

Crowley County, Colorado

Financial Statements

December 31, 2020

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***r*farmer, llc**
a certified public accounting and consulting firm

Independent Auditor's Report

Board of County Commissioners
Crowley County, Colorado

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2020, 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.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The accompanying supplementary information such as the budget to actual information, the local highway finance report, and 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.

The accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary 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 July 23, 2021 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.¹⁰ 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 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.

rfarmer, llc

July 23, 2021

**CROWLEY COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDING DECEMBER 31, 2020**

The Management's Discussion and Analysis (MD&A) section is designed to assist the reader in focusing on significant financial issues, providing an overview of the County's financial activity, and identifying changes in the County's financial condition, material deviations from the financial budget and individual fund issues or concerns. Please read this section in conjunction with the County's financial statements, which follow this section.

Financial Highlights (net position, revenues & expenditures)

- The County received a number of Federal and State grants related to the Covid-19 pandemic.
- Revenues from the commercial marijuana cultivation industry were approximated 48% greater than originally estimated for 2020.
- HUTF revenues for 2020 were less than expected. Factors affecting the decreased revenue include the pandemic and resulting economic slowdown, as well as the end of state payments to counties under SB18-001 and SB19-262.
- Department of Human Services experienced decreased revenues as a result of funding cuts at the State level.
- In 2020, salaries increased between 5% to 10%.
- Purchase of capital equipment: seven new sheriff trucks \$243,600, motor grader, water truck, loader forks for \$262,356, OEM truck \$18,000, and ambulance \$230,485.
- Medicaid transportation client services taken over by the State effective July 1, 2020.
- Medicaid expenditures are greater than normal, because the Covid-19 pandemic resulted in a moratorium being issued which prevented non-qualified clients from being dropped from coverage.
- Food Assistance client benefits increased significantly. Under the Families First Coronavirus Response Act, one of the stimulus bills approved to deal with the economic impact of the Covid-19 pandemic, it eliminated the recertification process for food stamps. People who are already qualified for food benefits no longer have to recertify, thus increasing the number of eligible persons receiving benefits.
- Increase in property tax revenues which were influenced by the 35-40% increase in residential values that took effect in 2019, and the increase in marijuana cultivation properties.
- General fund cash balance increased due to growth in the cannabis industry and fee income from traffic tickets.

Overview of the Financial Statement

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

Government-Wide Financial Statement – The government-wide financial statements are designed to provide readers with a broad overview of County finances, in a manner similar to private-sector financial statements. The government-wide financial statements of the County are divided into two categories:

- **Governmental Activities** – Most of the County's basic services are included here, such as general government, public safety, judicial, economic development, building inspection and land use planning, road and bridge maintenance, emergency response, human services, and park and recreation.
- **Business-Type Activities** – The County charges fees to customers to help it cover the costs of certain services. Ambulance and water services are included here.

The **Statement of Net Position** presents information on all of the County's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these items reported as net position. Over

time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Crowley County is improving or deteriorating.

The **Statement of Activities** presents information showing how the County's net position changed during the fiscal year. All changes in net position are reported when the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods such as accounts payable or uncollected taxes.

Fund Financial Statement

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. Funds are accounting devices that the County uses to keep track of specific sources of funding and spending for particular purposes. The County uses fund accounting to ensure and demonstrate compliance with legal requirements for financial transactions and reporting. The County has two kinds of funds: governmental funds and proprietary funds.

- **Governmental funds** – Governmental funds are used to account for essentially the same functions as those reported under the governmental activities on the government-wide financial statements. However, this set of financial statements focuses on events that produce 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 financial requirements.

By comparing functions between the two sets of statements for governmental funds and governmental activities, readers may better understand the long-term impact of the government's near-term financing decisions. The Governmental Funds Balance Sheet and the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances provide a reconciliation to facilitate this comparison.

Governmental funds individually presented in Crowley County's statements include four major funds: General Fund, Road & Bridge Fund, Human Services Fund, and Other Governmental Funds. Other Governmental Funds include the following County Funds: Contingent Fund, Conservation Trust Fund, E911 Fund, Revolving Loan Fund, and EMS/Fire Fund.

- **Proprietary funds** – The County maintains two types of proprietary fund. Enterprise funds report in greater detail the same information presented as business-type activities in the government-wide financial statements for County ambulance and water services.

Notes to the Financial Statement – The notes provide additional information that is essential to fully understand the data provided in the government-wide and fund financial statements.

Other Information – In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* which includes a schedule of revenues and expenditures budget and actual for the various funds, schedule of expenditure of Federal awards, schedule of findings and questioned costs, the Local Highway Finance Report, and reports on internal control and compliance.

Government-Wide Financial Analysis

Net Position. The following table presents a summary of the County's net position for the year ended December 31, 2020 with comparison totals as of December 31, 2019. The County's *combined* net position increased \$1,652,169 (14%) primarily due to cash and cash equivalents and net investment in capital assets.

Crowley County, Colorado
Statement of Net Position
December 31, 2020

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
ASSETS						
Cash and Equivalents	\$ 7,599,322	\$ 6,377,590	\$ 1,340,378	\$ 1,979,843	\$ 8,939,700	\$ 8,357,433
Other Current Assets	\$ 2,648,551	\$ 2,467,443	\$ -	\$ 266,699	\$ 2,648,551	\$ 2,734,142
Capital Assets	\$ 6,627,309	\$ 6,676,012	\$ 3,378,986	\$ 3,140,861	\$ 10,006,295	\$ 9,816,873
Less: Accumulated						
Depreciation	\$ (3,162,661)	\$ (4,364,453)	\$ (2,458,487)	\$ (2,368,896)	\$ (5,621,148)	\$ (6,733,349)
Total Assets	\$ 13,712,521	\$ 11,156,592	\$ 2,260,877	\$ 3,018,507	\$ 15,973,398	\$ 14,175,099
LIABILITIES						
Accounts Payable	\$ 49,108	\$ 43,941	\$ 17,264	\$ 5,193	\$ 66,372	\$ 49,134
Due to Other						
Governmental Agencies	\$ 19,275	\$ 19,275	\$ -	\$ -	\$ 19,275	\$ 19,275
Unearned Revenues -						
Grants	\$ 115,208	\$ 179,984	\$ -	\$ -	\$ 115,208	\$ 179,984
Long-Term Liabilities	\$ 253,591	\$ 61,258	\$ -	\$ -	\$ 253,591	\$ 61,258
Compensated Absences	\$ 57,320	\$ 57,320	\$ -	\$ -	\$ 57,320	\$ 57,320
Total Liabilities	\$ 494,502	\$ 361,778	\$ 17,264	\$ 5,193	\$ 511,766	\$ 366,971
Deferred In-Flows of						
Resources - Property						
Taxes	\$ 2,072,437	\$ 2,071,102	\$ -	\$ -	\$ 2,072,437	\$ 2,071,102
NET POSITION						
Net Investment in Capital						
Assets	\$ 3,290,120	\$ 2,250,301	\$ 920,500	\$ 771,965	\$ 4,210,620	\$ 3,022,266
Unrestricted	\$ 7,855,462	\$ 6,473,411	\$ 1,323,113	\$ 2,241,349	\$ 9,178,575	\$ 8,714,760
Total Net Position	\$ 11,145,582	\$ 8,723,712	\$ 2,243,613	\$ 3,013,314	\$ 13,389,195	\$ 11,737,026

Net position of the County's governmental activities increased 28% to \$11,145,582 at December 31, 2020. The largest increase incurred in the cash and cash equivalent, and net investment in capital assets. The marijuana cultivation industry brought in \$716,878 in revenue, which was a 250% increase from revenues received in 2019. Additionally, funds totaling \$704,917 were transferred from our enterprise funds to general fund to cover unanticipated expenditures for 2021, and for the purchase of new equipment for the Road and Bridge Department. The increase relating to net investment in capital assets is primarily due to the purchase of \$523,956 worth of equipment.

Net position of the County's business-type activities decreased 26% to \$2,243,613. The largest decrease occurred in cash and equivalents, and other current assets. This was the result of \$704,917 in cash and other current assets being transferred to general fund to cover unanticipated expenditures for 2021, and for the purchase of new Road and Bridge equipment. Additionally, the following equipment was purchased with cash: \$230,485 for an ambulance and cot, and \$14,141 for a new well pump and motor.

Statement of Activities - Change in Net Position

Crowley County, Colorado Statement of Activities December 31, 2020						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
REVENUES						
General Revenues:						
Property Taxes, Levied for General Purposes	\$ 2,053,003	\$ 1,989,308			\$ 2,053,003	\$ 1,989,308
Use & Misc. Taxes	\$ 8,410	\$ 4,902			\$ 8,410	\$ 4,902
SO and Sales Tax	\$ 965,007	\$ 834,875			\$ 965,007	\$ 834,875
Unrestricted Investment Earnings	\$ 133,550	\$ 177,500		\$ 5,485	\$ 133,550	\$ 182,985
Miscellaneous	\$ 129,738	\$ 90,197		\$ 17,837	\$ 129,738	\$ 108,034
Adjustment to General Fixed Assets	\$ 856,727				\$ 856,727	
Gain on Sale of Assets	\$ -	\$ 4,967			\$ -	\$ 4,967
Program Revenues:						
Charges for Services	\$ 1,297,297	\$ 585,803	\$ 513,841	\$ 464,015	\$ 1,811,138	\$ 1,049,818
Operating Grants and Contributions	\$ 2,320,990	\$ 2,675,539	\$ 24,026	\$ 4,600	\$ 2,345,016	\$ 2,680,139
Capital Grants and Contributions	\$ 7,360	\$ 5,000			\$ 7,360	\$ 5,000
Total Revenues	\$ 7,772,082	\$ 6,368,091	\$ 537,867	\$ 491,937	\$ 8,309,949	\$ 6,860,028
PROGRAM EXPENSES						
Governmental Activities:						
General Government	\$ 2,067,653	\$ 1,798,975			\$ 2,067,653	\$ 1,798,975
Public Safety	\$ 1,515,998	\$ 1,533,457			\$ 1,515,998	\$ 1,533,457
Public Works	\$ 1,116,705	\$ 1,040,916			\$ 1,116,705	\$ 1,040,916
Human Services	\$ 1,329,319	\$ 1,442,758			\$ 1,329,319	\$ 1,442,758
Culture and Recreation	\$ 25,454	\$ 44,337			\$ 25,454	\$ 44,337
Interest on Long-Term Debt	\$ -	\$ 2,743			\$ -	\$ 2,743
Business-Type Activities:						
Water			\$ 292,858	\$ 221,129	\$ 292,858	\$ 221,129
Ambulance			\$ 309,792	\$ 260,926	\$ 309,792	\$ 260,926
Total Expenses	\$ 6,055,129	\$ 5,863,186	\$ 602,650	\$ 482,055	\$ 6,657,779	\$ 6,345,241
Excess (deficiency) of Revenues Before Transfers Over (Under) Expenses	\$ 1,716,953	\$ 504,905	\$ (64,783)	\$ 9,882	\$ 1,652,170	\$ 514,787
Transfers	\$ 704,917	\$ 285,147	\$ (704,917)	\$ (285,147)	\$ -	\$ -
Increase in Net Position	\$ 2,421,870	\$ 790,052	\$ (769,700)	\$ (275,265)	\$ 1,652,170	\$ 514,787
Net Position - Beginning	\$ 8,723,712	\$ 7,933,660	\$ 3,013,313	\$ 3,288,579	\$ 11,737,025	\$ 11,222,239
Net Position - Ending:	\$ 11,145,582	\$ 8,723,712	\$ 2,243,613	\$ 3,013,314	\$ 13,389,195	\$ 11,737,026

• **Governmental Activities**

Crowley County’s governmental activities net position increased \$2,421,870 (28%) during the year. The County reported an excess of revenues over expenses for the year of \$1,716,953. Revenues for governmental activities increased \$1,403,991 (22%) primarily due to an accounting adjustment to general fixed assets for the cost of assets sold, and an increase in charges for services. Of our total governmental revenues, 26% is from property taxes and 30% is from operating grants and contributions. This illustrates the County’s continued dependence on property taxes and grant funds to finance its general functions.

Governmental activities expenditures increased very little from 2019 to 2020. This is due to several factors. The State took over Medicaid transportation client payments, therefore reducing the county’s expense. Additionally, the Covid-19 pandemic minimized employee travel, and several of our departments had employees work from home.

Below are tables showing the sources of governmental activities revenue and expenditures.

Revenues by Source : Governmental Activities			Expenses by Function: Governmental Activities		
Type of Revenue	Amount	% of Total Revenue	Type of Expenditure	Amount	% of Total Expenditures
Operating Grants and Contributions	\$ 2,320,990	30%	General Government	\$ 2,067,653	34%
Property Taxes, Levied for General Purposes	\$ 2,053,003	26%	Public Safety	\$ 1,515,998	25%
Charges for Services	\$ 1,297,297	17%	Human Services	\$ 1,329,319	22%
SO and Sales Tax	\$ 965,007	12%	Public Works	\$ 1,116,705	18%
Adjustment to General Fixed Assets	\$ 856,727	11%	Culture and Recreation	\$ 25,454	0%
Unrestricted Investment Earnings	\$ 133,550	2%	Interest on Long-Term Debt	\$ -	0%
Miscellaneous	\$ 129,738	2%	Total Expenses:	\$ 6,055,129	100%
Use & Misc. Taxes	\$ 8,410	0%			
Capital Grants and Contributions	\$ 7,360	0%			
Gain on Sale of Assets	\$ -	0%			
Total Revenues:	\$ 7,772,082	100%			

- **Business-Type Activities**

Business-type activities net position decreased \$769,698 (26%) during the year. This is due to the transfer of funds to general government in the amount of \$704,917. Revenues increased \$45,930 (9%). This is primarily because of \$99,885 in Medicare account receivables for the ambulance fund.

Business-type expenses increased by \$120,595 (25%). This was due to unanticipated well and water tank repairs, and the purchase of a new ambulance and power cot.

Below are tables showing the sources of business-type activities revenues and expenditures.

Revenues by Source : Business-Type Activities			Expenses by Function: Business-Type Activities		
Type of Revenue	Amount	% of Total Revenue	Type of Expenditure	Amount	% of Total Expenditures
Charges for Services	\$ 513,841	96%	Water	\$ 292,858	49%
Operating Grants and Contributions	\$ 24,026	4%	Ambulance	\$ 309,792	51%
Unrestricted Investment Earnings	\$ -	0%	Total Expenses:	\$ 602,650	100%
Miscellaneous	\$ -	0%			
Total Revenues:	\$ 537,867	100%			

Financial Analysis of the County's Funds

Crowley County has a very strong financial position. A three-year period of ratios is reviewed for trend analysis. Our 2020 cash to liabilities ratio is 36.79, which means we have plenty of cash available to pay off our current liabilities. Our unrestricted fund balance ratio is 1.51, and has been increasing over a three-year period. Crowley County is in a position to withstand a financial emergency. Currently, general fund and road and bridge are the only funds with debt. In calculating the debt burden ratio for only these funds, the ratio has increased over a three-year period and is currently 101.69. We have appropriate revenue sources for making our debt service payments. Tax revenue and population have both incurred a steady increase. Crowley County has sufficient revenues to continue to provide the same level of services to our constituents. Crowley County is exhibiting an increasing trend in expenditures per capita; our expenditures are growing faster than our population is. Although this is a negative trend, it has little impact on the County considering our available cash position. Our operating margin ratio is 0.16, and has steadily increased. We continue to have greater revenues than we do expenditures.

The ambulance and water funds are our enterprise funds. Our current enterprise funds net position (EFNP) ratio is 0.74, but it is on a declining trend. Although the ratio is over zero, continued decline in net position may lead to insolvency. When looking at each fund individually, the water fund has had a steady decline. This is due to the poor operational state of our wells which occurred over a number of years, and the high cost of parts and materials to make necessary repairs. Once necessary repairs are made, ongoing monitoring and regular maintenance should minimize the expense and we can expect the ratio to increase. Ambulance fund experienced a significant decline in the ratio. In 2018, the EFNP ratio was 0.98 and is current 0.74 for 2020. Several factors have affected this trend.

Cost of operating supplies continues to increase each year, but our charge for services have not changed. Additionally, ambulance trip sheets have not been provided to our accounts receivable clerk in a reasonable time. This delays the timely receipt of revenue. Operational changes will be made to 2021 to try and stop the declining trend.

Capital Asset and Debt Administration

Crowley County, Colorado						
Capital Assets						
December 31, 2020						
	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Capital Assets Being Depreciated						
Buildings	\$ 1,334,561	\$ 1,334,561			\$ 1,334,561	\$ 1,334,561
Equipment & Furniture	\$ 5,292,748	\$ 5,262,388			\$ 5,292,748	\$ 5,262,388
Distribution Assets			\$ 2,274,232	\$ 2,274,232	\$ 2,274,232	\$ 2,274,232
Vehicles & Equipment			\$ 1,104,754	\$ 866,629	\$ 1,104,754	\$ 866,629
Total Capital Assets Being Depreciated	\$ 6,627,309	\$ 6,596,949	\$ 3,378,986	\$ 3,140,861	\$ 10,006,295	\$ 9,737,810
Less Accumulated Depreciation	\$ (3,162,661)	\$ (4,364,453)	\$ (2,458,487)	\$ (2,368,896)	\$ (5,621,148)	\$ (6,733,349)
Total Net Capital Assets	\$ 3,464,648	\$ 2,232,496	\$ 920,499	\$ 771,965	\$ 4,385,147	\$ 3,004,461
Construction in Progress	\$ -	\$ 79,063			\$ -	\$ 79,063
Total Capital Assets	\$ 3,464,648	\$ 2,311,559	\$ 920,499	\$ 771,965	\$ 4,385,147	\$ 3,083,524

Capital Assets

Capital assets include buildings, equipment, vehicles, infrastructure, and construction in progress. For governmental activities, the total capital assets increased by 50% in the amount \$1,153,089. This is because of \$523,956 in equipment purchases. Equipment purchased include: seven 2020 Ford F150 trucks for the sheriff department, a 2016 Ford truck for emergency management; John Deere loader forks, a 2006 GMC water truck and a 2019 CAT motor grader for the Road and Bridge department. The \$79,063 construction in progress is related to engineering design costs related to bridge construction. The Board of County Commissioners decided not to pursue this project, so it excluded from capital assets.

Business-type activities total capital assets increased \$148,534 (19%). Purchases include \$230,485 for a 2020 Ford F450 ambulance and power cot, and \$14,141 for a well pump and motor.

Long-Term Debt

Crowley County governmental activities has two, outstanding lease purchase agreements, both of which are related to the purchase of Sheriff department vehicles. One was obtained in 2017, and has two payments remaining. The other was obtained in 2020, and has five payments remaining. Accrued vacation and sick leave amounts to \$57,320, which is unchanged from 2019. Then ending debt balance in 2019 was \$118,578, and is \$310,912 in 2020. This is a 162% increase.

Budgetary Highlights

Over the course of the year, the Board of County Commissioners amended the County budget to reflect a variety of actions taken since certifying the original budget. Events that triggered the amendments include the receipt of unanticipated revenues and the need to transfer monies between funds. Information in the following table was obtained from the required supplementary information schedules of revenues and expenditures.

Crowley County, Colorado
Budget and Actual
December 31, 2020

	2020 Revenues		2020 Expenditures		2020 Other Financing Sources	
	Final Budget	Actual	Final Budget	Actual	Final Budget	Actual
Capital Assets Being Depreciated						
General	\$ 4,243,525	\$ 4,292,629	\$ 4,138,149	\$ 3,601,187	\$ 948,517	\$ 948,517
Road and Bridge	\$ 1,742,523	\$ 1,083,733	\$ 2,055,569	\$ 1,308,445	\$ -	\$ -
Human Services	\$ 1,683,614	\$ 1,314,080	\$ 1,677,902	\$ 1,272,846	\$ -	\$ -
Water	\$ 218,254	\$ 218,104	\$ 319,562	\$ 242,552	\$ (204,767)	\$ (204,917)
Ambulance	\$ 353,150	\$ 319,763	\$ 503,897	\$ 309,792	\$ (500,000)	\$ (500,000)
EMS/Fire	\$ 182,103	\$ 133,215	\$ 211,118	\$ 171,668	\$ -	\$ -
Revolving Loan Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
E-911 Fund	\$ 21,770	\$ 47,793	\$ 32,200	\$ 28,435	\$ -	\$ -
Conservation Trust	\$ 42,000	\$ 43,903	\$ 47,772	\$ 20,179	\$ -	\$ -
Contingent Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Totals:	\$ 8,486,939	\$ 7,453,220	\$ 8,986,169	\$ 6,955,104	\$ 243,750	\$ 243,600
Amount Over/(Under) Budget:	\$ (1,033,719)		\$ (2,031,065)		\$ (150)	

Significant events related to amendments include:

- Receipt of grant funds related to the Covid-19 pandemic (\$299,214).
- Lease purchase agreement for the Sheriff department vehicles (\$243,600).
- A 250% increase in cannabis industry revenues (\$511,887).
- Receipt of various other grant funds related to the Office of Emergency Management and Fire Department (\$47,750).
- Transfer of \$500,000 from the ambulance fund, and \$204,917 from the water fund to general fund to purchase equipment and to cover unanticipated expenditures for 2021.

Economic Factors and Next Year’s Budget

The financial condition of Crowley County government remains strong. Healthy reserves, continued growth in the cannabis industry, and increasing property valuations have allowed the County to maintain services without growth in the tax rate. Potential future closure of the private prison remains a concern. The Board of County Commissioners continue to work with Lobbyists in an effort to prevent closure, which would have a devastating impact on Crowley County. About 45% of all property tax revenues are from the private prison.

Southern Colorado Economic Development District published an economic overview of Crowley County ([Economic-Overview-Crowley-County-Colorado.pdf](https://www.scedd.com/Economic-Overview-Crowley-County-Colorado.pdf)). Per the report, employment declined 18.1%, and the unemployment rate was 5.8% as of November 2020. Unemployment increased has increased 2.4% since November 2019. Average annual wages per worker increased 4.1%.

For 2021, Crowley County anticipates additional property taxes as the 2020 assessed valuations increased. It is likely that State and/or Federal grant funds will become available for continued recovery from the Covid-19 pandemic. Cannabis revenue is expected to increase, as new grows are still in the process of completion. Our fire department and ambulance department have both applied for grants in order to purchase new equipment.

For various reasons, expenditures are also expected to increase for 2021. The County anticipates purchasing another motor grader and ambulance. County wells remain in disrepair, and additional repair costs have been budgeted for 2021. Our Sheriff and Dispatch departments are being impacted by several bills that have been passed, which are requiring additional oversight of their daily duties. Such oversight requires new equipment at high costs.

Infrastructure projects which may start in 2021 include an Ordway bypass water project, and the building of workforce housing.

Request for Information

This financial report is designed to provide a general overview of Crowley County's finances for all those with an interest in the government's financing. Questions concerning any of the information should be addressed to the Finance Department, 603 Main Street, Suite 2, Ordway, CO 81063, telephone (719) 267-5249 or email at lashelle.benbow@crowleycounty.net.

Crowley County, Colorado
Statement of Net Position
December 31, 2020

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
ASSETS			
Cash and Equivalents	\$ 7,599,322	\$ 1,340,378	\$ 8,939,700
Investments	285,147	-	285,147
Receivables	2,299,230	-	2,299,230
Due from Other Governmental Agencies	49,674	-	49,674
Inventories	14,500	-	14,500
Capital Assets			
Buildings	1,334,561	-	1,334,561
Equipment and Furniture	5,292,748	3,378,986	8,671,734
Less: Accumulated Depreciation	(3,162,661)	(2,458,487)	(5,621,148)
Total Capital Assets	<u>3,464,648</u>	<u>920,499</u>	<u>4,385,147</u>
Total Assets	<u>13,712,521</u>	<u>2,260,877</u>	<u>15,973,398</u>
LIABILITIES			
Accounts payable and accrued expenses	49,108	17,264	66,372
Due to other governmental agencies	19,275	-	19,275
Unearned revenues grants	115,208	-	115,208
Long-term liabilities			
Due within one year			
Capital leases	49,899	-	49,899
Due in more than one year			
Capital leases	203,692	-	203,692
Compensated absences	57,320	-	57,320
Total liabilities	<u>494,502</u>	<u>17,264</u>	<u>511,766</u>
Deferred In-Flows of Resources			
Deferred Property Taxes	<u>2,072,437</u>	<u>-</u>	<u>2,072,437</u>
NET POSITION			
Net investment in capital assets	3,290,120	920,500	4,210,620
Unrestricted	7,855,462	1,323,113	9,178,575
Total net position	<u>\$ 11,145,582</u>	<u>\$ 2,243,613</u>	<u>\$ 13,389,195</u>

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

Crowley County, Colorado
Statement of Activities
For the Year Ended December 31, 2020

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General Government	\$ 2,067,653	\$ 604,075	\$ 424,302	\$ -	\$ (1,039,276)	\$ -	\$ (1,039,276)
Public Safety	1,515,998	692,702	49,747	-	(773,549)	-	(773,549)
Public Works	1,116,705	500	662,089	7,360	(446,756)	-	(446,756)
Human Services	1,329,319	-	1,142,614	-	(186,705)	-	(186,705)
Culture and Recreation	25,454	20	42,238	-	16,804	-	16,804
Total governmental activities	<u>6,055,129</u>	<u>1,297,297</u>	<u>2,320,990</u>	<u>7,360</u>	<u>(2,429,482)</u>	<u>-</u>	<u>(2,429,482)</u>
Business-type activities:							
Water	292,858	218,104	-	-	-	(74,754)	(74,754)
Ambulance	309,792	295,737	24,026	-	-	9,971	9,971
Total business-type activities	<u>602,650</u>	<u>513,841</u>	<u>24,026</u>	<u>-</u>	<u>-</u>	<u>(64,783)</u>	<u>(64,783)</u>
Total primary government	<u>\$ 6,657,779</u>	<u>\$ 1,811,138</u>	<u>\$ 2,345,016</u>	<u>\$ 7,360</u>	<u>(2,429,482)</u>	<u>(64,783)</u>	<u>(2,494,265)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 2,053,003	\$ -	\$ 2,053,003
Use and miscellaneous taxes					8,410	-	8,410
SO and sales tax					965,007	-	965,007
Unrestricted investment earnings					133,550	-	133,550
Miscellaneous					129,738	-	129,738
Special item - adjustment to general fixed assets					856,727	-	856,727
Transfers					704,917	(704,917)	-
Total general revenues, special items, and transfers					<u>4,851,352</u>	<u>(704,917)</u>	<u>4,146,435</u>
Change in net position					<u>2,421,870</u>	<u>(769,700)</u>	<u>1,652,170</u>
Net position - beginning					<u>8,723,712</u>	<u>3,013,313</u>	<u>11,737,025</u>
Net position - ending					<u>\$ 11,145,582</u>	<u>\$ 2,243,613</u>	<u>\$ 13,389,195</u>

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

Crowley County, Colorado
Balance Sheet
Governmental Funds
December 31, 2020

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 5,166,986	\$ 1,234,678	\$ 600,493	\$ 597,163	\$ 7,599,320
Investments	285,147	-	-	-	285,147
Taxes receivable, net	1,208,420	615,285	170,185	78,547	2,072,437
Receivable from other governments	-	-	49,674	-	49,674
Other receivables	149,939	48,395	-	28,459	226,793
Inventories	-	14,500	-	-	14,500
Total assets	<u>6,810,492</u>	<u>1,912,858</u>	<u>820,352</u>	<u>704,169</u>	<u>10,247,871</u>
 LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts payable	43,335	16,091	7,294	1,663	68,383
Unearned revenues grants	115,208	-	-	-	115,208
Total liabilities	<u>158,543</u>	<u>16,091</u>	<u>7,294</u>	<u>1,663</u>	<u>183,591</u>
Deferred in-flows of resources					
Deferred property taxes	1,208,420	615,285	170,185	78,547	2,072,437
Total deferred in-flows	<u>1,208,420</u>	<u>615,285</u>	<u>170,185</u>	<u>78,547</u>	<u>2,072,437</u>
Fund balance:					
Non-spendable:					
Inventories	-	14,500	-	-	14,500
Committed:	-	1,266,982	642,873	-	1,909,855
Unassigned:	5,443,529	-	-	-	5,443,529
Assigned:					
Special revenue funds	-	-	-	623,959	623,959
Total fund balance	<u>5,443,529</u>	<u>1,281,482</u>	<u>642,873</u>	<u>623,959</u>	<u>7,991,843</u>
Total liabilities and fund balance	<u>\$ 6,810,492</u>	<u>\$ 1,912,858</u>	<u>\$ 820,352</u>	<u>\$ 704,169</u>	<u>\$ 10,247,871</u>

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

Crowley County, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2020

Total fund balances, governmental funds	\$ 7,991,843
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	3,464,648
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	(310,911)
Rounding	2
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 11,145,582</u>

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

Crowley County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2020

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 1,460,939	\$ 349,259	\$ 166,163	\$ 76,642	\$ 2,053,003
SO Tax	169,755	36,661	19,490	8,995	234,901
Sales and miscellaneous taxes	1,123,609	-	-	-	1,123,609
Fees and fines	34,615	-	-	-	34,615
Licenses and permits	9,591	500	-	-	10,091
Intergovernmental	602,609	679,135	1,128,303	89,816	2,499,863
Charges for services	659,256	-	-	47,422	706,678
Investment earnings	131,514	-	-	371	131,885
Miscellaneous	62,052	18,178	124	1,665	82,019
Rent Income	38,689	-	-	-	38,689
Total revenues	<u>4,292,629</u>	<u>1,083,733</u>	<u>1,314,080</u>	<u>224,911</u>	<u>6,915,353</u>
EXPENDITURES					
Current:					
General government	2,784,262	10,539	-	500	2,795,301
Public Safety	553,059	-	-	181,603	734,662
Public Works	-	987,964	-	-	987,964
Health and sanitation and Human Services	14,982	-	1,272,846	-	1,287,828
Culture and recreation	-	-	-	20,179	20,179
Principal	4,722	46,545	-	-	51,267
Interest and other charges	562	1,041	-	-	1,603
Capital Outlay	243,600	262,356	-	18,000	523,956
Total Expenditures	<u>3,601,187</u>	<u>1,308,445</u>	<u>1,272,846</u>	<u>220,282</u>	<u>6,402,760</u>
Excess (deficiency) of revenues over expenditures	<u>691,442</u>	<u>(224,712)</u>	<u>41,234</u>	<u>4,629</u>	<u>512,593</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from long-term debt, net	243,600	-	-	-	243,600
Transfers in	704,917	-	-	-	704,917
Total other financing sources and uses	<u>948,517</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>948,517</u>
Net change in fund balance	1,639,959	(224,712)	41,234	4,629	1,461,110
Fund balance - beginning	3,803,570	1,506,194	601,639	619,330	6,530,733
Fund balance - ending	<u>\$ 5,443,529</u>	<u>\$ 1,281,482</u>	<u>\$ 642,873</u>	<u>\$ 623,959</u>	<u>\$ 7,991,843</u>

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

Crowley County, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2020

Net change in fund balances - total governmental funds: \$ 1,461,110

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

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$523,959 is more than depreciation of \$227,594 in the current period. 296,365

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. 856,727

Governmental funds report debt proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of debt principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. (192,333)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Accrued vacation and sick leave 1

Change in net positions of governmental activities \$ 2,421,870

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

Crowley County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2020

	Enterprise Funds		
	Water	Ambulance	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,113,416	\$ 147,353	\$ 1,260,769
Accounts Receivable, net	-	79,610	79,610
Total current assets	<u>1,113,416</u>	<u>226,963</u>	<u>1,340,379</u>
Non-current assets:			
Capital Assets:			
Utility System	2,274,232	-	2,274,232
Equipment and Furniture	145,833	958,921	1,104,754
Less Accumulated depreciation	<u>(1,795,605)</u>	<u>(662,882)</u>	<u>(2,458,487)</u>
Total non-current assets	<u>624,460</u>	<u>296,039</u>	<u>920,499</u>
Total assets	<u>1,737,876</u>	<u>523,002</u>	<u>2,260,878</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>11,079</u>	<u>6,186</u>	<u>17,265</u>
Total current liabilities	<u>11,079</u>	<u>6,186</u>	<u>17,265</u>
Total liabilities	<u>11,079</u>	<u>6,186</u>	<u>17,265</u>
NET POSITION			
Net investment in capital assets	624,460	296,039	920,499
Unrestricted	<u>1,102,337</u>	<u>220,777</u>	<u>1,323,114</u>
Total net position	<u>\$ 1,726,797</u>	<u>\$ 516,816</u>	<u>\$ 2,243,613</u>

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

Crowley County, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2020

	Enterprise Funds		
	Water	Ambulance	Total
OPERATING REVENUES			
Charges for services	\$ 218,104	\$ 295,737	\$ 513,841
Miscellaneous revenue	-	24,026	24,026
Total operating revenues	218,104	319,763	537,867
OPERATING EXPENSES			
Personal services	2,082	134,456	136,538
Contractual services	66,800	-	66,800
Utilities	65,936	3,428	69,364
Repairs and maintenance	84,682	6,947	91,629
Other supplies and expenses	13,411	41,951	55,362
Insurance claims and expenses	5,000	3,637	8,637
Bad debts	-	64,125	64,125
Miscellaneous expenses	4,641	15,963	20,604
Depreciation	50,306	39,285	89,591
Total Operating Expenses	292,858	309,792	602,650
Operating income (loss)	(74,754)	9,971	(64,783)
Income (loss) before contributions and transfers	(74,754)	9,971	(64,783)
OTHER FINANCING SOURCES (USES)			
Transfers out	(204,917)	(500,000)	(704,917)
Change in net position	(279,671)	(490,029)	(769,700)
Total net position - beginning	2,006,468	1,006,845	3,013,313
Total net position - ending	\$ 1,726,797	\$ 516,816	\$ 2,243,613

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

Crowley County, Colorado
Statement of Cash Flows
Proprietary Fund Types
for the year ended December 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
Cash Received from Charges for Services	\$ 218,104	\$ 277,909	\$ 496,013
Cash Received from Miscellaneous Sources	-	24,026	24,026
Cash Payments to Suppliers for Goods & Services	(230,047)	(134,402)	(364,449)
Cash Payments for Salaries & Benefits	<u>(2,082)</u>	<u>(134,456)</u>	<u>(136,538)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(14,025)</u>	<u>33,077</u>	<u>19,052</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:			
Redemption of Investments	204,918	-	204,918
Purchase of Fixed Assets	<u>(7,640)</u>	<u>(230,486)</u>	<u>(238,126)</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>197,278</u>	<u>(230,486)</u>	<u>(33,208)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Transfer out	<u>(204,917)</u>	<u>(500,000)</u>	<u>(704,917)</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>(204,917)</u>	<u>(500,000)</u>	<u>(704,917)</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	(21,664)	(697,409)	(719,073)
Cash & Cash Equivalents:			
Beginning of Year	<u>1,135,081</u>	<u>844,762</u>	<u>1,979,843</u>
End of Year	<u>\$ 1,113,417</u>	<u>\$ 147,353</u>	<u>\$ 1,260,770</u>

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

Crowley County, Colorado
Statement of Cash Flows
Proprietary Fund Types
for the year ended December 31, 2020
(continued)

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
Operating Income (Loss)	\$ (74,754)	\$ 9,971	\$ (64,783)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:			
Depreciation	50,306	39,285	89,591
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivables:	-	(17,828)	(17,828)
Increase (Decrease) in Accounts Payable	10,423	1,649	12,072
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (14,025)</u>	<u>\$ 33,077</u>	<u>\$ 19,052</u>
 Analysis of cash:			
Cash with County Treasurer	<u>1,113,416</u>	<u>147,353</u>	<u>1,260,769</u>
TOTAL	<u>\$ 1,113,416</u>	<u>\$ 147,353</u>	<u>\$ 1,260,769</u>

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

Crowley County, Colorado
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2020

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	\$ 206,059
Total assets	206,059
 LIABILITIES:	
Due to other governmental units	206,059
Total liabilities	\$ 206,059

The accompanying notes to financial statements
are an integral part of these statements

Crowley County, Colorado
Notes to the Financial Statements
December 31, 2020

Note 1 Summary of Significant Accounting Policies

The financial statements of Crowley County, Colorado (the “County”) are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the County are discussed below:

Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the County, and (b) organizations for which the County is financially accountable. The County is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and it either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the County. Organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the County is not financially accountable for any other entity.

Government-Wide and Fund Financial Statements

The County’s basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County’s sheriff’s protection, road maintenance, culture and recreation, and administration are classified as governmental activities

The government-wide Statement of Activities reports both the gross and net cost of each of the County’s functions. The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the County as an entity and the change in the County’s net position resulting from the current year’s activities.

Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, net position, revenues, and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The main sources of revenues include property taxes, specific ownership taxes, sales taxes, and intergovernmental revenues. The expenditures include general government and public safety.
- The *Road and Bridge Fund* accounts for assets and earnings to be used for road and bridge maintenance. The main sources of revenues include property taxes and highway user's trust fund revenues. The expenditures are mainly for public works which includes road and bridge maintenance.
- The *Department of Human Services* accounts for assets and earnings to be used for welfare expenditures. The main sources of revenues include property taxes and intergovernmental revenues which include both state and federal programs. The expenditures are mainly for benefits paid to qualifying recipients.

The County reports the following non-major funds:

- The *Contingent Fund* accounts for assets and earnings that are governed by CRS.
- The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.
- The *E911 Fund* accounts for assets and earnings that are used for the public safety communication system.
- The *Revolving Loan Fund* accounts for loans made to and collections from qualifying individuals.
- The *EMS/Fire Fund* accounts for property taxes and other revenues relating to EMS and Fire Services.

The County reports the following business-type funds:

- The *Water Fund* accounts for sales and purchases of water to the County users. This fund also accounts for all the water shares owned by the County.
- The *Ambulance Fund* accounts for the ambulance services provided by the County.

The County agency funds are the County Treasurer and County Clerk whose activity is added together for the financial statements and is reported as a fiduciary fund. The fiduciary fund activity is not included in any other financial statement.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Financial Statement Presentation

Amounts reported as program revenues include (1) charges to customers and applicants for goods, services, or privileges, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Investments

Investments are stated at fair market value, which is the same as cost and include certificates of deposit.

Inventories

Inventories are stated at the lower of cost or market using first-in, first-out (FIFO) to record the changes.

Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the County.

The County recognizes a receivable, net of estimated uncollectible amounts, for property tax levied upon certification to the County Treasurer. A deferred in-flow is recorded in the same amount since the taxes are not available at year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Capital Assets

Capital assets, which include land, land improvements, distribution systems, buildings, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. New infrastructure costs will be capitalized as of January 1, 2004 and future years.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40-50
Machinery and equipment	7-10
Vehicles	7-10
Infrastructure	75

Vacation Days & Sick Leave

Unused vacation hours are carried over into the next year with hours accrued monthly beginning with the first full month after date of hire. Unused vacation is paid upon termination. Sick leave is also accrued monthly with a maximum of 420 hours or 480 hours, depending on how many hours are worked weekly. Upon termination, 10% of the accrued sick leave will be paid to the employee.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP required the County's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Legal Provisions and Authorization for Deposits

The County is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

Contraband

Per Colorado Contraband Forfeiture Act (C.R.S. 16-13-501 to 511), proceeds received from the seizure of contraband must be used for the specific purpose of law enforcement activities. These proceeds are exempt from the appropriation process. Crowley County received no material proceeds from contraband during the year.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

Annually the County reviews the various accounts receivable balances in the Ambulance Fund and makes a determination of what the allowance should be. The amount may vary from year to year.

Business-type Activities

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various proprietary funds.

Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures or expenses in the funds involved. Transactions which constitute

reimbursement of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. Transfers of equity to proprietary funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Note 2 Stewardship, Compliance and Accountability

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado, the County followed the required timetable noted below in preparing, approving, and enacting its budget for each year.

For each budget year, prior to August 25, the County Assessor sent to the County an assessed valuation of all taxable property within the County's boundaries.

The Administrative Assistant, or other qualified person appointed by the Commissioners, submitted to the Commissioners, on or before October 15, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the County's operating requirements.

Prior to December 15, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the County may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2018 were collected in 2019 and taxes certified in 2019 will be collected in 2020. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

During the year, supplemental appropriations budgets were adopted due to unanticipated expenditures.

TABOR Amendment

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

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

In November 1996, the voters of the County approved a ballot initiative permitting the County to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatever, without limitation, in 1995 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

The County's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Note 3

Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all governments deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The 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 depositories as a group. The market value of the funds held as collateral must be at least equal to 102% of the aggregate uninsured deposits.

The County had \$8,939,198 in local banks which was covered by the Federal Deposit Insurance Corporation (FDIC) and PDPA. The County also had \$500 cash on hand.

Custodial Credit Risk

The County is not exposed to custodial credit risk in that all cash and investments, except the amounts with COLOTRUST and held by Morgan Stanley, are covered by FDIC insurance and by the PDPA. The County does receive notification from the bank that the bank is in compliance with the Public Depository Protection Act as defined in Colorado Revised Statutes, as amended.

Investments

Colorado Statutes authorize the County to invest in any of the following:

Repurchase agreements, obligations of the United States or obligations unconditionally guaranteed by the United States, obligations of the State of Colorado and most general obligations of units of local government, federally insured mortgages and student loans.

Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is COLOTRUST).

COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P.
- Portfolio Type: U.S. Treasury Securities, U.S. Government Agencies, Purchase Agreements.
- Rating: AAAM by S&P Global Ratings.
- Liquidity: Same day liquidity available.

- NAV Type: Stable NAV, traditional stable \$1.00 NAV.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.

The County had \$3,405,207 invested in COLOTRUST at year-end.

The County is not exposed to any other investment risks as defined in GASB 40.

Note 4 Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets being Depreciated				
Buildings	\$ 1,334,561	\$ -	\$ -	\$ 1,334,561
Equipment & Furniture	5,262,388	523,956	(493,596)	5,292,748
Total Capital Assets being Depreciated	6,596,949	523,956	(493,596)	6,627,309
Less Accumulated Depreciation	(4,364,453)	(227,594)	1,429,386	(3,162,661)
Total Capital Assets, net	2,232,496	296,362	935,790	3,464,648
Construction in Progress	79,063	-	(79,063)	-
Total Capital Assets	<u>\$ 2,311,559</u>	<u>\$ 296,362</u>	<u>\$ 856,727</u>	<u>\$ 3,464,648</u>

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

Governmental Activities:	
Recreation	\$ 5,275
General Government	6,857
Public Safety	98,300
Public Works	117,162
Total Depreciation Expense – Governmental Activities	<u>\$ 227,594</u>

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets being Depreciated				
Distribution Assets	\$ 2,274,232	\$ -	\$ -	\$ 2,274,232
Vehicles & Equipment	866,629	238,125	-	1,104,754
Total Capital Assets being Depreciated	3,140,861	238,125	-	3,378,986
Less Accumulated Depreciation	(2,368,896)	(89,591)	-	(2,458,487)
Total Capital Assets	<u>\$ 771,965</u>	<u>\$ 148,534</u>	<u>\$ -</u>	<u>\$ 920,499</u>

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

Business-Type Activities:	
Water Distribution	\$ 50,306
Ambulance Services	39,285
Total Depreciation Expense – Business-Type Activities	<u>\$ 89,591</u>

Note 5 Long-term Debt

A summary of changes in long-term debt is:

	Balance 1/1/2020	Increases	Decreases	Balance 12/31/2020	Due in One year
Governmental-Type Activities	\$ 61,258	\$ 243,600	\$ (51,266)	\$ 253,592	\$ 49,899
Accrued Vacation & Sick Leave	57,320	-	-	57,320	-
	<u>\$ 118,578</u>	<u>\$ 243,600</u>	<u>\$ (51,266)</u>	<u>\$ 310,912</u>	<u>\$ 49,899</u>

General Long-Term Debt

During 2015 the County entered into a lease purchase agreement for two motor graders. The note was paid in full during 2020 with interest of \$1,041.

During 2017, the County entered into a lease purchase agreement for a new sheriff vehicle. The total purchase price was \$28,892. After an initial payment of \$5,284, there will be five annual payments of \$5,284 which include principle and interest. Interest is at a rate of 3.82%. Future payments are as follows:

	Principal	Interest	Total
2021	\$ 4,902	\$ 382	\$ 5,284
2022	5,090	196	5,286
	<u>\$ 9,992</u>	<u>\$ 578</u>	<u>\$ 10,570</u>

During 2020, the County entered into an agreement to buy new sheriff's vehicles. The total purchase price was \$243,600. The terms call for five annual payments of \$54,714 each with the first payment due January 2021. The note bears interest at a 4% rate with the annual payment including principal and interest as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	\$ 44,997	\$ 9,717	\$ 54,714
2022	46,770	7,944	54,714
2023	48,641	6,073	54,714
2024	50,587	4,127	54,714
2025	52,605	2,109	54,714
	<u>\$ 243,600</u>	<u>\$ 29,970</u>	<u>\$ 273,570</u>

Note 6

Risk Management

County Workers' Compensation Pool

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

Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage.

The 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.

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, do to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible.

Note 7**Joint Ventures**

The County participates in various pools covering workers' compensation and property and casualty losses. These joint ventures do not meet the criteria for inclusion within the reporting entity because the pools:

- are financially independent and responsible for their own financial deficits and entitled to their own surpluses,
- have separate governing boards from that of the County, which is comprised of one voting member from each participating County,
- have governing boards and management who have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities, and determining the outcome or disposition of matters affecting the recipients of services provided, and
- have absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and control fiscal management.

Note 8**Contingent Liabilities**

During the latter part of 2004, the State of Colorado, Department of Human Services converted to a new accounting system to account for the public welfare costs, revenues and eligible clients. The accounting system failed and several clients received more welfare benefits than they were entitled. It was ruled in federal court that if a welfare client received excess funds as a result of the State of Colorado, Department of Human Services or the County Department of Social Services error or errors, the welfare client was not responsible for repaying the excess amount and the State and County could not start a collection effort. The State has not decided if they will pursue collection efforts against the County for any excess payments made because of the accounting system errors. The amount of liability, if any, that the County could owe to the State because of the errors is not known and the impact on the financial statements, if any, cannot be determined.

Note 9**Pension Plan**

The County provides pension benefits for all of its full-time employees who work at least 30 hours per week for 12 months out of the year through a defined contribution plan administered by Colorado Retirement Association (CRA). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after one year of full-time employment. The County rate of contribution is 5% for the retirement plan. The employee must contribute 4% and may contribute more at their election. The County's contributions for each employee and interest allocated to the employee's account are fully vested immediately.

Plan provisions and contribution requirements are established and may be amended by the Commissioners.

The County's total payroll during 2020 was \$2,359,586. The County's contributions were calculated using the covered payroll of \$1,772,624. Both the County and the covered employees made the required contributions, amounting to \$88,570 and \$70,905 respectively.

A deferred compensation plan under Section 457 of the Internal Revenue Code is also available to all eligible employees for voluntary contributions of up to a maximum specified by the Internal Revenue Service. Employees are eligible to participate on the first day of the monthly following date of hire. The plan is administered by CRA and plan provisions are established and may be amended by the Commissioners.

Note 10

Fund Balances

The County has applied the requirements of GASB 54 – Fund Balance Reporting.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) 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 specific purposes according to the limitations imposed by the County's highest level of decision making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes but is neither restricted nor committed. The intended use may be expressed by the County 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 that 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.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted funds first. Unrestricted fund balance will be used in the following order: committed, assigned, unassigned.

In the financial statements, the governmental fund reports the following classification of fund balance at December 31, 2020:

	<u>Fund Financial Statements</u>
Nonspendable	
Inventory	\$ 14,500
Committed	
Department of Human Services	642,873
Road & Bridge	1,266,982
Total Committed Emergency Operating	<u>1,909,855</u>
Assigned	
Non-Major Funds	<u>623,959</u>
Unassigned	<u>5,443,529</u>
Total Fund Balance	<u><u>\$ 7,991,843</u></u>

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Crowley County, Colorado
Budget and Actual
General
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,480,273	\$ 1,480,273	\$ 1,460,939
SO Taxes	180,000	258,000	169,755
Sales and miscellaneous taxes	598,800	1,054,500	1,123,609
Fees and fines	33,700	33,700	34,615
Licenses and permits	4,000	4,000	9,591
Intergovernmental	239,485	386,364	602,609
Charges for services	660,059	692,088	659,256
Investment earnings	150,500	153,000	131,514
Rental income	42,300	42,300	38,689
Miscellaneous	132,000	139,300	62,052
Total revenues	<u>3,521,117</u>	<u>4,243,525</u>	<u>4,292,629</u>
EXPENDITURES			
Current:			
General government	2,657,926	3,262,788	2,784,262
Public Safety	543,300	606,866	553,059
Health	19,611	19,611	14,982
Debt Service:			
Principal	4,722	4,722	4,722
Interest and other charges	562	562	562
Capital Outlay	-	243,600	243,600
Total Expenditures	<u>3,226,121</u>	<u>4,138,149</u>	<u>3,601,187</u>
Excess (deficiency) of revenues over expenditures	<u>294,996</u>	<u>105,376</u>	<u>691,442</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from long term debt	-	243,600	243,600
Transfers in	-	704,917	704,917
Total other financing sources and uses	<u>-</u>	<u>948,517</u>	<u>948,517</u>
Net change in fund balance	294,996	1,053,893	1,639,959
Fund balance - beginning	4,054,108	4,054,108	3,803,570
Fund balance - ending	<u>\$ 4,349,104</u>	<u>\$ 5,108,001</u>	<u>\$ 5,443,529</u>

Crowley County, Colorado
Budget and Actual
Road & Bridge
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 357,993	\$ 361,593	\$ 349,259
SO Taxes	25,000	34,000	36,661
Licenses and permits	200	200	500
Intergovernmental	1,313,800	1,313,800	679,135
Miscellaneous	15,000	32,930	18,178
Total revenues	<u>1,711,993</u>	<u>1,742,523</u>	<u>1,083,733</u>
EXPENDITURES			
Current:			
General government	22,000	22,000	10,539
Highways and roads	1,033,034	1,050,934	987,964
Debt Service:			
Principal	46,243	46,243	46,545
Interest and other charges	1,392	1,392	1,041
Capital Outlay	935,000	935,000	262,356
Total Expenditures	<u>2,037,669</u>	<u>2,055,569</u>	<u>1,308,445</u>
Excess (deficiency) of revenues over expenditures	<u>(325,676)</u>	<u>(313,046)</u>	<u>(224,712)</u>
Net change in fund balance	(325,676)	(313,046)	(224,712)
Fund balance - beginning	1,411,645	1,411,645	1,506,194
Fund balance - ending	<u>\$ 1,085,969</u>	<u>\$ 1,098,599</u>	<u>\$ 1,281,482</u>

Crowley County, Colorado
Budget and Actual
Human Services
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 171,143	\$ 171,143	\$ 166,163
SO Taxes	-	-	19,490
Intergovernmental	1,354,153	1,512,221	1,128,303
Miscellaneous	250	250	124
Total revenues	<u>1,525,546</u>	<u>1,683,614</u>	<u>1,314,080</u>
EXPENDITURES			
Current:			
Health and welfare	<u>1,506,480</u>	<u>1,677,902</u>	<u>1,272,846</u>
Total Expenditures	<u>1,506,480</u>	<u>1,677,902</u>	<u>1,272,846</u>
Excess (deficiency) of revenues over expenditures	<u>19,066</u>	<u>5,712</u>	<u>41,234</u>
Net change in fund balance	19,066	5,712	41,234
Fund balance - beginning	580,477	580,477	601,639
Fund balance - ending	<u>\$ 599,543</u>	<u>\$ 586,189</u>	<u>\$ 642,873</u>

Crowley County, Colorado
Budget and Actual
Water
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 218,104	\$ 218,104	\$ 218,104
Miscellaneous	150	150	-
Total revenues	<u>218,254</u>	<u>218,254</u>	<u>218,104</u>
EXPENDITURES			
Personal services	71,151	71,151	2,082
Contractual services	1,500	62,500	66,800
Utilities	60,000	60,000	65,936
Repairs and maintenance	26,250	79,050	84,682
Other supplies and expenses	12,500	17,000	13,411
Insurance claims and expenses	4,000	4,000	5,000
Miscellaneous	14,255	25,861	4,641
Total Operating Expenses	<u>189,656</u>	<u>319,562</u>	<u>242,552</u>
Operating income (loss)	28,598	(101,308)	(24,448)
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(204,767)	(204,917)
Total other financing sources and uses	<u>(204,767)</u>	<u>(204,767)</u>	<u>(204,917)</u>
RECONCILING ITEM			
Depreciation	-	-	(50,306)
Net change in net position	(176,169)	(306,075)	(279,671)
Net position - beginning	2,053,313	2,053,313	2,006,468
Net position - ending	<u>\$ 1,877,144</u>	<u>\$ 1,747,238</u>	<u>\$ 1,726,797</u>

Crowley County, Colorado
Budget and Actual
Ambulance
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 76,500	\$ 76,500	\$ -
Charges for services	276,650	276,650	295,737
Miscellaneous	-	-	24,026
Total revenues	<u>353,150</u>	<u>353,150</u>	<u>319,763</u>
EXPENDITURES			
Personal services	121,812	133,432	134,456
Utilities	2,600	2,600	3,428
Repairs and maintenance	154,450	240,935	6,947
Other supplies and expenses	31,400	45,600	106,076
Insurance claims and expenses	2,600	2,600	3,637
Miscellaneous	24,900	24,900	15,963
Depreciation	53,830	53,830	39,285
Total Operating Expenses	<u>391,592</u>	<u>503,897</u>	<u>309,792</u>
Operating income (loss)	(38,442)	(150,747)	9,971
OTHER FINANCING SOURCES (USES)			
Transfers out	-	(500,000)	(500,000)
Total other financing sources and uses	<u>-</u>	<u>(500,000)</u>	<u>(500,000)</u>
Net change in net position	(38,442)	(650,747)	(490,029)
Net position - beginning	1,066,395	1,066,395	1,006,845
Net position - ending	<u>\$ 1,027,953</u>	<u>\$ 415,648</u>	<u>\$ 516,816</u>

**Crowley County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2020**

	<u>E-911</u>	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Revolving Loan Fund</u>	<u>EMS/Fire</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 98,566	\$ 252,116	\$ 29,355	\$ 750	\$ 216,376	\$ 597,163
Taxes receivable, net	-	-	-	-	78,547	78,547
Other receivables	28,459	-	-	-	-	28,459
Total assets	<u>127,025</u>	<u>252,116</u>	<u>29,355</u>	<u>750</u>	<u>294,923</u>	<u>704,169</u>
LIABILITIES AND FUND BALANCE						
Liabilities:						
Accounts payable	-	-	-	-	1,663	1,663
Total liabilities	-	-	-	-	1,663	1,663
Deferred in-flows of resources						
Deferred property taxes	-	-	-	-	78,547	78,547
Total deferred in-flows	-	-	-	-	78,547	78,547
Fund balance :						
Assigned	127,025	252,116	29,355	750	214,713	623,959
Fund balance:	<u>127,025</u>	<u>252,116</u>	<u>29,355</u>	<u>750</u>	<u>214,713</u>	<u>623,959</u>
Total liabilities and fund balance	<u>\$ 127,025</u>	<u>\$ 252,116</u>	<u>\$ 29,355</u>	<u>\$ 750</u>	<u>\$ 294,923</u>	<u>\$ 704,169</u>

Crowley County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balance
Other Governmental Funds
For the Year Ended December 31, 2020

	<u>E-911</u>	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Revolving Loan Fund</u>	<u>EMS/Fire</u>	<u>Total-Other Governmental Funds</u>
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 76,642	\$ 76,642
SO Taxes	-	-	-	-	8,995	8,995
Intergovernmental	-	42,238	-	-	47,578	89,816
Charges for services	47,422	-	-	-	-	47,422
Investment earnings	371	-	-	-	-	371
Miscellaneous	-	1,665	-	-	-	1,665
Total revenues	<u>47,793</u>	<u>43,903</u>	<u>-</u>	<u>-</u>	<u>133,215</u>	<u>224,911</u>
EXPENDITURES						
Current:						
General government	500	-	-	-	-	500
Public Safety	27,935	-	-	-	153,668	181,603
Culture and recreation	-	20,179	-	-	-	20,179
Capital Outlay	-	-	-	-	18,000	18,000
Total Expenditures	<u>28,435</u>	<u>20,179</u>	<u>-</u>	<u>-</u>	<u>171,668</u>	<u>220,282</u>
Excess (deficiency) of revenues over expenditures	<u>19,358</u>	<u>23,724</u>	<u>-</u>	<u>-</u>	<u>(38,453)</u>	<u>4,629</u>
Net change in fund balance	19,358	23,724	-	-	(38,453)	4,629
Fund balance - beginning	107,667	228,392	29,355	750	253,166	619,330
Fund balance - ending	<u>\$ 127,025</u>	<u>\$ 252,116</u>	<u>\$ 29,355</u>	<u>\$ 750</u>	<u>\$ 214,713</u>	<u>\$ 623,959</u>

Crowley County, Colorado
Budget and Actual
EMS/Fire
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 78,143	\$ 78,143	\$ 76,642
SO Taxes	10,500	10,500	8,995
Intergovernmental	68,350	93,350	47,578
Investment earnings	110	110	-
Total revenues	<u>157,103</u>	<u>182,103</u>	<u>133,215</u>
EXPENDITURES			
Current:			
Public Safety	142,693	192,118	153,668
Capital Outlay	19,000	19,000	18,000
Total Expenditures	<u>161,693</u>	<u>211,118</u>	<u>171,668</u>
Excess (deficiency) of revenues over expenditures	<u>(4,590)</u>	<u>(29,015)</u>	<u>(38,453)</u>
Net change in fund balance	(4,590)	(29,015)	(38,453)
Fund balance - beginning	272,156	272,156	253,166
Fund balance - ending	<u>\$ 267,566</u>	<u>\$ 243,141</u>	<u>\$ 214,713</u>

**Crowley County, Colorado
 Budget and Actual
 Revolving Loan Fund
 For the year ended December 31, 2020**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance - beginning	750	750	750
Fund balance - ending	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>

Crowley County, Colorado
Budget and Actual
E-911
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 21,270	\$ 21,270	\$ 47,422
Investment earnings	500	500	371
Total revenues	<u>21,770</u>	<u>21,770</u>	<u>47,793</u>
EXPENDITURES			
Current:			
General government	500	500	500
Public Safety	19,600	31,700	27,935
Total Expenditures	<u>20,100</u>	<u>32,200</u>	<u>28,435</u>
Excess (deficiency) of revenues over expenditures	<u>1,670</u>	<u>(10,430)</u>	<u>19,358</u>
Net change in fund balance	1,670	(10,430)	19,358
Fund balance - beginning	108,398	108,398	107,667
Fund balance - ending	<u>\$ 110,068</u>	<u>\$ 97,968</u>	<u>\$ 127,025</u>

Crowley County, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 38,000	\$ 38,000	\$ 42,238
Miscellaneous	4,000	4,000	1,665
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>43,903</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>45,972</u>	<u>47,772</u>	<u>20,179</u>
Total Expenditures	<u>45,972</u>	<u>47,772</u>	<u>20,179</u>
Excess (deficiency) of revenues over expenditures	<u>(3,972)</u>	<u>(5,772)</u>	<u>23,724</u>
Net change in fund balance	(3,972)	(5,772)	23,724
Fund balance - beginning	220,941	220,941	228,392
Fund balance - ending	<u>\$ 216,969</u>	<u>\$ 215,169</u>	<u>\$ 252,116</u>

Crowley County, Colorado
Budget and Actual
Contingent
For the year ended December 31, 2020

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property taxes	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	-	-	-
Fund balance - beginning	29,359	29,359	29,355
Fund balance - ending	<u>\$ 29,359</u>	<u>\$ 29,359</u>	<u>\$ 29,355</u>

Crowley County, Colorado
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2020

GRANT TITLE		FEDERAL CFDA NUMBER	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
	<u>PASS THRU AGENCY</u>			
Child Care - Title IV-B	Colo Dept of Human Services	93.645	\$ 9,334	
IV-E FC - Title IV-E	Colo Dept of Human Services	93.658	124,560	
IV-E Relative Guardianship	Colo Dept of Human Services	93.090	41,614	
Block Grant - Title XX	Colo Dept of Human Services	93.667	9,288	
IV-D ADMIN	Colo Dept of Human Services	93.563	72,550	
LEAP	Colo Dept of Human Services	93.568	34,270	
IV-E Adoption	Colo Dept of Human Services	93.659	20,513	
TANF	Colo Dept of Human Services	93.558	278,965	
CCDF Cluster	Colo Dept of Human Services	93.596	13,856	
Child Care Development Funds- Discretion	Colo Dept of Human Services	93.575	<u>10,050</u>	
Total				615,000
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
Medicaid Title XX	Colo Dept of Health Care Policy & Finance	93.778	84,904	
Medicaid Cluster	Colo Dept of Health Care Policy & Finance	93.778	<u>4,048</u>	
Total				88,952
DEPARTMENT OF TREASURY:				
COVID Relief Funds	Colo Dept of Human Services	21.019	10,867	
COVID Relief Funds	Colo Dept of Local Affairs	21.019	<u>263,189</u>	
Total				274,056
DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT:				
Immunization Core	Colo Dept of Public Health & Environment	66.468	<u>14,187</u>	
Total				14,187
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
Area Agency on Aging	Title III B	93.044	<u>6,417</u>	
Total				6,417
VETERANS AFFAIRS DEPARTMENT				
Department of Veterans Affairs	Veterans Administration	64.047	<u>14,700</u>	
Total				14,700
DEPARTMENT OF AGRICULTURE:				
PILT		15.226	11,467	
Food Assistance EBT	Colo Dept of Human Services	10.551	110	
Food Stamp Admin.	Colo Dept of Human Services	10.561	<u>54,956</u>	
Total				66,533
DEPARTMENT OF TRANSPORTATION:				
Colorado Department of Transportation	Colorado Department of Transportation	20.205	<u>7,360</u>	
Total				7,360
DEPARTMENT OF REGULATORY AGENCIES:				
Community Development Block Grant	Colo Dept of Local Affairs	20.615	<u>7,248</u>	
Total				7,248
DEPARTMENT OF HOMELAND SECURITY:				
Department of Homeland Security	Department of Homeland Security	97.042	<u>35,750</u>	
Total				<u>35,750</u>
TOTAL FEDERAL FINANCIAL AWARDS				<u><u>\$ 1,130,203</u></u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Crowley County, Colorado and is presented on the modified accrual basis of accounting.

Crowley County, Colorado
Schedule of Findings and Questioned Costs
December 31, 2020

Section I: Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
 Unmodified.

Internal control over financial reporting:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Noncompliance material to financial statements noted?	___ Yes	<u>X</u> No

Federal Awards

Internal control over major federal programs:		
• Material weakness(es) identified?	___ Yes	<u>X</u> No
• Significant deficiency(ies) identified?	___ Yes	<u>X</u> None Reported
Type of auditor's report issued on compliance for major federal programs [<i>unmodified, qualified, adverse, or disclaimer</i>]:		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___ Yes	<u>X</u> No
Identification of major federal programs:		
CFDA Number(s)	21.019	Name of Federal Program or Cluster
		COVID Relief Funds, Colorado Department of Local Affairs
Dollar threshold used to distinguish between type A and type B programs:		
	\$ 750,000	
Auditee qualified as a low-risk auditee?	<u>X</u> Yes	___ No

Section II: Financial Statement Findings

There were not any material weaknesses, fraud or illegal acts, violations of provisions of contracts or grant agreements, or abuse that could have a material effect on the financial statements.

Section III: Federal Awards Findings

There are not any findings that are required to be reported.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Crowley County
		YEAR ENDING : December 2020
This Information From The Records Of (example - City of _ or County of County of Crowley)	Prepared By: Phone:	LaShelle Benbow 719-267-5249

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	262,356
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	987,964
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	385,920	c. Other	
4. Miscellaneous local receipts (from page 2)	26,320	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	10,539
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,260,859
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	412,240	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	671,493	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	1,041
E. Total receipts (A.7 + B + C + D)	1,083,733	b. Redemption	46,545
		c. Total (a. + b.)	47,586
		3. Total (1.c + 2.c)	47,586
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,308,445

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	46,545		46,545	(0)

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,506,193	1,083,733	1,308,445	1,281,482	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	349,259	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	
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	36,661	g. Other Misc. Receipts	26,320
6. Total (1. through 5.)	36,661	h. Other	
c. Total (a. + b.)	385,920	i. Total (a. through h.)	26,320
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	661,807	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,686	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	9,686	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	671,493	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			0
(4). System Enhancement & Operation		262,356	262,356
(5). Total Construction (1) + (2) + (3) + (4)	0	262,356	262,356
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	262,356	262,356
			(Carry forward to page 1)

Notes and Comments:

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

Board of County Commissioners
Crowley County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crowley County (the "County") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated July 23, 2021.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

rfarmer, llc

July 23, 2021

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of County Commissioners
Crowley County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Crowley County's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2020. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

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

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

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

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

rfarmer, llc

July 23, 2021