

**CUSTER COUNTY, COLORADO**  
**WESTCLIFFE, COLORADO**  
**BASIC FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**AND CERTAIN SUPPLEMENTAL INFORMATION**

December 31, 2023

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## Independent Auditor's Report

August 29, 2024

Board of Commissioners  
Custer County, Colorado  
Westcliffe, Colorado

### Report on the Audit of the Financial Statements

#### Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County as of December 31, 2023, 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 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 related 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the County's ability to continue as a going concern for twelve months beyond the financial statements 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages i - vii and 34-37 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying combining and individual nonmajor fund financial statements, the budgetary comparison schedules for nonmajor funds, the Local Highway Finance Report for Road, Bridges and Streets and the schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information 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 August 29, 2024, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

*Arron Ross* & *DeNardo, Inc.*

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CUSTER COUNTY, COLORADO  
December 31, 2023 and 2022**

This section of the report provides readers with a narrative overview and analysis of the financial activities of Custer County for the fiscal year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Custer County's assets exceeded liabilities by \$12,410,051 at the end of 2023. Of this amount, \$3,909,996 may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$8,500,055 is invested in capital assets or restricted.

The County's General Fund balance was \$4,702,134 as of December 31, 2024. Of this amount, \$168,000 is reserved for emergencies.

The 2023 General Fund balance is \$531,575 more than the previous year. The total fund balance is 80% of 2023 General Fund operating expenditures plus net operating transfers. The County Commissioners' goal is to keep fund balance at no less than 5%.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds.

**Government-wide Financial Statements.** The government-wide financial statements are designed to provide readers with a broad overview of the County's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the County's financial position is improving or deteriorating.

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

Both of the government-wide financial statements distinguish functions of the 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 cost through user fees and charges (business-type activities). Custer County's governmental activities include general government, public safety, roads and bridges, auxiliary, and health and human services.



**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**Overview of the Financial Statements (Continued)**

The government-wide financial statements include not only Custer County itself (known as the primary government), but also legally separate entities which have a significant operational or financial relationship with the County. These entities, if any, are known as component units. The discreetly presented component unit is the E-911 Emergency Telephone Authority. In 2007, for the first time, the County began accounting for all transactions of the Custer County Airport Authority (now an advisory board) on its behalf, and, as such, it is now treated as a blended component unit for financial reporting purposes. More information on the functions of these activities can be found in Note 1 to the financial statements.

**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. Custer County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Custer County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Custer County maintains seven individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road & Bridge Fund, Human Services Fund, Capital Improvements Fund, Emergency Services Fund, Conservation Trust Fund and the Lodging and Tourism Fund. The Custer County Airport Authority is also included as a blended component unit. The General Fund, Road & Bridge Fund, Capital Improvement Fund, and the Human Services Fund are the only funds that are considered major. Data from the other funds are combined into a single aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 6 through 9 of this report.

**Proprietary Funds.** There are two common types of Proprietary Funds commonly used in governmental activities. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements and Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. During the fiscal year 2023, Custer County utilized one internal service fund, the Insurance Fund, for governmental activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**Overview of the Financial Statements (Continued)**

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support Custer County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement of net position can be found on pages 13 - 14.

**Budgetary Comparisons.** Custer County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major funds on pages 34 to 37 of this report. Budget to actual comparisons for each of the non-major funds are provided in other schedules elsewhere in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 15 through 33 of this report.

**Other Information.** The combining statements referred to earlier in connection with the internal service fund and the non-major governmental funds can be found on pages 10 through 12 and 38 through 46, respectively.

**County-Wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2023, assets exceeded liabilities by \$12,410,051.

The following table provides a summary of the County's governmental and business-type net position for 2023 and 2022.

	<u>Assets</u>	<u>2023</u>	<u>2022</u>
Current assets		\$ 11,788,108	\$ 10,282,301
Non-current assets		7,485,373	6,989,307
	<b>Total Assets</b>	<u>19,273,481</u>	<u>17,271,608</u>
	<u>Liabilities</u>		
Current liabilities		1,691,802	967,519
Non-current liabilities		2,302,823	1,898,591
	<b>Total Liabilities</b>	<u>3,994,625</u>	<u>2,866,110</u>
Deferred Inflows		<u>2,868,805</u>	<u>2,311,000</u>
	<u>Net Position</u>		
Invested in capital assets, net of related debt		6,162,907	6,078,020
Restricted		2,337,148	2,599,209
Unrestricted		3,909,996	3,417,269
	<b>Total Net Position</b>	<u>\$ 12,410,051</u>	<u>\$ 12,094,498</u>

The portion of Custer County's net position (32%) represents unrestricted net position of \$3,909,996, which may be used to meet the County's ongoing obligations to citizens and creditors.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**County-Wide Financial Analysis (Continued)**

A significant portion of Custer County's net position (50%) reflects its investment in capital assets. These assets include land, buildings, machinery, equipment and infrastructure. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources since the capital assets themselves cannot be used to liquidate these liabilities.

An additional \$2,337,148 of the County's net position (19%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$286,100, \$53,565 is grant restricted and the remaining \$1,997,483 is restricted for use in special revenue funds.

At the end of 2023, Custer County had positive balances in all net position categories.

**Changes in Net Position.** Governmental activities increased the County's net position by \$87,461 in 2023 and \$912,298 in 2022. The following table summarizes the changes in Custer County's net position for governmental activities for the years ended December 31, 2023 and 2022.

<b>Revenue</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Program Revenue		
Charges for services	\$ 1,584,787	\$ 1,260,152
Operating grants and contributions	1,802,021	2,777,660
Capital grants and contributions	116,809	296,878
General Revenue		
Taxes	6,515,960	6,466,910
Gain (Loss) on sale of assets	22,620	1,000
Investment earnings	446,813	123,979
<b>Total Revenue</b>	<b><u>10,489,010</u></b>	<b><u>10,926,579</u></b>
<b>Program Expenses</b>		
General government	2,877,604	2,585,490
Public safety	2,732,427	2,458,614
Streets and highways	2,603,072	2,390,757
Health and welfare	1,423,706	1,943,083
Auxiliary	738,737	620,357
Miscellaneous	-	-
Interest expense, unallocated	26,003	15,980
<b>Total Expenses</b>	<b><u>10,401,549</u></b>	<b><u>10,014,281</u></b>
<b>Change in Net Position</b>	<b>87,461</b>	<b>912,298</b>
<b>Net position beginning of year (Restated)</b>	<b><u>12,322,590</u></b>	<b><u>11,182,200</u></b>
<b>Net position end of year</b>	<b><u>\$ 12,410,051</u></b>	<b><u>\$ 12,094,498</u></b>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**Financial Analysis of the County's Funds**

As noted earlier, Custer County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds Overview.** The focus of County governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a governments' net resources available for spending at the end of the fiscal year.

As of the end of 2023, the combined ending fund balances of County governmental funds were \$7,358,160. Approximately 58% of this consists of unassigned fund balance which is available as working capital, and 8% is assigned/committed fund balance, which is available for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: 1) a state constitution mandated emergency reserve (\$279,000); 2) grant requirements (\$53,565); 3) restricted for use in special revenue funds (\$1,997,484) and 4) inventory (\$187,258).

The County has eight governmental funds. They are 1) General Fund; 2) Road & Bridge Fund; 3) Human Services Fund; 4) Capital Improvements Fund; 5) Emergency Service Fund; 6) Conservation Trust Fund; 7) Lodging and Tourism Fund and 8) Contingent Fund.

1. **General Fund.** This is the primary operating fund of the Custer County Government. It accounts for many of the County's core services, such as law enforcement, County General Fund activities, personnel costs, planning, and elections. Fund balance was \$4,702,134 as of December 31, 2023. Of this amount, \$168,000 was reserved for emergencies. The 2023 fund balance is \$531,575 more than the previous year. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents about 72% of total 2023 expenditures, while total fund balance is 80% of the same amount. 2023 expenditures and transfers for general fund activities were less than budgeted by \$1,106,040.
2. **Road & Bridge Fund.** The Road & Bridge fund is also state mandated. The fund records costs related to County road and bridge construction and maintenance. The Road & Bridge fund had \$990,901 in fund balance at the end of 2023. This amount is \$354,116 less than the previous year. 2023 expenditures for road projects were less than budgeted by \$164,909.
3. **Human Services Fund.** The Human Services Fund is mandated by state statute. This fund accounts for the local share of many federal and state public welfare programs, plus various federal and state human services grants. The fund carried a fund balance of \$135,622 at the end of 2023, which was \$105,933 more than the previous year.
4. **Capital Improvements Fund.** The Capital Improvements Fund accounts for the acquisition of major capital facilities and equipment. These are the purchases of the Sheriff's vehicles, office and jail facility and several heavy equipment purchases for the Road and Bridge Department and the Landfill Operation.
5. **Emergency Service Fund.** The primary function of the Emergency Service Fund is to account for expenditures relating to auxiliary rural and County-wide health and medical services. This fund receives property tax revenues which help finance these services. This fund also accounts for monies received as grant funds through the Colorado Regional Trauma Advisory Council for the support of rural emergency medical services.
6. **Conservation Trust Fund.** Accounts for the receipt and expenditure of Colorado Lottery funds from the State of Colorado.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**Financial Analysis of the County's Funds (Continued)**

7. Lodging and Tourism Fund. The function of this fund is to account for lodging tourism tax revenue collected. The residents of Custer County approved a ballot issue in 2008 to implement a 2% tourism lodging tax assessed on persons renting a motel/hotel room or a campground space. The revenues from this tax will be used exclusively for advertising and marketing of local tourism.
8. Custer County Airport Advisory Board. The primary function of the Airport Advisory Board is to account for expenditures of the airport and related operating and grant revenues. It is included in the County's financial statements as a blended component unit due to its financial dependence.
9. Insurance Fund. (An internal service fund) This fund was established to account for County funds dedicated to general property loss and liability insurance, County official's errors and omissions insurance, and workers compensation insurance coverage.

**General Fund Budgetary Highlights**

The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

For 2023, the Board of County Commissioners appropriated \$7,019,956 for general fund expenditures and other financing uses. The budget was amended.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>
Revenues	\$ 6,433,101	\$ 6,433,101	\$ 6,445,491
Expenditures and transfers	\$ 6,940,956	\$ 7,019,956	\$ 5,913,916

Actual expenditures were less than the anticipated budget and more than revenues, which caused the ending fund balance to increase \$531,575, over the prior year.

**Capital Asset and Debt Administration**

**Capital Assets.** Custer County's investment in capital assets for its governmental activities as of December 31, 2023 totals \$7,485,373 (net of accumulated depreciation). This investment includes all land, buildings, machinery, equipment, and infrastructure. It also includes \$270,801 of right of use leased assets. The total increase in net capital assets for the current fiscal year was \$178,168.

- Additional information on the County's capital assets can be found in Note 7 of this report.

**Long-term Debt.** At December 31, 2023, Custer County had no bonded debt. There are other notes payable of \$780,864, right of use leases and other noncurrent liabilities for post disclosure landfill costs and compensated absences. Additional information can be found in Note 10.

**Other Matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2024 budgets.

- Continued growth in Custer County caused increased demand in all service areas of the County, especially in public safety and road and bridge infrastructure.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023 and 2022**

**Other Matters (Continued)**

- Population growth has impacted the County's ability to provide public safety within our judicial system. The County courthouse combined courts system needs more physical space and a more secure facility for our citizens, victims, courthouse personnel and those accused of wrong doing. New State funds are being accessed to provide better courthouse security. The County needs a better designed, more functional jail that would complement the court facilities. The County is presently working with a planning grant from the Colorado Department of Local Affairs (DOLA) to improve the jail and justice facilities as well as other grant sources for the funding of a new justice center
- Airport runway and fuel projects and improvements are underway.
- The American Rescue Plan Act was fully granted to the County in 2022. A committee was formed to review applications and award monies to government entities, businesses and individuals within the County.

**Requests for Information**

This financial report is designed to provide a general overview of Custer County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or for additional financial information should be addressed to the County HR/Finance Director, 205 South Sixth Street, Westcliffe, CO 81252.

## **BASIC FINANCIAL STATEMENTS**

**GOVERNMENT WIDE FINANCIAL STATEMENTS**



**STATEMENT OF NET POSITION**  
**CUSTER COUNTY, COLORADO**  
December 31, 2023

<u>Assets</u>	<u>Primary Government Governmental Activities</u>	<u>Component Unit E-911 Authority</u>
Cash and investments - unrestricted	\$ 8,136,635	\$ 463,177
Receivables	3,405,661	15,446
Accrued revenue	44,122	
Inventories	187,258	-
Prepaid expenses	14,432	-
Capital Assets:		
Non-depreciable	1,652,188	-
Depreciable - net	<u>5,833,185</u>	<u>12,292</u>
<b>Total Assets</b>	<u>19,273,481</u>	<u>490,915</u>
 <u>Liabilities</u>		
Accounts payable and accrued liabilities	464,558	651
Due to the State of Colorado	29,258	
Unearned revenue	1,016,063	-
Long-Term Liabilities:		
Due within one year	181,923	-
Due in more than one year	<u>2,302,823</u>	<u>-</u>
<b>Total Liabilities</b>	<u>3,994,625</u>	<u>651</u>
 <u>Deferred Inflows</u>		
Property taxes	2,806,923	-
Leases	61,882	-
<b>Total Deferred Inflows</b>	<u>2,868,805</u>	<u>-</u>
 <u>Net Position</u>		
Investment in capital assets, net of related debt	6,162,907	12,292
Restricted	2,337,148	3,600
Unrestricted	<u>3,909,996</u>	<u>474,372</u>
<b>Total Net Position</b>	<u>\$ 12,410,051</u>	<u>\$ 490,264</u>

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

**STATEMENT OF ACTIVITIES**  
**CUSTER COUNTY, COLORADO**

For the year ended December 31, 2023

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	Component Unit
<b>Governmental Activities</b>						
General government	\$ 2,877,604	\$ 1,219,252	\$ 591,845	\$ 63,961	\$ (1,002,546)	\$ -
Public safety	2,732,427	133,287	247,404	52,848	(2,298,888)	-
Streets and highways	2,603,072	115,402	18,287	-	(2,469,383)	-
Health and welfare	1,423,706	-	836,560	-	(587,146)	-
Auxiliary	738,737	116,846	107,925	-	(513,966)	-
Interest expense, unallocated	26,003	-	-	-	(26,003)	-
<b>Total Governmental Activities</b>	<b>\$ 10,401,549</b>	<b>\$ 1,584,787</b>	<b>\$ 1,802,021</b>	<b>\$ 116,809</b>	<b>(6,897,932)</b>	<b>-</b>
<b>Component Unit</b>						
E-911 Authority	\$ 117,661	\$ 116,083	\$ -	\$ -	-	(1,578)
<b>General Revenues</b>						
Property taxes					2,348,740	-
Specific Ownership					367,690	-
Sales and use taxes					2,393,809	-
Highway users taxes					1,299,915	-
Lodging and tourism taxes					105,806	-
Gain on sale of assets					22,620	-
Earnings on investments					446,813	3,415
<b>Total General Revenues and Transfers</b>					<b>6,985,393</b>	<b>3,415</b>
<b>Changes in Net Position</b>					<b>87,461</b>	<b>1,837</b>
<b>Net Position - January 1 (Restated)</b>					<b>12,322,590</b>	<b>488,427</b>
<b>Net Position - December 31</b>					<b>\$ 12,410,051</b>	<b>\$ 490,264</b>

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

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**CUSTER COUNTY, COLORADO**  
December 31, 2023

<u>Assets</u>	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash	\$ 5,980,426	\$ 724,610	\$ 163,333	\$ 728,221	\$ 483,246	\$ 8,079,836
Receivables	1,801,738	874,061	231,788	60,962	431,733	3,400,282
Due from County funds	-	48,000	3,872	279,827	54,782	386,481
Accrued state revenue	-	-	23,704	-	-	23,704
Accrued federal revenue	-	-	20,418	-	-	20,418
Inventories	-	156,980	-	-	30,278	187,258
Prepaid expenses	14,432	-	-	-	-	14,432
<b>Total Assets</b>	<u>7,796,596</u>	<u>1,803,651</u>	<u>443,115</u>	<u>1,069,010</u>	<u>1,000,039</u>	<u>12,112,411</u>
<u>Liabilities</u>						
Accounts payable and accrued liabilities	224,014	43,730	15,844	157,946	12,110	453,644
Due to County funds	386,481	-	-	-	-	386,481
Due to State of Colorado	-	-	29,258	-	-	29,258
Unearned revenue	984,378	-	31,685	-	-	1,016,063
<b>Total Liabilities</b>	<u>1,594,873</u>	<u>43,730</u>	<u>76,787</u>	<u>157,946</u>	<u>12,110</u>	<u>1,885,446</u>
<u>Deferred Inflows</u>						
Property taxes	1,499,589	769,020	230,706	-	307,608	2,806,923
Leases	-	-	-	-	61,882	61,882
<b>Total Deferred Inflows</b>	<u>1,499,589</u>	<u>769,020</u>	<u>230,706</u>	<u>-</u>	<u>369,490</u>	<u>2,868,805</u>
<u>Fund Balances</u>						
Nonspendable	-	156,980	-	-	30,278	187,258
Restricted	221,565	833,921	135,622	911,064	227,877	2,330,049
Committed	194,717	-	-	-	-	194,717
Assigned	-	-	-	-	360,284	360,284
Unassigned	4,285,852	-	-	-	-	4,285,852
<b>Total Fund Balances</b>	<u>\$ 4,702,134</u>	<u>\$ 990,901</u>	<u>\$ 135,622</u>	<u>\$ 911,064</u>	<u>\$ 618,439</u>	<u>\$ 7,358,160</u>

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

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
 CUSTER COUNTY, COLORADO  
 December 31, 2023

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>		\$ 7,358,160
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.		7,485,373
Revenue receivable that does not provide current financial resources is not recorded in the governmental funds.		4,897
Long-term liabilities, including long-term debt are not due and payable in the current period and therefore are not reported in the governmental funds:		
Leases	(1,051,665)	
Accrued interest	(10,914)	
Compensated absences	(530,059)	
Landfill closure costs	<u>(903,022)</u>	(2,495,660)
Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities.		<u>57,281</u>
<b>Total Net Position - Governmental Activities</b>		<b><u>\$ 12,410,051</u></b>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**GOVERNMENTAL FUNDS**

CUSTER COUNTY, COLORADO

December 31, 2023

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Improvement Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 3,359,432	\$ 1,986,415	\$ 216,370	\$ 551,743	\$ 394,423	\$ 6,508,383
Penalties	4,390	1,875	562	-	750	7,577
Federal Sources	827,430	17,155	206,121	-	104,976	1,155,682
State Sources	224,309	-	234,262	-	85,288	543,859
Local Sources	138,055	-	497	-	12,500	151,052
Licenses permits	421,122	-	-	-	-	421,122
Charges for services	938,111	115,402	-	54,602	30,662	1,138,777
Other income	532,642	17,941	2,379	-	30,570	583,532
<b>Total Revenues</b>	<u>6,445,491</u>	<u>2,138,788</u>	<u>660,191</u>	<u>606,345</u>	<u>659,169</u>	<u>10,509,984</u>
<b>Expenditures</b>						
General Government	2,556,107	21,497	-	7,517	-	2,585,121
Public Safety	2,241,261	2,599	-	-	133,988	2,377,848
Streets and Highways	-	2,321,117	-	-	-	2,321,117
Health and welfare	755,125	-	552,533	-	-	1,307,658
Auxiliary services	163,319	-	-	-	439,950	603,269
Capital outlay	79,871	83,641	7,935	759,709	32,661	963,817
Debt service - principal	60,758	51,312	1,656	79,111	465	193,302
Debt service - interest	7,475	12,738	69	3,433	127	23,842
<b>Total Expenditures</b>	<u>5,863,916</u>	<u>2,492,904</u>	<u>562,193</u>	<u>849,770</u>	<u>607,191</u>	<u>10,375,974</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>581,575</u>	<u>(354,116)</u>	<u>97,998</u>	<u>(243,425)</u>	<u>51,978</u>	<u>134,010</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from (to) other funds	(50,000)	-	-	-	50,000	-
Proceeds from leases	-	-	7,935	-	7,847	15,782
<b>Total Other Financing Sources (Uses)</b>	<u>(50,000)</u>	<u>-</u>	<u>7,935</u>	<u>-</u>	<u>57,847</u>	<u>15,782</u>
<b>Net Change in Fund Balance</b>	531,575	(354,116)	105,933	(243,425)	109,825	149,792
<b>Fund Balances - January 1 (Restated)</b>	<u>4,170,559</u>	<u>1,345,017</u>	<u>29,689</u>	<u>1,154,489</u>	<u>508,614</u>	<u>7,208,368</u>
<b>Fund Balances - December 31</b>	<u>\$ 4,702,134</u>	<u>\$ 990,901</u>	<u>\$ 135,622</u>	<u>\$ 911,064</u>	<u>\$ 618,439</u>	<u>\$ 7,358,160</u>

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

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

<b>Total Change in Fund Balances - Governmental Funds</b>		\$ 149,792
<p>Amounts reported for governmental activities in the statement of activities are different because:</p>		
<p>Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as depreciation expense.</p>		
Capital outlay	963,817	
Depreciation expense	<u>(774,099)</u>	189,718
<p>In the government-wide statements, basis in capital assets that have been sold reduces income. In governmental funds the basis is not recognized.</p>		
		(11,550)
<p>Revenue not available to pay for current period expenditures are not recognized as revenue in the governmental funds.</p>		
Grants	(34,312)	
Hanger Leases	<u>24,888</u>	(9,424)
<p>Expenditures for services which benefit a future period are reported as prepaid amounts in the statement of net position and are not recognized in the governmental funds.</p>		
		(48,473)
<p>The issuance of long-term obligations provide current financial resources to the governmental funds, while repayment of the principal of long-term obligations consumes the current financial resources of the governmental funds. The net effect of these differences in the treatment of long-term obligations and related items.</p>		
Principal payments on long-term obligations	193,302	
Change in interest accrual	<u>(2,161)</u>	191,141
<p>Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities.</p>		
		(42,607)
<p>In the statement of activities, certain operating expenses - compensated absences (sick and vacation) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used or due (essentially, the amounts actually paid). This amount represents the net effect on the statement of activities.</p>		
		(275,023)
<p>In the government-wide statements, estimated landfill closure debt is recognized as long-term debt. In the government funds, the estimated cost nor the change in the estimate are included. Therefore, the change in the estimate is recognized.</p>		
		(40,331)
<p>Current lease proceeds provide current financial resources to the governmental funds but in the Statement of Net Position the lease is reported as long term debt.</p>		
		<u>(15,782)</u>
<b>Total Change in Net Position - Governmental Activities</b>		<b>\$ <u>87,461</u></b>

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

**INTERNAL SERVICE FUND FINANCIAL STATEMENTS**



**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
 CUSTER COUNTY, COLORADO  
 December 31, 2023

		<b><u>Internal Service Insurance Fund</u></b>
<b><u>Assets</u></b>		
Cash held by County Treasurer	\$	56,799
Taxes receivable		<u>231,188</u>
<b>Total Assets</b>		<u>287,987</u>
<b><u>Liabilities</u></b>		
Accounts payable		<u>-</u>
<b><u>Deferred Inflow - property taxes</u></b>		<u>230,706</u>
<b><u>Net Position</u></b>		
Reserved for emergency		6,600
Unrestricted		<u>50,681</u>
<b>Total Net Position</b>	<b>\$</b>	<b><u>57,281</u></b>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
 CUSTER COUNTY, COLORADO  
 December 31, 2023

	<b><u>Internal Service Insurance Fund</u></b>
<b>Operating Revenues</b>	
Charges for services	\$ -
Reimbursed expenses	<u>18,476</u>
<b>Total Operating Revenues</b>	<u>18,476</u>
<b>Operating Expenses</b>	
General government	146,765
Streets and Highways	<u>131,343</u>
<b>Total Expenditures</b>	<u>278,108</u>
<b>Operating Income (Loss)</b>	(259,632)
<b>Nonoperating Revenues (Expenses)</b>	
Property taxes	187,567
Specific ownership taxes	28,895
Penalties and Interest	<u>563</u>
<b>Net Income (Loss) Before Other Financing Sources (Uses)</b>	(42,607)
Operating transfers in (out)	<u>-</u>
<b>Change in Net Position</b>	(42,607)
<b>Net Position - January 1</b>	<u>99,888</u>
<b>Net Position - December 31</b>	<u>\$ 57,281</u>

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

**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<b><u>Internal Service Insurance Fund</u></b>
<b>Cash Flows From Operating Activities</b>	
Cash received for reimbursed expenses	\$ 18,476
Payments for services	<u>(279,765)</u>
<b>Net Cash Used for Operating Activities</b>	<u>(261,289)</u>
 <b>Cash Flows From Noncapital Financing Activities</b>	
Cash received for property taxes	216,933
Transfers from other funds	<u>-</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>216,933</u>
<b>Net Increase (Decrease) in Cash</b>	(44,356)
 <b>Cash - January 1</b>	<u>101,155</u>
 <b>Cash - December 31</b>	<u>\$ 56,799</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used)</b>	
<b>by Operating Activities:</b>	
Operating Income (Loss)	\$ (259,632)
Adjustments to reconcile operating income (loss) to net cash provided (used)	
by operating activities:	
(Increase) decrease in accounts receivable	-
Increase (decrease) in warrants / accounts payable	<u>(1,657)</u>
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (261,289)</u>

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

**FIDUCIARY FUND FINANCIAL STATEMENTS**

**STATEMENT OF FIDUCIARY NET POSITION**  
CUSTER COUNTY, COLORADO  
December 31, 2023

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	<b><u>Custodial Funds</u></b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 217,622
	<b>Total Assets</b>
	<u>217,622</u>
<b><u>Net Fiduciary Position</u></b>	
Fiduciary net position - held for others	<u>217,622</u>
	<b>Total Net Fiduciary Position</b>
	<u>\$ 217,622</u>

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

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

CUSTER COUNTY, COLORADO

December 31, 2023

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	<b>Custodial Funds</b>
<b>Additions</b>	
Collections	\$ 10,359,070
<b>Deductions</b>	
Distributions	<u>10,350,129</u>
<b>Change in Net Position</b>	8,941
<b>Net Position - January 1</b>	<u>208,681</u>
<b>Net Position - December 31</b>	<u>\$ 217,622</u>

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies**

Custer County, Colorado (“County”) was established in 1877 and operates under an elected commissioner form of government. The County provides a full range of services which include general government functions, public protection and safety, health, social services, public improvements, road and bridge operations, planning and zoning, and general administrative services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governments. The following summary of significant accounting policies is presented to assist the reader in evaluating the County’s financial statements.

**A. Financial Reporting Entity**

Custer County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. There are also four other elected officials of Custer County (Assessor, Clerk and Recorder, Sheriff, and Treasurer).

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government’s operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units:**

The E911 Emergency Telephone Service Authority Board was created by intergovernmental agreement under Colorado statutes that authorizes the County, municipalities within the County, and special districts within the County to enter into an agreement for the purpose of providing 911 emergency telephone services. According to Colorado statute the agreement creates a separate legal entity which is responsible for administering the operations of the 911 emergency telephone service program in Custer County.

**Blended component units:**

The Airport Authority was dissolved and replaced by an advisory board appointed by the County Commissioners. The activities of the Airport are reported in a special revenue fund.

**Other related organizations**

The following organizations are excluded from the accompanying financial statements because the County’s accountability for these organizations does not extend beyond various appointments:

Custer County Library District - The County Commissioners appoint the seven-member Library District Board. The Library District Board has total autonomy under the State Library Act to incur debt, establish budgets, and levy property taxes to support the District’s library system.

Colorado Counties Casualty and Property Pool (hereinafter referred to as “CAPP”) - CAPP was formed by intergovernmental agreement by member counties as a separate and independent governmental and legal entity pursuant to provisions of the Colorado Constitution and Colorado Revised Statutes. Each member county in this governmental agreement has the power under Colorado law to make provision for the property and casualty coverage which constitute the functions and services jointly provided by means of the CAPP. The Insurance Commissioner of the State of Colorado has such authority with respect to the CAPP as is provided by applicable Colorado statutes.



**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**A. Financial Reporting Entity (Continued)**

**Other related organizations (Continued)**

The purposes of the CAPP are to provide a risk management fund for defined property and casualty coverage and to assist members in controlling costs by providing specialized governmental risk management services and systems. It is the intent of the members to use member contributions to defend and indemnify, in accordance with its bylaws, any member against states liability or loss to the limit of the financial resources of the risk management fund. It is also the intent of the members to have CAPP provide needed coverage at reasonable costs. All income and assets of CAPP shall be at all times dedicated to the exclusive benefit of its members. Custer County, through its Insurance Internal Service Fund, recognizes an expense for any amounts paid to CAPP annually for these coverages.

Custer County is a member of CAPP.

**B. Government-wide Financial Statements**

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

The statement of net position and the statement of activities display information about the County as a whole. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis. These statements include the activities of the primary government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide statement of activities reflect both the direct expenses and net cost of each function of the County's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods and services offered by the program. Grants and contributions that are restricted to meeting the operational and capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program are included in operating grants and contributions, or capital grants and contributions. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the County.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the later is excluded from the government-wide financial statements. Major governmental funds (General Fund, Road and Bridge, Human Services and Capital Improvement) are reported as separate columns in the fund financial statements.

**Reconciliation of Government-Wide and Fund Financial Statements**

The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**B. Government-wide Financial Statements (Continued)**

**Reconciliation of Government-Wide and Fund Financial Statements (Continued)**

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the governmental fund statements during the consolidation of governmental activities.

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

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are reported when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there may be both restricted and unrestricted resources available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants if any, and then general revenues.

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 collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within sixty days of the end of the current fiscal period. 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 and claims and judgments, are recorded when payment is due.

Property and specific ownership taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts.

**D. Fund Accounting**

The financial transactions of the County are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category - governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as non-major funds.

The County reports the following major government funds:

NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**D. Fund Accounting (Continued)**

- The *General Fund* is the general operating fund of the County which accounts for all financial resources that are not accounted for in other funds. Operations of the County such as public safety, planning and zoning, property valuation, tax collection and distribution, vehicle licensing, County administration and other activities financed from taxes and general revenues are reflected in this fund.
- The *Road and Bridge Fund* records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.
- The *Human Services Fund* is used to administer human services programs under state and federal regulations. Programs include, but are not limited to, Medicaid, food stamps, foster care programs, senior service programs, and temporary assistance to needy families (TANF). Financing sources are from federal, state and local grants together with dedicated property taxes and specific ownership taxes. Colorado counties are required by state law to maintain a human services fund.
- The *Capital Improvement Fund* is used to account for and report financial resources that are restricted, committed, or assigned funds expended for the purpose of improving, equipping and furnishing the County's buildings and other property. Financing sources are from sales tax revenue and grants.

The County also reports the following fund types:

- The *Internal Service Funds* account for the financing of goods or services provided by one department or agency to departments or agencies of the County on a cost reimbursement basis. The County's internal service fund reports on self-insurance programs for employee health, risk management, unemployment, and other insurance used by County departments.
- Services provided and used by internal service funds are not entirely eliminated from the government-wide state of activities. The primary government program expenses on the government-wide statement of activities are decreased to eliminate revenue over expenditures in internal service funds and increased to eliminate expenditures over revenues in internal service funds.
- The *Custodial Fund* accounts for assets held by the County as an agent for individuals, private organizations and other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County holds funds for monies collected, principally tax collections.

The County has adopted the provisions of GASB Statement No. 84, Fiduciary Activities

**E. Assets and Liabilities**

**Cash and Investments**

The Custer County Treasurer maintains a cash and investment pool that is available for use by all County funds except for some custodial funds. Each fund's portion of this pool is displayed as "cash and cash equivalents". Accrued interest receivable is displayed separately. The amount of interest gained through secured investments is credited to the County's general fund per Colorado State Statutes, with the exception of the E-911 Authority. Cash and cash equivalents are stated at fair value.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets and Liabilities (Continued)**

**Cash and Investments (Continued)**

The County considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the treasury pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

Cash equivalents are short term, liquid investments that are quickly converted to known cash amounts and that have maturities of three months or less so as to minimize the risk of value changes.

The County's policy is to state investments at their fair value and categorizes its fair value measurements within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. Level 3 inputs are significant unobservable inputs.

All investment income is reported as investment income in the County's financial statements.

Cash and investments are subject to Colorado State statutes as described in Note 3.

**Accounting Principles - Leases**

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principal that leases are financings of the right to use an underlying asset. Under this standard, a lease is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The County adopted the requirements of the guidance effective January 1, 2023 and has applied the provisions of this standard to the beginning of the period of adoption. There was no effect on beginning net position since the right to use asset equals the right to use lease liability.

**Accounting Principles - SBITA**

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This standard requires the recognition of a right-to-use subscription, an intangible asset, and a corresponding liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at present value of subscription payments expected to be made during the subscription term. Future payments are discounted using the interest rate that the SBITA vendor charges the government, which may be implicit, or the County's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount is recognized as an outflow of resources in subsequent reporting periods. The asset is measured as the sum of the initial liability, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Amortization of the asset is recognized as an outflow of resources over the subscription term. The County currently has no arrangements that require application of this standard.

**Inventories and Prepaid Items**

Purchased inventories of Road and Bridge Fund and Airport Fund are stated at cost using the first in, first-out method of determining inventories on hand. Perpetual inventory records are maintained for road and bridge supplies and airport fuel.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets and Liabilities (Continued)**

**Inventories and Prepaid Items (Continued)**

Physical counts were made of all inventories as of December 31, 2023. Inventories were adjusted to reflect the amounts determined by physical counts.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in the government-wide financial statements and fund statements if significant.

**Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and a useful life of more than one year.

All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of the donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. All reported capital assets are depreciated, except for land and land improvements. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Improvements	20 years
Infrastructure - bridges	50 years
Infrastructure - roads	20 years
Office Equipment	3 - 7 years
Heavy equipment	10 - 20 years

GASB Statement 34 allows small governments to begin reporting infrastructure assets in the year of implementation. The County has not elected to retroactively report infrastructure assets as permitted by GASB Statement 34.

**Unearned Revenue**

Unearned revenue in the government-wide and the fund financial statements consists primarily of unearned program revenue in the human services fund and unearned grant revenue in the general fund.

**Accounts Payable**

Accounts payable represent obligations due to vendors for goods delivered or services rendered prior to December 31, 2023.

**Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on December 15 and are payable either in two installments due on February 28 and June 15, or in full on April 30. Delinquent taxes may be assessed penalties and interest by the County. The County, through the Custer County Treasurer, bills and collects its own property taxes, as well as property taxes for all other taxing authorities within the County.

Property taxes which have been levied for 2023 which will not be collected until 2024 have been accrued as a receivable at December 31, 2023. An offsetting liability for deferred inflows of resources - unearned property tax revenue has been recorded on the statement of net position.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets and Liabilities (Continued)**

**Deferred Outflows/Inflows of Resources**

In addition to assets and liabilities, the statement of net position and/or balance sheets will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the County that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net assets by the County that is applicable to future reporting periods. Both deferred inflow and deferred outflows are reported in the statement of net position but are not reported as revenue or expenditures until the period(s) to which they relate.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

Deferred inflows related to leases have been recorded as of December 31, 2023, which is measured at the value of the lease receivable plus any payments received at or before the commencement of the lease term that related to future periods

**Compensated Absences**

The County adopted a new Paid Time Off (PTO) Plan as of July 16, 2023. The PTO plan is available for all employees and provides flexibility in the usage of paid leave to meet personal needs. Immediately upon hire accrual of PTO starts accruing each pay period. This accrual will increase after completing continuous years of service. Accrual will range from 10 hours to 25 hours per pay period depending on length of service. Part time employees will accrue 4 hours every pay period without any consideration of length of service. Maximum hours that can be accrued is 300 hours.

As of July 16, 2023 all employees of the County will continue to have available to them their current sick and vacation hours that had been earned under the old plan. These hours must be used within one year and any unused time will roll into the PTO accrual up to the maximum of 300 hours.

If an employee terminates within this year they will be paid out based on the old plan up to 272 hours for vacation and anywhere from 40 hours to 160 hours for sick leave depending on length of service.

Ultimate payment of these benefits, or liability of the County to the employee, if any, is payable only in conjunction with the employee's termination. Any such payments of vested benefits are made in a lump sum at termination.

The unpaid PTO at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported on the government-wide financial statements.

**Net Position**

In the government-wide financial statements net position represents the difference between assets and liabilities. It is divided into three components. Net position invested in capital assets, net of related debt, consists of capital assets, net of accumulated depreciation, reduced by any outstanding borrowing used for the acquisition or construction of improvements of those assets. Restricted net position is presented to reflect any restrictions imposed on its use by enabling legislation, restrictions imposed by grantors, laws or regulations of other governments. All other amounts are reported as unrestricted net position. The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**E. Assets and Liabilities (Continued)**

**Fund Balances**

The County presents fund balances in clearly defined categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for a specific purpose according to limitations imposed by the County's highest level of decision making authority, Board of Commissioners, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Commissioners.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of the particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is County policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

**Estimates**

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

**Note 2 - Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

An annual budget and appropriation ordinance is adopted by the Board of County Commissioners in accordance with Colorado State Budget Act. The budget is prepared on a basis consistent with generally accepted accounting principles.

Budgets are established for all governmental funds and internal service funds. Formal budgetary accounting is employed as a management control device during the year to monitor the individual departments. The fund level is the level of classification at which expenditures may not legally exceed appropriations. During the year, several supplemental appropriations were necessary. All annual appropriations lapse at year end. The County does not recognize encumbrances.

NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

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**Note 2 - Stewardship Compliance, and Accountability (Continued)**

**B. Expenditures in Excess of Budget Amounts**

During 2023 one fund and the component unit had expenditures which exceeded budgeted amounts, which may be a violation of Colorado Local Government Budget Law.

	<u>Actual</u>	<u>Budget</u>	<u>Excess</u>
Lodging and Tourism Fund	\$ 139,918	\$ 138,000	\$ (1,918)
E911	\$ 71,159	\$ 49,900	\$ (21,259)

**C. Tax, Spending, and Debt Limitations**

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

**D. Grant Funding**

The County receives funding from Federal, State and foundation grants which may be subject to regulatory or other oversight by granting agencies. Such oversight may include audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the County. There are no such proceedings presently in progress.

**E. Risk Management**

County Worker's Compensation Pool - The County is exposed to various risks of loss related to injuries of employees while on the job. The County participates, with other counties in the State of Colorado, in a County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The County pays an annual contribution to CWCP for its worker's 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 specified self-insurance retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool - The County is exposed to various risks of loss to property and casualty losses. The County participates, with other counties in the State of Colorado, in a 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 Colorado Counties, Inc. for its property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**F. Risks and Uncertainties**

In March 2020, the COVID-19 virus was declared a global pandemic as it continued to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries, was severely impacted for months and may continue to impact the economy. Management has been carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.



NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 3 - Cash Deposits and Investments**

**Deposits**

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

As of December 31, 2023, the County had deposits over \$250,000 in the amount of \$505,012. These deposits are required to be collateralized under State statutes.

Custodial Credit Risk. There is a risk that, in the event of a bank failure, the County's deposits may not be returned. The County's policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year-end follows:

<u>Cash and Deposits</u>	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<b>Deposits:</b>			
Cash on hand	\$ 5,660	\$ 5,660	\$ -
Checking	95,917	95,917	-
Savings	453,347	453,347	-
<b>Investments:</b>			
Certificate of deposit	11,812	-	11,812
State investment pool (Colo Trust)	8,250,698	8,250,698	-
<b>Total</b>	<u>\$ 8,817,434</u>	<u>\$ 8,805,622</u>	<u>\$ 11,812</u>
Governmental Activities	\$ 8,136,635		
Component Unit	463,177		
Fiduciary Fund	217,622		
	<u>\$ 8,817,434</u>		

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds, negotiable certificates of deposit fully covered by FDIC Insurance and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

The County has invested \$8,250,698 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities.

NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 3 - Cash Deposits and Investments (Continued)**

**Investments (Continued)**

A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by ColoTrust.

The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The County has the following recurring fair value measurements as of December 31, 2023:

- Certificates of deposit are valued using a matrix pricing model (Level 2 inputs).
- Investment in ColoTrust are reported at fair value. However, this investment is not subject to the fair value hierarchy.

**Interest Rate Risk** - The County's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

**Credit Risk** - The County does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2023 the County's investment in Colo Trust rates AAAM by Standard and Poor's and Aaa by Moody's.

**Note 4 - Receivables**

Receivables at December 31, 2023 consisted of taxes, accounts, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

<b>General Fund</b>		
Taxes	\$ 1,687,190	
Grants	17,235	
Accounts receivable other	<u>97,313</u>	\$ 1,801,738
<b>Road and Bridge Fund</b>		
Taxes	873,001	
Accounts receivable other	<u>1,060</u>	874,061
<b>Human Services Fund</b>		
Taxes	231,096	
Accounts receivable other	<u>692</u>	231,788
<b>Capital Improvement</b>		
Taxes		60,962

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 4 - Receivables (Continued)**

<b>Non-major Funds</b>			
Taxes	\$	320,997	
Grants		48,854	
Leases		<u>61,882</u>	\$ 431,733
			3,400,282
			<u>54,801</u>
			<u>\$ 3,455,083</u>

**Note 5 - Interfund Balances and Transfers**

A summary of the interfund receivables and payables at December 31, 2023 as reported in the balance sheet for government funds follows:

	<u>Due From</u> <u>Other Funds</u>	<u>Due To</u> <u>Other Funds</u>
General Fund	\$ -	\$ 386,481
Nonmajor Governmental Funds	54,782	-
Major Governmental Funds	<u>331,699</u>	<u>-</u>
<b>Total All Funds</b>	<u>\$ 386,481</u>	<u>\$ 386,481</u>

The County reports interfund balances between some of its funds. Balances result from the time lag between the dates when interfund goods or services are provided, transactions are recorded in the accounting system and the payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Transfers and allocations are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them or to use unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Interfund transfers during the fiscal year ending December 31, 2023 consisted of transfers to nonmajor governmental funds from the general fund in the amount of \$50,000.

**Note 6 - Leases**

The County, acting as lessor, leases property to various individuals and/or businesses for the use of hangars at the airport under long-term noncancellable lease agreements. The leases expire at various dates through 2031. During the year ended December 31, 2023, the County recognized \$5,089 in lease revenue, pursuant to the contracts. The leases provide for future increases to minimum annual rental payments based on contracts.

Total future minimum lease payments to be received under the lease agreements are as follows:

<u>Fiscal Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 7,081	\$ 1,856	\$ 8,937
2025	7,293	1,644	8,937
2026	7,512	1,425	8,937
2027	7,737	1,200	8,937
2028	7,969	968	8,937
2029 - 2031	<u>24,290</u>	<u>1,441</u>	<u>25,731</u>
<b>Total</b>	<u>\$ 61,882</u>	<u>\$ 8,534</u>	<u>\$ 70,416</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 7 - Capital Assets**

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

<b>Governmental Activities</b>	<b>Balances January 1</b>	<b>Additions</b>	<b>Deletions</b>	<b>Balances December 31</b>
<b>Non Depreciable Assets</b>				
Land	\$ 929,687	\$ -	\$ -	\$ 929,687
Assets in progress	537,827	193,692	9,018	722,501
<b>Total Non Depreciable Assets</b>	<u>1,467,514</u>	<u>193,692</u>	<u>9,018</u>	<u>1,652,188</u>
<b>Depreciable Assets</b>				
Buildings and improvements	5,246,829	32,754	-	5,279,583
Vehicles and heavy equipment	9,548,727	702,145	111,635	10,139,237
Office equipment	1,303,764	28,462	-	1,332,226
Infrastructure	356,198	-	-	356,198
Leased assets	378,484	15,782	8,346	385,920
<b>Total Depreciable Assets</b>	<u>16,834,002</u>	<u>779,143</u>	<u>119,981</u>	<u>17,493,164</u>
<b>Less Accumulated Depreciation</b>				
Buildings and improvements	2,713,573	189,405	-	2,902,978
Vehicles and heavy equipment	6,870,776	456,458	100,085	7,227,149
Office equipment	1,124,927	50,906	-	1,175,833
Infrastructure	224,449	14,451	-	238,900
Leased assets	60,586	62,879	8,346	115,119
<b>Total Accumulated Depreciation</b>	<u>10,994,311</u>	<u>774,099</u>	<u>108,431</u>	<u>11,659,979</u>
<b>Total Capital Assets, Net</b>	<u>\$ 7,307,205</u>	<u>\$ 198,736</u>	<u>\$ 20,568</u>	<u>\$ 7,485,373</u>
 <b>Component Unit E 911</b>				
<b>Depreciable Assets</b>				
Equipment	\$ 659,952	\$ -	\$ -	\$ 659,952
<b>Less Accumulated Depreciation</b>				
Equipment	601,158	46,502	-	647,660
<b>Total Capital Assets, Net</b>	<u>\$ 58,794</u>	<u>\$ (46,502)</u>	<u>\$ -</u>	<u>\$ 672,244</u>

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

General government	\$ 159,795
Public safety	204,082
Streets and highways	260,689
Health and welfare	23,359
Auxiliary	126,174
<b>Total - Governmental Activities</b>	<u>774,099</u>
Component Unit - E 911	46,502
<b>Total Depreciation Expense</b>	<u>\$ 820,601</u>

NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 8 - Defined Contribution Plan**

The County provides pension benefits for all of its officials and employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Board of Commissioners.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures, if any. Officials are eligible to participate immediately upon taking office. Employees are eligible to participate upon the completion of six months of service and attaining age twenty-one (21). As required by the terms of the plan, the County must contribute 4% of compensation to the plan and officials and employees must match employer contributions. In addition, officials and employees may make additional voluntary contributions not to exceed 10% of compensation. Officials are immediately vested 100% in employer contributions and earnings. Employees are vested at 20% per year, becoming fully vested after five years, in employer contributions and earnings. Employer contributions forfeited by an employee before becoming fully vested are returned to the County.

The County's total payroll for the year ended December 31, 2023 was \$4,507,225. The County's contributions were calculated using the base earnings of eligible, participating employees of \$4,167,733. The County's required 4% contribution for 2023 was \$166,709, officials and employees required 4% contribution was \$166,709, for a total of \$333,410.

The plan held no securities of the County or other related parties during the year or as of the end of the year.

**Note 9 - Deferred Compensation Plan**

The County offers its officials and employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457.

The plan, available to all County officials and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to officials and employees until termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan are deposited with the Colorado County Officials and Employees Retirement Association. Deferred compensation for the year ended December 31, 2023 was \$28,072.

**Note 10 - Long-Term Liabilities**

Changes in long-term liabilities for the County were as follows:

	<b>Debt Outstanding January 1</b>	<b>Additions of New Debt</b>	<b>Retirements and Repayments</b>	<b>Debt Outstanding December 31</b>	<b>Due Within One Year</b>
Notes payable and other	\$ 911,286	\$ -	\$ 130,422	\$ 780,864	\$ 123,828
Leases	317,898	15,782	62,879	270,801	58,095
Compensated absences	255,036	275,023	-	530,059	-
Other obligations	862,691	40,331	-	903,022	-
<b>Totals</b>	<b>\$ 2,346,911</b>	<b>\$ 331,136</b>	<b>\$ 193,301</b>	<b>\$ 2,484,746</b>	<b>\$ 181,923</b>

**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2023**

**Note 10 - Long-Term Liabilities (Continued)**

As a result of implementation of GASB 87, Leases, \$317,898 in lease liabilities for equipment was added to the beginning balance presented above. Because these leases are offset by an equal amount in lease assets, the County does not report a restatement of beginning net position as a result of the implementation of GASB 87.

Notes payable and other obligations consisted of the following:

**John Deere Finance**

Two JD672G motor graders, four annual payments of \$64,050 and final lump sum payment of \$299,379 includes interest at 2.49%. \$ 454,452

**First State Bank of Colorado**

2020 Dodge Durango, \$8,381.03 per year for six years dated November 12, 2020, with an effective interest rate of 3.25% 23,518

2018 Dodge Durango, \$7,646.06 per year for seven years dated December 31, 2018, with an effective interest rate of 4.3% 14,346

**United Business Bank**

2020 Dodge Durango, \$8,198.50 per year for four years, one final payment of \$6,837.30. Lease dated June 2, 2020 with an effective interest rate of 3.75%. 6,586

**Chet Haga Trust**

Vacant land, 6.68 acres, \$50,000 per year plus interest at 2% for ten years with a final payment of \$31,962 plus interest. 281,962

Total Notes and Other Obligation 780,864

**Leases**

Various leases for office, technology and other equipment. 270,801

**Compensated Absences**

Accumulated vacation and sick leave benefits for eligible employees. 530,059

**Other Obligations**

Estimated closure and postclosure costs of solid waste landfill 903,022

Total Other Obligations 1,703,882

**Total Long Term Obligations** **\$ 2,484,746**

Future years repayment schedule

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 123,828	\$ 18,726	\$ 142,554
2025	119,119	15,597	134,716
2026	113,324	12,663	125,987
2027	342,631	8,769	351,400
2028	50,000	1,639	51,639
2029	31,962	639	32,601
<b>Total</b>	<b><u><u>\$ 780,864</u></u></b>	<b><u><u>58,033</u></u></b>	<b><u><u>838,897</u></u></b>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 10 - Long-Term Liabilities (Continued)**

**Leases**

The County has entered into numerous lease agreements for the use of office, technology and other equipment. The lease terms vary between three and ten years and include interest at rates ranging from 3% to 5%. Lease payment obligations to maturity for the existing obligations follows:

Future years repayment schedule:

<u>Fiscal Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 58,095	\$ 13,193	\$ 71,288
2025	54,531	10,449	64,980
2026	50,534	7,729	58,263
2027	18,142	5,198	23,340
2028	14,731	4,399	19,130
2029 - 2033	<u>74,768</u>	<u>11,747</u>	<u>86,515</u>
<b>Total</b>	<b><u>\$ 270,801</u></b>	<b><u>\$ 52,715</u></b>	<b><u>\$ 323,516</u></b>

**Note 11 - Closure and Postclosure Care Cost**

The County began operating a solid waste landfill in April of 1994. State and federal laws and regulations 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. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in its financial statements in each year based on landfill capacity used as of each balance sheet date. These costs are measured on the accrual basis and reported in the general long-term debt account group until they become current liabilities expected to be liquidated with expendable available resources of the County.

The most recent engineering report available was completed in February 2021. Estimates of closure costs were \$211,166 and thirty year postclosure maintenance costs of \$562,188 for a total of \$773,354. The \$903,021 reported as landfill closure and postclosure liability at December 31, 2023 in the government-wide financial statements represents the cumulative amount reported to date based on the use of approximately 99% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$40,330 as the remaining estimated capacity is filled. The estimated remaining landfill life is approximately 2 years based on current use estimates. The estimated dollar amounts are based on what it would cost to perform all closure and postclosure care in 2023. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

At December 31, 2023, there are no assets restricted for payment of closure and postclosure care costs. The County paid \$0 of costs in 2023. Current regulations permit local governments to meet financial assurance requirements by satisfying certain financial tests as defined in the Regulations. The County believes it is in compliance with and satisfies these tests as of December 31, 2023.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 12 - Net Position and Fund Balance Classifications**

The specific purposes for each Net Position classification on the Statement of Financial Position are detailed in the table below:

	<u>Primary Government</u>	<u>Component Unit</u>	<u>Totals</u>
Invested in capital assets net of related debt	\$ 6,162,907	\$ 12,292	\$ 6,175,199
Restricted			
Tabor	286,100	3,600	289,700
Grant restrictions	53,565	-	53,565
Restricted	1,997,483	-	1,997,483
Total Restricted	<u>2,337,148</u>	<u>3,600</u>	<u>2,340,748</u>
Unrestricted	<u>3,909,996</u>	<u>474,372</u>	<u>4,384,368</u>
<b>Total Net Position</b>	<b><u>\$ 12,410,051</u></b>	<b><u>\$ 490,264</u></b>	<b><u>\$ 12,900,315</u></b>

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Capital Improvement</u>	<u>Other Government Funds</u>	<u>Totals</u>
Non-spendable						
Inventory	\$ -	\$ 156,980	\$ -	\$ -	\$ 30,278	\$ 187,258
Restricted						
Tabor	168,000	61,000	13,700	18,200	18,100	279,000
Grants	53,565	-	-	-	-	53,565
Restricted	-	772,921	121,922	892,864	209,777	1,997,484
<b>Total Restricted</b>	221,565	833,921	135,622	911,064	227,877	2,330,049
Committed	194,717	-	-	-	-	194,717
Assigned	-	-	-	-	360,284	360,284
Unassigned	4,285,852	-	-	-	-	4,285,852
<b>Total Fund Balances</b>	<b><u>\$ 4,702,134</u></b>	<b><u>\$ 990,901</u></b>	<b><u>\$ 135,622</u></b>	<b><u>\$ 911,064</u></b>	<b><u>\$ 618,439</u></b>	<b><u>\$ 7,358,160</u></b>



**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2023

**Note 13 - EBT Authorizations, Warrant Expenditures and Total Expenditures**

	<u>A</u>	<u>B</u>	<u>C</u>	<u>D</u>	<u>E</u>
	County	County	Expenditures	County EBT	
	EBT	Share of	By County	Authorizations	
<u>Program</u>	<u>Authorizations</u>	<u>Authorizations</u>	<u>Warrant</u>	Plus Expenditures	<u>Total</u>
				by County	<u>Expenditures</u>
				<u>Warrant</u>	
Old Age Pension	\$ 102,726	-	-	\$ 102,726	\$ -
Low-Income Energy Assistance Program	157,801	-	-	157,801	-
Colorado Works	33,039	4,813	-	33,039	4,813
Regular Administration	3,688	706	485,467	489,155	486,173
Child Welfare	37,234	13,652	-	37,234	13,652
IV-E and parental fees	-	-	1,250	-	1,250
Aid to the Needy					
Disabled	4,593	1,148	-	4,593	1,148
Child Care	7,230	8,106	-	7,230	8,106
Medicaid Transportation	-	-	21,383	21,383	21,383
General Assistance	-	-	25,668	25,668	25,668
<b>Subtotal</b>	<u>346,311</u>	<u>28,425</u>	<u>533,768</u>	<u>878,829</u>	<u>562,193</u>
Food Assistance	1,063,063	-	-	1,063,063	-
<b>Grand Total</b>	<u>\$ 1,409,374</u>	<u>\$ 28,425</u>	<u>\$ 533,768</u>	<u>\$ 1,941,892</u>	<u>\$ 562,193</u>

- A. Welfare payments authorized by the Custer County Department of Human Services. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).
- B. County share of EBT authorizations. These amounts are settled monthly by a reduction of State cash advances to the County.
- C. Expenditures made by County warrants or other County payment methods.
- D. This represents the total cost of the welfare programs that are administered by Custer County.
- E. This total matches the expenditures on the Human Services Fund - Statement of Revenues, Expenditures and Changes in Fund Balance.

NOTES TO FINANCIAL STATEMENTS (Continued)

CUSTER COUNTY, COLORADO

December 31, 2023

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**NOTE 14 - Restatement**

Some reimbursements for grant expenditures were not reported in the government wide nor the fund statements as of December 31, 2022. The following adjustment was required to restate beginning net position in the government wide financial statements and beginning fund balance in the fund statements.

**Government Wide - Statement of Activities**

Net Position December 31	\$ 12,094,498
To include internal transfers	<u>228,092</u>
	<u>\$ 12,322,590</u>

**Capital Improvement Fund - Financial Statements**

Net Position December 31	\$ 926,397
To include internal transfers	<u>228,092</u>
	<u>\$ 1,154,489</u>

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**GENERAL FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	<u>Budgeted Amount</u>			<b>Variance With</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget Favorable (Unfavorable)</b>
<b>Revenues</b>				
Taxes	\$ 2,996,610	\$ 2,996,610	\$ 3,359,432	\$ 362,822
Penalties	-	-	4,390	4,390
Federal Sources	1,783,966	1,783,966	827,430	(956,536)
State Sources	191,240	191,240	224,309	33,069
Local Sources	99,549	99,549	138,055	38,506
Licenses and permits	336,400	336,400	421,122	84,722
Charges for services	907,260	907,260	938,111	30,851
Miscellaneous	118,076	118,076	532,642	414,566
<b>Total Revenues</b>	<u>6,433,101</u>	<u>6,433,101</u>	<u>6,445,491</u>	<u>12,390</u>
<b>Expenditures</b>				
General Government	3,391,761	3,420,761	2,556,107	864,654
Public Safety	2,451,069	2,451,069	2,241,261	209,808
Health and welfare	831,440	831,440	755,125	76,315
Auxiliary services	180,282	180,282	163,319	16,963
Capital outlay	86,404	86,404	79,871	6,533
Debt service - principal	-	-	60,758	(60,758)
Debt service - interest	-	-	7,475	(7,475)
<b>Total Expenditures</b>	<u>6,940,956</u>	<u>6,969,956</u>	<u>5,863,916</u>	<u>1,106,040</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(507,855)	(536,855)	581,575	1,118,430
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	-	(50,000)	(50,000)	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(507,855)	(586,855)	531,575	1,118,430
<b>Fund Balances - January 1 (Restated)</b>	<u>4,230,915</u>	<u>4,230,915</u>	<u>4,170,559</u>	<u>(60,356)</u>
<b>Fund Balances - December 31</b>	<u>\$ 3,723,060</u>	<u>\$ 3,644,060</u>	<u>\$ 4,702,134</u>	<u>\$ 1,058,074</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**ROAD AND BRIDGE FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<b>Revenues</b>				
Taxes	\$ 2,008,993	\$ 2,008,993	\$ 1,986,415	\$ (22,578)
Penalties	1,500	1,500	1,875	375
Federal sources	18,000	18,000	17,155	(845)
State sources	-	-	-	-
Charges for services	75,000	75,000	115,402	40,402
Miscellaneous	1,600	1,600	17,941	16,341
Reimbursed expenses	-	-	-	-
<b>Total Revenues</b>	<u>2,105,093</u>	<u>2,105,093</u>	<u>2,138,788</u>	<u>33,695</u>
<b>Expenditures</b>				
General Government	38,000	38,000	21,497	16,503
Public Safety	5,000	5,000	2,599	2,401
Streets and Highways	2,524,917	2,524,917	2,321,117	203,800
Capital outlay	89,896	89,896	83,641	6,255
Debt service - principal	-	-	51,312	(51,312)
Debt service - interest	-	-	12,738	(12,738)
<b>Total Expenditures</b>	<u>2,657,813</u>	<u>2,657,813</u>	<u>2,492,904</u>	<u>164,909</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(552,720)</u>	<u>(552,720)</u>	<u>(354,116)</u>	<u>198,604</u>
<b>Fund Balances - January 1</b>	<u>1,376,179</u>	<u>1,376,179</u>	<u>1,345,017</u>	<u>(31,162)</u>
<b>Fund Balances - December 31</b>	<u>\$ 823,459</u>	<u>\$ 823,459</u>	<u>\$ 990,901</u>	<u>\$ 167,442</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**HUMAN SERVICES FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	<u>Budgeted Amount</u>			<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$ 210,498	\$ 210,498	\$ 216,370	\$ 5,872
Penalties	-	-	562	562
Federal Sources	265,536	265,536	206,121	(59,415)
State Sources	204,964	204,964	234,262	29,298
Local Sources	-	-	497	497
Miscellaneous	-	-	2,379	2,379
<b>Total Revenues</b>	<u>680,998</u>	<u>680,998</u>	<u>660,191</u>	<u>(20,807)</u>
<b>Expenditures</b>				
Health and welfare	654,907	654,907	552,533	102,374
Capital outlay	3,600	3,600	7,935	(4,335)
Debt service - principal	-	-	1,656	(1,656)
Debt service - interest	-	-	69	(69)
<b>Total Expenditures</b>	<u>658,507</u>	<u>658,507</u>	<u>562,193</u>	<u>96,314</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	22,491	22,491	97,998	75,507
<b>Other Financing Sources (Uses)</b>				
Proceeds from leases	-	-	7,935	7,935
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	22,491	22,491	105,933	83,442
<b>Fund Balance - January 1</b>	<u>196,069</u>	<u>196,069</u>	<u>29,689</u>	<u>(166,380)</u>
<b>Fund Balance - December 31</b>	<u>\$ 218,560</u>	<u>\$ 218,560</u>	<u>\$ 135,622</u>	<u>\$ (82,938)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT FUND**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 470,000	\$ 470,000	\$ 551,743	\$ 81,743
Federal sources	-	-	-	-
State sources	525,000	525,000	-	(525,000)
Charges for services	-	-	54,602	54,602
<b>Total Revenues</b>	<u>995,000</u>	<u>995,000</u>	<u>606,345</u>	<u>(388,655)</u>
<b>Expenditures</b>				
General government	-	-	7,517	(7,517)
Public Safety	-	-	-	-
Capital outlay	1,326,039	1,326,039	759,709	566,330
Debt service - principal	-	-	79,111	(79,111)
Debt service - interest	-	-	3,433	(3,433)
<b>Total Expenditures</b>	<u>1,326,039</u>	<u>1,326,039</u>	<u>849,770</u>	<u>476,269</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(331,039)	(331,039)	(243,425)	87,614
<b>Fund Balance - January 1 - Restated</b>	<u>897,589</u>	<u>897,589</u>	<u>1,154,489</u>	<u>256,900</u>
<b>Fund Balance - December 31</b>	<u>\$ 566,550</u>	<u>\$ 566,550</u>	<u>\$ 911,064</u>	<u>\$ 344,514</u>

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

**OTHER SUPPLEMENTARY INFORMATION**



**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
 CUSTER COUNTY, COLORADO  
 December 31, 2023

	<u>Contingent Fund</u>	<u>Conservation Trust Fund</u>	<u>Emergency Services Fund</u>	<u>Airport Fund</u>	<u>Custer County Lodging and Tourism</u>	<u>Totals</u>
<b>Assets</b>						
Cash	\$ 118,334	\$ 90,574	\$ 156,922	\$ 6,460	\$ 110,956	\$ 483,246
Receivables	-	-	357,104	61,882	12,747	431,733
Due from other County funds	-	-	54,782	-	-	54,782
Inventories	-	-	-	30,278	-	30,278
<b>Total Assets</b>	<u>118,334</u>	<u>90,574</u>	<u>568,808</u>	<u>98,620</u>	<u>123,703</u>	<u>1,000,039</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	-	-	9,665	2,445	-	12,110
Unearned revenue	-	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>-</u>	<u>9,665</u>	<u>2,445</u>	<u>-</u>	<u>12,110</u>
<b>Deferred Inflows</b>						
Property taxes	-	-	307,608	-	-	307,608
Leases	-	-	-	61,882	-	61,882
<b>Total Deferred Inflows</b>	<u>-</u>	<u>-</u>	<u>307,608</u>	<u>61,882</u>	<u>-</u>	<u>369,490</u>
<b>Fund Balances</b>						
Nonspendable	-	-	-	30,278	-	30,278
Restricted	-	90,574	12,300	1,300	123,703	227,877
Assigned	118,334	-	239,235	2,715	-	360,284
Unassigned	-	-	-	-	-	-
<b>Total Fund Balances</b>	<u>\$ 118,334</u>	<u>\$ 90,574</u>	<u>\$ 251,535</u>	<u>\$ 34,293</u>	<u>\$ 123,703</u>	<u>\$ 618,439</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
 CUSTER COUNTY, COLORADO  
 December 31, 2023

	<u>Contingent Fund</u>	<u>Conservation Trust Fund</u>	<u>Emergency Services Fund</u>	<u>Airport Fund</u>	<u>Custer County Lodging and Tourism</u>	<u>Totals</u>
<b>Revenues</b>						
Taxes	\$ -	\$ -	\$ 288,617	\$ -	\$ 105,806	\$ 394,423
Penalties and interest	-	-	750	-	-	750
Federal sources	-	-	104,976	-	-	104,976
State sources	-	55,288	-	-	30,000	85,288
Local sources	-	-	-	-	12,500	12,500
Charges for services	-	-	-	30,662	-	30,662
Other income	-	3,906	14,087	12,505	72	30,570
<b>Total Revenues</b>	<u>-</u>	<u>59,194</u>	<u>408,430</u>	<u>43,167</u>	<u>148,378</u>	<u>659,169</u>
<b>Expenditures</b>						
Public safety	-	-	133,988	-	-	133,988
Auxiliary	-	49,300	168,414	82,318	139,918	439,950
Capital outlay	-	-	32,661	-	-	32,661
Debt service - principal	-	-	465	-	-	465
Debt service - interest	-	-	127	-	-	127
<b>Total Expenditures</b>	<u>-</u>	<u>49,300</u>	<u>335,655</u>	<u>82,318</u>	<u>139,918</u>	<u>607,191</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>9,894</u>	<u>72,775</u>	<u>(39,151)</u>	<u>8,460</u>	<u>51,978</u>
<b>Other Financing Sources (Uses)</b>						
Operating transfers in (out)	-	-	-	50,000	-	50,000
Proceeds from leases	-	-	7,847	-	-	7,847
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>7,847</u>	<u>50,000</u>	<u>-</u>	<u>57,847</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>9,894</u>	<u>80,622</u>	<u>10,849</u>	<u>8,460</u>	<u>109,825</u>
<b>Fund Balance - January 1</b>	<u>118,334</u>	<u>80,680</u>	<u>170,913</u>	<u>23,444</u>	<u>115,243</u>	<u>508,614</u>
<b>Fund Balance - December 31</b>	<u>\$ 118,334</u>	<u>\$ 90,574</u>	<u>\$ 251,535</u>	<u>\$ 34,293</u>	<u>\$ 123,703</u>	<u>\$ 618,439</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CONTINGENT FUND**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Penalties	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Expenditures</b>				
General government	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	-	-
<b>Fund Balance - January 1</b>	<u>118,334</u>	<u>118,334</u>	<u>118,334</u>	<u>-</u>
<b>Fund Balance - December 31</b>	<u>\$ 118,334</u>	<u>\$ 118,334</u>	<u>\$ 118,334</u>	<u>\$ -</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**CONSERVATION TRUST FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>		<u>Final budget</u>
				<u>Favorable</u>
				<u>(Unfavorable)</u>
<b>Revenues</b>				
State sources	\$ 43,250	\$ 43,250	\$ 55,288	\$ 12,038
Miscellaneous	-	-	3,906	3,906
<b>Total Revenues</b>	<u>43,250</u>	<u>43,250</u>	<u>59,194</u>	<u>15,944</u>
<b>Expenditures</b>				
Auxiliary services	<u>52,300</u>	<u>52,300</u>	<u>49,300</u>	<u>3,000</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(9,050)	(9,050)	9,894	18,944
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(9,050)	(9,050)	9,894	18,944
<b>Fund Balance - January 1</b>	<u>60,050</u>	<u>60,050</u>	<u>80,680</u>	<u>20,630</u>
<b>Fund Balance - December 31</b>	<u>\$ 51,000</u>	<u>\$ 51,000</u>	<u>\$ 90,574</u>	<u>\$ 39,574</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**EMERGENCY SERVICES FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	Budgeted Amount		Actual	Variance With Final budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 278,497	\$ 278,497	\$ 288,617	\$ 10,120
Penalties and interest	500	500	750	250
Federal sources	105,750	105,750	104,976	(774)
State sources	-	-	-	-
Miscellaneous	-	-	14,087	14,087
<b>Total Revenues</b>	<u>384,747</u>	<u>384,747</u>	<u>408,430</u>	<u>23,683</u>
<b>Expenditures</b>				
Public Safety	183,811	183,811	133,988	49,823
Auxiliary services	208,513	208,513	168,414	40,099
Capital outlay	-	-	32,661	(32,661)
Debt service - principal	-	-	465	(465)
Debt service - interest	-	-	127	(127)
<b>Total Expenditures</b>	<u>392,324</u>	<u>392,324</u>	<u>335,655</u>	<u>56,669</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>(7,577)</u>	<u>(7,577)</u>	<u>72,775</u>	<u>80,352</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	7,847	7,847
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	<u>(7,577)</u>	<u>(7,577)</u>	<u>80,622</u>	<u>88,199</u>
<b>Fund Balance - January 1</b>	<u>177,585</u>	<u>177,585</u>	<u>170,913</u>	<u>(6,672)</u>
<b>Fund Balance - December 31</b>	<u>\$ 170,008</u>	<u>\$ 170,008</u>	<u>\$ 251,535</u>	<u>\$ 81,527</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CUSTER COUNTY AIRPORT**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance With Final budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 41,300	\$ 41,300	\$ 30,662	\$ (10,638)
Miscellaneous	<u>2,000</u>	<u>2,000</u>	<u>12,505</u>	<u>10,505</u>
<b>Total Revenues</b>	<u>43,300</u>	<u>43,300</u>	<u>43,167</u>	<u>(133)</u>
<b>Expenditures</b>				
Auxiliary services	91,483	91,483	82,318	9,165
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Expenditures</b>	<u>91,483</u>	<u>91,483</u>	<u>82,318</u>	<u>9,165</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(48,183)	(48,183)	(39,151)	-9,032
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>-</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	1,817	1,817	10,849	9,032
<b>Fund Balance - January 1</b>	<u>21,539</u>	<u>21,539</u>	<u>23,444</u>	<u>1,905</u>
<b>Fund Balance - December 31</b>	<u>\$ 23,356</u>	<u>\$ 23,356</u>	<u>\$ 34,293</u>	<u>\$ 10,937</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CUSTER COUNTY LODGING AND TOURISM FUND**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 75,000	\$ 75,000	\$ 105,806	\$ 30,806
State sources	42,500	42,500	30,000	(12,500)
Local sources	-	-	12,500	12,500
Miscellaneous	-	-	72	72
<b>Total Revenues</b>	<u>117,500</u>	<u>117,500</u>	<u>148,378</u>	<u>30,878</u>
<b>Expenditures</b>				
Auxiliary services	138,000	138,000	139,918	(1,918)
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>138,000</u>	<u>138,000</u>	<u>139,918</u>	<u>(1,918)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(20,500)	(20,500)	8,460	28,960
<b>Fund Balance - January 1</b>	<u>107,960</u>	<u>107,960</u>	<u>115,243</u>	<u>7,283</u>
<b>Fund Balance - December 31</b>	<u>\$ 87,460</u>	<u>\$ 87,460</u>	<u>\$ 123,703</u>	<u>\$ 36,243</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**INSURANCE FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Reimbursed Expenses	2,000	2,000	18,476	16,476
<b>Total Operating Revenues</b>	<u>2,000</u>	<u>2,000</u>	<u>18,476</u>	<u>16,476</u>
<b>Operating Expenditures</b>				
General government	160,000	160,000	146,765	13,235
Streets and Highways	130,000	130,000	131,343	(1,343)
<b>Total Expenditures</b>	<u>290,000</u>	<u>290,000</u>	<u>278,108</u>	<u>11,892</u>
<b>Operating Income (Loss)</b>	<u>(288,000)</u>	<u>(288,000)</u>	<u>(259,632)</u>	<u>28,368</u>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	209,998	209,998	187,567	(22,431)
Specific ownership taxes	-	-	28,895	28,895
Penalties and interest	-	-	563	563
<b>Total Nonoperating Revenues (Expenses)</b>	<u>209,998</u>	<u>209,998</u>	<u>217,025</u>	<u>7,027</u>
<b>Net Income (Loss) Before Other Financing Sources (Uses)</b>	<u>(78,002)</u>	<u>(78,002)</u>	<u>(42,607)</u>	<u>35,395</u>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Change in Net Assets</b>	<u>(78,002)</u>	<u>(78,002)</u>	<u>(42,607)</u>	<u>35,395</u>
<b>Fund Balance - January 1</b>	<u>110,227</u>	<u>110,227</u>	<u>99,888</u>	<u>(10,339)</u>
<b>Fund Balance - December 31</b>	<u>\$ 32,225</u>	<u>\$ 32,225</u>	<u>\$ 57,281</u>	<u>\$ 25,056</u>

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



**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL  
E-911 AUTHORITY BOARD  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023**

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance With Final budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Charges for services	\$ 104,000	\$ 104,000	\$ 116,083	\$ 12,083
Other	200	200	3,415	3,215
<b>Total Operating Revenues</b>	<u>104,200</u>	<u>104,200</u>	<u>119,498</u>	<u>15,298</u>
<b>Expenditures</b>				
Public Safety	49,900	49,900	71,159	(21,259)
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>49,900</u>	<u>49,900</u>	<u>71,159</u>	<u>(21,259)</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	54,300	54,300	48,339	(5,961)
<b>Fund Balance - January 1</b>	-	-	<u>429,633</u>	<u>429,633</u>
<b>Fund Balance - December 31</b>	<u>\$ 54,300</u>	<u>\$ 54,300</u>	<u>\$ 477,972</u>	<u>\$ 423,672</u>

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

**ADDITIONAL REPORTS AND SCHEDULES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

	<b>Federal CFDA Number</b>	<b>Federal Expenditures</b>
<b><u>U.S. Department of Agriculture</u></b>		
Passed through Colorado Department of Human Services:		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 29,888
Passed through Care and Share, Inc.:		
Emergency Food Assistance Program (Food Commodities)	10.569	12,758
<b>Total Department of Agriculture</b>		<b>\$ 42,646</b>
<b><u>U.S. Environment Protection Agency</u></b>		
Passed through Colorado Department of Public Health and Environment		
EPA Performance Partnership Grants	66.605	\$ 1,735
<b><u>U.S. Department of Health and Human Services</u></b>		
Passed through Colorado Department of Human Services		
Guardianship Assistance	93.090	\$ 232
Temporary Assistance for Needy Families	93.558	49,070
Child Support Enforcement	93.563	44,140
Low-Income Home Energy Assistance	93.568	163,006
Community Service Block Grant	93.569	11,559
Child Care and Development Block Grant	93.575	8,898
Child Care Mandatory and Matching Funds of Child Care and Development Fund	93.596	4,694
Stephanie Tubbs Jones Child Welfare Services Program	93.645	2,983
Foster Care - Title IV - E	93.658	34,468
Adoption Assistance	93.659	1,588
Social Services Block Grant	93.667	5,456
Elder Abuse Prevention Interventions Program	93.747	3,698
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	3,688
<b>Total Colorado Department of Health and Human Services</b>		<b>\$ 333,480</b>
Passed through Colorado Department of Public Health and Environment		
Medical Reserve Corps Small Grant Program	93.008	\$ 1,464
Public Health Emergency Preparedness	93.069	23,944
Immunization Cooperative Agreement	93.268	6,804
COVID 19 - Cooperative Agreement for Emergency Response	93.354	83,954
Maternal and Child Health Services Block Grant to the States	93.994	4,516
<b>Total Colorado Department of Public Health and Environment</b>		<b>\$ 120,682</b>
Passed through Colorado Department of Early Childhood		
Child Care and Development Block Grant	93.575	\$ 156,769
Passed through State Department of Health Care Policy and Financing		
Medical Assistance Program	93.778	\$ 33,292
<b>Total Department of Health and Human Services</b>		<b>\$ 644,223</b>
<b><u>U.S. Department of the Treasury</u></b>		
Passed through the State of Colorado		
TREAS Local Assistance and Tribal Consistency Fund	21.032	\$ 42,214
<b><u>U.S. Department of Homeland Security</u></b>		
Passed through State Department of Public Safety, Division of Homeland Security and Emergency Management		
Emergency Management Program Grant	97.042	\$ 71,440
Building Resilient Infrastructure and Communities	97.047	25,025
<b>Total Department of Homeland Security</b>		<b>\$ 96,465</b>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b>\$ 827,283</b>

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

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**Note A - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Custer County, Colorado under programs of the federal government for the year ended December 31, 2023. The information in the 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 B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note C - Indirect Costs**

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

**Note D - Risk Based Audit Approach**

The dollar threshold used to distinguish between Type A and Type B programs is \$750,000. The County does not qualify as a low-risk auditee.

**Note E - Food Distribution**

Commodities are passed through to the County from Care and Share, Inc., they are valued at \$12,758.

# Garren, Ross & DeNardo, Inc.

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August 29, 2024

Board of Commissioners  
Custer County, Colorado  
Westcliffe, Colorado

## **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 Governmental Auditing Standards**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Custer County, Colorado, as of and for the year ended December 31, 2023 and the related notes to the financial statements, which collectively comprise Custer County's basic financial statements, and have issued our report thereon dated August 29, 2024.

### **Report on Internal Control Over Financial Reporting**

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-01 through 2023-05 to be material weaknesses.

*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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-06 through 2023-08 to be significant deficiencies.

### **Report on Compliance and Other Matters**

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

### **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 the *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Darren Ross*  $\frac{1}{2}$  *DeMarco, Inc.*

# Garren, Ross & DeNardo, Inc.

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August 29, 2024

Board of Commissioners  
Custer County, Colorado  
Westcliffe, Colorado

## **Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance**

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

We have audited Custer County's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Custer County's major federal programs for the year ended December 31, 2023. Custer 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, Custer County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2023.

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

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

We are required to be independent of Custer 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 Custer County's compliance with the compliance requirements referred to above.

### **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contract or grant agreements applicable to Custer 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 Custer County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Custer County's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Custer 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 Custer 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 Custer 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 combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.



Our consideration of internal control over compliance was for the limited purpose described in the 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 have not been identified.

Our audit was not designed for the purpose of expressing an opinion of 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.

*Harvey, Ross & DeNardo, L.C.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

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**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?   x   yes      no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?   x   yes      no

Noncompliance material to financial statements noted?      yes   x   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified?      yes   x   no
- Significant deficiency(ies) identified that are not considered to be material weaknesses?      yes   x   no

Type of auditor's reported issued on compliance for major programs: Unmodified

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

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.568	Low-Income Home Energy Assistance
93.354	Covid 19-Cooperative Agreement for Emergency Response
93.575	Child Care and Development Block Grant

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

Auditee qualified as low-risk auditee?      yes   x   no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**Material Weaknesses**

**2023-01 Consideration to Adopt a Comprehensive Set of Written Policies and Procedures**

Condition and Context:

The County should consider adopting a comprehensive set of written policies and procedures. This should address financial transactions, record-keeping and reporting in all areas. It should also include Board policies adopted to address cash and investments, personnel, record retention and compliance.

Criteria:

Adopting a comprehensive set of written policies and procedures is considered necessary to improve financial accuracy as well as Board policies to improve consistency in record keeping and compliance.

Cause:

Policies and procedures are not followed consistently.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2023-01 Consideration to Adopt a Comprehensive Set of Written Policies and Procedures (Continued)**

Effect:

Policies and procedures in many areas are not followed which has caused inconsistencies within the operations of the County.

Recommendation:

Adopting a comprehensive set of written policies and procedures including Board policies should be considered soon.

Response:

The County will work on written policies and procedures as well as Board policies in the coming year.

**2023-02 Outstanding Balance Between Funds**

**(Repeat Finding 2022-02)**

Condition and Context:

Balances outstanding between funds should be cleared on a timely basis, in most cases, not beyond twelve months.

Criteria:

Internal controls should be in place to ensure the balances outstanding between funds are cleared.

Cause:

There are no procedures in place to ensure the outstanding balances between funds are cleared in a timely manner.

Effect:

With no procedures in place, outstanding balances are not cleared within a twelve month time frame.

Recommendation:

Implement procedures to ensure outstanding balances are cleared in a timely manner.

Response:

The County will review existing controls and make appropriate changes to improve the timeliness of clearing balances outstanding between funds.

**2023-03 Key Accounts not Being Reconciled**

**(Repeat Finding 2022-03 and 2021-01)**

Condition and Context:

Key accounts were not reconciled correctly or on a timely basis. Most importantly cash, was not being reconciled to the general ledger successfully after conversion to the new accounting software.

Criteria:

Reconciliation of key accounts is an important step to ensure financial statement accuracy.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2023-03 Key Accounts not Being Reconciled (Continued)**

**Cause:**

Reconciliations were not accurate after the conversion to the new software.

**Effect:**

Errors in recording transactions by fund and category were made and not corrected on a timely basis.

**Recommendation:**

Implement and apply formal procedures to ensure reconciliations are timely and accurately prepared.

**Response:**

The County will review existing controls and make appropriate changes to improve the accuracy of reconciliations for all key general ledger accounts.

**2023-04 Payroll Records not Reconciled**

**(Repeat Finding 2022-04 and 2021-02)**

**Condition and Context:**

Procedures were not applied to ensure that payroll records were reconciled to the general ledger and any filed payroll tax returns.

**Criteria:**

Payroll records should be reconciled to the general ledger for accurate financial reporting and to avoid compliance issues in the filing of payroll tax returns and W-2's.

**Cause:**

Reconciliations were not completed.

**Effect:**

Salaries and benefit expenses were not posted consistently to the general ledger and variances from the payroll records to payroll tax returns were unresolved.

**Recommendation:**

Implement and apply procedures on a monthly basis to properly reconcile payroll activity to the general ledger. Prior to each submission, quarterly payroll tax reports and W-2's filing should be verified and reconciled to the payroll journals.

**Response:**

The County will implement and apply procedures to properly reconcile the payroll activity to the general ledger as well as quarterly and annual procedures relating to required payroll tax reports and W-2 filings.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2023-05 Maintaining Records of State and Other Grants**

**(Repeat Finding 2022-09, 2021-07 and 2020-06)**

**Condition and Context:**

Different County departments receive grant funding and maintain the documentation within their department. We reviewed and tested various grant records and supporting documentation. A supporting file for each grant should be maintained with necessary documentation and standardized procedures and practices should be implemented throughout the various County departments.

**Criteria:**

Standardized practices and controls should be implemented throughout the County departments to ensure that responsible employees are maintaining the proper documentation and complying with the requirements of the grant.

**Cause:**

The grants are administered within different departments and employees. Procedures to ensure that all departments are consistently following the existing controls of the County are not always followed.

**Effect:**

Possible compliance issues if controls are not followed to ensure that all the necessary documentation is maintained to validate activity.

**Recommendation:**

Internal control procedures implemented should be followed to ensure proper documentation for grants are maintained. Responsibility should be assigned to maintain files containing the grant document or contract, all correspondence including reimbursement claim forms, and supporting documentation for all receipts and expenditures. Further, financial reports required by the granting agencies should be reconciled to the amounts recorded in the general ledger.

**Response:**

The County did make improvements regarding this condition. A few departments have implemented the recommendation and their grant file and supporting documents are adequate. We will continue to work with the remaining County departments and the employees to improve this deficiency.

**Significant Deficiencies**

**2023-06 Monitoring Fuel Sales**

**(Repeat Finding 2022-05, 2021-03 and 2020-01)**

**Condition and Context:**

The fuel sales and gross margin on fuel sales at the airport should be monitored. This would ensure that all sales and costs are properly reflected in the general ledger.

**Criteria:**

The gross margins on fuel sales are not always consistent, which could indicate that not all sales and cost of sales are captured correctly.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2023

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2023-06 Monitoring Fuel Sales (Continued)**

**Cause:**

The County needs to continue making improvements in capturing all transactions relating to fuel sales.

**Effect:**

Possible misstatement of the gross margin on fuel sales.

**Recommendation:**

Improvements were made during the current year. Fuel sales and cost of fuel should be monitored on a continuous basis to ensure that all sales and costs are captured correctly.

**Response:**

The County will continue to improve the monitoring of airport fuel sales and costs.

**2023-07 Posting Public Welfare Fund**

**(Repeat Finding 2022-07, 2021-05 and 2020-04)**

**Condition and Context:**

The posting of the general ledger transactions are not always posted consistently or correctly for CFMS transactions and warrants paid out for assistance. When the County encounters discrepancies or unknown transactions within the CFMS reports and their records, research of those items should be handled in a timely manner and accounted for properly.

**Criteria:**

Questions arising from activity within the CFMS system should be addressed at the time of discovery. A discrepancy is easier to identify when handled in a timely manner. The County's internal controls should be in place to ensure that transactions are coded properly and procedures in place to seek assistance when needed.

**Cause:**

The County continues to make improvements in accounting for the transactions from prior years, the established controls and procedures are not consistently followed to ensure proper coding and accounting.

**Effect:**

Possible misstatement of revenues and expenditures by program. Failure to identify and address discrepancies between the County and the CFMS system could affect the accuracy the reimbursements.

**Recommendation:**

The Department head and accounting personnel should continue to improve the accuracy of coding the revenue and expenditures to the general ledger from the CFMS reports and the warrants. The expenditures reported in CFMS should be reconciled to the general ledger on a monthly basis. The established controls should be followed to ensure that CFMS activity is properly reconciled and all discrepancies have been addressed in a timely manner. The warrants paid out for assistance should also be coded consistently to correct expenditure.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2023

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2023-07 Posting Public Welfare Fund (Continued)**

Response:

The staff is continuing to improve their procedures to eliminate this finding. The department head and the accounting personnel are making an effort to improve the accuracy of their reconciliation process and general ledger postings for both the CFMS activity and the warrants paid out. They agree with the recommendations and feel that they have made improvements from prior years. The department continues to address this issue.

**2023-08 Consistency of Recording Expenditures.**

**(Repeat Finding 2022-08, 2021-06 and 2020-05)**

Condition and Context:

During the audit, various expenditures were tested to determine if the coding was proper. We noted expenditures of the same type were recorded in several different accounts or not recorded in the correct account at all.

Criteria:

Controls established by the County should be followed to ensure that expenditures are being coded to the correct expenditure account.

Cause:

The existing procedures and controls are not consistently followed.

Effect:

Possible misstatement of expenditures by line item.

Recommendation:

It may be helpful for individuals who prepare vouchers to review the standardized chart of accounts published by the Division of Local Governments. Implement additional procedures and controls to ensure that expenditures are being coded correctly.

Response:

The accounting personnel continues to review the chart of accounts with the supporting staff that codes vouchers in an effort to correct this problem.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None

**SECTION IV - PRIOR YEAR FINDINGS**

None

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: COLORADO
	YEAR ENDING (mm/yy): 12/23

This Information From The Records Of: Custer County	Prepared By: Vernon Roth
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**I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE**

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 83,641.00
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 1,453,185.00
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	\$ 2,599.00
2. General fund appropriations		b. Snow and ice removal	\$ 767,407.00
3. Other local imposts (from page 2)	\$ 659,256.00	c. Other	\$ -
4. Miscellaneous local receipts (from page 2)	\$ 132,212.00	d. Total (a. through c.)	\$ 770,006.00
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 122,021.00
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	\$ -
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 2,428,853.00
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	\$ -	a. Interest	\$ -
7. Total (1 through 6)	\$ 791,468.00	b. Redemption	\$ -
<b>3. Private Contributions</b>		c. Total (a. + b.)	\$ -
<b>C. Receipts from State government</b>		2. Notes:	
(from page 2)	\$ 1,330,164.00	a. Interest	\$ 12,738.00
<b>D. Receipts from Federal Government</b>		b. Redemption	\$ 51,312.00
(from page 2)	\$ 17,155.00	c. Total (a. + b.)	\$ 64,050.00
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 2,138,787.00	3. Total (1.c + 2.c)	\$ 64,050.00
		<b>C. Payments to State for highways</b>	\$ -
		<b>D. Payments to toll facilities</b>	\$ -
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 2,492,903.00

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				\$ -
1. Bonds (Refunding Portion)				\$ -
<b>B. Notes (Total)</b>	\$ 505,764.00		\$ 51,312.00	\$ 454,452.00

**V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 1,345,017.00	\$ 2,138,787.00	\$ 2,492,903.00		\$ 990,901.00

Notes and Comments:



LOCAL HIGHWAY FINANCE REPORT

STATE:  
 COLORADO  
 YEAR ENDING (mm/yy):  
 12/23

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assesments	\$ 562,941.00	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 16,809.00
4. Licenses		f. Charges for Services	\$ 115,403.00
5. Specific Ownership &/or Other	\$ 96,315.00	g. Other Misc. Receipts	
6. Total (1. through 5.)	\$ 96,315.00	h. Other	
c. Total (a. + b.)	\$ 659,256.00	i. Total (a. through h.)	\$ 132,212.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes (from Item I.C.5.)	\$ 1,299,915.00	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	\$ 17,155.00
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 29,117.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other	\$ 1,132.00	f. Other Federal	
f. Total (a. through e.)	\$ 30,249.00	g. Total (a. through f.)	\$ 17,155.00
4. Total (1. + 2. + 3.f)	\$ 1,330,164.00	3. Total (1. + 2.g)	\$ 17,155.00
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	

III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation Equipment purchased		\$ 83,641.00	\$ 83,641.00
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 83,641.00	\$ 83,641.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 83,641.00	\$ 83,641.00
<i>(Carry forward to page 1)</i>			

Notes and Comments: