,183,143	67,986,030
Ending Net Position	52,755,235	45,017,063	26,555,890	27,166,080	79,311,125	72,183,143

Expenditures exceeded Program Revenues for Governmental Activities by \$11.3 million in 2021. In 2020 expenditures exceeded Program Revenues by \$11.7 million.

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

Total revenues for governmental activities are made up of 49.40% of program revenues and 50.60% general revenues. In 2020, program revenues were 45.45% of the total revenues and general revenues represented 54.55%.

Governmental Activities Program Revenues increased \$4,875,389 or 35.5% in 2021 compared to 2020. The overall increase is due to a 26.60% increase in Charges for Services and 39.90% increase in Operating Grants.

General revenues, primarily property taxes and sales taxes, were used to pay for \$11,342,611 of expenses that were not covered by program revenue.

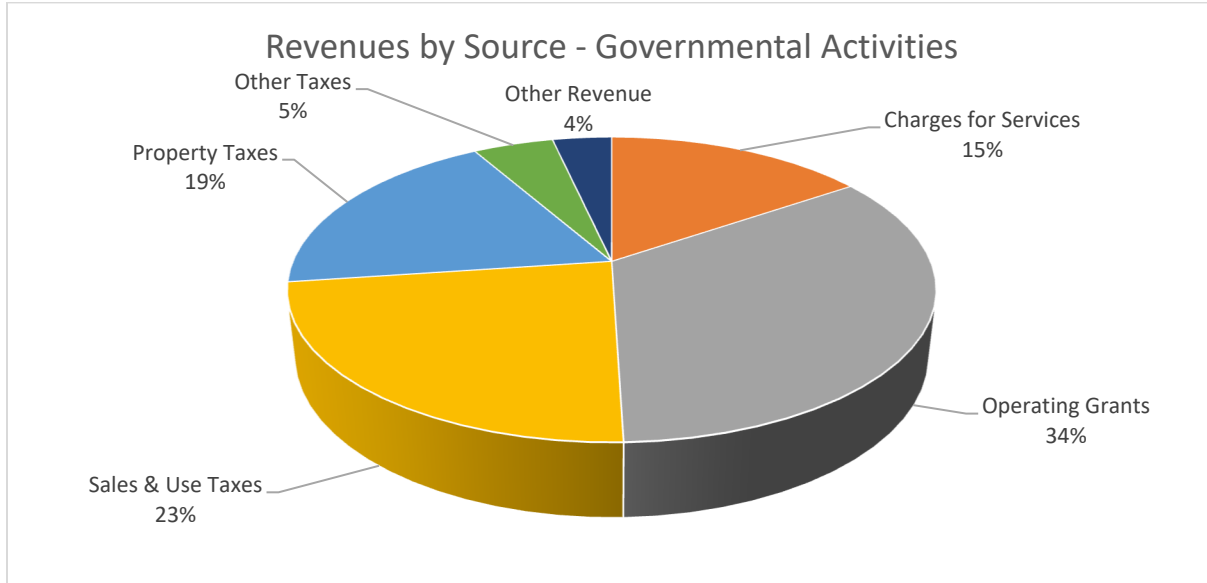
The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

<u>Net Program Cost to Taxpayers</u>			
<u>Governmental Activities</u>	<u>Program Revenues</u>	<u>Expenses</u>	<u>Net (Expense) Revenue</u>
General Government	6,070,405	8,059,800	(1,989,395)
Public Safety	3,332,726	6,956,293	(3,623,567)
Health and Welfare	7,039,399	8,702,967	(1,663,568)
Highways and Streets	2,030,238	4,785,831	(2,755,593)
Economic Development		410,392	(410,392)
Recreation and Culture	153,613	586,317	(432,704)
Interest on Long-Term Debt		467,392	(467,392)
Totals	18,626,381	29,968,992	(11,342,611)

Governmental Activities Total Revenues increased \$4,875,389 or 35.45% in 2021.

Archuleta County, Colorado
 Management's Discussion and Analysis
 December 31, 2021

The following illustrates revenues by sources:



The percentages of total County expenses in each function are as follows:

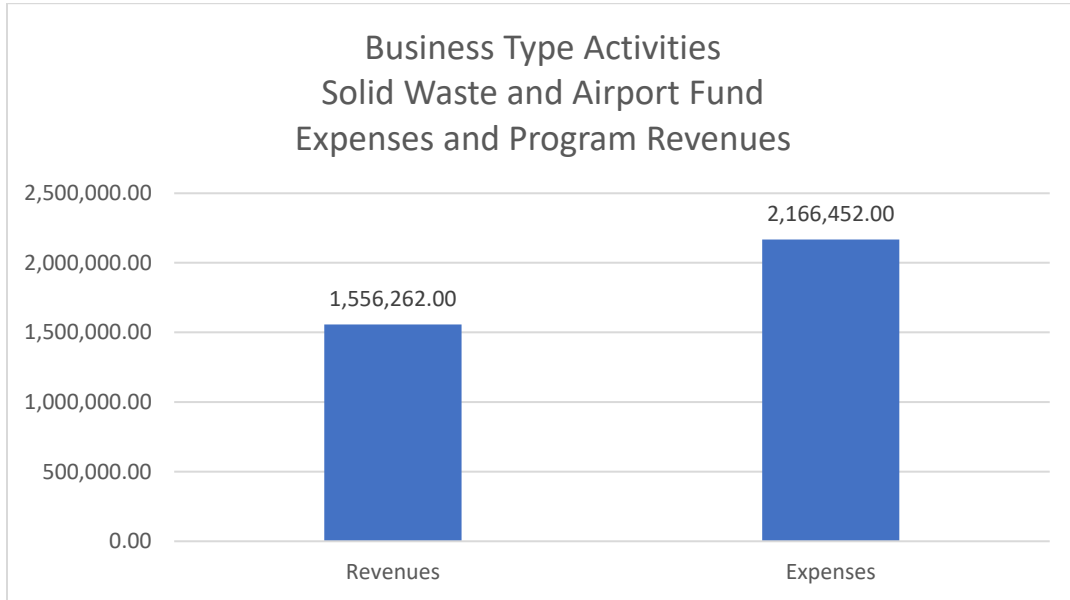
Function	2021	2020
General Government	31.64%	30.89%
Public Safety	27.31%	22.26%
Health & Welfare	34.16%	23.53%
Highways & Streets	18.79%	18.77%
Economic Development	1.61%	1.69%
Recreation	2.30%	0.72%
Capital Outlay	0.00%	0.19%
Interest Expense	1.83%	1.96%

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

BUSINESS TYPE ACTIVITIES

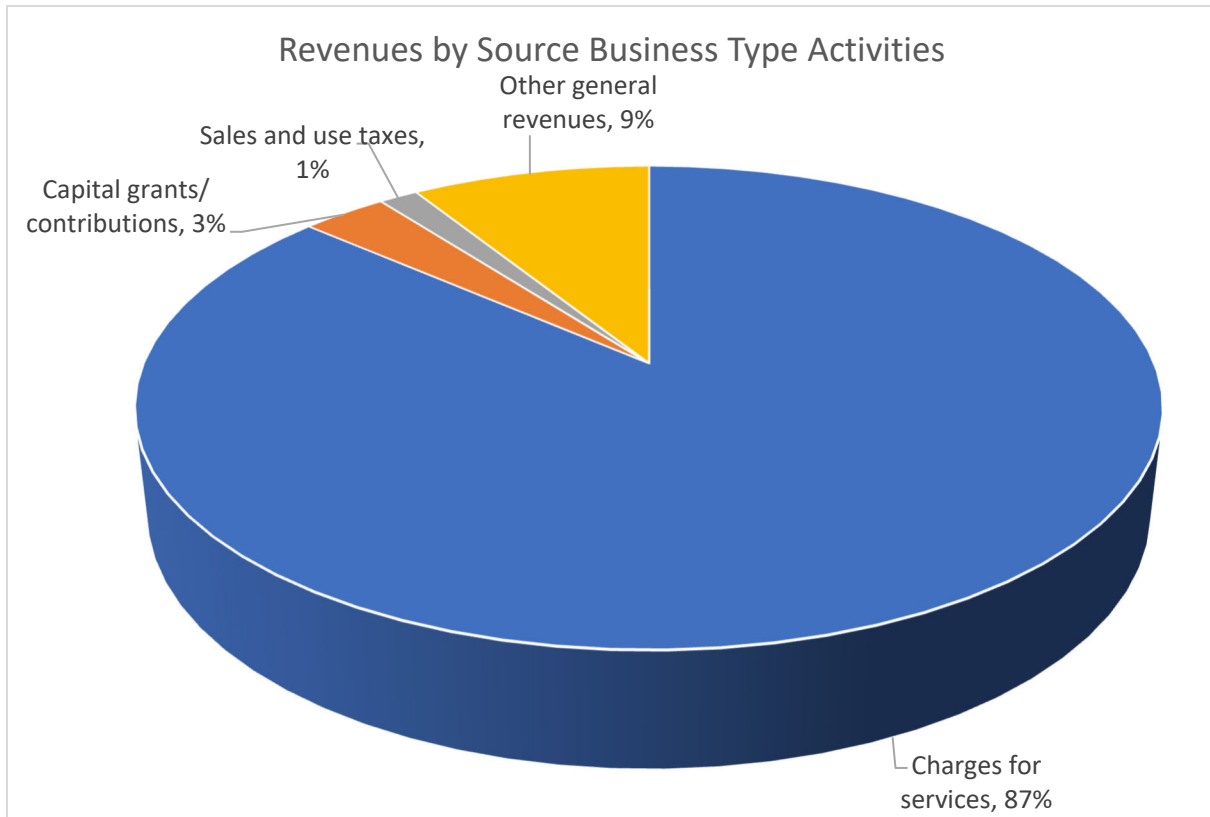
Net position in Business-type Activities decreased by (\$610,190) in 2021.

The following illustrates the Business-type Activities, showing program revenues and expenses:



Charges for Services for business-type activities were 87% of operating revenues, 3% Capital Grants and Contributions, 1% Sales and Use Taxes and Other revenues were 9% of operating revenues.

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021



Archuleta County, Colorado
 Management's Discussion and Analysis
 December 31, 2021

THE COUNTY'S FUNDS

At year end, the County's Governmental Funds reported a combined fund balance of \$26,278,592, an increase of \$711,806 from 2020. Fund balances in the Governmental Funds are as follows:

Fund	2021	2020	2019	2018
General Government Fund	14,469,929	12,521,233	12,180,285	11,595,886
Road & Bridge Fund	9,331,985	8,928,485	7,348,184	5,444,650
Dept. of Human Services Fund	346,940	1,816,261	704,390	801,281
Justice System Capital Fund *	923,216	1,092,551	9,724,490	-
Other Governmental-Type Funds	1,206,522	1,208,256	1,231,442	3,361,398
Combined Governmental-Type Fund Balance	26,278,592	25,566,786	31,188,791	21,203,215

The Proprietary Funds ended 2021 with total unrestricted net position of \$1,881,779, a decrease of (\$610,190) from 2020. The total net position, including net invested in capital assets, was \$29,266,044, a decrease of (\$244,599) from 2020.

Net position for each Proprietary Fund is as follows:

Fund Type	Net Position
Solid Waste Fund	\$2,963,047
Airport Fund	\$23,598,662
Fleet Fund (Internal Service)	\$2,704,335
Total Proprietary	\$29,266,044

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund accounts for all the general services provided by Archuleta County. At the end of 2021, the General Fund's fund balance totaled \$14,469,929. This is an increase of \$1,948,696 compared to 2020.

Archuleta County, Colorado

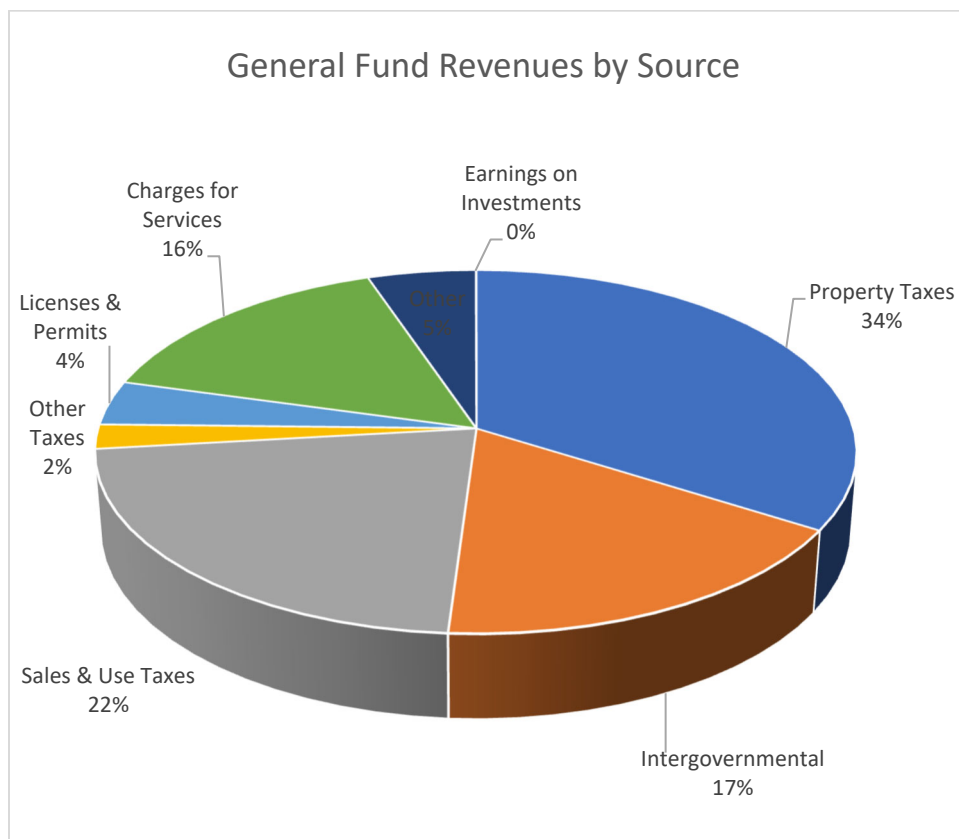
Management's Discussion and Analysis

December 31, 2021

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. As of December 31, 2021, the unassigned fund balance in the General Fund represented 59.43% of the General Fund expenditures.

2021 General Fund revenues increased \$4,612,771 from 2020. Most categories of revenue increased. The most significant increase was in Taxes, which was up \$2,462,755. Another \$2,340,505 in increases came from Intergovernmental, Charges for Services, Licenses & Permits, and Other. Earnings from Investments was down (\$190,489).

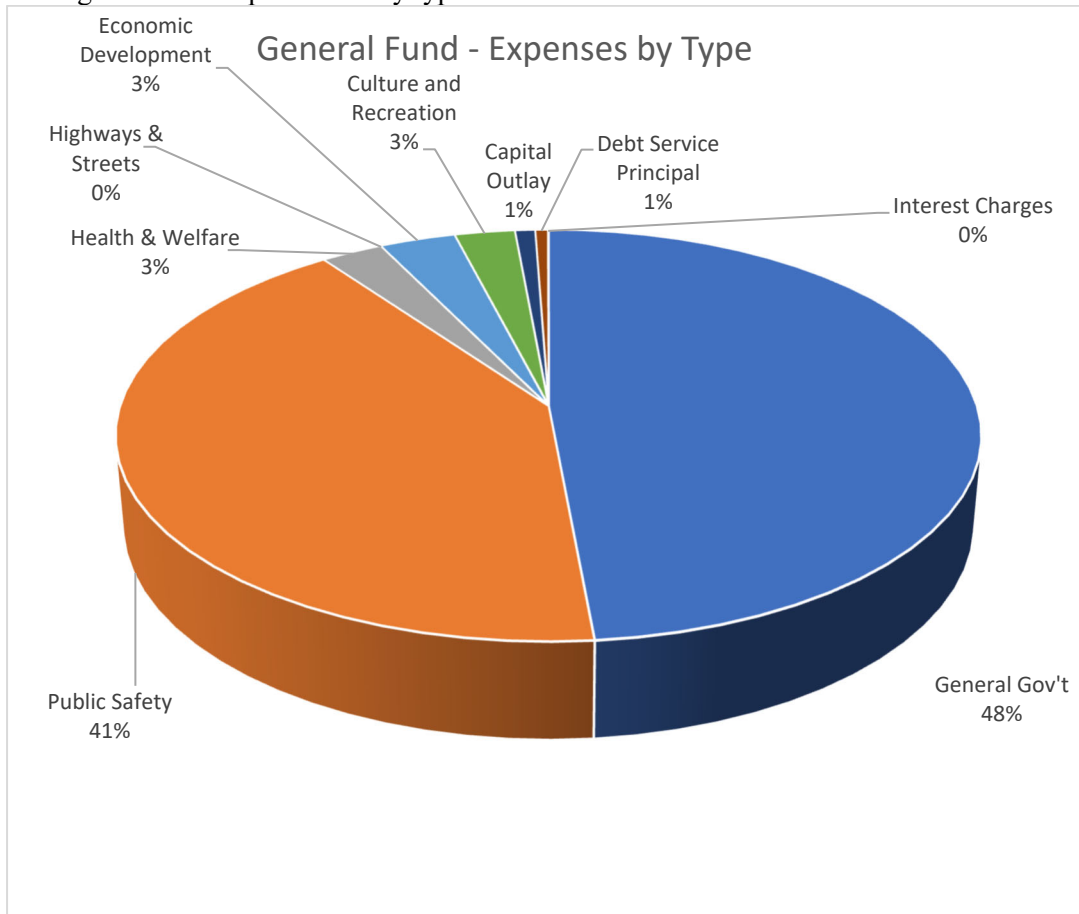
The following illustrates revenues by sources in the General Fund:



General Fund expenditures include General Government (such as the Treasurer, Assessor and Clerk & Recorder functions, as well as administrative functions including finance, attorney, human resources, IT/GIS, etc.). Most Public Safety, and all Economic Development and Culture/Recreation expenditures also occur in the General Fund, Total General Fund expenditures increased \$898,292, about (7.69%), in 2021.

Archuleta County, Colorado
 Management's Discussion and Analysis
 December 31, 2021

The following illustrates expenditures by type for the General Fund:



During 2021, there were no budget amendments. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected in the General Fund were \$4,650,071 more than budgetary estimates (excluding other financing sources) and expenditures were (\$284,969) less than the final budgetary estimates (excluding other financing uses).

The following illustrates the General Fund Budget:

2021 General Fund Budget			
	Adopted Budget	Amendments	Final Budget
Beginning Fund Balance	11,762,660		11,762,660
Sources	15,019,873	-	15,019,873
Uses	15,018,869	-	15,018,869
Ending Fund Balance	11,763,664	-	11,763,664

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

CAPITAL ASSETS

In 2021, the County invested in a broad range of capital assets, including buildings and improvements, machinery and equipment, infrastructure (roads), and vehicles and significant improvements at the landfill facility.

Capital asset activity for the year ended December 31, 2021, is summarized below:

	Balance 12/31/2020		Additions		Deletions		Balance 12/31/2021
Governmental Activities							
Capital Assets, Not Being Depreciated:							
Land	\$ 1,014,296	\$	-	\$	-	\$	1,014,296
Construction in Progress	686,378		5,490,854		-		6,177,232
Total Capital Assets, Not Being Depreciated	1,700,674		5,490,854		-		7,191,528
Capital Assets, Being Depreciated:							
Improvements Non-Building	57,136		26,600		-		83,736
Buildings and Improvements	19,493,563		10,999		-		19,504,562
Machinery and Equipment	6,374,584		294,047		(136,452)		6,532,179
Vehicles	3,431,969		215,788		-		3,647,757
Computer Equipment	1,612,108		-		-		1,612,108
Infrastructure	17,916,184		1,684,791		-		19,600,975
Total Capital Assets, Being Depreciated	\$ 48,885,544	\$	2,232,225	\$	(136,452)	\$	50,981,317
Less Accumulated Depreciation:							
Improvements Non-Building	\$ (24,000)	\$	(4,107)	\$	-	\$	(28,107)
Buildings and Improvements	(861,375)		(487,433)		-		(1,348,808)
Machinery and Equipment	(4,875,829)		(388,862)		136,452		(5,128,239)
Vehicles	(2,689,524)		(318,817)		-		(3,008,341)
Computer Equipment	(1,566,222)		(19,493)		-		(1,585,715)
Infrastructure	(5,828,229)		(914,743)		-		(6,742,972)
Total Accumulated Depreciation	(15,845,179)		(2,133,455)		136,452		(17,842,182)
Capital Assets, Being depreciated, net	33,040,365		98,770		-		33,139,135
Governmental Activities Capital Assets, net	\$ 34,741,039	\$	5,589,624	\$	-	\$	40,330,663

Major capital expenditures during 2021 included:

Vehicles \$215,788
Machinery & Equipment \$294,047
Construction In Progress \$5,490,854

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 5 to the financial statements.

Archuleta County, Colorado
Management's Discussion and Analysis
December 31, 2021

DEBT

Note 6 of the financial statements provide a summary of the County's long-term debt. At the end of 2021, the County had total debt outstanding of \$15.8 million. The County's total debt decreased (\$893,939) from 2020.

Outstanding debt as of December 31, 2021 year end is shown in the table below:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Notes Payable	-	14,332	-	-	-	14,332
Capital Leases	973,066	1,441,640	31,601	62,242	1,004,667	1,503,882
Certificates of Participation	13,320,000	13,695,000	-	-	13,320,000	13,695,000
Compensated Absences	487,837	487,837	57,937	56,424	545,774	544,261
Total	14,780,903	15,638,809	89,538	118,666	14,870,441	15,757,475

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Over the last decade, the County significantly constrained spending; first to survive steep declines in core funding such as property tax, and later to build critical reserves in working capital and later still to establish a strategic reserve. Despite the last recession and the very slow recovery since then, the County's austerity measures have paid off. Fund balances have steadily increased; a freeze on employee wage rates have given way to adjustments to bring all employees back in line with the marketplace and capital replacements have been significantly ramped up. In 2021, the construction of the County's Justice Facility capital project (a \$7 M Court facility) started. The facility is projected to open in early 2022.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the County's finances and to show the County's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, CO 81147, or at finance@archuletacounty.org.

Basic Financial Statements

Archuleta County, Colorado
Statement of Net Position
December 31, 2021

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Investments	\$ 24,966,030	\$ 2,697,464	\$ 27,663,494
Taxes Receivable	6,813,678	-	6,813,678
Other Receivables	3,459,547	75,960	3,535,507
Prepaid Items	33,857	458	34,315
Due from Other Governments	6,487	-	6,487
Inventory	147,049	1,603	148,652
	<u>35,426,648</u>	<u>2,775,485</u>	<u>38,202,133</u>
Total Current Assets			
Noncurrent Assets			
Capital Assets, Not Being Depreciated	7,191,528	3,907,081	11,098,609
Capital Assets, Being Depreciated	33,139,135	20,798,631	53,937,766
Capital Assets, Net	<u>40,330,663</u>	<u>24,705,712</u>	<u>65,036,375</u>
	<u>75,757,311</u>	<u>27,481,197</u>	<u>103,238,508</u>
Total Assets:			
Liabilities			
Accounts Payable	1,071,197	45,673	1,116,870
Internal Balances	(5,819)	5,819	-
Inmate Deposits	9,120	-	9,120
Accrued Interest Payable	58,811	349	59,160
Accrued Payroll Liabilities	274,186	13,708	287,894
Accrued Compensated Absences, Current Portion	132,756	10,735	143,491
Notes, COP and Capital Leases, Due Within One Year	875,447	31,601	907,048
Noncurrent Liabilities			
Notes and Capital Leases Due in More Than One Year	492,619	-	492,619
Certificates of Participation	12,925,000	-	12,925,000
Accrued Compensated Absence, Noncurrent	355,081	45,690	400,771
Closure and Post Closure Costs	-	771,732	771,732
	<u>16,188,398</u>	<u>925,307</u>	<u>17,113,705</u>
Total Liabilities			
Deferred Inflows of Resources			
Property Taxes	<u>6,813,678</u>	<u>-</u>	<u>6,813,678</u>
Net Position			
Net Investment in Capital Assets	26,037,597	24,674,111	50,711,708
Restricted For			
TABOR	391,939	-	391,939
Capital Projects	2,684,107	-	2,684,107
Forest Reserve Title III	2,664	-	2,664
Parks and Recreation	428,153	-	428,153
Unrestricted	<u>23,210,775</u>	<u>1,881,779</u>	<u>25,092,554</u>
	<u>\$ 52,755,235</u>	<u>\$ 26,555,890</u>	<u>\$ 79,311,125</u>
Total Net Position			

See Notes to the Financial Statements.

Archuleta County, Colorado
Statement of Activities
For the Year Ended December 31, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 8,059,800	\$ 4,316,975	\$ 1,753,430	\$ -	\$ (1,989,395)	\$ -	\$ (1,989,395)
Public Safety	6,956,293	837,794	2,494,932	-	(3,623,567)	-	(3,623,567)
Health and Welfare	8,702,967	532,803	6,506,596	-	(1,663,568)	-	(1,663,568)
Highways and Streets	4,785,831	99,791	1,930,447	-	(2,755,593)	-	(2,755,593)
Economic Development	410,392	-	-	-	(410,392)	-	(410,392)
Recreation and Culture	586,317	4,563	149,050	-	(432,704)	-	(432,704)
Interest on Long-Term Debt	467,392	-	-	-	(467,392)	-	(467,392)
Total Government Activities	29,968,992	5,791,926	12,834,455	-	(11,342,611)	-	(11,342,611)
<i>Business-Type Activities</i>							
Airport	1,054,658	59,899	-	50,140	-	(944,619)	(944,619)
Solid Waste	1,111,794	1,293,760	-	-	-	181,966	181,966
Total Business-Type Activities	2,166,452	1,353,659	-	50,140	-	(762,653)	(762,653)
Total Primary Government	\$ 32,135,444	\$ 7,145,585	\$ 12,834,455	\$ 50,140	(11,342,611)	(762,653)	(12,105,264)
General Revenues							
					7,039,711	-	7,039,711
					8,699,070	22,892	8,721,962
					426,030	-	426,030
					1,356,264	-	1,356,264
					7,523	-	7,523
					1,313,485	129,571	1,443,056
					238,700	-	238,700
					19,080,783	152,463	19,233,246
					7,738,172	(610,190)	7,127,982
					45,017,063	27,166,080	72,183,143
					\$ 52,755,235	\$ 26,555,890	\$ 79,311,125

See Notes to the Financial Statements.

Archuleta County, Colorado
Balance Sheet
Governmental Funds
December 31, 2021

	General	Road and Bridge	Human Service	Justice System	Nonmajor Governmental Funds	Totals
Assets						
Cash and Investments	\$ 12,559,075	\$ 8,897,452	\$ 251,210	\$ 1,116,935	\$ 1,153,473	\$ 23,978,145
Property Taxes Receivable	6,112,156	350,761	350,761	-	-	6,813,678
Other Receivables	2,470,475	711,564	135,067	-	140,835	3,457,941
Inventories	15,473	29,647	-	-	-	45,120
Prepaid Expenses	25,589	-	-	-	6,054	31,643
Due from Other Governments	-	-	6,487	-	-	6,487
Total Assets	\$ 21,182,768	\$ 9,989,424	\$ 743,525	\$ 1,116,935	\$ 1,300,362	\$ 34,333,014
Liabilities						
Accounts Payable	\$ 395,366	\$ 261,085	\$ 45,824	\$ 193,719	\$ 71,697	\$ 967,691
Accrued Salaries	196,197	45,593	-	-	22,143	263,933
Inmate Deposits	9,120	-	-	-	-	9,120
Total Liabilities	600,683	306,678	45,824	193,719	93,840	1,240,744
Deferred Inflows of Resources						
Property Taxes	6,112,156	350,761	350,761	-	-	6,813,678
Fund Balances						
Nonspendable						
Inventory and Prepaid Items	41,062	29,647	-	-	6,054	76,763
Restricted for:						
TABOR	541,694	190,691	12,098	-	30,945	775,428
Capital Projects	-	-	-	-	527,519	527,519
Title III	-	2,664	-	-	-	2,664
Parks and Recreation	-	-	-	-	258,678	258,678
Committed to						
Fund Reserves Policy	6,409,954	-	-	-	-	6,409,954
Assigned to:						
Highways and Streets	-	8,699,926	-	-	-	8,699,926
Public Safety	-	-	-	-	408,087	408,087
Unrestricted, Unassigned	7,477,219	409,057	334,842	923,216	(24,761)	9,119,573
Total Fund Balances	14,469,929	9,331,985	346,940	923,216	1,206,522	26,278,592
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 21,182,768	\$ 9,989,424	\$ 743,525	1,116,935	\$ 1,300,362	\$ 34,333,014

Archuleta County, Colorado
 Reconciliation of the Balance Sheet of Governmental Funds
 to the Statement of Net Position
 December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Net Position are Different Because:

Total Fund Balances of Governmental Funds	\$ 26,278,592
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	38,600,261
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Certificates of Participation	(13,320,000)
Capital Lease Payable	(973,066)
Accrued Compensated Absences	(481,895)
Accrued Interest	(58,811)
Internal Service Funds	<u>2,710,154</u>
Total Net Position of Governmental Activities	<u>\$ 52,755,235</u>

Archuleta County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2021

	General	Road and Bridges	Human Service	Justice System	Nonmajor Governmental Funds	Totals
Revenues						
Property and Specific						
Ownership Taxes	\$ 6,673,607	\$ 6,043	\$ 360,061	-	\$ -	\$ 7,039,711
Intergovernmental	3,367,082	1,927,522	6,490,896	1,788,039	616,860	14,190,399
Sales and Use Taxes	4,356,885	4,342,185	-	-	-	8,699,070
Other Taxes	426,030	-	-	-	-	426,030
Licenses and Permits	776,560	41,700	-	-	-	818,260
Charges for Services	3,043,976	-	-	-	412,798	3,456,774
Other	1,019,375	67,953	40,817	-	3,536	1,131,681
Investment Income	6,429	-	-	-	1,094	7,523
Total Revenues	<u>19,669,944</u>	<u>6,385,403</u>	<u>6,891,774</u>	<u>1,788,039</u>	<u>1,034,288</u>	<u>35,769,448</u>
Expenditures						
Current						
General Government	6,105,866	-	-	-	-	6,105,866
Public Safety	5,220,880	-	-	81,896	1,175,041	6,477,817
Health and Welfare	336,349	-	8,361,095	-	-	8,697,444
Highways and Streets	-	3,825,631	-	-	-	3,825,631
Economic Development	410,392	-	-	-	-	410,392
Culture and Recreation	324,975	-	-	-	260,161	585,136
Capital Outlay	108,758	1,728,628	-	5,461,357	14,000	7,312,743
Debt Service						
Principal	68,106	400,468	-	375,000	14,332	857,906
Interest and Fiscal Charges	4,622	27,176	-	439,121	(12)	470,907
Total Expenditures	<u>12,579,948</u>	<u>5,981,903</u>	<u>8,361,095</u>	<u>6,357,374</u>	<u>1,463,522</u>	<u>34,743,842</u>
Revenues Over (Under) Expenditures	<u>7,089,996</u>	<u>403,500</u>	<u>(1,469,321)</u>	<u>(4,569,335)</u>	<u>(429,234)</u>	<u>1,025,606</u>
Other Financing Sources (Uses)						
Proceeds from sale of capital assets	186,200	-	-	-	-	186,200
Transfers In	-	-	-	4,400,000	427,500	4,827,500
Transfers Out	<u>(5,327,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,327,500)</u>
Total Other Financing Sources (Uses)	<u>(5,141,300)</u>	<u>-</u>	<u>-</u>	<u>4,400,000</u>	<u>427,500</u>	<u>(313,800)</u>
Net Change in Fund Balances	1,948,696	403,500	(1,469,321)	(169,335)	(1,734)	711,806
Fund Balances, Beginning of Year	<u>12,521,233</u>	<u>8,928,485</u>	<u>1,816,261</u>	<u>1,092,551</u>	<u>1,208,256</u>	<u>25,566,786</u>
Fund Balances, End of Year	<u>\$ 14,469,929</u>	<u>\$ 9,331,985</u>	<u>\$ 346,940</u>	<u>923,216</u>	<u>\$ 1,206,522</u>	<u>\$ 26,278,592</u>

Archuleta County, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2021

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:

Net Change in Fund Balances of Governmental Funds	\$	711,806
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay		7,312,743
Depreciation Expense		(1,513,389)
<p>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.</p>		
Loan and Capital Lease Principal Payments		857,906
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Accrued Interest		3,515
<p>The internal service fund is used by management to charge the cost of fleet management to individual funds. A portion of the net revenue or loss of these services is reported with governmental activities.</p>		
		365,591
Change in Net Position of Governmental Activities	\$	7,738,172

Archuleta County, Colorado

Statement of Net Position

Proprietary Funds

December 31, 2021

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business- Type Activities	Internal Service Fund
Assets				
<i>Current Assets</i>				
Cash and Investments	\$ 2,362,500	\$ 334,964	\$ 2,697,464	\$ 987,885
Accounts Receivable	69,787	6,173	75,960	1,606
Supplies Inventory	-	1,603	1,603	101,929
Prepaid Expense	458	-	458	2,214
Total Current Assets	<u>2,432,745</u>	<u>342,740</u>	<u>2,775,485</u>	<u>1,093,634</u>
<i>Noncurrent Assets</i>				
Capital Assets, <i>Not Being Depreciated</i>	309,165	3,597,916	3,907,081	-
Capital Assets, <i>Net of Accumulated Depreciation</i>	1,093,828	19,704,803	20,798,631	1,730,402
Total Noncurrent Assets	<u>1,402,993</u>	<u>23,302,719</u>	<u>24,705,712</u>	<u>1,730,402</u>
Total Assets	<u>3,835,738</u>	<u>23,645,459</u>	<u>27,481,197</u>	<u>2,824,036</u>
Liabilities				
<i>Current Liabilities</i>				
Accounts Payable	22,434	23,239	45,673	103,506
Accrued Salaries	9,672	4,036	13,708	10,253
Accrued Interest Payable	349	-	349	-
Compensated Absences Payable, <i>Current Portion</i>	7,805	2,930	10,735	3,415
Loans Payable, <i>Current Portion</i>	31,601	-	31,601	-
Total Current Liabilities	<u>71,861</u>	<u>30,205</u>	<u>102,066</u>	<u>117,174</u>
<i>Noncurrent Liabilities</i>				
Compensated Absences Payable	29,098	16,592	45,690	2,527
Landfill Closure and Post Closure Costs	771,732	-	771,732	-
Total Noncurrent Liabilities	<u>800,830</u>	<u>16,592</u>	<u>817,422</u>	<u>2,527</u>
Total Liabilities	<u>872,691</u>	<u>46,797</u>	<u>919,488</u>	<u>119,701</u>
Net Position				
Net Investment in Capital Assets	1,371,392	23,302,719	24,674,111	1,730,402
Unrestricted	<u>1,591,655</u>	<u>295,943</u>	<u>1,887,598</u>	<u>973,933</u>
Total Net Position	<u>\$ 2,963,047</u>	<u>\$ 23,598,662</u>	<u>\$ 26,561,709</u>	<u>\$ 2,704,335</u>
Net position of internal service fund attributed to business-type activities			<u>(5,819)</u>	
			<u>\$ 26,555,890</u>	

Archuleta County, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
December 31, 2021

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business- Type Activities	Internal Service Fund
Operating Revenues				
Charges for Services Intragovernment	\$ -	\$ 50,140	\$ 50,140	\$ 320
Charges for Services	1,293,760	59,899	1,353,659	1,535,568
Other	25,484	104,087	129,571	181,804
Total Operating Revenue	<u>1,319,244</u>	<u>214,126</u>	<u>1,533,370</u>	<u>1,717,692</u>
Operating Expenses				
Salaries and Benefits	354,473	141,613	496,086	302,498
Materials and Supplies	-	-	-	969,261
Purchased Services	589,784	139,255	729,039	-
Depreciation	183,546	774,848	958,394	614,166
Total Operating Expenses	<u>1,127,803</u>	<u>1,055,716</u>	<u>2,183,519</u>	<u>1,885,925</u>
Net Operating Income (Loss)	<u>191,441</u>	<u>(841,590)</u>	<u>(650,149)</u>	<u>(168,233)</u>
Nonoperating Revenues (Expenses)				
Interest Expense	(1,609)	-	(1,609)	-
Sales Taxes	-	22,892	22,892	-
Gain on Sale of Asset	-	-	-	52,500
Total Nonoperating Revenues (Expenses)	<u>(1,609)</u>	<u>22,892</u>	<u>21,283</u>	<u>52,500</u>
Net Income Before Capital Contributions and Transfers	189,832	(818,698)	(628,866)	(115,733)
Transfers In	-	-	-	500,000
Change in Net Position	189,832	(818,698)	(628,866)	384,267
Net Position, Beginning of Year	<u>2,773,215</u>	<u>24,417,360</u>	<u>-</u>	<u>2,320,068</u>
Net Position, End of Year	<u>\$ 2,963,047</u>	<u>\$ 23,598,662</u>	<u>-</u>	<u>\$ 2,704,335</u>
Net position of internal service fund attributed to business-type activities			<u>18,676</u>	
			<u>\$ (610,190)</u>	

Archuleta County, Colorado
Statement of Cash Flows
Proprietary Funds
Increase (Decrease) in Cash and Cash Equivalents
For the Year Ended December 31, 2021

	Business-Type Activities			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Business-Type Activities	Internal Service Fund
Cash Flows From Operating Activities				
Cash Received from Customers	\$ 1,350,391	\$ 162,401	\$ 1,512,792	\$ 1,717,372
Cash Received from Interfund Service Provided	-	102,327	102,327	24,842
Cash Paid to Employees	(353,160)	(141,690)	(494,850)	(299,609)
Cash Paid to Suppliers	(534,521)	(177,175)	(711,696)	(1,155,202)
Net Cash Provided by Operating Activities	<u>462,710</u>	<u>(54,137)</u>	<u>408,573</u>	<u>287,403</u>
Cash Flows from Nonoperating Capital Financing Activities				
Payments (To)/From Other Funds	-	-	-	500,000
Proceeds from Sales Taxes	-	22,892	22,892	-
Net Cash Provided by Nonoperating Capital Financing Activities	<u>-</u>	<u>22,892</u>	<u>22,892</u>	<u>500,000</u>
Cash Flows From Capital and Related Financing Activities				
Construction and Acquisition of Capital Assets	(31,691)	(57,706)	(89,397)	(404,436)
Proceeds from Sale of Assets	3,410	-	3,410	52,500
Debt Principal Payments	(30,641)	-	(30,641)	-
Debt Interest Payments	(1,948)	-	(1,948)	-
Net Cash (Used) by Capital and Related Financing Activities	<u>(60,870)</u>	<u>(57,706)</u>	<u>(118,576)</u>	<u>(351,936)</u>
Net Change in Cash and Cash Equivalents	401,840	(88,951)	312,889	435,467
Cash and Cash Equivalents, Beginning of Year	<u>1,960,660</u>	<u>423,915</u>	<u>2,384,575</u>	<u>552,418</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,362,500</u>	<u>\$ 334,964</u>	<u>\$ 2,697,464</u>	<u>\$ 987,885</u>
Reconciliation of Net Operating Income to Net Cash Provided by Operating Activities				
Net Operating Income	\$ 191,441	\$ (841,590)	\$ (650,149)	\$ (168,233)
Adjustments to Reconcile Net Operating Income to Net Cash Provided by Operating Activities				
Depreciation	183,546	774,848	958,394	614,166
Changes in Assets and Liabilities				
Accounts Receivable	31,147	50,602	81,749	24,522
Prepaid Expenses	(458)	-	(458)	(2,214)
Accounts Payable	7,021	(37,920)	(30,899)	(183,727)
Accrued Salaries	1,312	(77)	1,235	2,889
Compensated Absences Payable	1	-	1	-
Accrued Closure and Post Closure Liability	48,700	-	48,700	-
Net Cash Provided by Operating Activities	<u>\$ 462,710</u>	<u>\$ (54,137)</u>	<u>\$ 408,573</u>	<u>\$ 287,403</u>

Archuleta County, Colorado
Statement of Fiduciary Net Position
For the Year Ended December 31, 2021

	<u>Treasurer's Custodial Fund</u>
Assets	
Cash and Cash Equivalents	\$ <u>155,979</u>
Total Assets	\$ <u><u>155,979</u></u>
Liabilities	
Funds Held for Others	\$ <u>155,979</u>
Total Liabilities	\$ <u><u>155,979</u></u>

Archuleta County, Colorado
Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2021

	<u>Treasurer's Custodial Fund</u>
Additions	
Tax collections for other governments	\$ 18,658,431
Other collections	<u>494</u>
Total Additions	18,658,925
Deductions	
Payments of tax to other governments	(18,393,275)
Treasurer fees	<u>(265,650)</u>
Total Deductions	(18,658,925)
Net Position, Beginning of Year	<u>-</u>
Net Position, End of Year	<u><u>\$ -</u></u>

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies

The financial statements of the Archuleta County, Colorado (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (The Board). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, coroner, sheriff, 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, health and human services, public improvements, planning, zoning, airport, predatory animal and weed control.

Component Units

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

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

Based on the application of these criteria, there are no component units included in the County's reporting entity.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

The *General Fund* - Is the County's primary operating fund. It accounts for all financial resources of the County, except those 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 highway user fees and other revenue sources.

The *Human Service Fund* - Is used to account for the operations of social programs; i.e., Temporary Aid to Needy Families (TANF), Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenues.

The *Justice System Capital Fund* - This fund is used to account for the acquisition, construction, capital improvement or capital maintenance of capital assets that support the County's "justice systems", such as Courthouse, Detention Center, Sheriff's Offices, and capital equipment supporting those and similar justice related functions.

Proprietary fund financial statements are used to account for activities, which are similar to those found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

Proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent years, are considered to be incurred.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

The County reports the following major proprietary funds:

- The **Solid Waste Fund** is used to account for the operation, maintenance, and the development of the County landfill.
- The **Airport Fund** is used to account for the operations of the County Airport.

The County reports the following internal service fund type:

- The **Internal Service Fund** accounts for the fleet services provided to the other departments or agencies of the County on a cost reimbursement basis.

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

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The County considers all pooled cash and investments to be cash equivalents.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

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

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid expenses using the consumption method.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure owned by the County, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	7 - 40 years
Infrastructure	25 - 50 years
Vehicles and Equipment	5 - 15 years

Compensated Absences - Employees of the County are allowed to accumulate unused vacation and sick time depending on length of employment. Upon termination of employment from the County, an employee will be compensated for all accrued vacation time at their current rate of pay.

After five years of continuous service, upon termination, an employee will be paid for accumulated sick leave of 50% of all unused sick leave up to the maximum accumulative number of hours, which is 480 hours.

Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements and the proprietary funds in the fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and the governmental fund balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items which arise both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, property taxes and unavailable grant revenue, are reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from property taxes and unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow of resources is recognized as revenue and the receivable is reduced.

Fund Equity - In the fund financial statements, governmental funds report non-spendable amounts that are (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances. Restrictions of fund balance represents amounts that are restricted for specific fund purposes stipulated by external resource providers constitutionally or through enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by the passage of a resolution by the Board of County Commissioners. Commitments may be modified or changed only by the Board of County Commissioners approving a new resolution. Assigned fund balance includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by the County Administrator. Unassigned fund balance includes amounts that do not meet any of the above criteria. The County may report positive unassigned fund balances only in the general fund and negative unassigned fund balances may be reported in all funds.

Net Position - The County's net position is classified in the following components:

- *Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

- *Restricted* - This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* - This component 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 component of net position.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the County on a daily basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Estimates

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

Subsequent Events

The County has evaluated subsequent events for recognition or disclosure through November 3, 2022, the of the Independent Auditor's Report, which is the date the financial statements were available for issuance.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 2: Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

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

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1st. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line-item budgets be submitted in summary form. In addition, more detailed line-item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level;
2. Public hearings are conducted to obtain taxpayer comments;
3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level;
4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted;
5. Formal budgetary integration is employed as a management control device during the year;
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, and Internal Service Fund, proceeds from long-term debt are budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses;
7. Appropriations lapse at the end of each fiscal year. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2021.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 3: Cash and Investments

A summary of cash and investments at December 31, 2021, follows:

Governmental Activities:	
Cash and Cash Equivalents	\$ 853,111
Investments	24,112,919
Total Governmental Activities	24,966,030
 Business-Type Activities:	
Investments	2,697,464
Total Business-Type Activities	2,697,464
 Fiduciary Fund:	
	155,979
Total	\$ 27,819,473

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2021, the County had bank deposits of \$1,575,309 collateralized with securities held by the financial institutions' agents but not in the County's name.

Investments

The County is required to comply with State statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which the County may invest, which include the following. Custodial risk is not addressed by State statutes.

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

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 3: Cash and Investments (Continued)

Investments (Continued)

At December 31, 2021, the County had the following investments:

<u>Investment Type</u>	<u>Moody Rating</u>	<u>S&P Rating</u>	<u>Fair Value</u>	<u>Concentration</u>
COLOTRUST	N/A	AAAm	\$ 26,278,121	98.01%
CSAFE	N/A	AAAm	532,262	1.99%
Total			<u>\$ 26,810,383</u>	

Fair Value Measurements - The County reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2021, the County's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

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

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Local Government Investment Pools - At December 31, 2021, the County had \$26,278,121 and \$532,262 invested in the Colorado Local Government Liquid Asset Trust (Colostrust) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 4: Interfund Balances and Transactions

At December 31, 2021, the General Fund subsidized the operating expenditures of other funds as follows:

<u>Fund</u>	<u>From</u>	<u>To</u>
General Fund	\$ 5,327,500	\$ -
Justice System Fund	-	4,400,000
Combined Dispatch	-	427,500
Fleet Fund	-	500,000
Total	<u>\$ 5,327,500</u>	<u>\$ 5,327,500</u>

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2021, is summarized below:

Governmental Activities	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 1,014,296	\$ -	\$ -	\$ 1,014,296
Construction in Progress	686,378	5,490,854	-	6,177,232
Total Capital Assets, <i>Not Being Depreciated</i>	<u>1,700,674</u>	<u>5,490,854</u>	<u>-</u>	<u>7,191,528</u>
<i>Capital Assets, Being Depreciated:</i>				
Improvements Non-Building	57,136	26,600	-	83,736
Buildings and Improvements	19,493,563	10,999	-	19,504,562
Machinery and Equipment	6,374,584	294,047	(136,452)	6,532,179
Vehicles	3,431,969	215,788	-	3,647,757
Computer Equipment	1,612,108	-	-	1,612,108
Infrastructure	17,916,184	1,684,791	-	19,600,975
Total Capital Assets, <i>Being Depreciated</i>	<u>\$ 48,885,544</u>	<u>\$ 2,232,225</u>	<u>\$ (136,452)</u>	<u>\$ 50,981,317</u>

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 5: Capital Assets (Continued)

Governmental Activities (Continued)	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Capital Assets, <i>Being Depreciated: (Continued)</i>				
Less Accumulated Depreciation:				
Improvements Non-Building	\$ (24,000)	\$ (4,107)	\$ -	\$ (28,107)
Buildings and Improvements	(861,375)	(487,433)	-	(1,348,808)
Machinery and Equipment	(4,875,829)	(388,862)	136,452	(5,128,239)
Vehicles	(2,689,524)	(318,817)	-	(3,008,341)
Computer Equipment	(1,566,222)	(19,493)	-	(1,585,715)
Infrastructure	(5,828,229)	(914,743)	-	(6,742,972)
Total Accumulated Depreciation	<u>(15,845,179)</u>	<u>(2,133,455)</u>	<u>136,452</u>	<u>(17,842,182)</u>
Capital Assets, Being depreciated, net	<u>33,040,365</u>	<u>98,770</u>	<u>-</u>	<u>33,139,135</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 34,741,039</u>	<u>\$ 5,589,624</u>	<u>\$ -</u>	<u>\$ 40,330,663</u>
	Balance 12/31/20	Additions	Deletions	Balance 12/31/21
Business-Type Activities				
Capital Assets, <i>Not Being Depreciated:</i>				
Land	\$ 3,574,228	\$ -	\$ -	\$ 3,574,228
Construction in Progress	322,207	14,057	(3,411)	332,853
Total Capital Assets, <i>Not Being Depreciated</i>	<u>3,896,435</u>	<u>14,057</u>	<u>(3,411)</u>	<u>3,907,081</u>
Capital Assets, <i>Being Depreciated:</i>				
Infrastructure	451,399	-	-	451,399
Runway	30,130,960	43,650	-	30,174,610
Improvements Non-building	1,318,317	-	-	1,318,317
Buildings and Improvements	2,520,541	-	-	2,520,541
Machinery and Equipment	1,909,526	31,691	-	1,941,217
Vehicles	251,969	-	-	251,969
Total Capital Assets, <i>Being Depreciated</i>	<u>36,582,712</u>	<u>75,341</u>	<u>-</u>	<u>36,658,053</u>
Less Accumulated Depreciation				
Infrastructure	(469,431)	(88,688)	-	(558,119)
Runway	(11,549,114)	(677,332)	-	(12,226,446)
Improvements Non-building	(149,771)	(29,294)	-	(179,065)
Buildings and Improvements	(974,223)	(63,014)	-	(1,037,237)
Machinery and Equipment	(1,506,519)	(100,066)	-	(1,606,585)
Vehicles	(251,970)	-	-	(251,970)
Total Accumulated Depreciation	<u>(14,901,028)</u>	<u>(958,394)</u>	<u>-</u>	<u>(15,859,422)</u>
Capital Assets, <i>Being Depreciated net</i>	<u>21,681,684</u>	<u>(883,053)</u>	<u>-</u>	<u>20,798,631</u>
Business-Type Activities Capital Assets, <i>net</i>	<u>\$ 25,578,119</u>	<u>\$ (868,996)</u>	<u>\$ (3,411)</u>	<u>\$ 24,705,712</u>

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 5: Capital Assets (Continued)

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

Governmental Activities	
General Government	\$ 68,009
Public Safety	478,476
Health and Welfare	5,523
Highways and Streets	960,200
Recreation	7,081
Total Depreciation Governmental Activities	<u>1,519,289</u>
Fleet Fund	614,166
Total Combined Depreciation Governmental Activities	<u>\$ 2,133,455</u>

Note 6: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2021:

Governmental Activities	Balance 12/31/20	Additions	Payments	Balance 12/31/21	Due Within One Year
Capital Leases	\$ 1,441,640	\$ -	\$ (468,574)	\$ 973,066	\$ 480,447
Notes Payable	14,332	-	(14,332)	-	-
Certificates of Participation	13,695,000	-	(375,000)	13,320,000	395,000
Compensated Absences	487,837	-	-	487,837	132,756
Total Governmental Activities	<u>\$ 15,638,809</u>	<u>\$ -</u>	<u>\$ (857,906)</u>	<u>\$ 14,780,903</u>	<u>\$ 1,008,203</u>

Business-Type Activities	Balance 12/31/20	Additions	Payments	Balance 12/31/21	Due Within One Year
Capital Leases	\$ 62,242	\$ -	\$ (30,641)	\$ 31,601	\$ 31,601
Compensated Absences	56,424	6,905	(5,392)	57,937	10,735
Total Business-Type Activities	<u>\$ 118,666</u>	<u>\$ 6,905</u>	<u>\$ (36,033)</u>	<u>\$ 89,538</u>	<u>\$ 42,336</u>

Capital Leases

In 2012, the County entered into a \$5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling \$5,132,543 (after payment of \$74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly, the trust assets and liabilities for the defeased debt are not included in the County's financial statements.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 6: Long-Term Debt (Continued)

Capital Leases (Continued)

The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank is payable in quarterly installments of \$125,093 at 2.5% interest. Final payment is due in 2023. Collateral includes the county courthouse, road and bridge equipment, and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at \$1,071,814, less accumulated depreciation of \$812,816 at December 31, 2021. The lease payments will be made from the Road and Bridge and General Funds. At December 31, 2021, the balance outstanding was \$973,066.

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

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 480,447	\$ 19,925	\$ 500,372
2023	492,619	7,752	500,371
Total	\$ <u>973,066</u>	\$ <u>27,677</u>	\$ <u>1,000,743</u>

Note Payable

During 2014, the County, along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District, jointly and severally refunded its 2011 note payable and entered into a \$357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of \$4,805 at 3.5% interest. Final payment was due in 2021. At December 31, 2021, the balance outstanding was \$-.

Certificates of Participation

On June 12, 2019, the County issued Certificates of Participation (COP) for \$14,055,000 at a premium of \$188,399. The COP include variable payment and interest rates from 5% to 3% and mature in 2044 as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 395,000	\$ 420,450	\$ 815,450
2023	415,000	400,700	815,700
2024	435,000	379,950	814,950
2025	450,000	366,900	816,900
2026	465,000	353,400	818,400
2027 - 2031	2,525,000	1,550,250	4,075,250
2032 - 2036	2,935,000	1,147,350	4,082,350
2037 - 2041	3,400,000	679,375	4,079,375
2042 - 2044	2,300,000	145,126	2,445,126
Total	\$ <u>13,320,000</u>	\$ <u>5,443,501</u>	\$ <u>18,763,501</u>

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 6: Long-Term Debt (Continued)

Business Type Activities:

Capital Lease Payable

During 2017, the County entered into a \$148,400 capital lease agreement to finance a portion of the purchase of equipment for the Solid Waste Fund. The capital lease is payable in annual payments of \$32,589, including interest at 3.13%, through maturity in 2022. The equipment, which serves as collateral with a cost of \$448,700 and accumulated depreciation of \$150,245 at December 31, 2021, is included in capital assets of business-type activities and the Solid Waste Fund. At December 31, 2021, the balance outstanding was \$31,601.

Annual debt service for the capital lease is as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 31,601	\$ 987	\$ 32,588
Total	\$ 31,601	\$ 987	\$ 32,588

Note 7: Operating Leases

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$147,511.

The future minimum lease payments are as follows:

<u>Year Ended December 31,</u>	<u>Total</u>
2022	\$ 125,585
2023	98,753
2024	95,050
2025	52,534
2026	21,034
Total	\$ 392,956

Note 8: Retirement Plans

Defined Contribution Plan

The County provides pension benefits for all full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (CCOERA), a defined contribution plan.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 8: Retirement Plans (Continued)

Defined Contribution Plan (Continued)

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee's wages each bi-weekly pay period. The County's contributions for each employee (and interest allocated to the employee's account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements.

The County's total payroll in 2021 was approximately \$8,751,582. Both the County and the covered employees made the required contributions, amounting to approximately \$554,063 from the County and \$554,063 from employees. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado Retirement Association, formerly CCOERA, 751 South Park Drive, Littleton, CO 80120 or by calling 1-800-352-0313.

Deferred Compensation Plan

The County also offers its employees and additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f).

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 bi-weekly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2021 and employees contributed \$96,597.

Note 9: Colorado Contraband Forfeiture Act

The County has reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2021.

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 10: TABOR Amendment Reserve

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate policy change directly causing a net tax revenue gain to any local government.

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

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also required local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2021 year-end balances in the General Fund for this purpose in the aggregate amount of \$541,694 which is the approximate required emergency reserve.

Archuleta County, Colorado
Notes to the Financial Statements
December 31, 2021

Note 11: Landfill Closure and Post-Closure Care Costs

State and Federal law require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County uses the “Local Government Finance Test” as its financial mechanism to assure full payment of all closure, post closure, and if applicable, corrective action estimated costs. The estimated liability for landfill closure and post closure care costs represents the County’s total current estimate of such future costs and is based on the estimated amount to be paid if all equipment, facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2021. As of December 31, 2021, the County estimated that existing landfill capacity was approximately 74% utilized (filled), and that the existing landfill was expected to be filled to capacity in fiscal year 2026. The \$771,732 reported as landfill closure and post-closure care liability at December 31, 2021 represents the cumulative amount reported to date based on the use of 74% of the estimated capacity of the landfill. The aggregate estimated liability of \$1,037,450 comprised of \$534,501 of estimated closure costs and \$502,949 of estimated post closure costs. The County will recognize the remaining estimated cost of closure and post-closure care of \$265,718 as the remaining estimated capacity is filled. However, the actual costs of closure and post closure may be higher, due to inflation, changes in technology, or changes in the landfill laws and regulations.

Note 12: Risk Management

Colorado Counties Casualty and Property Pool (CAPP)

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

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 12: Risk Management (Continued)

Colorado Workers' Compensation Pool (CWCP)

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

Note 13: 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 number of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although, the County expects any such amounts to be immaterial.

Litigation

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

Insurance Pools

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

Archuleta County, Colorado

Notes to the Financial Statements

December 31, 2021

Note 13: Commitments and Contingencies (Continued)

Current Economic Conditions

During the year ended December 31, 2021, the United States of America and the State of Colorado have declared an emergency associated with the Coronavirus pandemic. The County has been economically impacted by the event, however the full economic effect has yet to be determined. Should these conditions persist, the County could be negatively impacted.

Required Supplementary Information

Archuleta County, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Specific Ownership Tax	\$ 6,766,320	\$ 6,766,320	\$ 6,673,607	\$ (92,713)
Intergovernmental	1,269,449	1,269,449	3,367,082	2,097,633
Sales and use	3,511,558	3,511,558	4,356,885	845,327
Other Taxes	418,530	418,530	426,030	7,500
Licenses and Permits	565,000	565,000	776,560	211,560
Charges For Services	2,014,001	2,014,001	3,043,976	1,029,975
Other	424,980	424,980	1,019,375	594,395
Earnings on Investments	50,035	50,035	6,429	(43,606)
Total Revenues	<u>15,019,873</u>	<u>15,019,873</u>	<u>19,669,944</u>	<u>4,650,071</u>
Expenditures				
General Government	6,233,930	6,233,930	6,105,866	128,064
Public Safety	5,000,755	5,000,755	5,220,880	(220,125)
Health and Welfare	388,324	388,324	336,349	51,975
Economic Development	364,000	364,000	410,392	(46,392)
Culture and Recreation	441,521	441,521	324,975	116,546
Debt Service	72,727	72,727	72,728	(1)
Capital Outlay	363,660	363,660	108,758	254,902
Total Expenditures	<u>12,864,917</u>	<u>12,864,917</u>	<u>12,579,948</u>	<u>284,969</u>
Revenues Over (Under) Expenditures	2,154,956	2,154,956	7,089,996	4,935,040
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	-	-	186,200	186,200
Transfers Out	(2,153,952)	(2,153,952)	(5,327,500)	(3,173,548)
Net Change in Fund Balance	1,004	1,004	1,948,696	1,947,692
Fund Balance, Beginning of Year	<u>11,762,660</u>	<u>11,762,660</u>	<u>12,521,233</u>	<u>758,573</u>
Fund Balance, End of Year	<u>\$ 11,763,664</u>	<u>\$ 11,763,664</u>	<u>\$ 14,469,929</u>	<u>\$ 2,706,265</u>

Archuleta County, Colorado
 Budgetary Comparison Schedule
 Road and Bridge Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Specific Ownership Tax	\$ 32,995	\$ 32,995	\$ 6,043	\$ (26,952)
Sales and Use Taxes	3,511,558	3,511,558	4,342,185	830,627
Intergovernmental	1,970,367	1,970,367	1,927,522	(42,845)
Licenses and Permits	30,000	30,000	41,700	11,700
Miscellaneous	25,000	25,000	67,953	42,953
	<u>5,569,920</u>	<u>5,569,920</u>	<u>6,385,403</u>	<u>815,483</u>
Expenditures				
Highway and Street	4,330,664	4,330,664	3,825,631	505,033
Capital Outlay	3,977,000	3,977,000	1,728,628	2,248,372
Debt Service:				
Principal	371,507	371,507	400,468	(28,961)
Interest	56,137	56,137	27,176	28,961
	<u>8,735,308</u>	<u>8,735,308</u>	<u>5,981,903</u>	<u>2,753,405</u>
Net Change in Fund Balance	(3,165,388)	(3,165,388)	403,500	3,568,888
Fund Balance, Beginning of Year	<u>9,210,175</u>	<u>9,210,175</u>	<u>8,928,485</u>	<u>(281,690)</u>
Fund Balance, End of Year	<u>\$ 6,044,787</u>	<u>\$ 6,044,787</u>	<u>\$ 9,331,985</u>	<u>\$ 3,287,198</u>

Archuleta County, Colorado
 Budgetary Comparison Schedule
 Human Services Fund
 For the Year Ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property and Specific Ownership Taxes	\$ 374,024	\$ 374,024	\$ 360,061	\$ (13,963)
Intergovernmental Revenue	5,180,376	5,180,376	6,490,896	1,310,520
Other	94,500	94,500	40,817	(53,683)
Total Revenues	<u>5,648,900</u>	<u>5,648,900</u>	<u>6,891,774</u>	<u>1,242,874</u>
Expenditures				
Health and Welfare	6,906,599	6,906,599	8,361,097	(1,454,498)
Total Expenditures	<u>6,906,599</u>	<u>6,906,599</u>	<u>8,361,097</u>	<u>(1,454,498)</u>
Net Change in Fund Balance	(1,257,699)	(1,257,699)	(1,469,323)	(211,624)
Fund Balance, Beginning of Year	<u>1,736,520</u>	<u>1,736,520</u>	<u>1,816,263</u>	<u>79,743</u>
Fund Balance, End of Year	<u>\$ 478,821</u>	<u>\$ 478,821</u>	<u>\$ 346,940</u>	<u>\$ (131,881)</u>

Archuleta County, Colorado
Notes to Required Supplementary Information
December 31, 2021

Note 1: Stewardship, Compliance, and Accountability

Budgets

Formal budgetary integration in all funds is employed as a management control device during the year. Budgets are adopted for all governmental fund types on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The budget is prepared by fund and department, and includes actual data from the prior year, current year and budget year estimated revenues and expenditures.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 16, the budget is legally enacted, and the required mill levy is adopted through the passage of a resolution. This resolution authorizes an appropriation at each fund level and lapses at year end. The fund then becomes the level of control upon which expenditures cannot legally exceed appropriations.
- All appropriations lapse at the end of the year.
- Budgeted amounts in this report are as originally adopted or as amended by the Board of County Commissioners during the year through supplemental appropriation.

For the year ended December 31, 2021 the Health Services Fund expenditures exceeded the budgeted amounts. These may be violations of State statutes.

Supplementary Information

Archuleta County, Colorado
Non-Major Governmental Funds
December 31, 2021

Special Revenue Funds

Special Revenue Funds are used to account for specific revenues that are legally restricted or assigned to expend for particular purposes.

Conservation Trust Fund - This fund is used to account for the County's 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.

Combined Dispatch Fund - This fund was formerly the Emergency 911 fund and has been changed to include the combined dispatch of the County, Town of Pagosa Springs, Upper San Juan Health Service District, and the Pagosa Fire Protection District to account for the activity of providing emergency telephone services to the County's residents.

Capital Project Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Fairfield Settlement Fund - This fund is used to partially compensate property owners in the eligible subdivision when they complete the extension of electrical power to their lot.

Archuleta County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2021

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>Totals</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>Fair Field Settlement Fund</u>	
Assets				
Cash and Investments	\$ 325,197	\$ 319,490	\$ 508,786	\$ 1,153,473
Other Receivables	140,739	70	26	140,835
Prepaid Expenses	<u>6,054</u>	<u>-</u>	<u>-</u>	<u>6,054</u>
Total Assets	<u>\$ 471,990</u>	<u>\$ 319,560</u>	<u>\$ 508,812</u>	<u>\$ 1,300,362</u>
Liabilities				
Accrued Salaries	\$ 22,143	\$ -	\$ -	\$ 22,143
Accounts Payable	<u>13,967</u>	<u>57,730</u>	<u>-</u>	<u>71,697</u>
Total Liabilities	<u>36,110</u>	<u>57,730</u>	<u>-</u>	<u>93,840</u>
Fund Balances				
Restricted for:				
TABOR	27,793	3,152	-	30,945
Capital Project	-	-	508,812	508,812
Parks and Recreation	-	258,678	-	258,678
Assigned To:				
Public Safety	<u>408,087</u>	<u>-</u>	<u>-</u>	<u>408,087</u>
Total Fund Balances	<u>435,880</u>	<u>261,830</u>	<u>508,812</u>	<u>1,206,522</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 471,990</u>	<u>\$ 319,560</u>	<u>\$ 508,812</u>	<u>\$ 1,300,362</u>

Archuleta County, Colorado

Combining Statement of Revenues, Expenditures and Changes in Fund Balances Nonmajor Governmental Funds For the Year Ended December 31, 2021

	Combined Dispatch Fund	Conservation Trust	Fair Field Settlement	Totals
Revenues				
Intergovernmental	\$ 512,393	\$ 104,467	\$ -	\$ 616,860
Charges for Services	412,798	-	-	412,798
Other	3,536	-	-	3,536
Earnings on Investments	-	611	483	1,094
	<u>928,727</u>	<u>105,078</u>	<u>483</u>	<u>1,034,288</u>
Total Revenues				
	<u>928,727</u>	<u>105,078</u>	<u>483</u>	<u>1,034,288</u>
Expenditures				
Current				
Public Safety	1,151,565	-	23,476	1,175,041
Culture and Recreation	-	260,161	-	260,161
Capital Outlay	14,000	-	-	14,000
Debt Service				
Principal Retirement	14,332	-	-	14,332
Interest	(12)	-	-	(12)
	<u>1,179,885</u>	<u>260,161</u>	<u>23,476</u>	<u>1,463,522</u>
Total Expenditures				
	<u>1,179,885</u>	<u>260,161</u>	<u>23,476</u>	<u>1,463,522</u>
Revenues Over (Under) Expenditures	(251,158)	(155,083)	(22,993)	(429,234)
Other Financing Sources (Uses)				
Transfers In	427,500	-	-	427,500
	<u>427,500</u>	<u>-</u>	<u>-</u>	<u>427,500</u>
Net Change in Fund Balances	176,342	(155,083)	(22,993)	(1,734)
Fund Balances, Beginning of Year	259,538	416,913	531,805	1,208,256
	<u>259,538</u>	<u>416,913</u>	<u>531,805</u>	<u>1,208,256</u>
Fund Balances, End of Year	\$ 435,880	\$ 261,830	\$ 508,812	\$ 1,206,522
	<u>\$ 435,880</u>	<u>\$ 261,830</u>	<u>\$ 508,812</u>	<u>\$ 1,206,522</u>

Compliance Section



Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, 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, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the County), as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 3, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the County's internal control over financial reporting (internal control) as a basis for designing 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.

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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.

Hick & Company, PC

Englewood, Colorado
November 3, 2022





Independent Auditor's Report on Compliance for Each Major Federal Program; Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance*

Board of County Commissioners
Archuleta County, Colorado
Pagosa Springs, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Archuleta County, Colorado's (the County) compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have direct and material effect on each of the County's major federal programs for the year ended December 31, 2021. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the County complied, in all material respects, with the 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, 2021.

Basis for Opinion on Each Major Federal Program

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

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

Office Locations:

Colorado Springs, CO
Denver, CO
Tulsa, OK

Denver Office:

750 W. Hampden Avenue
Suite 400
Englewood,
Colorado 80110
TEL: 303.796.1000
FAX: 303.796.1001
www.HinkleCPAs.com

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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



Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2021-001 to be significant deficiency.

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 3, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements 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.

Board of County Commissioners
Archuleta County, Colorado
Page 4

In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hill & Company, PC

Englewood, Colorado
November 3, 2022



Archuleta County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE				
COLORADO DEPT. OF HUMAN SERVICES				
SNAP Cluster				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	203CO401S2514 203CO401S8036 203CO401S8026 203CO321Q3903 203CO401S2514 203CO401S8026 203CO421S2519 203CO421S2520	\$ 96,607	\$ -
U.S. FOREST SERVICE				
Partnership Agreements - San Juan National Forest - Noxious Weed Control	10.699	18-PA-11021300-009	\$ 12,000	\$ -
TOTAL U.S. DEPARTMENT OF AGRICULTURE			<u>\$ 108,607</u>	<u>\$ -</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
PASSED THROUGH COLORADO DEPT. OF HUMAN SERVICES				
Guardianship Assistance	93.090	1801COGARD 1901COGARD 2001COGARD 2101COGARD	\$ 1,192	\$ -
Child Support Enforcement	93.563	1804COCSES 1901COCSES 2001COCSES 2101COCSES	\$ 117,467	\$ -
Low-Income Home Energy Assistance	93.568	1801COLIE4 18B1COLIEA 1901COLIE4 1901COLIEA 2001COE5C3 2001COLIE4 2001COLIEA 2101COE5C6 2101COLIEA 2101COLWC5 2101COLWC6	\$ 16,170	\$ -
TANF CLUSTER				
Temporary Assistance for Needy Families	93.558	1801COTANF	\$ 207,479	\$ -
TOTAL FOR TANF CLUSTER			<u>\$ 207,479</u>	<u>\$ -</u>
CCDF CLUSTER				
Child Care and Development Block Grant	93.575	2001COCCC3 2001COCCDF 2101COCCC3 2101COCCC5 2101COCDC6 2101COCSC6	\$ 34,161	\$ -
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	2001COCCDF 2101COCCDF	\$ 51,813	\$ -
TOTAL FOR CCDF CLUSTER			<u>\$ 85,974</u>	<u>\$ -</u>

(Continued)

Archuleta County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2021
(Continued)

Federal Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1801COCWSS 1901COCWSS 2001COCWC3 2001COCWSS 2101COCWSS	\$ 1,015	\$ -
Foster Care-Title IV-E	93.658	1801COFOST 1901COFOST 2001COFOST 2101COFOST	\$ 88,252	\$ -
Adoption Assistance	93.659	1801COADPT 1901COADPT 2001COADPT 2101COADPT	\$ 32,064	\$ -
Social Services Block Grant	93.667	1801COSOSR 1901COSOSR 2001COSOSR 2101COSOSR	\$ 35,662	\$ -
Medicaid Cluster				
<i>Colorado Department of Human Services</i>				
Medicaid Child Welfare	93.778		\$ 1,090	\$ -
Medical Assistance Program	93.778	2005CO5MAP 2005CPOADM 2105CO5MAP 2105CO5ADM	\$ 113,422	\$ -
TOTAL FOR MEDICAID CLUSTER			<u>\$ 114,512</u>	<u>\$ -</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			<u>\$ 699,787</u>	<u>\$ -</u>
U.S. DEPARTMENT OF HOMELAND SECURITY				
<i>COLORADO DEPT. OF LOCAL AFFAIRS</i>				
Emergency Management Performance Grant (EMPG/LEMS)	97.042	20EM-21-03	\$ 48,824	\$ -
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			<u>\$ 48,824</u>	<u>\$ -</u>
U.S. DEPARTMENT OF TRANSPORTATION				
<i>Airport Improvement Grants</i>				
Airport Improvement Program No.3-08-0066-24	20.106	3-08-0066-024-2019 (Contract # DOT-FA19NM-1016)	\$ 10,152	\$ -
TOTAL FOR AIRPORT IMPROVEMENT GRANTS			<u>\$ 10,152</u>	<u>\$ -</u>
COLORADO DEPT. OF TRANSPORTATION				
<i>Formula Grants for Rural Areas</i>				
	20.509	20-HTR-ZL-03102	\$ 173,766	\$ -
TOTAL FOR U.S. DEPARTMENT OF TRANSPORTATION			<u>\$ 183,918</u>	<u>\$ -</u>
U.S. DEPARTMENT OF TREASURY				
<i>Coronavirus Relief Fund</i>				
Coronavirus Relief Fund	21.019		\$ 30,879	\$ -
Coronavirus Local Fiscal Recovery Fund	21.027		\$ 1,362,484	\$ -
TOTAL U.S. DEPARTMENT OF TREASURY			<u>\$ 1,393,363</u>	<u>\$ -</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 2,434,499</u>	<u>\$ -</u>

Archuleta County, Colorado
Notes to Schedule of Expenditures of Federal Awards
December 31, 2021

Note 1: Basis of Presentation

The accompanying schedule of expenditures for the County under programs for the federal government for the year ended December 31, 2021. 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 the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3: Indirect Cost Rate

The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
December 31, 2021

Section I: Summary of Auditor's Results

Financial Statements

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

Unmodified Qualified Adverse Disclaimed

The independent auditor's report on internal control over financial reporting described:

- Material weaknesses identified? Yes No
- Significant deficiencies? Yes None reported
- Noncompliance considered material to the financial statements noted? Yes No

Federal Awards

The independent auditor's report on internal control over compliance for major federal awards programs disclosed:

- Material weaknesses? Yes No
- Significant deficiencies? Yes None reported

Type of Auditor's report issued on compliance for major federal programs:

Unmodified Qualified Adverse Disclaimed

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes No

Identification of major federal program:

<u>Cluster/Program</u>	<u>CFDA Number</u>
Coronavirus Local Fiscal Recovery Fund	21.027

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

Auditee qualified as low-risk auditee? Yes No

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
December 31, 2021

Section II: Financial Statement Findings

Findings Required to be Reported by the Uniform Guidance

None

Section III: Federal Award Findings and Questioned Costs

Findings Required to be Reported by the Uniform Guidance

Finding 2021-001:

Timely Submission of Reporting Package and Data Collection Form - Significant Deficiency

Criteria: Federal regulations 2 CFR 200.512 states that the audit must be completed, and the data collection form and reporting package be submitted within the earlier of 30 calendar days after receipt of the auditor's reports, or nine months after the end of the audit period.

Condition: The 2021 the reporting package was not submitted within the nine months after December 31, 2021 required by Federal regulations 2 CFR 200.512.

Cause: The County was not able to prepare the management and discussion analysis in a timely manner for inclusion with the financial statements and the reporting package causing a delay in submission.

Effect: Failure to submit the reporting package and data collection form results in noncompliance with federal regulations and deadlines.

Questioned Costs: None reported.

Recommendation: We recommend the County take appropriate measures to ensure timely submission of the reporting package and data collection form within the required deadlines.

Views of Responsible Officials and Planned Corrective Actions: The County knew that delaying the audit would result in the late release of the 2021 audit and non-compliance with federal regulations. However, the County has hired personnel and implemented policies and procedures to meet the audit submission deadlines. The County does not anticipate these circumstances to continue in the future.

Archuleta County, Colorado
Summary Schedule of Prior Year Findings
December 31, 2021

Finding 2020-001:

Timely Submission of Reporting Package and Data Collection Form

Criteria: Federal regulations 2 CFR 200.512 states that the audit must be completed, and the data collection form and reporting package be submitted within the earlier of 30 calendar days after receipt of the auditor's reports, or nine months after the end of the audit period.

Condition: The 2020 audit was not completed, nor was the reporting package submitted, within seven months required by Colorado's Office of the State Auditor or the nine months after December 31, 2020 required by Federal regulations 2 CFR 200.512.

Cause: The County did not have sufficient financial reporting policies and procedures in place to prepare financial statements in a timely manner.

Effect: Failure to submit the reporting package and data collection form results in noncompliance with state and federal regulations and deadlines.

Questioned Costs: None reported.

Context: We noted that the reporting package and data collection form were not submitted timely for the 2019 audit.

Repeat Finding: Yes

Recommendation: We recommend the County take appropriate measures to ensure timely submission of the reporting package and data collection form within the required deadlines.

Views of Responsible Officials and Planned Corrective Actions: The County knew that delaying the audit would result in the late release of the 2020 audit and non-compliance with federal regulations. However, the County judged it more important to cooperate with the ongoing Department of Defense investigation than to meet the audit submission deadlines. The County does not anticipate these unusual circumstances to repeat in the future.

Status: This finding has recurred in the current year.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Archuleta County
	YEAR ENDING : December 2021

This Information From The Records Of (example - City of _ or County of County of Archuleta)	Prepared By: Louise Woods	Phone: 970-264-8554
---	------------------------------	------------------------

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	4,347,845
4. Miscellaneous local receipts (from page 2)	43,474
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	4,391,319
B. Private Contributions	
C. Receipts from State government (from page 2)	1,898,481
D. Receipts from Federal Government (from page 2)	95,603
E. Total receipts (A.7 + B + C + D)	6,385,403

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	1,741,306
2. Maintenance:	2,194,930
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	370,212
c. Other	387,341
d. Total (a. through c.)	757,553
4. General administration & miscellaneous	860,469
5. Highway law enforcement and safety	
6. Total (1 through 5)	5,554,258
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	27,176
b. Redemption	400,468
c. Total (a. + b.)	427,644
3. Total (1.c + 2.c)	427,644
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	5,981,902

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	8,928,489	6,385,403	5,981,902		9,331,990

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2021

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	3,178	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	4,342,185	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	(383)	d. Parking Meter Fees	
3. Liens	0	e. Sale of Surplus Property	
4. Licenses	0	f. Charges for Services	41,690
5. Specific Ownership &/or Other	2,865	g. Other Misc. Receipts	1,774
6. Total (1. through 5.)	4,344,667	h. Other	10
c. Total (a. + b.)	4,347,845	i. Total (a. through h.)	43,474
	(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	1,823,176	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	91,728
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	75,305	d. Federal Transit Admin	0
d. Other (Specify) - DOLA Grant	0	e. U.S. Corps of Engineers	0
e. Other (Specify)	0	f. Other Federal	3,875
f. Total (a. through e.)	75,305	g. Total (a. through f.)	95,603
4. Total (1. + 2. + 3.f)	1,898,481	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,741,306	1,741,306
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,741,306	1,741,306
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,741,306	1,741,306
			(Carry forward to page 1)

Notes and Comments: