

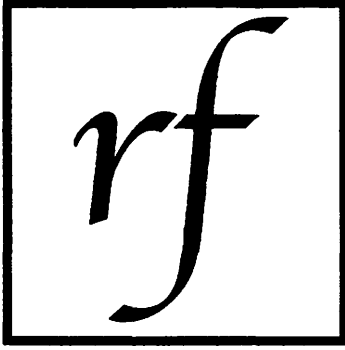
Phillips County, Colorado
Financial Statements
December 31, 2024

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Independent Auditor's Report

Board of County Commissioners
Phillips County
Holyoke CO 80734

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii – iv and 22 – 26 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The supplementary information on pages 27 – 33 and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the *accompanying supplementary information* 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 June 13, 2025, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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

June 13, 2025

Phillips County, Colorado

Management's Discussion and Analysis

December 31, 2024

As management of Phillips County, Colorado (the "County"), we offer readers of the county's financial statements a brief overview and analysis of some key financial factors of the County for the fiscal year ended December 31, 2024.

County Profile

Phillips County is a small, agriculturally based county in the northeast corner of Colorado. It was established in 1889 and encompasses 680 square miles. The U.S. Census Bureau estimated countywide population at 4,530 people. The county has three incorporated municipalities – Paoli – 51; Haxtun – 981; and Holyoke, the County Seat – 2,346. The County also has a small unincorporated community of Amherst. The total unincorporated population is 1,152.

Key Financial Factors

Healthy annual end-of-year fund balances and stable or increased assessed values are key components of the County's financial health.

Fund Balance Review:

	2020	2021	2022	2023	2024
General	\$1,580,058	\$2,256,906	\$2,778,279	\$3,291,614	\$4,031,050
Road & Bridge	\$1,556,255	\$1,719,327	\$1,195,518	\$1,139,035	\$1,029,065
Human Services	\$183,120	\$271,007	\$367,488	\$425,909	\$550,405
Capital Expenditures	\$427,608	\$601,408	\$762,536	\$687,928	\$989,096
ARPA Project	\$0	\$0	\$0	\$0	\$0
Other	<u>\$355,497</u>	<u>\$231,230</u>	<u>\$227,423</u>	<u>\$386,224</u>	<u>\$563,351</u>
	\$4,102,538	\$5,079,878	\$5,331,244	\$5,930,710	\$7,162,967

The fund balance comparison shows an increase overall. After years of low fund balance, the Human Services fund has shown steady increases since 2019. This can be tied directly to a reduction in work force. Should the demands of the department require additional staff, the fund balance would need to be watched closely. The Road & Bridge fund will also need to be monitored due to an emphasis on replacing aging equipment. The American Recovery Plan Act fund will only exist until the funds are expended, at the latest, by 2026.

Assessed Value of the County

2020	2021	2022	2023	2024
\$98,041,740	\$100,458,180	\$97,360,110	\$101,147,210	\$99,270,880

In the five-year period from 2020 to 2024, the County's assessed value increased \$1,229,140, a 1.25% increase. Residential property increased 0.9%, commercial property increased 1.99%, industrial property decreased 2.42% and agricultural property increased 0.14%.

Next Year's Budget and Rates: The General Fund balance at the end of fiscal year 2024 was \$4,031,050. A reserve is necessary to start the year and provide basic services to the residents and visitors of Phillips County. An adequate reserve at year-end on which to operate a minimum of four months or 30% of the approved expenditure budget is considered a fiscally responsible policy and furthermore, recommended by the county auditor, for the majority of the property tax revenue is received in April of each year.

Capital Assets and Debt Administration:

Due to the COVID-19 pandemic, the Federal government passed the American Recovery Plan Act (ARPA) which allotted the county \$828,990, \$414,495 received in 2021 and \$414,495 in 2022. ARPA expenditures are made from Fund 66. The County's major purchases for capital assets in 2024 were:

Sharp BP70C45 printers (2)	Fund 61 – Admin/Clerk	\$16,644
Walker MTGHS27IC mower	Fund 61 – Maintenance	\$14,284
John Deere FC12E rotary mower	Fund 61 – Landfill	\$16,389
12' Husky Scraper	Fund 61 – Landfill	\$6,725
2024 Caterpillar 950GC Wheel Loader	Fund 20 – R&B	\$194,785
Used for above loader	Fund 66 – ARPA	\$115,000
Landpride RCM5014 Mower	Fund 20 – R&B	\$26,186
	TOTAL	\$390,013

Request for information: This brief financial overview is designed to highlight key components of the County's finances for all those with an interest. Questions concerning any of the information provided in this overview or requests for additional financial information should be addressed to the Phillips County Administration Office, 221 S. Interocean Ave., Holyoke, CO 80734.

Phillips County, Colorado
Statement of Net Position
December 31, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 6,892,372
Receivables	3,109,630
Due from other governmental agencies	25,354
Inventories	166,199
Capital assets:	
Land	268,567
Infrastructure	2,849,896
Buildings	9,403,696
Equipment	6,554,114
Vehicles	2,138,120
Less: accumulated depreciation	(12,572,474)
Total Capital Assets	<u>8,641,919</u>
Total Assets	<u><u>18,835,474</u></u>
LIABILITIES	
Accounts payable and accrued expenses	92,880
Due to other governmental agencies	15,317
Unearned Revenues	115,011
Long-term liabilities:	
Due in more than one year:	
Compensated absences	293,102
Closure and post-closure costs	<u>407,807</u>
Total Liabilities	<u><u>924,117</u></u>
DEFERRED IN-FLOW OF RESOURCES	
Deferred revenues-property taxes	<u><u>2,807,380</u></u>
NET POSITION	
Net investment in capital assets	8,641,919
Restricted for:	
TABOR and enabling legislation	218,899
Unrestricted	<u>6,243,159</u>
Total Net Position	<u><u>\$ 15,103,977</u></u>

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

Phillips County, Colorado
Statement of Activities
For the Year Ended December 31, 2024

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
Primary government:					
Governmental Activities:					
General Government	\$ 2,341,112	\$ 428,328	\$ 307,692	\$ -	\$ (1,605,092)
Public Safety	1,101,820	325,382	437,268	-	(339,170)
Highways and Streets	2,315,134	10,048	1,436,911	-	(868,175)
Health & Welfare	577,917	-	484,260	16,000	(77,657)
Culture and Recreation	716,252	62,522	14,018	214,941	(424,771)
Sanitation	510,066	286,111	-	-	(223,955)
Judicial	126,761	-	-	-	(126,761)
Total governmental activities	<u>7,689,062</u>	<u>1,112,391</u>	<u>2,680,149</u>	<u>230,941</u>	<u>(3,665,581)</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes					\$ 2,791,467
Sales & use taxes					1,038,501
Specific Ownership taxes					337,362
Unrestricted investment earnings					280,852
Miscellaneous					207,622
Special item - gain (loss) on disposition of assets					38,453
Total general revenues, special items, and transfers					<u>4,694,257</u>
Change in net position					1,028,676
Net position - beginning restated					14,075,301
Net position - ending					<u>\$ 15,103,977</u>

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

Phillips County, Colorado
Balance Sheet
Governmental Funds
December 31, 2024

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Capital Expenditures</u>	<u>American Recovery Plan</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 3,948,832	\$ 787,359	\$ 533,757	\$ 975,091	\$ 115,011	\$ 532,323	\$ 6,892,373
Taxes receivable, net	2,278,267	370,280	158,833	-	-	-	2,807,380
Due from State	-	-	25,354	-	-	-	25,354
Other receivables	129,326	116,470	6,611	16,313	-	33,528	302,248
Inventories	21,968	144,232	-	-	-	-	166,200
Total assets	<u>6,378,393</u>	<u>1,418,341</u>	<u>724,555</u>	<u>991,404</u>	<u>115,011</u>	<u>565,851</u>	<u>10,193,555</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	69,076	18,996	-	2,308	-	2,500	92,880
Payable to other governments	-	-	15,317	-	-	-	15,317
Unearned revenue	-	-	-	-	115,010	-	115,010
Total liabilities	<u>69,076</u>	<u>18,996</u>	<u>15,317</u>	<u>2,308</u>	<u>115,010</u>	<u>2,500</u>	<u>223,207</u>
Deferred Cash In-flow of Resources:							
Deferred revenue-property taxes	<u>2,278,267</u>	<u>370,280</u>	<u>158,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,807,380</u>
Fund balances:							
Restricted for:							
TABOR and enabling legislation	202,850	-	16,049	-	-	-	218,899
Non-spendable-Inventory	21,968	144,232	-	-	-	-	166,200
Unassigned	3,806,232	-	-	-	-	-	3,806,232
Committed, reported in:							
Special revenue funds	-	884,833	534,356	989,096	1	563,351	2,971,637
Total fund balances	<u>4,031,050</u>	<u>1,029,065</u>	<u>550,405</u>	<u>989,096</u>	<u>1</u>	<u>563,351</u>	<u>7,162,968</u>
Total liabilities and fund balances	<u>\$ 6,378,393</u>	<u>\$ 1,418,341</u>	<u>\$ 724,555</u>	<u>\$ 991,404</u>	<u>\$ 115,011</u>	<u>\$ 565,851</u>	<u>\$ 10,193,555</u>

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

Phillips County, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2024

Total fund balance, governmental funds	\$ 7,162,968
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	8,641,923
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.	<u>(700,914)</u>
Net Position of Governmental Activities in the Statement of Net Position	<u><u>\$ 15,103,977</u></u>

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

Phillips County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	General	Road & Bridge	Human Services	Capital Expenditures	American Recovery Plan	Other Governmental Funds	Total Governmental Funds
REVENUES							
Property Taxes	\$2,265,988	\$ 367,555	\$ 157,920	\$ 5	\$ -	\$ -	\$ 2,791,468
SO Tax	272,999	44,496	19,087	780	-	-	337,362
Sales, Use and miscellaneous taxes	770,501	279,169	-	-	-	-	1,049,670
Fees and fines	5,807	-	-	-	-	-	5,807
Licenses and permits	2,330	28	-	-	-	-	2,358
Intergovernmental	579,085	1,425,742	455,925	285,044	214,942	14,018	2,974,756
Charges for services	428,220	7,825	-	325,659	-	305,149	1,066,853
Investment earnings	280,357	-	-	-	-	495	280,852
Miscellaneous	63,307	19,834	-	24,516	-	16,000	123,657
Rent received	100,000	-	-	-	-	-	100,000
Total revenues	<u>4,768,594</u>	<u>2,144,649</u>	<u>632,932</u>	<u>636,004</u>	<u>214,942</u>	<u>335,662</u>	<u>8,732,783</u>
EXPENDITURES							
Current:							
General government	2,002,608	12,640	-	218,920	99,941	81	2,334,190
Public safety	963,608	-	-	-	-	79,441	1,043,049
Streets & Highways	-	2,005,112	-	-	-	-	2,005,112
Health and Welfare	64,088	-	513,436	-	-	-	577,524
Culture and recreation	493,573	-	-	-	-	2,336	495,909
Judicial	126,761	-	-	-	-	-	126,761
Sanitation	420,951	-	-	-	-	-	420,951
Capital outlay	23,372	268,913	-	115,916	115,000	12,280	535,481
Total Expenditures	<u>4,094,961</u>	<u>2,286,665</u>	<u>513,436</u>	<u>334,836</u>	<u>214,941</u>	<u>94,138</u>	<u>7,538,977</u>
Excess (deficiency) of revenues over expenditures	<u>673,633</u>	<u>(142,016)</u>	<u>119,496</u>	<u>301,168</u>	<u>1</u>	<u>241,524</u>	<u>1,193,806</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	80,397	-	5,000	-	-	16,000	101,397
Transfers out	(21,000)	-	-	-	-	(80,397)	(101,397)
Total other financing sources and uses	<u>59,397</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>(64,397)</u>	<u>-</u>
SPECIAL ITEM							
Proceeds from sale of assets	6,407	32,046	-	-	-	-	38,453
Net change in fund balances	739,437	(109,970)	124,496	301,168	1	177,127	1,232,259
Fund balances - beginning	3,291,613	1,139,035	425,909	687,928	-	386,224	5,930,709
Fund balances - ending	<u>\$4,031,050</u>	<u>\$1,029,065</u>	<u>\$ 550,405</u>	<u>\$ 989,096</u>	<u>\$ 1</u>	<u>\$ 563,351</u>	<u>\$ 7,162,968</u>

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

Phillips County, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental
Funds to the Statement of Activities
For the Year Ended December 31, 2024

Net change in fund balances - total governmental funds: \$ 1,232,259

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 outlay of \$535,481 was less than depreciation of \$681,458 in the current period.

(145,977)

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 position differs from the change in fund balance by the cost of the asset sold.

(57,606)

Change in net position of governmental activities

\$ 1,028,676

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

Phillips County, Colorado
Custodial Funds
Statement of Changes in Fiduciary Net Position
December 31, 2024

Cash, beginning of the year	\$	7,583,435
Collections for 2024		20,442,899
Total available		28,026,334
Disbursements for 2024		(19,758,922)
Cash, end of the year	\$	<u>8,267,412</u>

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

Phillips County, Colorado
Notes to Financial Statements
December 31, 2024

Note 1 Reporting Entity

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

All financial transactions of the offices of elected officials of the County are included in the General Fund of the County's financial statements. The Board of County Commissioners has budgetary authority over the elected officials and is accountable for all fiscal matters. County property taxes fund a significant portion of the costs of operating the elected officials' offices. Services provided by the elected officials are for the benefit of Phillips County residents and are conducted within the boundaries of the County.

The basic financial statements present the financial statements of the County (the primary government) and its component units in accordance with Statements of the Governmental Accounting Standards Board, "The Financial Reporting Entity," as amended.

The County has examined other entities and there are no other entities that should be included.

The County is within the 13th Judicial District and participates with other counties in receiving services from the District Attorney. The District Attorney - 13th Judicial District is not a component unit of Phillips County.

Note 2 Summary of Significant Accounting Policies

The accounting and reporting policies of the County conform to accounting principles generally accepted in the United States of America (USGAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements

The County government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by the total column. Fiduciary activities of the County are not included in these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segments and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of *general revenues*.

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

The government-wide financial statements are presented on an *economic resource's measurement focus* and the *accrual basis of accounting*. Accordingly, all the County's assets and liabilities, including capital assets, as well as infrastructure assets when capitalized, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues, and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund

The General fund is the general operating fund of the County. It is used to account for all resources except those required to be accounted for in another fund. The main sources of revenues are property taxes and sales taxes.

Road & Bridge Fund

This fund records costs related to County road and bridge construction and maintenance. By state law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for their road and street activities. The main sources of income are highway user trust fund payments and property taxes.

Department of Human Services (Public Welfare)

This fund administers social services programs under state and federal regulations. Colorado counties are required by law to maintain a Human Services fund. The main sources of revenues include state and federal grants and property taxes.

Capital Expenditure Fund

This fund accounts for the majority of capital expenditures not budgeted by the General and Road & Bridge funds. The main sources of revenues are property taxes.

American Recovery Plan

This fund is part of the American Rescue Plan Act, signed into law by the Federal Government, to support the county's response to and recovery from the COVID-19 public health emergency.

Certain eliminations have been made as prescribed by GASB Statement No. 34 regarding 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, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated. However, those transactions between governmental and business-type activities have not been eliminated.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

The County follows the policy of capitalizing all assets, other than infrastructure, which cost more than \$2,000 with an estimated useful life of more than one year. Infrastructure assets that cost more than the following amounts will be capitalized:

Gravel roads	\$ 500,000
Bridges	\$ 75,000
Other Infrastructure	\$ 250,000

The useful lives of the assets are:

Buildings & Improvements	50-75 years
Furniture & Fixtures	7-10 years
Machinery, Equipment, & Vehicles	5-10 years
Infrastructure	75 years

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities reports separately three categories of program revenues: (a) charges for services, (b) program-specific *operating* grants and contributions and (c) program-specific *capital* grants and contributions.

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use or

directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients.

Program-specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes - to purchase, construct or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government. Multipurpose grants (those that provide financing for more than one program) are reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

Estimates

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

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 reimbursements of a fund for expenditures or expenses initially made from that fund, which are properly applicable to another fund, are recorded as expenditures or expended in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year-end, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Budgets and Budgetary Accounting

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.

The budget calendar is as follows:

August 25	Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.
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Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

- October 15 Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget is received.
- December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuring fiscal period.
- December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to Assessor and the Division of Property Taxation.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end.

Supplemental budgets were not adopted for 2024.

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 collections on a monthly basis to the County. County property tax revenues are recognized as they become current receivables from the County Treasurer. One-half of the property taxes are due by February 28 and one-half due by June 15 or all may be paid by April 30 to avoid penalties and interest.

Personal Time Off formerly Vacation Days and Sick Leave

PTO leave is earned based on date of hire. Full-time employees as of the conversion date received from 15.25 hours to 20.5 hours PTO monthly, depending on length of service and work schedule. Those employed after July 1, 2022, receive from 8.25 hours to 20.5 hours of PTO per month, again dependent on length of service and work schedule. Permanent part-time employees who work at least 20 hours per week receive a pro-rated monthly amount of PTO. New employees may use accrued PTO for purposes other than sick leave after three months of service. At separation of service, employees will be paid out for unused PTO at their current hourly rate of pay.

Contraband

Per Colorado Contraband Forfeiture Act (CRS 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. Phillips County received no material proceeds from contraband during the year.

Inventories

Inventory of construction and maintenance supplies and weed control chemicals are reflected in the Road and Bridge Fund and General Fund, respectively, as an asset. Inventory is recorded at cost using the first-in, first-out (FIFO) method.

Note 3

Deposits and Investments

Deposits

Colorado State Statutes, specifically the Public Deposit Protection Act of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the Federal Reserve System, and which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado.

Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized,
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

As of year-end, the County was not exposed to custodial risk in that all funds held by the county are deposited in various financial institutions that are covered by FDIC insurance or meet the requirements of the Public Deposit Protection Act as amended per Colorado Revised Statutes. The county is not exposed to any other risk as defined by GASB 40.

In addition to having funds in local banks, the County invested \$104,471 in U.S. Treasury Securities with a Moody Rating of Aaa and \$306,364 in U.S. Government Bonds-Federal Home Loan Bank with a Moody Rating of Aaa and a S&P Rating of AA+. The investments are a category 1 level and cost and fair value are materially the same. The investments are included in the cash and cash equivalent balance on the financial statements due to the liquidity of the investments.

Note 4 Changes in Fixed Assets

Capital asset activity for the current year is shown below:

	Beginning Balance	Additions	Deletions	Ending Balances
Governmental Activities:				
Land	\$ 268,567	\$ -	\$ -	\$ 268,567
Total Capital Assets, Not Being Depreciated	268,567	-	-	268,567
Capital Assets Being Depreciated:				
Infrastructure	2,849,896	-	-	2,849,896
Buildings	9,403,696	-	-	9,403,696
Equipment	6,216,266	478,692	(140,844)	6,554,114
Vehicles	2,112,622	56,789	(31,291)	2,138,120
Total Capital Assets Being Depreciated	20,582,480	535,481	(172,135)	20,954,826
Less Accumulated Depreciation	(12,063,151)	(681,458)	172,135	(12,572,474)
Total Capital Assets Being Depreciated, Net	8,519,329	(145,977)	-	8,373,352
Governmental Activities Capital Assets, Net	\$ 8,787,896	\$ (145,977)	\$ -	\$ 8,641,919

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

Governmental activities:	
General government	\$ 48,603
Public safety	58,772
Public Works	310,022
Sanitation	39,348
Health & Welfare	393
Culture & Recreation	224,320
Total depreciation expense-governmental activities	\$ 681,458

Note 5 Joint Ventures

The County participates in the County Technical Services, Inc. (CTSI) Insurance Pool. This joint venture does not meet the criteria for inclusion within the reporting entity because the County Health Pool has the following characteristics:

- is financially independent and responsible for its own financial deficits and entitled to its own surpluses,
- is a separate governing board from that of the County, which is comprised of 1 voting member from each participating County/entity,

- the governing board and management could 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
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

Financial information is available from CTSI.

Note 6

Pension Plan

Defined Contribution Plan

The County is participating in a Defined Contribution Pension Plan through Colorado Retirement Association (CRA). The Plan is funded by employee's contributions at 4 percent of gross salary with the County matching another 4 percent. All employees who work at least 24 hours per week and have been employed one year are required to be in the plan. The employee is immediately vested in their contribution. The vesting period for the employer's contribution is 20% per year for 5 years. At the end of the fifth year of participating in the plan, the employee is fully vested in the County's contribution. The Board of County Commissioners authorizes any changes to the plan.

During 2024, the employees and employer paid \$62,435 each into CRA. Total salaries were \$2,995,612 with qualifying salaries being \$2,540,302.

There were approximately 75 total employees at year-end who are considered general employees.

The employees can also contribute to an IRC 457 pension plan. All contributions are made by the employee.

Note 7

Transfers

The transfers made during 2024 were from the General Fund to the Department of Human Services Fund and Ambulance Replacement Fund in the amounts of \$5,000, and \$16,000, respectively. The E911 Fund transferred \$68,495 to the General Fund.

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.

Note 8 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 with other Counties in the State of Colorado to form the County Workers' Compensations 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 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, 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, due 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. Claims have not exceeded coverages during the past three years.

Note 9 Tax, Spending and Debt Limitations

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

On November 7, 1995, the voters of Phillips County approved a ballot initiative allowing the County to retain funds over the limitations imposed by the amendment in 1995 and all subsequent years. It is the opinion of the County that the revenue and spending limitation imposed by the amendment no longer applies to the County.

Note 10 Restricted Fund Balances

With the passage of Amendment One to the Colorado State Constitution, the County has restricted at least 3 percent of its non-federal spending for emergencies. For 2024, \$202,850 has been reflected as the emergency reserve.

In addition, the Human Services Fund has restricted \$16,049 due to enabling legislation.

Note 11 Landfill

State and federal laws and regulations require the County to place a final cover on its landfill when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. At December 31, 2024, the County closed approximately 29.0% of the estimated capacity of the landfill. The County expects the closure and post-closure liability to be \$407,807 to cover the last cell open at the time of closure. The amount is based on what it would cost to perform all closure and post-closure care in 2018, adjusted by the inflation percentages. Actual costs may be higher or lower due to inflation, changes in technology, or changes in regulations.

The County expects to close the landfill in the year 2061. The County has completed the financial assurance report; however, no contributions have been made to a trust to finance closure and post-closure care. As of year-end, the county has not restricted any assets for the payment of the closure and post-closure care costs.

Note 12 Long-Term Debt

Changes in long-term debt are as follows:

	Beginning Balance	Additions	Payments	Ending Balances	Current Portion
Compensated Absences	\$ 285,266	\$ 7,863	\$ -	\$ 293,102	\$ -
Closure and Post-Closure Costs	358,040	49,767	-	407,807	-
Compensated Absences	\$ 643,306	\$ 57,603	\$ -	\$ 700,909	\$ -

Note 13 Fund Balance

In the fund financial statements, the following classifications describe the relative strength of spending constraints.

- *Non-spendable 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 fund.
- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are 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 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.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Note 14

Restatement of Net Position

Effective January 1, 2024, the County recorded the estimated closure and post-closure costs relating to their landfill. The recording of the amount changed the beginning net position as follows:

Beginning balance	\$ 4,443,343
Opening balance of closure and post-closure costs	<u>(358,040)</u>
Beginning balance, restated	<u>\$ 4,085,303</u>

Phillips County, Colorado
Budget and Actual (with Variances)
General
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 2,335,375	\$ 2,335,375	\$ 2,265,988	\$ (69,387)
SO Tax	223,700	223,700	272,999	49,299
Sales and miscellaneous taxes	586,100	586,100	770,501	184,401
Fees and fines	2,500	2,500	5,807	3,307
Licenses and permits	1,575	1,575	2,330	755
Intergovernmental	453,035	453,035	579,085	126,050
Charges for services	353,700	353,700	428,220	74,520
Investment earnings	20,000	20,000	280,357	260,357
Rent	87,140	87,140	100,000	12,860
Miscellaneous	22,400	22,400	63,307	40,907
Total revenues	<u>4,085,525</u>	<u>4,085,525</u>	<u>4,768,594</u>	<u>683,069</u>
EXPENDITURES				
Current:				
General Government	2,392,675	2,392,675	2,002,608	390,067
Public Safety	997,966	997,966	963,608	34,358
Health and sanitation	528,314	528,314	485,039	43,275
Culture and recreation	513,057	513,057	493,573	19,484
Judicial	126,761	126,761	126,761	-
Capital Outlay	16,500	16,500	23,372	(6,872)
Total Expenditures	<u>4,575,273</u>	<u>4,575,273</u>	<u>4,094,961</u>	<u>480,312</u>
Excess (deficiency) of revenues over expenditures	<u>(489,748)</u>	<u>(489,748)</u>	<u>673,633</u>	<u>1,163,381</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	80,397	80,397	80,397	-
Transfers out	(21,000)	(21,000)	(21,000)	-
Total other financing sources and uses	<u>59,397</u>	<u>59,397</u>	<u>59,397</u>	<u>-</u>
SPECIAL ITEM				
Proceeds from sale of assets	-	-	6,407	6,407
Net change in fund balances	<u>(430,351)</u>	<u>(430,351)</u>	<u>739,437</u>	<u>1,169,788</u>
Fund balances - beginning	2,792,606	2,792,606	3,291,613	499,007
Fund balances - ending	<u>\$ 2,362,255</u>	<u>\$ 2,362,255</u>	<u>\$ 4,031,050</u>	<u>\$ 1,668,795</u>

Phillips County, Colorado
Budget and Actual (with Variances)
Road & Bridge
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 378,784	\$ 378,784	\$ 367,555	\$ (11,229)
SO Taxes	39,000	39,000	44,496	5,496
Sales and miscellaneous taxes	280,200	280,200	279,169	(1,031)
Licenses and permits	-	-	28	28
Intergovernmental	1,400,579	1,400,579	1,425,742	25,163
Charges for services	-	-	7,825	7,825
Miscellaneous	-	-	19,834	19,834
Total revenues	<u>2,098,563</u>	<u>2,098,563</u>	<u>2,144,649</u>	<u>46,086</u>
EXPENDITURES				
Current:				
General government	12,500	12,500	12,640	(140)
Highways and roads	2,031,269	2,031,269	2,005,112	26,157
Capital Outlay	<u>390,000</u>	<u>390,000</u>	<u>268,913</u>	<u>121,087</u>
Total Expenditures	<u>2,433,769</u>	<u>2,433,769</u>	<u>2,286,665</u>	<u>147,104</u>
Excess (deficiency) of revenues over expenditures	<u>(335,206)</u>	<u>(335,206)</u>	<u>(142,016)</u>	<u>193,190</u>
SPECIAL ITEM				
Proceeds from sale capital assets	<u>120,000</u>	<u>120,000</u>	<u>32,046</u>	<u>87,954</u>
Net change in fund balances	(215,206)	(215,206)	(109,970)	105,236
Fund balances - beginning	<u>910,598</u>	<u>910,958</u>	<u>1,139,035</u>	<u>228,077</u>
Fund balances - ending	<u>\$ 695,392</u>	<u>\$ 695,752</u>	<u>\$ 1,029,065</u>	<u>\$ 333,313</u>

Phillips County, Colorado
Budget and Actual (with Variances)
Human Services
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ 159,481	\$ 159,481	\$ 157,920	\$ (1,561)
Senior Exemption	3,000	3,000	-	
SO Taxes	15,000	15,000	19,087	4,087
Intergovernmental	407,594	407,594	455,925	48,331
Miscellaneous	800	800	-	(800)
Total revenues	<u>585,875</u>	<u>585,875</u>	<u>632,932</u>	<u>50,057</u>
EXPENDITURES				
Current:				
Health and human services	<u>500,565</u>	<u>500,565</u>	<u>513,436</u>	<u>(12,871)</u>
Total Expenditures	<u>500,565</u>	<u>500,565</u>	<u>513,436</u>	<u>(12,871)</u>
Excess (deficiency) of revenues over expenditures	<u>85,310</u>	<u>85,310</u>	<u>119,496</u>	<u>37,186</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Total other financing sources and uses	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
Net change in fund balances	90,310	90,310	124,496	34,186
Fund balances - beginning	<u>446,916</u>	<u>446,916</u>	<u>425,909</u>	<u>(21,007)</u>
Fund balances - ending	<u>\$ 537,226</u>	<u>\$ 537,226</u>	<u>\$ 550,405</u>	<u>\$ 13,179</u>

Phillips County, Colorado
Budget and Actual (with Variances)
Capital Expenditures
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Property Taxes	\$ -	\$ -	\$ 5	\$ 5
SO Taxes	-	-	780	780
Intergovernmental	334,693	334,693	285,044	(49,649)
Charges for services	221,500	221,500	325,659	104,159
Miscellaneous	2,500	2,500	24,516	22,016
Total revenues	<u>558,693</u>	<u>558,693</u>	<u>636,004</u>	<u>77,311</u>
EXPENDITURES				
Current:				
General government	189,000	189,000	218,920	(29,920)
Capital Outlay	<u>355,000</u>	<u>355,000</u>	<u>115,916</u>	<u>239,084</u>
Total Expenditures	<u>544,000</u>	<u>544,000</u>	<u>334,836</u>	<u>209,164</u>
Excess (deficiency) of revenues over expenditures	<u>14,693</u>	<u>14,693</u>	<u>301,168</u>	<u>286,475</u>
Net change in fund balances	14,693	14,693	301,168	286,475
Fund balances - beginning	<u>676,772</u>	<u>676,772</u>	<u>687,928</u>	<u>11,156</u>
Fund balances - ending	<u>\$ 691,465</u>	<u>\$ 691,465</u>	<u>\$ 989,096</u>	<u>\$ 297,631</u>

Phillips County, Colorado
Budget and Actual (with Variances)
American Recovery Plan
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 329,952	\$ 329,952	\$ 214,942	\$ (115,010)
Total revenues	<u>329,952</u>	<u>329,952</u>	<u>214,942</u>	<u>(115,010)</u>
EXPENDITURES				
Current:				
General government	102,598	102,598	99,941	2,657
Capital Outlay	<u>227,354</u>	<u>227,354</u>	<u>115,000</u>	<u>112,354</u>
Total Expenditures	<u>329,952</u>	<u>329,952</u>	<u>214,941</u>	<u>115,011</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>1</u>	<u>1</u>
Net change in fund balances	-	-	1	(1)
Fund balances - beginning	-	-	-	-
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ (1)</u>

**Phillips County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2024**

	Ambulance Replacement	Conservation Trust	E911	Total Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 59,898	\$ 57,126	\$ 415,299	\$ 532,323
Other receivables	8,010	3,546	21,972	33,528
Total assets	<u>67,908</u>	<u>60,672</u>	<u>437,271</u>	<u>565,851</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable	-	-	2,500	2,500
Total liabilities	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Fund balances:				
Committed	<u>67,908</u>	<u>60,672</u>	<u>434,771</u>	<u>563,351</u>
Total fund balances	<u>67,908</u>	<u>60,672</u>	<u>434,771</u>	<u>563,351</u>
Total liabilities and fund balances	<u>\$ 67,908</u>	<u>\$ 60,672</u>	<u>\$ 437,271</u>	<u>\$ 565,851</u>

Phillips County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2024

	Ambulance Replacement	Conservation Trust	E911	Total-Other Governmental Funds
REVENUES				
Intergovernmental	\$ -	\$ 14,018	\$ -	\$ 14,018
Charges for services	-	-	305,149	305,149
Investment earnings	89	406	-	495
Miscellaneous	16,000	-	-	16,000
Total revenues	<u>16,089</u>	<u>14,424</u>	<u>305,149</u>	<u>335,662</u>
EXPENDITURES				
Current:				
General government	81	-	-	81
Public Safety	-	-	79,441	79,441
Culture and recreation	-	2,336	-	2,336
Capital Outlay	-	-	12,280	12,280
Total Expenditures	<u>81</u>	<u>2,336</u>	<u>91,721</u>	<u>94,138</u>
Excess (deficiency) of revenues over expenditures	<u>16,008</u>	<u>12,088</u>	<u>213,428</u>	<u>241,524</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	16,000	-	-	16,000
Transfers out	-	-	(80,397)	(80,397)
Total other financing sources and uses	<u>16,000</u>	<u>-</u>	<u>(80,397)</u>	<u>(64,397)</u>
Net change in fund balances	32,008	12,088	133,031	177,127
Fund balances - beginning	35,900	48,584	301,740	386,224
Fund balances - ending	<u>\$ 67,908</u>	<u>\$ 60,672</u>	<u>\$ 434,771</u>	<u>\$ 563,351</u>

Phillips County, Colorado
Budget and Actual (with Variances)
Ambulance Replacement
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Investment earnings	\$ 81	\$ 81	\$ 89	8
Miscellaneous	16,000	16,000	16,000	-
Total revenues	16,081	16,081	16,089	8
EXPENDITURES				
Current:				
General government	68,103	68,103	81	68,022
Total Expenditures	68,103	68,103	81	68,022
Excess (deficiency) of revenues over expenditures	(52,022)	(52,022)	16,008	68,030
OTHER FINANCING SOURCES				
Transfers in	16,000	16,000	16,000	-
Total other financing sources and uses	16,000	16,000	16,000	-
Net change in fund balances	(36,022)	(36,022)	32,008	68,030
Fund balances - beginning	36,022	36,022	35,900	(122)
Fund balances - ending	\$ -	\$ -	\$ 67,908	\$ 67,908

Phillips County, Colorado
Budget and Actual (with Variances)
Conservation Trust
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 14,000	\$ 14,000	\$ 14,018	\$ 18
Investment earnings	100	100	406	306
Total revenues	14,100	14,100	14,424	324
EXPENDITURES				
Current:				
Culture and recreation	60,695	60,695	2,336	58,359
Total Expenditures	60,695	60,695	2,336	58,359
Excess (deficiency) of revenues over expenditures	(46,595)	(46,595)	12,088	58,683
Net change in fund balances	(46,595)	(46,595)	12,088	58,683
Fund balances - beginning	46,595	46,595	48,584	1,989
Fund balances - ending	\$ -	\$ -	\$ 60,672	\$ 60,672

Phillips County, Colorado
Budget and Actual (with Variances)
E911
For the year ended December 31, 2024

	Budgeted Amounts		Actual	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Charges for services	\$ 291,865	\$ 291,865	\$ 305,149	\$ 13,284
Total revenues	291,865	291,865	305,149	13,284
EXPENDITURES				
Current:				
Public Safety	98,050	98,050	79,441	18,609
Capital Outlay	15,000	15,000	12,280	2,720
Total Expenditures	113,050	113,050	91,721	21,329
Excess (deficiency) of revenues over expenditures	178,815	178,815	213,428	34,613
OTHER FINANCING SOURCES (USES)				
Transfers out	(80,397)	(80,397)	(80,397)	-
Total other financing sources and uses	(80,397)	(80,397)	(80,397)	-
Net change in fund balances	98,418	98,418	133,031	34,613
Fund balances - beginning	260,119	260,119	301,740	41,621
Fund balances - ending	\$ 358,537	\$ 358,537	\$ 434,771	\$ 76,234

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/24

This Information From The Records Of: Phillips County

Prepared By: Andrew Nygaard

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	\$ 680,079.00
4. Miscellaneous local receipts (from page 2)	\$ 59,705.00
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	\$ -
7. Total (1 through 6)	\$ 739,784.00
3. Private Contributions	
C. Receipts from State government (from page 2)	\$ 1,436,911.00
D. Receipts from Federal Government (from page 2)	\$ -
E. Total receipts (A.7 + B + C + D)	\$ 2,176,695.00

III. EXPENDITURES FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway expenditures:	
1. Capital outlay (from page 2)	\$ 96,604.00
2. Maintenance:	\$ 2,030,783.00
3. Road and street services:	
a. Traffic control operations	\$ -
b. Snow and ice removal	\$ 15,732.00
c. Other	
d. Total (a. through c.)	\$ 15,732.00
4. General administration & miscellaneous	\$ 143,546.00
5. Highway law enforcement and safety	
6. Total (1 through 5)	\$ 2,286,665.00
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	\$ -
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	\$ -
3. Total (1.c + 2.c)	\$ -
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total expenditures (A.6 + B.3 + C + D)	\$ 2,286,665.00

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 1,139,035.00	\$ 2,176,695.00	\$ 2,286,665.00	\$ 1,029,065.00	\$ -

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
COLORADO
YEAR ENDING (mm/yy):
12/24

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 Assesments	\$ 367,555.00	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 268,000.00	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	\$ 28.00	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 32,046.00
4. Licenses		f. Charges for Services	\$ 7,825.00
5. Specific Ownership &/or Other	\$ 44,496.00	g. Other Misc. Receipts	\$ 19,834.00
6. Total (1. through 5.)	\$ 312,524.00	h. Other	
c. Total (a. + b.)	\$ 680,079.00	i. Total (a. through h.)	\$ 59,705.00
(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 (from Item I.C.5.)	\$ 1,425,742.00	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	\$ 11,169.00	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other	\$ -	f. Other Federal ARPA	
f. Total (a. through e.)	\$ 11,169.00	g. Total (a. through f.)	\$ -
4. Total (1. + 2. + 3.f)	\$ 1,436,911.00	3. Total (1. + 2.g)	\$ -
(Carry forward to page 1)		(Carry forward to page 1)	

III. EXPENDITURES 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			\$ -
b. Engineering Costs			\$ -
c. Construction:			
(1). New Facilities			\$ -
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 96,604.00	\$ 96,604.00
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 96,604.00	\$ 96,604.00
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 96,604.00	\$ 96,604.00

(Carry forward to page 1)

Notes and Comments:

Phillips County, Colorado
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL ALN NUMBER	AGENCY OR PASS-THROUGH NUMBER	FEDERAL DISBURSEMENTS/ EXPENDITURES	
DEPARTMENT OF HEALTH & HUMAN SERVICES				
TANF - Colo Works	93.558	Dept. of Human Services	\$ 70,639	
IV-D Admin	93.563	Dept. of Human Services	40,102	
LEAP	93.568	Dept. of Human Services	25,211	
CCDF	93.596	Dept. of Human Services	16,858	
CCDF Discretionary	93.575	Dept. of Human Services	18,951	
IV-E Rel	93.090	Dept. of Human Services	794	
Kinship	93.471	Dept. of Human Services	13,210	
IV-E PREV	93.472	Dept. of Human Services	6,062	
Title IV-E - Foster Care	93.658	Dept. of Human Services	68,493	
Adoption IV - E	93.659	Dept. of Human Services	17,216	
Title XX Block Grant	93.667	Dept. of Human Services	15,159	
Subtotal Department of Health & Human Services				292,695
DEPARTMENT OF HEALTHCARE POLICY AND FINANCE				
Title XIX Medicaid	93.778	Dept. of Human Services	156,427	
Subtotal Department of Healthcare Policy and Finance				156,427
DEPARTMENT OF JUSTICE				
Crime Victim Assistance	16.575	Div. Of Criminal Justice	84,920	
Subtotal Department of Justice				84,920
DEPARTMENT OF AGRICULTURE				
Food Stamp Administration	10.561	Dept. of Human Services	104,679	
Subtotal Department of Agriculture				104,679
DEPARTMENT OF HOMELAND SECURITY				
Operations Grant	97.042	Dept. of Public Safety	214,941	
Subtotal Department of Homeland Security				214,941
DEPARTMENT OF TREASURY				
SLFRF	21.027	Dept. of Human Services	3,065	
Subtotal Department of Energy				3,065
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 856,727

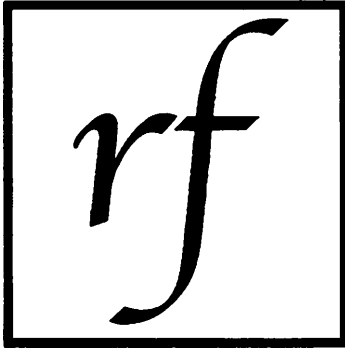
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Phillips County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance.

The County did not have any subrecipients during 2024.

The County does not use the de minimis cost rate.



Independent Auditor's Report

Board of County Commissioners
Phillips County
Holyoke CO 80734

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Phillips County (the "County") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 13, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the County'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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

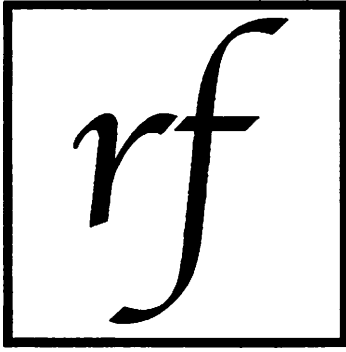
As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material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

rfarmer, llc

June 13, 2025



Independent Auditor's Report

Board of County Commissioners
Phillips County
Holyoke CO 80734

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the County complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

rfarmer, llc

June 13, 2025

Phillips County, Colorado
Schedule of Findings and Questioned Costs
December 31, 2024

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 X No
- Significant deficiency(ies) identified? ___ Yes X None Reported

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? ___ Yes X No
- Significant deficiency(ies) identified? ___ Yes X None Reported

Type of auditor's report issued on compliance for major federal programs: **unmodified**

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

Identification of major federal programs:

Assistance Listing	97.042	Name of Federal	ARP Funds
Number(s)	16.575	Program or Cluster	Public Safety
	10.561		Food Stamp Admin

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

Auditee qualified as a low-risk auditee? ___ Yes X No

Section II: Financial Statement Findings:

No findings to report.

Section III: Federal Awards Findings:

No findings to report.