



MORGAN COUNTY, COLORADO

Comprehensive Annual Financial Report

For the fiscal year ended December 31, 2016

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MORGAN COUNTY, COLORADO
Comprehensive Annual Financial Report
For the fiscal year ended December 31, 2016

Board of County Commissioners

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Director of Finance

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Finance and Information Systems Departments

INTRODUCTORY SECTION

MORGAN COUNTY, COLORADO
COMPREHENSIVE ANNUAL FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2016

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MORGAN COUNTY ADMINISTRATION

June 30, 2017

To the Citizens of Morgan County, Colorado:

State law requires that every government publish within six months of the close of each fiscal year a complete set of audited financial statements. This report is published to fulfill that requirement for Morgan County Government for the fiscal year ended December 31, 2016.

The County's Annual Financial Report was prepared by the Department of Accounting and Finance for Morgan County Government. The responsibility for both the accuracies of the data, and the completeness and the fairness of the presentation, including all disclosures, rests with the County. Morgan County has established a comprehensive internal control framework that is designed to both protect the County's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the County's financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, Morgan County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. To the best of our knowledge and belief, the enclosed data is accurate in all material respects. All disclosures necessary to enable the reader to gain an understanding of the County's financial activities have been included.

State statutes require an annual audit by independent certified public accountants. The accounting firm of Watson, Coon and Associates was selected to perform the 2016 audit. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the federal Single Audit Act Amendments of 1996 and related Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards ("Uniform Guidance"). Information related to this single audit, including the schedule of federal financial assistance and auditor's reports on the internal control and compliance with applicable laws and regulations, is included in the single audit section. Watson, Coon and Associates have issued an unqualified ("clean") opinion on Morgan County Government's financial statements for the year ended December 31, 2016. The independent auditor's report on the basic financial statements is located at the front of the financial section of this report. Management's discussion and analysis (MD&A) immediately follows the independent auditors report and provides a narrative introduction overview and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

This report includes activities for which the Board of County Commissioners is accountable to the citizens of Morgan County, financially, or by state statute. All applicable funds, departments, and offices are included in these financial statements as part of the primary government of Morgan County.

Morgan County Government offers a full range of services. These services include police protection; human services; ambulance services; solid waste management services; maintenance and construction of roadways, bridges, and infrastructure to support these activities; recreational and cultural facilities and events; 911 emergency telephone and other public safety telephone services; and land use planning services.

PROFILE OF MORGAN COUNTY

Morgan County is located on the High Plains of Northeastern Colorado, well-situated on Interstate Highway 76 and U.S. Highway 34. The County is only 79 miles from Metro Denver and major U.S. trade corridors. The Denver International Airport is within an hour's drive. The population of Morgan County is 28,360. Morgan County encompasses five incorporated cities and towns as well as a large unincorporated area. The largest city is Fort Morgan with a population of 11,329. Morgan County offers several community and recreational facilities. Jackson Lake is a popular recreational area in Morgan County that attracts weekend visitors as well as year-round residents wanting to retire to a rural area. The area offers fishing and boating while the climate allows year-round residence. Some of the finest hunting in North America is found in the area, including pheasant, turkey, grouse, quail, geese, duck, deer, and antelope. Morgan County has moderate summers, crisp falls, cool winters, and warm springs. There are 330 days of sunshine annually, 12.7 inches annual precipitation, and 22 inches average snowfall. Average January temperature is 24 degrees F.

PROFILE OF MORGAN COUNTY GOVERNMENT

The County is governed by a three-member Board of County Commissioners. Commissioners are elected from districts of relatively equal population by the voters at large. They serve staggered four-year terms and function as the County's policymaking body. The County is also served by seven other elected officials: assessor, clerk and recorder, coroner, district attorney, sheriff, treasurer, and surveyor.

The County Commissioners annually adopt budgets by department for all funds except the agency funds. The annual budget is approved and appropriated by fund. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level. Each department within a fund may not legally exceed the approved budget for that department without prior approval of the County Commissioners. Supplemental appropriations can be approved by the Board of County Commissioners if needed

during the year to provide for those items that were unknown or unforeseen at the time the budget was originally adopted.

Morgan County Government employs 263 FTE's (full time equivalents). Full-time employees receive a comprehensive compensation package typical of county governments. Benefits include paid leave, medical insurance plans and a defined contribution retirement plan.

LOCAL ECONOMY

In 2016, the County assessed value certified by the County Assessor decreased by 3%. This decrease was due to a decrease in the State assessed values. This is significant as Morgan County does not have a County sales tax, so assessed value is critical to the County's operations. Morgan County relies heavily on the agriculture industry, being ranked third among Colorado counties for value of crops and livestock produced. The major crops grown in the County include corn, sugar beets, hay, silage, wheat, potatoes, onions, alfalfa, and turf. The dairy industry continues to expand to continue to help fill the milk needs of Leprino Foods, a local dairy manufacturing plant. Net farm revenues for 2015 and 2016 are projected to be lower, based on inflation, than those returned in the 1980's. This will have a substantial effect on our local economy. Cargill Meat Solutions Corporation is the largest employer in the county, employing 2,100 employees. The next largest employer is Leprino Foods with 350 employees followed by Colorado Plains Medical Center with 262 employees. The unemployment rate in Morgan County in 2016 was 2.6%. This is lower than the 2015 rate of 3.3%. Morgan County's unemployment rate of 2.6% is lower than the State rate of 3.0%. The focus in 2017 will continue to be on recruiting renewable energy, oil and gas, and manufacturing companies, and local leaders are closely watching the progression of Colorado Air Quality rules in the development process that may further affect its largest property tax payers. Morgan County's location near the Front Range allows easy access for the opportunities of the big cities while maintaining the benefits of a rural lifestyle. The County prides itself on maintaining tradition while looking to the future.

COUNTY LONG-TERM FINANCIAL PLANNING

Facilities planning and maintenance continue to be a major area of emphasis for the County. The County is in the process of reviewing the capital improvement plan. The County Commissioners have convened a task force to analyze and plan for the increasing demands on the County's Jail/Judicial Complex which also houses the Communications Center, the Probation Department, the District Attorney, the Court and the Sheriff's Department. In order to address the situation the County created the Jail Capital Improvement Fund in 2008 to accumulate monies for the future expansion of the facility. The County may also have to look to the other municipalities to help fund the jail. The current complex was built in 1985.

MAJOR INITIATIVES

In 2013 and 2015, Morgan County experienced severe flooding due to heavy rains which damaged our road system. Damages were extensive at several bridges and roads. The County has been receiving Federal funds to help defray the cost of repairs and will complete its final project related to the damage in early 2017. In 2016, the County received a \$300,000 grant to do a study of the South Platte River and complete a plan to help mitigate future flooding damages. This project is a joint project with Logan County, Washington County and Sedgwick County. In 2017, the County Road and Bridge Fund has budgeted \$1.9 million in construction to replace the Cooper Bridge. Also budgeted in 2017 is \$920,000 for an asphalt project on County Road 24 from County Road W to County Road Y.

Construction will begin in 2017 on the new Ambulance Service Building in Brush. In 2016 the County was awarded an Energy Impact Grant to help fund the County's new Brush Ambulance Service building. The building is estimated to cost \$460,000. The County was awarded \$200,000 from the grant and the County Ambulance Service Fund will fund the remaining \$260,000 from capital reserves.

Conservation Trust Fund money was used in 2016 to purchase a new HVAC unit for the Multipurpose Building at the County Fairgrounds site. The County also completed Phase I of the project to upgrade the Fairgrounds audio system in 2016. Phase II will be completed in 2017. The County budgeted \$72,000 for the audio system upgrade. In addition, in 2017 the County has budgeted \$250,000 for the purchase of land adjacent to the fairgrounds. Funds in the Conservation Trust Fund are the County's portion of lottery money collected by the State of Colorado.

AWARDS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Morgan County for its comprehensive annual financial report for the fiscal year ended December 31, 2015. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

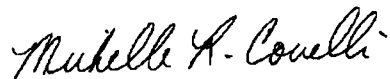
In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report (CAFR), whose contents conform to program standards. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. Morgan County Government has received a Certificate of Achievement for the last twenty-three consecutive years (fiscal years ended 1993-2015). We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement program requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

ACKNOWLEDGEMENTS

The preparation of the comprehensive annual financial report on a timely basis was made possible by the dedicated service of the entire staff of the Finance and Accounting department and Information Systems department. Each member of the departments has our sincere appreciation for the contributions made in the preparation of this report. These people work together as a highly effective team to promote the excellence we strive for. Appreciation is also expressed to the Board of County Commissioners who establishes the policies which provide for sound financial management and to all the other elected officials, department heads, and County employees for their cooperation in matters pertaining to the financial affairs of the County.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michelle R. Covelli".

Michelle R. Covelli
Director of Finance and Accounting





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

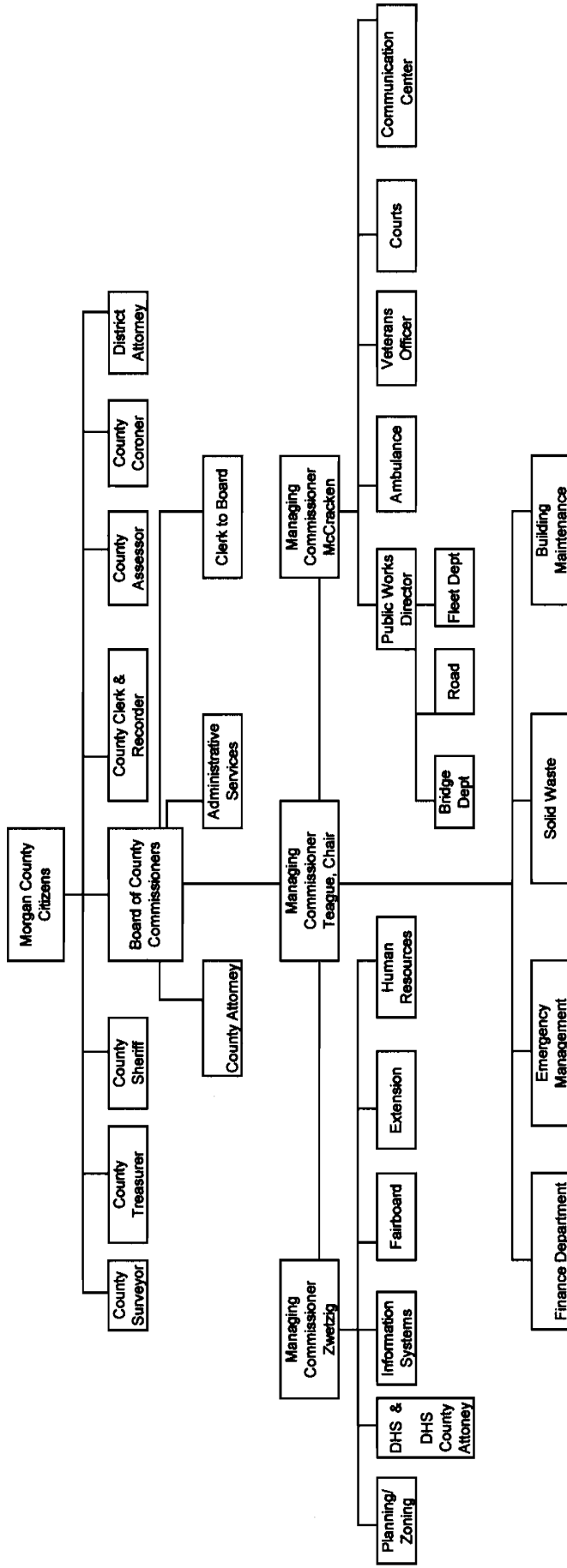
**Morgan County
Colorado**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2015

Executive Director/CEO

Morgan County Organizational Chart



MORGAN COUNTY, COLORADO

List of Principal Officials

December 31, 2016

TITLE

NAME

ELECTED

Chairman, Board of County Commissioners
Commissioner
Commissioner
Assessor
Clerk & Recorder
Coroner
Sheriff
Surveyor
Treasurer

Brian McCracken
Jim Zwetzig
Laura Teague
Robert L. Wooldridge
Susan L. Bailey
Don Heer
James Crone
Nichole F. Hay
Robert A. Sagel

APPOINTED

Accounting & Finance Director
Administrative Services Manager
Ambulance Manager
Attorney
Director of Communications
Director of Extension
Director of Human Services
Emergency Operations Coordinator
Information Systems Manager
Manager of Bridge Construction
Manager of Building Operations
Manager of Environment
Manager of Road Construction
Planning & Zoning Administrator
Public Works Director
Shop Manager
Veterans Officer

Michelle Covelli
Tracy Amen
Joe King
Jeff Parker
Danette Martin
Janice Dixon
Jacque Frenier
Steve Enfante
Karol L. Kopetzky
Richard Early
Dave Cornwell
Cass Yearous
John Goodman
John Crosthwait
Bruce Bass
James Monroe
George S. Gray



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Morgan 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 Morgan County, Colorado, as of and for the year ended December 31, 2016, 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, 2016, 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 management's discussion and analysis and budgetary comparison information on pages 14-23, and 69-74 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 Schedule of Expenditures of Federal Awards, as required by 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; combining and individual nonmajor fund financial statements and schedules; the Local Highway Finance Report; the Schedule of Federal Financial Assistance Reconciliation and introductory and statistical sections are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, combining and individual nonmajor fund financial statements and schedules; the Local Highway Finance Report; and the Schedule of Federal Financial Assistance Reconciliation are the responsibility of management and were 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 Schedule of Expenditures of Federal Awards combining and individual nonmajor fund financial statements and schedules; the Local Highway Finance Report; and the Schedule of Federal Financial Assistance Reconciliation are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2017 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Watson Coon & Associates P.C.

Greenwood Village, Colorado
June 20, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the County of Morgan, we offer readers of Morgan County Government's financial statements this narrative overview and analysis of the financial activities of Morgan County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here in conjunction with the letter of transmittal and basic financial statements to enhance their understanding of the County's financial performance.

FINANCIAL HIGHLIGHTS

- The assets of Morgan County exceeded liabilities and deferred inflows of resources by \$175.4 million (net position) at the end of 2016. Of this amount, \$33.3 million may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$142.1 million is invested in capital assets or restricted by law.
- The County's General Fund balance was \$22.6 million as of December 31, 2016. Of this amount, \$750,000 is restricted for emergencies, \$86,428 is restricted for Clerk E-filing, \$2,308 is committed for the Tri Centennial, \$374,085 is committed for the Human Services building, \$10 million is assigned for capital building projects, and \$143,470 is assigned for other agencies. The remaining \$11.3 million is unassigned fund balance. The 2015 fund balance was \$19.5 million.
- The total 2016 General Fund balance is \$22.6 million, which is \$3.1 million more than the 2015 General Fund operating expenditures plus transfers out. Morgan County does not have a county sales tax and relies heavily on property tax collections as a main revenue source. Current property taxes represent 75% of the General Fund revenue in 2016.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

The statement of activities presents information showing how the government's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus

revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods, for example uncollected taxes and earned but unused vacation leave.

Both of the government-wide financial statements distinguished functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Morgan County include general government, public safety, highways and bridges, recreation, and human services. The business-type activities of the County include operation of a solid waste landfill and a County ambulance service.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Morgan County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Morgan County can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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

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

Morgan County maintains eight individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, and the social services fund, all of which are considered to be major funds. Morgan County adopts an annual appropriated budget for all major funds. A budgetary comparison statement has been provided for all major governmental funds on pages 70 – 74 of this report. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements on pages 78 – 82 in this report. Governmental funds budgets for the non-major funds are provided on pages 84 – 88. The basic governmental fund financial statements can be found on pages 30 – 36 of this report.

Proprietary Funds. Morgan County maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented in the business-type activities in the government-wide financial statements. The County uses enterprise funds to account for the solid waste landfill and the ambulance service operation. The County also maintains an internal service fund as an accounting device used to accumulate and allocate costs internally among the County's various functions. Morgan County uses the internal service fund to account for its fleet of vehicles, county attorney, human resources, accounting and purchasing services and its management

information systems. Because these services predominately benefit governmental rather than business-type functions, they are included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Solid Waste Management Fund and the Ambulance Service Fund, both of which are considered to be business type activities funds as well as the Internal Service Fund which is considered a governmental activities fund.

Enterprise Fund statements are on pages 37 – 39. The Internal Service Fund comparative schedule of net position is on page 94. Budget to actual comparisons for the Enterprise Funds are on pages 90 – 91. Budget to actual comparison for the Internal Services Fund is on page 95.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support Morgan County's own operations. One of four types of fiduciary funds is Agency Funds. Morgan County maintains four Agency Funds. The accounting used for fiduciary funds is much like that used for proprietary funds. A combining Statement of Agency Funds is on page 98. Individual statements are provided on pages 99 – 102.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 41 – 66 of this report.

COUNTY-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2016, assets exceeded liabilities and deferred inflows of resources by \$175.4 million. The largest portion of Morgan County's net position (75%) is invested in capital assets. The net investment in capital assets is \$132.4 million. These assets include land, buildings, machinery, and equipment, as well as infrastructure. These capital assets are used to provide services to citizens and are not available for future spending. Although the investment in capital assets is reported net of related debt, the resources needed to repay this debt must be provided from other sources as the assets themselves cannot be liquidated to repay the debt.

An additional \$9.7 million of net position represents resources that are subject to external restrictions on how they may be used. The largest portion of the restricted net position, \$5.8 million, is restricted for County roadways.

The County had an unrestricted net position of \$33.3 million, which may be used to meet the County's ongoing obligations to citizens and creditors.

At the end of 2016, Morgan County had positive balances in all three categories of net position both for governmental activities and business type activities. The three categories of net position are: net investment in capital assets, assets subject to certain restrictions, and unrestricted assets.

Morgan County Government
Net Position

	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Assets						
Current and other assets	\$ 56,042,840	\$ 55,210,461	\$ 5,672,615	\$ 5,309,279	\$ 61,715,455	\$ 60,519,740
Capital assets	<u>131,089,740</u>	<u>136,884,869</u>	<u>1,339,384</u>	<u>1,353,897</u>	<u>132,429,124</u>	<u>138,238,766</u>
Total assets	<u>187,132,580</u>	<u>192,095,330</u>	<u>7,011,999</u>	<u>6,663,176</u>	<u>194,144,579</u>	<u>198,758,506</u>
Liabilities						
Current liabilities	2,179,823	3,908,867	80,305	170,084	2,260,128	4,078,951
Long-term liabilities	418,723	985,161	972,227	970,942	1,390,950	1,956,103
Deferred Inflows of Resources						
Deferred Property Tax Revenue	<u>15,086,892</u>	<u>15,104,969</u>	<u>-</u>	<u>-</u>	<u>15,086,892</u>	<u>15,104,969</u>
Total liabilities and deferred inflows of resources	<u>17,685,438</u>	<u>19,998,997</u>	<u>1,052,532</u>	<u>1,141,026</u>	<u>18,737,970</u>	<u>21,140,023</u>
Net position						
Net investment in capital assets	131,089,740	136,884,869	1,339,384	1,353,897	132,429,124	138,238,766
Restricted	9,647,561	9,911,448	-	-	9,647,561	9,911,448
Unrestricted	<u>28,709,841</u>	<u>25,300,016</u>	<u>4,620,083</u>	<u>4,168,253</u>	<u>33,329,924</u>	<u>29,468,269</u>
Total net position	<u>\$ 169,447,142</u>	<u>\$ 172,096,333</u>	<u>\$ 5,959,467</u>	<u>\$ 5,522,150</u>	<u>\$ 175,406,609</u>	<u>\$ 177,618,483</u>

The total net position decreased in 2016 by \$2.2 million.

The total restricted net position decreased by \$261,579. The largest decrease in restricted funds was in the Road & Bridge Fund which decreased 15%.

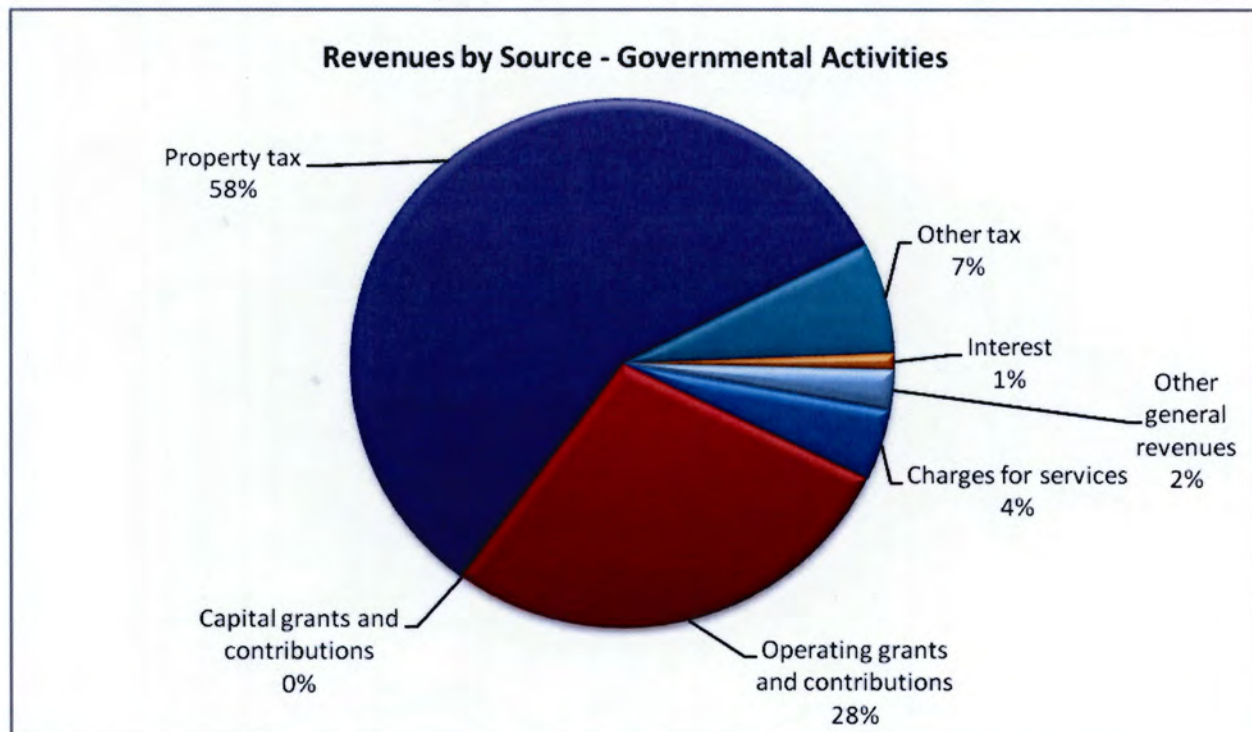
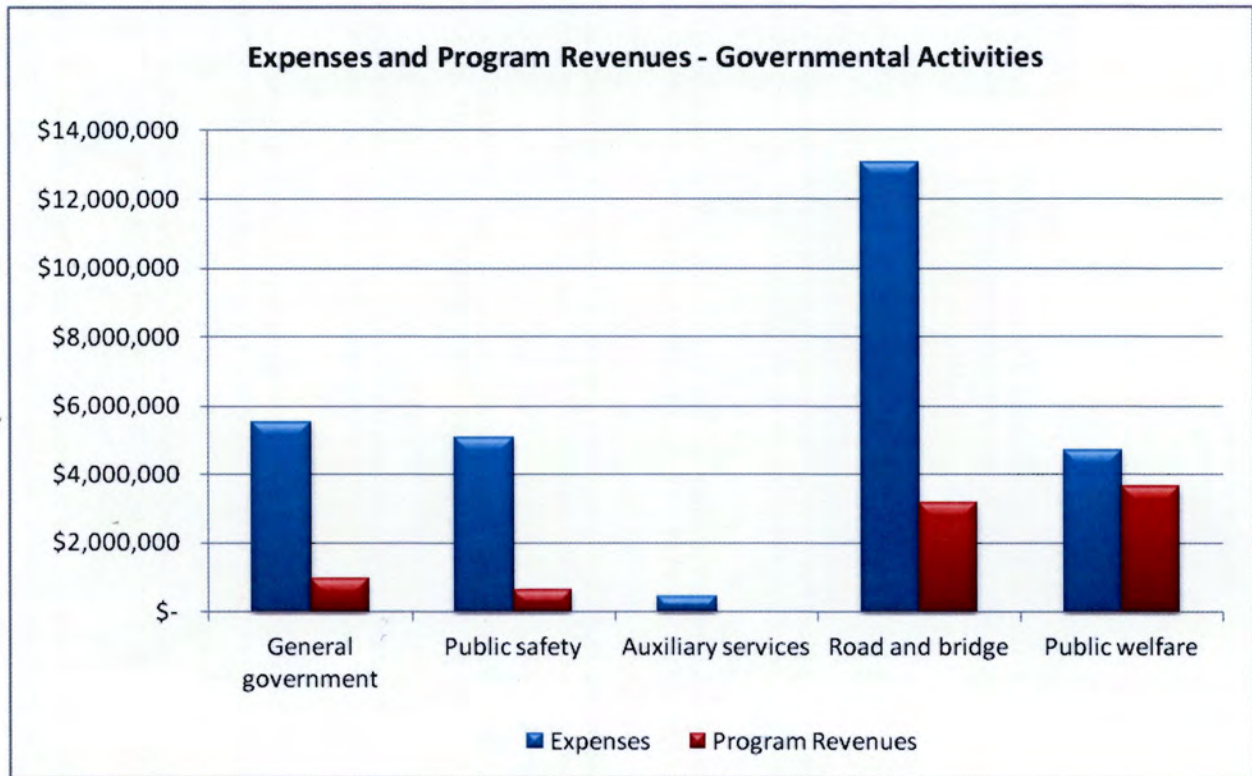
Net investment in capital assets decreased \$5.8 million in 2016. The majority of the decline was from depreciation calculated on capital assets.

Governmental activities. Governmental activities decreased Morgan County's net position by \$2.6 million. The decrease in net position in the governmental funds is due to the depreciation expense in the Road and Bridge Fund.

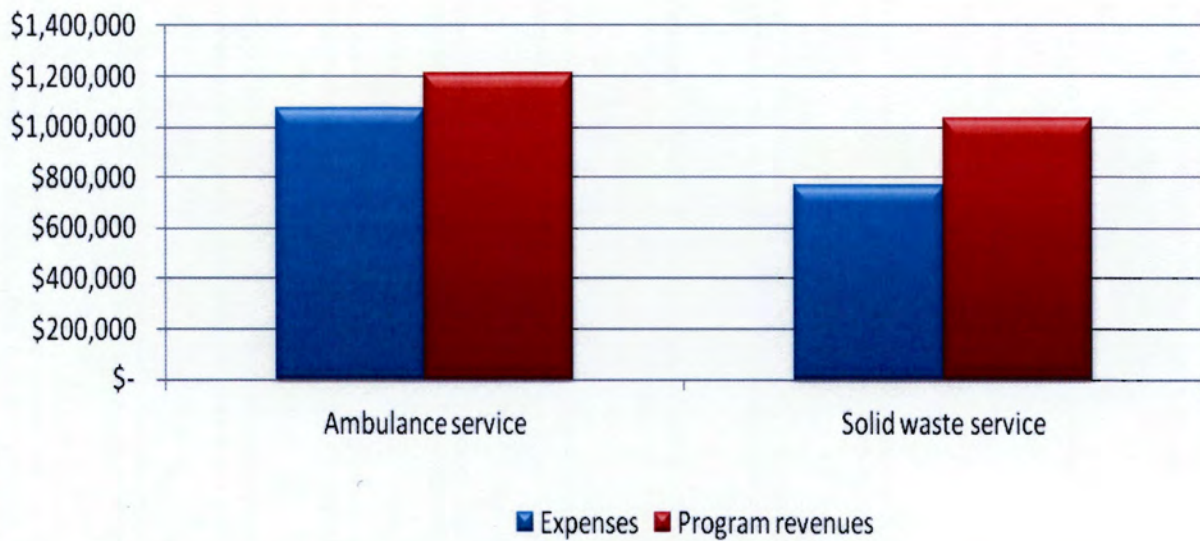
Business type activities. Business type activities increased Morgan County's net position by \$437,317. The increase was due mainly to an increase in the Solid Waste Management Fund. The following shows the elements of the County's decrease in net position:

**Morgan County Government
Changes in Net Position**

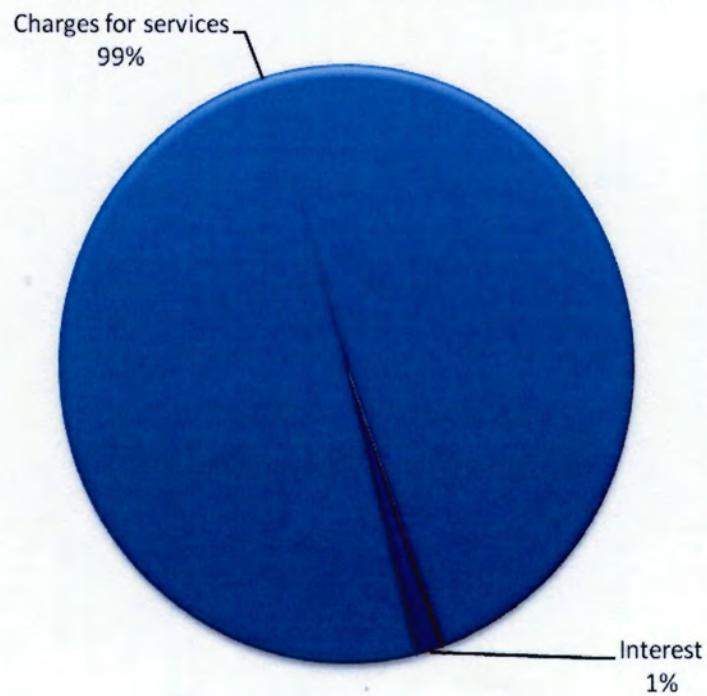
	<u>Governmental activities</u>		<u>Business-type activities</u>		<u>Total Government</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Revenues						
Program revenues						
Charges for services	\$ 1,147,496	\$ 1,049,629	\$ 2,235,176	\$ 2,017,347	\$ 3,382,672	\$ 3,066,976
Operating grants and contributions	7,328,010	7,566,786	3,505	24,165	7,331,515	7,590,951
Capital grants and contributions	-	44,654	-	6,334	-	50,988
General revenues						
Property tax	15,047,692	13,579,680	-	-	15,047,692	13,579,680
Other tax	1,773,132	1,831,520	-	-	1,773,132	1,831,520
Interest	244,482	190,551	30,169	18,847	274,651	209,398
Other general revenues	<u>635,840</u>	<u>601,662</u>	<u>2,957</u>	<u>5,396</u>	<u>638,797</u>	<u>607,058</u>
Total revenues	<u>26,176,652</u>	<u>24,864,482</u>	<u>2,271,807</u>	<u>2,072,089</u>	<u>28,448,459</u>	<u>26,936,571</u>
Expenses						
General government	5,520,906	5,613,406	-	-	5,520,906	5,613,406
Public safety	5,078,786	5,219,708	-	-	5,078,786	5,219,708
Auxiliary services	440,388	464,619	-	-	440,388	464,619
Roads and bridges	13,072,223	12,667,839	-	-	13,072,223	12,667,839
Public welfare	4,713,540	4,454,833	-	-	4,713,540	4,454,833
Ambulance services			1,070,858	1,126,716	1,070,858	1,126,716
Solid waste services			<u>763,632</u>	<u>707,029</u>	<u>763,632</u>	<u>707,029</u>
Total expenses	<u>28,825,843</u>	<u>28,420,405</u>	<u>1,834,490</u>	<u>1,833,745</u>	<u>30,660,333</u>	<u>30,254,150</u>
Increase (decrease) in net position	(2,649,191)	(3,555,923)	437,317	238,344	(2,211,874)	(3,317,579)
Net position - January 1	<u>172,096,333</u>	<u>175,652,256</u>	<u>5,522,150</u>	<u>5,283,806</u>	<u>177,618,483</u>	<u>180,936,062</u>
Net position - December 31	<u>\$ 169,447,142</u>	<u>\$ 172,096,333</u>	<u>\$ 5,959,467</u>	<u>\$ 5,522,150</u>	<u>\$ 175,406,609</u>	<u>\$ 177,618,483</u>



Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

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

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

The County's governmental funds financial position increased during the year 2016. The total fund balances in the governmental funds increased by \$3.4 million. As of the end of 2016, the combined ending fund balance of County governmental funds was \$35.9 million. Approximately 31% of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is restricted or committed for a specific purpose by the current County Commissioners. The County has restricted funds for the following purposes: 1) a state-constituted mandated emergency reserve \$750,000, 2) a state mandated clerk technology fund \$86,428, 3) a state statute for Social Services \$936,297, 4) a state statute for roadways \$5,816,891, 5) a state statute for the 911 emergency telephone services \$1,033,856, 6) a state statute to promote tourism in the County \$503,435, 7) a state statute to promote parks and recreation \$517,378, and 8) a state statute regulating law enforcement confiscation and seizure \$3,276.

Propriety Funds Overview. The County's proprietary fund statements provide the same type of information found in the government-wide statements, but in more detail.

The County has two enterprise-type proprietary funds, the Solid Waste Management Fund and Ambulance Service Fund.

- ❖ **Solid Waste Management Fund.** Unrestricted net position of this fund at the end of the year amounted to \$3,359,324. This is an increase of \$321,931 from unrestricted net position at the end of 2015.
- ❖ **Ambulance Service Fund.** Unrestricted net position of this fund at the end of 2016 amounted to \$1,260,759. This is an increase of \$129,899 from unrestricted net position at the end of 2015.

The County has one Internal Service Fund type Proprietary Fund. The Internal Service Fund is a governmental activity fund in the Proprietary Fund financial statements. The County's Internal Service Fund, the Central Services Fund, has unrestricted net position of \$3.2 million.

The County has three major governmental funds. These are the General Fund, Road and Bridge Fund, and Social Services Fund.

- ❖ **General Fund.** This is the primary operating fund of the Morgan County Government. It accounts for many of the County's core services such as law enforcement, the County Assessor, County Clerk and Recorder and planning and zoning. The general fund's fund balance as of December 31, 2016, was \$22.6 million. Of this amount, \$11.4 million is restricted or assigned for a specific purpose. As a measure of the general fund's liquidity, it may be useful to compare the fund balance and total fund balance to total

fund expenditures. Unassigned fund balance is 102% of total 2016 expenditures and transfers in the general fund.

- ❖ **Road and Bridge Fund.** The Road and Bridge Fund is mandated by state statutes. This fund accounts for costs related to County road and bridge construction and maintenance of same. The Road and Bridge Fund has \$9.2 million in fund balance at the end of 2016. Of this amount, \$5.8 million is restricted for future capital highway projects, and \$93,361 is nonspendable for bridge inventory and \$3.3 million is committed for future capital road and bridge projects. Total Road and Bridge fund balance increased by \$101,190 in 2016. Revenues increased in 2016 by \$82,524. In 2016, the total expenditures in the Road and Bridge Fund decreased by \$1.7 million. The decrease in expenditures was due to fewer capital road and bridge projects.
- ❖ **Social Services Fund.** This fund is also State mandated. It accounts for the local share of many Federal and State public welfare programs. The Social Services fund balance at the end of 2016 was \$936,297. This is an increase of \$51,636 from the 2015 fund balance. The \$936,297 fund balance is restricted for public welfare programs.

GENERAL FUND BUDGETARY HIGHLIGHTS

The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund. The actual revenues were \$308,341 more than the budgeted amount. The actual expenditures in the County's General Fund did not reach the budgeted amount. This was due to capital projects that were rescheduled for future years and grants that the County did not receive.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. Morgan County's net investment in capital assets for its governmental and business type activities as of December 31, 2016 totals \$132.4 million (net of accumulated depreciation). This investment includes all land, buildings, machinery and equipment, as well as infrastructure constructed from 1980 through 2016.

Morgan County Government Capital Assets (net of depreciation)						
	Governmental activities		Business-type activities		Total Government	
	2016	2015	2016	2015	2016	2015
Land and Water Rights	\$ 1,266,521	\$ 1,266,521	\$ 68,510	\$ 23,510	\$ 1,335,031	\$ 1,290,031
Building and Improvements	6,929,909	7,393,984	739,433	775,628	7,669,342	8,169,612
Machinery and Equipment	6,383,047	5,603,905	531,440	554,759	6,914,487	6,158,664
Infrastructure Construction in Progress	116,135,847	122,565,595	-	-	116,135,847	122,565,595
	<u>374,416</u>	<u>54,864</u>	<u>-</u>	<u>-</u>	<u>374,416</u>	<u>54,864</u>
Total capital assets	<u>\$ 131,089,740</u>	<u>\$ 136,884,869</u>	<u>\$ 1,339,383</u>	<u>\$ 1,353,897</u>	<u>\$ 132,429,123</u>	<u>\$ 138,238,766</u>

Additional information on the Morgan County capital asset activity can be found in note 5 of this report.

Debt. The County has no debt as of December 31, 2016.

Other Matters. The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2016 budget:

- The County assessed value decreased by 3%. This amounts to a decrease of \$6,611 in property tax revenue. The decrease in assessed value was due mainly to a decrease in State assessed value. Morgan County's assessed value is critical to revenues as there is no County sales tax levied. The County's agricultural industry has been the backbone of the area's economy for many years. The County continues to promote economic development in Morgan County.
- The County has historically, and continues to be, fiscally responsible. A fund balance for the County was carefully invested.
- Planning has begun on building expansion and updating of the existing County Jail/Judicial Complex.
- The County Social Services department continues to address increasing case loads and increasing costs to local government.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Morgan County's finances for all those with an interest in the government's finances. Financial information for the Morgan County Building Authority is included in the County's primary government financial statements and separate financial statements are not prepared. Questions concerning any of the information provided in this or for additional information should be addressed to the Finance Director, P.O. Box 189, Fort Morgan, CO 80701.



BASIC FINANCIAL STATEMENTS



Morgan County, Colorado
Statement of Net Position
December 31, 2016
(With comparative totals for December 31, 2015)

	Governmental	Business-type	Total	
	Activities	Activities	2016	2015
ASSETS				
Cash (Note 3)	\$ 1,635	\$ 600	\$ 2,235	\$ 2,235
Cash held by county departments (Note 3)	147,111	-	147,111	137,394
Cash and investments held by County Treasurer (Note 3)	39,376,413	5,434,058	44,810,471	42,299,643
Client trust accounts (Note 3)	159,816	-	159,816	70,470
Receivables (net of allowances for uncollectibles) (Note 4):				
General property tax - net	15,086,892	-	15,086,892	15,104,969
Accounts	87,937	267,034	354,971	376,128
Intergovernmental	879,452	-	879,452	1,107,430
Internal balances (Note 8)	29,077	(29,077)	-	-
Inventory	274,507	-	274,507	225,651
Capital assets not being depreciated (Note 5)	1,640,937	68,510	1,709,447	1,344,894
Capital assets (net of accumulated depreciation) (Note 5)	129,448,803	1,270,874	130,719,677	136,893,872
Total assets	187,132,580	7,011,999	194,144,579	197,562,686
LIABILITIES				
Warrants payable	380,445	25,787	406,232	1,918,979
Vouchers payable	795,509	26,962	822,471	547,787
Accounts payable	44,350	7	44,357	53,538
Accrued wages	-	18,869	18,869	16,207
Client trust accounts (Note 3)	159,816	-	159,816	70,470
Intergovernmental payables	36,772	-	36,772	34,299
Unearned other revenue	209,049	8,680	217,729	221,845
Funds held for others	31,536	-	31,536	20,006
Noncurrent liabilities:				
Due within one year (Note 7)	522,346	36,550	558,896	129,903
Due more than one year (Note 7)	418,723	935,677	1,354,400	1,826,200
Total liabilities	2,598,546	1,052,532	3,651,078	4,839,234
DEFERRED INFLOWS OF RESOURCES				
Deferred property tax revenue	15,086,892	-	15,086,892	15,104,969
NET POSITION:				
Net investment in capital assets	131,089,740	1,339,384	132,429,124	138,238,766
Restricted for:				
Clerk E-filing fees	86,428	-	86,428	80,922
Emergencies	750,000	-	750,000	750,000
Roadways	5,816,891	-	5,816,891	6,160,339
Social services	936,297	-	936,297	884,661
911 emergency	1,033,856	-	1,033,856	980,529
Tourism	503,435	-	503,435	540,392
Parks and recreation	517,378	-	517,378	509,032
Law enforcement	3,276	-	3,276	5,573
Unrestricted	28,709,841	4,620,083	33,329,924	29,468,269
Total net position	\$ 169,447,142	\$ 5,959,467	\$ 175,406,609	\$ 177,618,483

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

Morgan County, Colorado
Statement of Activities
For Fiscal Year Ended December 31, 2016
(With comparative totals for fiscal year ended December 31, 2015)

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 5,520,906	\$ 594,119	\$ 379,126	\$ -
Judicial and public safety	5,078,786	528,016	119,856	-
Auxiliary services	440,388	-	-	-
Roads and bridges	13,072,223	25,361	3,161,781	-
Public welfare	4,713,540	-	3,667,247	-
Total governmental activities	<u>28,825,843</u>	<u>1,147,496</u>	<u>7,328,010</u>	<u>-</u>
Business-type activities:				
Ambulance services	1,070,858	1,205,051	3,505	-
Solid waste services	763,632	1,030,125	-	-
Total business-type activities	<u>1,834,490</u>	<u>2,235,176</u>	<u>3,505</u>	<u>-</u>
Total primary government	<u>\$ 30,660,333</u>	<u>\$ 3,382,672</u>	<u>\$ 7,331,515</u>	<u>\$ -</u>
General revenues:				
Taxes:				
Property				
Specific ownership				
Lodging				
Other				
Investment income				
Miscellaneous				
Gain (loss) on sale of assets				
Total general revenues				
Changes in net position				
Net position, January 1				
Net position, December 31				

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

Net (Expenses) Revenues and			
Changes in Net Position			
Primary Government			
Governmental Activities	Business-type Activities	Total	
		2016	2015
\$ (4,547,661)	\$ -	\$ (4,547,661)	\$ (4,565,121)
(4,430,914)	-	(4,430,914)	(4,624,109)
(440,388)	-	(440,388)	(464,619)
(9,885,081)	-	(9,885,081)	(9,138,236)
(1,046,293)	-	(1,046,293)	(967,251)
<u>(20,350,337)</u>	<u>-</u>	<u>(20,350,337)</u>	<u>(19,759,336)</u>
-	137,698	137,698	60,828
-	266,493	266,493	153,273
-	404,191	404,191	214,101
<u>\$ (20,350,337)</u>	<u>\$ 404,191</u>	<u>\$ (19,946,146)</u>	<u>\$ (19,545,235)</u>
15,047,692	-	15,047,692	13,579,680
1,506,682	-	1,506,682	1,538,445
186,372	-	186,372	221,834
80,078	-	80,078	71,241
244,482	30,169	274,651	209,398
373,685	2,984	376,669	366,287
262,155	(27)	262,128	240,771
<u>17,701,146</u>	<u>33,126</u>	<u>17,734,272</u>	<u>16,227,656</u>
(2,649,191)	437,317	(2,211,874)	(3,317,579)
<u>172,096,333</u>	<u>5,522,150</u>	<u>177,618,483</u>	<u>180,936,062</u>
<u>\$ 169,447,142</u>	<u>\$ 5,959,467</u>	<u>\$ 175,406,609</u>	<u>\$ 177,618,483</u>

Morgan County, Colorado
Balance Sheet
Governmental Funds
December 31, 2016
(With comparative totals for December 31, 2015)

	General	Road and Bridge	Social Services	Other Governmental Funds
ASSETS:				
Cash	\$ 800	\$ -	\$ 400	\$ 85
Cash held by county departments	143,470	-	-	3,641
Cash and investments held by County Treasurer	22,892,958	9,095,904	988,362	3,189,417
Client trust accounts	-	-	159,816	-
Receivables (net of allowances for uncollectibles):				
General property tax - net	10,135,757	3,908,791	1,042,344	-
Accounts	29,894	45	-	42,170
Intergovernmental	145,198	350,666	382,285	1,303
Due from other funds	28,927	-	-	-
Inventories	-	93,361	-	-
Total assets	\$ 33,377,004	\$ 13,448,767	\$ 2,573,207	\$ 3,236,616
LIABILITIES AND FUND BALANCES:				
LIABILITIES:				
Warrants payable	\$ 149,747	\$ 40,055	\$ 78,279	\$ 48,952
Vouchers payable	307,084	191,337	70,367	21,987
Accounts payable	17,568	195	26,587	-
Client trust accounts	-	-	159,816	-
Intergovernmental payables	-	-	36,772	-
Due to other funds	-	-	-	28,927
Interfund payables	92,877	126,173	19,374	430
Unearned other revenue	5,678	-	203,371	-
Funds held for others	31,086	-	-	450
Total liabilities	604,040	357,760	594,566	100,746
DEFERRED INFLOWS OF RESOURCES:				
Deferred property tax revenue	10,135,757	3,908,791	1,042,344	-
FUND BALANCES:				
Fund balance:				
Nonspendable:				
Inventory	-	93,361	-	-
Restricted for:				
Clerk E-filing fees	86,428	-	-	-
Emergencies	750,000	-	-	-
Roadways	-	5,816,891	-	-
Social services	-	-	936,297	-
911 emergency	-	-	-	1,033,856
Tourism	-	-	-	503,435
Parks and recreation	-	-	-	517,378
Law enforcement	-	-	-	3,276
Committed to:				
Tri Centennial	2,308	-	-	-
Capital improvements	374,085	-	-	-
Bridge structures	-	2,253,425	-	-
Road projects	-	1,018,539	-	-
Jail expansion	-	-	-	1,077,925
Assigned to:				
Other capital projects	10,000,000	-	-	-
Other agencies	143,470	-	-	-
Unassigned:	11,280,916	-	-	-
Total fund balances	22,637,207	9,182,216	936,297	3,135,870
Total liabilities and fund balances	\$ 33,377,004	\$ 13,448,767	\$ 2,573,207	\$ 3,236,616

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

Total Governmental Funds

2016	2015
\$ 1,285	\$ 1,285
147,111	137,394
36,166,641	33,652,940
159,816	70,470
15,086,892	15,104,969
72,109	107,461
879,452	1,107,430
28,927	-
93,361	78,817
<u>\$ 52,635,594</u>	<u>\$ 50,260,766</u>

\$ 317,033	\$ 1,714,336
590,775	395,711
44,350	20,739
159,816	70,470
36,772	34,299
28,927	823
238,854	217,530
209,049	216,460
31,536	20,006
<u>1,657,112</u>	<u>2,690,374</u>

<u>15,086,892</u>	<u>15,104,969</u>
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93,361	78,817
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86,428	80,922
750,000	750,000
5,816,891	6,160,339
936,297	884,661
1,033,856	980,529
503,435	540,392
517,378	509,032
3,276	5,573

2,308	-
374,085	278,660
2,253,425	2,032,674
1,018,539	809,196
1,077,925	919,223

10,000,000	8,000,000
143,470	131,456
11,280,916	10,303,949
<u>35,891,590</u>	<u>32,465,423</u>
<u>\$ 52,635,594</u>	<u>\$ 50,260,766</u>



**Morgan County, Colorado
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position
December 31, 2016**

Total governmental fund balances (page 31) **\$ 35,891,590**

Amounts reported for governmental activities in the statement of net position (page 27) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 126,368,278

Long-term liabilities, including capital leases payable, compensated absences, and interest payable, are not due and payable in the current period and therefore are not reported in the funds. (755,099)

Compensated absences

The internal services fund is used by management to charge the costs of services for the County attorney, fleet maintenance, and other services to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 7,942,373

Net position of governmental activities (page 27) **\$169,447,142**

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

Morgan County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the fiscal year ended December 31, 2016
(With comparative totals for the fiscal year ended December 31, 2015)

	General	Road and Bridge	Social Services	Other Governmental Funds
REVENUES				
Taxes	\$ 11,735,439	\$ 3,826,203	\$ 1,072,810	\$ 186,372
Intergovernmental	392,727	3,161,781	3,667,247	106,255
Licenses and permits	96,926	-	-	-
Fines and forfeitures	4,091	-	-	-
Fee accounts	1,349,546	-	-	39,405
Charges for materials/service	-	41,030	-	270,413
Investment income	209,501	30,093	-	4,888
Miscellaneous	326,684	1,354	29,476	25
Total revenues	<u>14,114,914</u>	<u>7,060,461</u>	<u>4,769,533</u>	<u>607,358</u>
EXPENDITURES				
Current:				
General government	4,183,624	-	-	275,966
Judicial and public safety	4,875,649	-	-	112,953
Auxiliary services	441,072	-	-	-
Road and bridge	-	4,166,484	-	-
Public welfare	-	-	4,708,377	-
Intergovernmental cooperation outlay	1,119,295	-	-	-
Capital outlay	297,394	2,792,787	9,520	157,318
Total expenditures	<u>10,917,034</u>	<u>6,959,271</u>	<u>4,717,897</u>	<u>546,237</u>
Excess (deficiency) of revenues over (under) expenditures	<u>3,197,880</u>	<u>101,190</u>	<u>51,636</u>	<u>61,121</u>
Other financing sources (uses):				
Transfers in	-	-	-	120,000
Transfers out	(120,000)	-	-	-
Proceeds from sale of capital assets	14,340	-	-	-
Total other financing sources (uses)	<u>(105,660)</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
Net change in fund balances	3,092,220	101,190	51,636	181,121
Fund Balances, January 1	19,544,987	9,081,026	884,661	2,954,749
Fund Balances, December 31	<u>\$ 22,637,207</u>	<u>\$ 9,182,216</u>	<u>\$ 936,297</u>	<u>\$ 3,135,870</u>

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

Total Governmental Funds

2016	2015
\$ 16,820,824	\$ 15,411,200
7,328,010	7,566,786
96,926	84,958
4,091	4,641
1,388,951	1,293,167
311,443	326,123
244,482	190,551
357,539	360,283
<u>26,552,266</u>	<u>25,237,709</u>

4,459,590	4,261,742
4,988,602	5,103,613
441,072	465,300
4,166,484	3,944,569
4,708,377	4,462,082
1,119,295	1,120,295
3,257,019	4,750,739
<u>23,140,439</u>	<u>24,108,340</u>

<u>3,411,827</u>	<u>1,129,369</u>
------------------	------------------

120,000	120,000
(120,000)	(120,000)
14,340	20
<u>14,340</u>	<u>20</u>

3,426,167	1,129,389
32,465,423	31,336,034
<u>\$ 35,891,590</u>	<u>\$ 32,465,423</u>

Morgan County, Colorado
Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balance to the Statement of Activities
For the Year Ended December 31, 2016

Net change in fund balances – total governmental funds (page 35) **\$ 3,426,167**

Amounts reported for governmental activities in the statement of activities (page 29) are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital asset additions	\$ 3,257,019	
Depreciation expense	<u>(9,605,800)</u>	
Excess of depreciation over capital outlay		(6,348,781)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated absences	64,495
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Internal service funds are used by management to charge the costs of certain activities such as fleet services, attorney services, accounting services, and information system services to individual funds. The net revenue (expense) of the internal service fund is reported with governmental activities.

208,928

Change in net position of governmental funds (page 29) **\$ (2,649,191)**

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

Morgan County, Colorado

Statement of Net Position

Proprietary Funds

December 31, 2016

(With comparative totals for Business-type Activities at December 31, 2015)

	Business-type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Ambulance Service	Solid Waste Management	Total		
			2016	2015	
ASSETS					
Current assets:					
Cash	\$ -	\$ 600	\$ 600	\$ 600	\$ 350
Cash and investments held by County Treasurer	1,168,037	4,266,021	5,434,058	5,076,139	3,209,772
Receivables (net of allowance uncollectibles):					
Accounts	199,615	65,302	264,917	241,281	15,828
Other	1,824	293	2,117	13,763	-
Due from other funds	-	-	-	823	-
Interfund receivables	-	51	51	51	267,931
Inventory	-	-	-	-	181,146
Total current assets	<u>1,369,476</u>	<u>4,332,267</u>	<u>5,701,743</u>	<u>5,332,657</u>	<u>3,675,027</u>
Noncurrent assets:					
Capital assets (net of accumulated depreciation):					
Land and water rights	45,000	23,510	68,510	23,510	-
Construction in progress	-	-	-	-	105,522
Buildings	176,703	562,730	739,433	775,628	6,712
General equipment	67,877	463,564	531,441	554,759	4,581,750
Infrastructure	-	-	-	-	27,478
Total noncurrent assets	<u>289,580</u>	<u>1,049,804</u>	<u>1,339,384</u>	<u>1,353,897</u>	<u>4,721,462</u>
Total assets	<u>1,659,056</u>	<u>5,382,071</u>	<u>7,041,127</u>	<u>6,686,554</u>	<u>8,396,489</u>
LIABILITIES					
Current liabilities:					
Warrants payable	19,603	6,184	25,787	113,169	63,412
Vouchers payable	7,994	18,968	26,962	27,935	204,734
Accounts payable	-	7	7	7,388	-
Accrued wages	18,869	-	18,869	16,207	-
Compensated absences	23,454	13,096	36,550	57,617	77,354
Interfund payables	11,188	17,940	29,128	23,378	-
Unearned revenue	8,680	-	8,680	5,385	-
Total current liabilities	<u>89,788</u>	<u>56,195</u>	<u>145,983</u>	<u>251,079</u>	<u>345,500</u>
Noncurrent liabilities:					
Compensated absences	18,929	9,010	27,939	38,790	108,616
Accrued landfill closure and post-closure care costs	-	907,738	907,738	874,535	-
Total noncurrent liabilities	<u>18,929</u>	<u>916,748</u>	<u>935,677</u>	<u>913,325</u>	<u>108,616</u>
Total liabilities	<u>108,717</u>	<u>972,943</u>	<u>1,081,660</u>	<u>1,164,404</u>	<u>454,116</u>
NET POSITION					
Net investment in capital assets	289,580	1,049,804	1,339,384	1,353,897	4,721,462
Unrestricted	1,260,759	3,359,324	4,620,083	4,168,253	3,220,911
Total net position	<u>\$ 1,550,339</u>	<u>\$ 4,409,128</u>	<u>\$ 5,959,467</u>	<u>\$ 5,522,150</u>	<u>\$ 7,942,373</u>

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

Morgan County, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the year ended December 31, 2016
(With comparative totals Business-type Activities for the year ended December 31, 2015)

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ambulance Service	Solid Waste Management	Total		Internal Service Fund
			2016	2015	
Operating revenues					
Charges for services	\$ 1,185,666	\$ 1,030,125	\$ 2,215,791	\$ 2,017,347	\$ 3,227,605
Miscellaneous revenues	21,484	885	22,369	25,046	477
Total operating revenues	<u>1,207,150</u>	<u>1,031,010</u>	<u>2,238,160</u>	<u>2,042,393</u>	<u>3,228,082</u>
Operating expenses					
Compensation and benefits	711,981	341,150	1,053,131	1,054,869	1,188,760
Operating supplies	41,976	21,293	63,269	150,841	965,417
Purchased services	134,169	152,923	287,092	231,330	308,499
Fixed charges	125,763	132,989	258,752	244,863	58,318
Depreciation	33,242	71,380	104,622	106,102	739,427
Other expenses	23,727	43,897	67,624	45,740	6,548
Total operating expenses	<u>1,070,858</u>	<u>763,632</u>	<u>1,834,490</u>	<u>1,833,745</u>	<u>3,266,969</u>
Operating income (loss)	<u>136,292</u>	<u>267,378</u>	<u>403,670</u>	<u>208,648</u>	<u>(38,887)</u>
Nonoperating revenues					
State grant	3,500	-	3,500	10,429	-
Other grants and donations	5	-	5	420	-
Investment income	1,861	28,308	30,169	18,847	-
Gain (loss) on disposal of assets	-	(27)	(27)	-	247,815
Total nonoperating revenues	<u>5,366</u>	<u>28,281</u>	<u>33,647</u>	<u>29,696</u>	<u>247,815</u>
Change in net position	141,658	295,659	437,317	238,344	208,928
Total net position, January 1	<u>1,408,681</u>	<u>4,113,469</u>	<u>5,522,150</u>	<u>5,283,806</u>	<u>7,733,445</u>
Total net position, December 31	<u>\$ 1,550,339</u>	<u>\$ 4,409,128</u>	<u>\$ 5,959,467</u>	<u>\$ 5,522,150</u>	<u>\$ 7,942,373</u>

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

Morgan County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2016
(With comparative totals Business-type Activities for the year ended December 31, 2015)

	Business-type Activities - Enterprise Funds				Governmental Activities -
	Ambulance Service Fund	Solid Waste Management	2016	2015	Internal Services Fund
Cash flows from operating activities					
Receipts from customers and users	\$ 1,199,719	\$ 1,027,275	\$ 2,226,994	\$ 2,026,891	\$ 73,051
Receipts from interfund services			-	-	3,091,440
Payments to suppliers	(244,871)	(212,816)	(457,687)	(300,584)	(1,284,914)
Payments for interfund services	(144,447)	(127,891)	(272,337)	(257,215)	(27,412)
Payments to employees	(725,214)	(357,376)	(1,082,590)	(1,063,223)	(1,167,698)
Net cash provided by operating activities	85,188	329,193	414,381	405,869	684,467
Cash flows from noncapital financing activities					
Grants received	3,500	-	3,500	10,429	-
Donations received	5	-	5	420	-
Net cash provided by noncapital financing activities	3,505	-	3,505	10,849	-
Cash flows from capital and related financing activities					
Acquisition of capital assets	(45,000)	(45,135)	(90,135)	(48,327)	(1,099,150)
Proceeds from sale of capital assets			-	-	53,891
Net cash used by capital and related financing activities	(45,000)	(45,135)	(90,135)	(48,327)	(1,045,259)
Cash flows from investing activities					
Interest received	1,861	28,307	30,168	18,847	-
Net cash provided by investing activities	1,861	28,307	30,168	18,847	-
Net Increase (decrease) in cash and cash equivalents	45,554	312,365	357,920	387,238	(360,792)
Cash and cash equivalents - January 1	1,122,483	3,954,256	5,076,739	4,689,516	3,570,914
Cash and cash equivalents - December 31					
(Including \$600 and \$350 for the Solid Waste Management Fund and Central Services Fund, respectively, reported in cash on hand)	\$ 1,168,037	\$ 4,266,621	\$ 5,434,659	\$ 5,076,754	\$ 3,210,122
Reconciliation of operating income to net cash provided by operating activities:					
Operating income (loss)	\$ 136,292	\$ 267,378	403,670	208,648	\$ (38,887)
Adjustment to reconcile operating income to net cash provided (used) by operating activities:					
Depreciation expense	33,242	71,380	104,622	106,102	739,427
(Increase) decrease in accounts receivable	(7,432)	(4,558)	(11,990)	(15,502)	(2,205)
(Increase) decrease in intergovernmental receivables	-	824	824	-	(27,074)
(Increase) decrease in inventory	-	-	-	-	(34,312)
Increase (decrease) in accounts payable	(65,324)	(30,412)	(95,736)	86,439	27,117
Increase (decrease) in intergovernmental payable	(1,650)	7,400	5,750	2,044	-
Increase (decrease) in accrued wages	2,662		2,662	(7,468)	
Increase (decrease) in accrued compensated absences	(15,896)	(16,022)	(31,918)	(884)	20,401
Increase (decrease) in unearned revenue	3,294		3,294	(1,450)	
Increase in accrued landfill closure and postclosure	-	33,203	33,203	27,940	-
Total adjustments	(51,104)	61,815	10,711	197,221	723,354
Net cash provided by operating activities	\$ 85,188	\$ 329,193	\$ 414,381	\$ 405,869	\$ 684,467

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

Morgan County, Colorado
Statement of Net Position
Fiduciary Funds
December 31, 2016

	Total Agency Funds
ASSETS	
Cash	\$ 112,601
Cash held by County Treasurer - Public Trustee and Clerk	747,463
Cash held by County Treasurer - held for other governments	876,317
Receivable	13,956
Total assets	<u>\$ 1,750,337</u>
LIABILITIES	
Warrants payable	\$ 797,653
Cash held for designated purpose	13,890
Cash held for others	938,794
Total liabilities	<u>\$ 1,750,337</u>

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

MORGAN COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

December 31, 2016

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Morgan County, Colorado have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied 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.

A. Reporting Entity

In evaluating the County as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the County may be financially accountable and, as such, should be included within the County's financial statements. The County (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefits to or impose specific financial burdens on the County. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading.

These financial statements include the following blended component unit:

Morgan County Building Authority

The Morgan County Building Authority functions for one single purpose. It was created in 1984 to act as a conduit to finance major capital building projects and to convey these facilities through a lease-purchase agreement with the County. It has an uncompensated four member board. Board members are appointed by the Board of County Commissioners. The Morgan County Building Authority does not issue separate financial statements. There is no activity for the Morgan County Building Authority in 2016.

B. Basis of Presentation

Morgan County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

information. The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate net position resulting from activities of the fiscal period.

C. Government-Wide Financial Statements

The statement of net position and the statement of activities display information about the County as a whole. In the government-wide statement of net position, both the governmental and business-type activities columns are presented on a consolidated basis by column. These statements include the financial activities of the primary government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Exceptions include interfund services provided and used. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

The County does not currently employ an indirect cost allocation system. An internal service fund is utilized to account for its fleet of vehicles, county attorney and human resources, accounting, and its management information systems. Fees for these services are charged to other operating funds. The interfund services provided and used by the County are not eliminated in the consolidation process.

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

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Fund Financial Statements

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The County reports the following major governmental funds:

The *General Fund* is the general operating fund of the County which accounts for all financial resources that are not accounted for in other funds. Operations of the County such as public safety, planning and zoning, property valuation, tax collection and distribution, vehicle licensing, County administration, and other activities financed from taxes and general revenues are reflected in this fund.

The *Road and Bridge Fund, a special revenue fund*, records costs related to County road and bridge construction and maintenance except for engineering and public works administration which is recorded in the General Fund. By State law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.

The *Social Services Fund, a special revenue fund*, administers human services programs under state and federal regulations. Funding sources include, Federal and State grants as well as County property tax dollars. Programs include, but are not limited to, Medicaid, food stamps, foster care programs, senior service programs, job training services, and Temporary Assistance to Needy Families (TANF). Colorado counties are required by state law to maintain a Social Services Fund.

The County reports the following major enterprise funds:

The *Ambulance Service Fund* accounts for the activities of the County owned and operated ambulance service.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The *Solid Waste Management Fund* accounts for the solid waste management activities of the County including the operation of the County's only municipal solid waste landfill.

The County reports the following fund types:

The *Internal Service Fund* accounts for the financing of goods and/or services provided by Attorney Services and Human Resources, Accounting, Information Systems, Central Inventory Control, and Fleet Management to other County departments and funds, County involved jointly governed organizations and other governmental units on a cost reimbursed basis.

The *Agency Funds* account for assets held by the County as an agent for individuals, private organizations, and other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The County agency funds include the following:

Treasurer Fund accounts for the receipt and disbursement of County revenues

Clerk and Recorder Fund accounts for resources received and disbursed by the County Clerk and Recorder on behalf of other government agencies

Sheriff Funds accounts for the receipt and disbursement of all inmate escrow and commissary transactions and civil trust activity

Public Trustee Fund is an intermediary and recorder for foreclosures and releases of deeds of trust.

E. Measurement Focus

The government-wide and proprietary fund statements are reported using the economic resources measurement focus. The government-wide, proprietary, and agency fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. The County, through the Morgan County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes levied in December 2016, are recorded in governmental funds as taxes receivable and a deferred inflow of resources. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e. revenues and other financing sources) and decreases (i.e. expenditures and other financing uses) in net fund balance.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Proprietary fund-type operating statements present increases (e.g. revenues) and decreases (e.g. expenses) in net position.

Agency funds are unlike all other types of funds, reporting only assets and liabilities. Agency funds, therefore, do not have a measurement focus, but use the accrual basis of accounting to recognize receivables and payables.

The modified accrual basis of accounting is used by all governmental fund types. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to be used to pay liabilities of the current period. The government considers all revenues available if they are collected within 60 days after year end. The government considers property taxes as receivable if they are certified in the year prior to that in which collection is expected and a corresponding deferred inflow of resources. Revenue is recognized upon collection of the property taxes. Expenditures are recorded when the related fund liability is incurred. Principal and interest on general long-term debt are recognized when due.

Those revenues susceptible to accrual are grants from other governments, interfund transfers, licenses, interest revenue, and charges for services. Cigarette and property tax collected and held by the state at the end of the year

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

on behalf of the County are recognized as revenue. Revenues collected by and held by one governmental agency for another within the reporting entity are considered susceptible to accrual. Fines, forfeitures, permits, and licenses are not susceptible to accrual because generally they are not measurable until they are received in cash.

The accrual basis of accounting is utilized by proprietary fund types and agency funds. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

F. Budgets

Annually appropriated budgets are adopted for all funds except the Agency Funds. Budgets are adopted on a basis consistent with generally accepted accounting principles. All governmental funds are budgeted on the modified accrual basis of accounting with the proprietary funds budgeted on the accrual basis. All appropriations lapse at year end. The County presents certain items on a basis different than the adopted budget. These differences are disclosed in Note 12.

In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

G. Cash and Investments

For the purpose of the Statement of Cash Flows, cash and cash equivalents, includes amounts in demand deposits as well as short-term investments with an initial maturity date within three months of the date acquired by the County.

State statutes authorize the County to invest in obligations of the U.S. Treasury, commercial paper, corporate bonds and repurchase agreements. Investments are reported at fair value.

H. Short-term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables/payables". Short-term interfund loans are classified as "due from other funds" or "due to 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".

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Inventories

Inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when purchased.

J. Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items for enterprise and internal service funds.

K. Capital Assets

Capital assets, which include property, plant equipment, and infrastructure assets (i.e. roads, bridges, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial individual cost of more than \$5,000 and a useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets lives are not capitalized.

All reported capital assets, other than land, water rights, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 – 50 years
Equipment	5 – 20 years
Vehicles	5 – 20 years
Infrastructure – Bridges	15 – 25 years
Infrastructure – Roads	15 – 50 years

L. Deferred outflows/inflows of resources

In addition to assets, statement of net position and fund balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The County does not have any deferred outflows.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position/fund balance that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *deferred revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from two sources: property taxes and special assessments. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available at both the governmental fund level and the period the taxes are levied for at the statement of net position reporting level.

M. Compensated Absences

Accumulated personal time off (PTO) leave is reported as a liability for all leave related to past employee service for which payment to the employee is considered probable. The leave liability includes any non-vested leave earned by employees which is considered likely to vest.

A liability for grandfathered sick leave benefits is accrued only if it is probable that the employee will be compensated for the benefits through cash payments upon termination or retirement. Under modified accrual accounting, expenditures and liabilities related to compensated absences will be recognized in governmental funds only when they mature (when due). The sick leave liability is estimated based on the County's past experience in making termination payments for sick leave and its termination payment policy (termination payment method).

Accumulated personal time off leave and termination payments for sick leave that are expected to be liquidated with expendable available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay the benefit. A liability for these amounts is reported in governmental funds only if they have matured, as a result of employee resignations and retirements. Accumulated vacation leave and sick leave termination payments for proprietary fund types are recorded as fund liabilities. All accumulated personal time off leave and termination payments for sick leave are accrued when incurred in the government-wide and proprietary financial statements.

N. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service or project expenditures.

O. Fund Balance

The County reports fund balances according to GASB statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or are required to remain intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as bondholders and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the County itself, using its highest level of decision making authority which is the Board of County Commissioners, by resolution. Committed funds cannot be used for other purposes unless the Board of County Commissioners approve a resolution to remove or change the constraint. The Board establishes, modifies, or rescinds fund balance commitments by passage of a resolution.
- Assigned fund balance – amounts the County intends to use for a specific purpose. Intent can be expressed by the Board of County Commissioners or by an official to which the Board delegates authority. The Board has given authority to the County Finance Director.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are only reported in the general fund.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The Board establishes assigned fund balance by a written directive to the Finance Director. In 2016, the assigned fund balance in the general fund consists of \$10,000,000 assigned to capital projects and \$143,470 assigned to other agencies. The assigned to other agencies in general fund includes: 1) \$35,786 held by the Morgan County Director of Cooperative Extension, 2) \$54,259 held by the Morgan County Fair Board, 3) \$50,275 held by the Morgan County Sheriff and 4) \$3,150 held by the Morgan County Clerk.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

P. Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation.

The restricted component of net position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported. Assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Q. 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 expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

All other interfund transactions, except interfund services provided and used, are reported as transfers.

Note 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

R. Reclassifications and Comparative Data

Certain accounts in the prior year have been reclassified to conform to the current year presentation.

Comparative total data for the prior year have been presented in the accompanying basic financial statements and the individual fund financial statements in order to provide an understanding of changes in the government's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand.

S. Use of Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates that affect amounts reported in the financial statements during the reporting period. Actual results could differ from such estimates.

Note 2: LEGAL COMPLIANCE - BUDGETS AND PROPERTY TAXES

On or before the 15th of September of each year, all agencies of the government submit requests for appropriation to the County Budget Officer so that a budget may be prepared. The budget is prepared by fund, function and activity, and includes information on the past year, current year estimates and budget, and requested appropriations for the next fiscal year.

Colorado statutes provide the following timetable which is followed in the adoption of budget:

- 1) Submission of the proposed budget to the local governing body by October 15 of each year.
- 2) Levy all taxes and certify the levies by December 22.
- 3) Final adoption of budget and appropriations by December 31 of each year.
- 4) Lien for current year taxes attaches January 1.
- 5) Property taxes are due by April 30 of each year if paid in full, or in two equal installments due February 28 and June 15 of each year.
- 6) Taxes are considered delinquent June 16.
- 7) Liens are placed on property for which taxes are delinquent in November of each year.

Note 2: LEGAL COMPLIANCE - BUDGETS AND PROPERTY TAXES (continued)

Expenditures are appropriated for each individual fund. The appropriated budget is prepared by fund, function, and activity. The County's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the County Commissioners. The legal level of budgetary control is the department level.

Note 3: DEPOSITS AND INVESTMENTS**Cash and Investments**

At December 31, 2016, the County's deposits and investments were as follows:

Cash and Investments

Cash	\$ 2,235
Cash held by County departments	147,111
Client trust accounts	159,816
Cash held by County Treasurer	46,434,252
Agency Funds	112,601
Total cash and investments	<u>\$ 46,856,015</u>

	Cash and Investments	Cash held by Treasurer	Cash held by County Departments	Client trust accounts	Total
Cash	\$ 54,777	\$ 3,516	\$ 3,150	\$ -	\$ 61,443
Cash Deposits	60,058	1,351,725	108,941	159,816	\$ 1,680,540
Certificates of Deposit	-	16,180,281	35,020	-	\$ 16,215,301
Local government investment pool – ColoTrust	-	4,252,293	-	-	\$ 4,252,293
Local government investment pool – CSafe	-	3,373,821	-	-	\$ 3,373,821
CSIP	-	519,879	-	-	\$ 519,879
Governmental Securities	-	20,752,738	-	-	\$ 20,752,738
	<u>\$ 114,835</u>	<u>\$ 46,434,253</u>	<u>\$ 147,111</u>	<u>\$ 159,816</u>	<u>\$ 46,856,015</u>

Investments in local government investment pools are rated AAAM by Standard & Poor's. Certificates of deposit have maturities ranging from 01/01/16 to 10/25/19. The investments in U.S. Treasury Bills have a maturity of less than one year.

Cash includes \$53,916 held by the County Sheriff, \$3,150 held by the County Clerk, \$35,786 held by the Morgan County Director of Cooperative Extension, \$554,259 held by Morgan County Fair Board, and \$159,816 held by the County Department of Human Services in client trust accounts.

Note 3: DEPOSITS AND INVESTMENTS (continued)

Investments

Interest rate risk. As a means of limiting its exposure to interest rate risk, the County diversifies its investments by security type and institution, and limits holdings in any one type of investment or any one type of institution. The

County investment policy restricts the maximum investment term to no more than three years from the purchase date. This limit on investment maturities is a means of limiting exposure to fair values arising from changes in interest rates.

Credit risk. State law limits investments for local government to U.S. Treasury issues, other federally backed notes and credits, and other agency offerings.

Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency.

Investments consist of United States treasury bills, notes, and obligations of United States agencies. Investments are made in accordance with State statutes for the investment of public funds, and are stated at fair value. ColoTrust and C-Safe are vehicles established for local government entities in Colorado to pool surplus funds. In accordance with state law, the County operates in conformity with all of the requirements of the Securities and Exchange Commission's (SEC) Rule 2a7 as promulgated under the Investment Company Act of 1940, as amended. All of these funds operate similarly to a money market fund and each share is equal in value to \$1.00. Investments of ColoTrust and C-Safe consist of various U.S. Government obligations. State law further limits investments in money market funds to those institutions with over \$1 billion in assets or the highest credit rating from one or more of a nationally recognized rating agency. The State Securities Commissioner administers and enforces all State statutes governing the trusts.

ColoTrust and C-Safe investments are over \$1 billion in assets, rated AAAM by Standard & Poor's, and maintain a constant net asset value of \$1 per share. ColoTrust and C-Safe are regulated by the State of Colorado, Department of Regulatory Agencies, Division of Securities, which establishes policies for and reviews the operation of local government investment pools in the state. Financial statements for CSAFE may be obtained at www.csafe.org and financial statements for ColoTrust may be obtained at www.ColoTrust.com.

Concentration of credit risk. The County limits investments to 20 percent or \$3,000,000, whichever is less, to be invested with any one institution or in any single type of investment, with the exception of U.S. Treasury obligations, Government securities, and Government Agency backed securities.

Note 3: DEPOSITS AND INVESTMENTS (continued)

Additionally, the County limits investments in any one government pooled trust funds to \$3,000,000.

At December 31, 2016, unrealized gains or (losses) were (\$227,792), which reflects the fair market value of investments

Custodial Credit Risk – Deposits Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits might not be recovered. However, the Colorado Public Deposit Protection Act (PDPA) requires that deposits of all units of local governments be held at eligible public depositories, whose eligibility is determined by state regulators.

Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified 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 deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Fair Value Measurements. To the extent available, the County's investments are recorded at fair value as of December 31, 2016. Fair value is the price that would be received to sell an asset or transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. Inputs are used in applying the various valuation techniques and take into account the assumptions that market participants use to make valuation decisions. Inputs may include price information, credit data, interest and yield curve data, and other factors specific to the financial instrument. Observable inputs reflect market data obtained from independent sources. In contrast, unobservable inputs reflect the entity's assumptions about how market participants would value the financial instrument. Valuation techniques should maximize the use of observable inputs to the extent available.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The following describes the hierarchy of inputs used to measure fair value and the primary valuation methodologies used for financial instruments measured at fair value on a recurring basis:

Level 1 Investments – values are based on quoted prices (unadjusted) for identical assets (or liabilities) in active markets that a government can access at the measurement date.

Note 3: DEPOSITS AND INVESTMENTS (continued)

Level 2 Investments with inputs – other than quoted prices included within Level 1 - that are observable for an asset (or liability), either directly or indirectly.

Level 3 Investments – classified as Level 3 have unobservable inputs for an asset (or liability) and may require a degree of professional judgment.

The following table summarizes the County's investments within the fair value hierarchy at December 31, 2016.

	Fair Value Measurement Using			
	Fair Value as of 12/31/16	Quoted prices in active markets for identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments by Fair Value Level				
Certificates of Deposit	\$ 16,215,301	\$ -	\$ 16,215,301	\$ -
Local Government Investment Pools	\$ 8,145,993	-	8,145,993	-
Government Securities	\$ 20,752,738	-	20,752,738	-
Total Investment by Fair Value Level	\$ 45,114,032	\$ -	\$ 45,114,032	\$ -

Deposits

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per official custodian. At December 31, 2016, the County's cash deposits and certificates of deposit had a book balance of \$17,642,329, and a corresponding bank balance of \$17,727,275. The difference between the book and bank balances is due to outstanding checks and deposits not yet processed by the banks. Of the bank balance, \$3,750,000 was covered by federal depository insurance. The remainder of the bank balance, \$13,977,275, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

Note 4: RECEIVABLES

Receivables at December 31, 2016, consist of the following:

	General	Special Revenue	Capital Projects	Enterprise	Internal Service	Total
Receivables:						
Taxes	\$ 10,135,757	\$ 4,951,135	\$ -	\$ -	\$ -	\$ 15,086,892
Accounts & other	\$ 29,894	\$ 42,215	\$ -	\$ 564,711	\$ 15,828	\$ 652,648
Intergovernmental	\$ 145,198	\$ 732,951	\$ 1,303	\$ -	\$ -	\$ 879,452
Gross Receivables	\$ 10,310,849	\$ 5,726,301	\$ 1,303	\$ 564,711	\$ 15,828	\$ 16,618,992
Less: allowance for						
Uncollectibles	\$ -	\$ -	\$ -	\$ (297,677)	\$ -	\$ (297,677)
Net total receivables	\$ 10,310,849	\$ 5,726,301	\$ 1,303	\$ 267,034	\$ 15,828	\$ 16,321,315

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts.

Note 5: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balances 1/1/2016	2016 Additions	2016 Deletions	Balances 12/31/2016
Governmental Activities:				
Capital assets not being depreciated:				
Land and Water Rights	\$ 1,266,521		\$ -	\$ 1,266,521
Construction in progress	\$ 54,864	\$ 319,552		\$ 374,416
Total capital assets not being depreciated	\$ 1,321,385	\$ 319,552	\$ -	\$ 1,640,937
Capital assets being depreciated:				
Buildings and improvements	\$ 18,769,377		\$ -	\$ 18,769,377
Equipment	\$ 16,810,740	\$ 1,707,127	\$ (682,072)	\$ 17,835,795
Infrastructure	\$ 440,140,151	\$ 2,523,893	\$ -	\$ 442,664,044
Total capital assets being depreciated	\$ 475,720,268	\$ 4,231,020	\$ (682,072)	\$ 479,269,216
Less accumulated depreciation:				
Buildings and improvements	\$ (11,375,393)	\$ (464,075)	\$ -	\$ (11,839,468)
Equipment	\$ (11,206,835)	\$ (927,510)	\$ 681,597	\$ (11,452,748)
Infrastructure	\$ (317,574,556)	\$ (8,953,641)	\$ -	\$ (326,528,197)
Total accumulated depreciation	\$ (340,156,784)	\$ (10,345,226)	\$ 681,597	\$ (349,820,413)
Total capital assets being depreciated, net	\$ 135,563,484	\$ (6,114,206)	\$ (475)	\$ 129,448,803
Governmental activities capital assets, net	\$ 136,884,869	\$ (5,794,654)	\$ (475)	\$ 131,089,740
Business-type Activities:				
Capital assets not being depreciated:				
Land and Water Rights	\$ 23,510	\$ 45,000	\$ -	\$ 68,510
Capital assets being depreciated:				
Buildings and improvements	\$ 1,283,929	\$ -	\$ (1,806)	\$ 1,282,123
Equipment	\$ 1,141,480	\$ 45,135	\$ (38,173)	\$ 1,148,442
Total capital assets being depreciated	\$ 2,425,409	\$ 45,135	\$ (39,979)	\$ 2,430,565
Less accumulated depreciation:				
Buildings and improvements	\$ (508,300)	\$ (36,196)	\$ 1,806	\$ (542,690)
Equipment	\$ (586,722)	\$ (68,426)	\$ 38,146	\$ (617,002)
Total accumulated depreciation	\$ (1,095,022)	\$ (104,622)	\$ 39,952	\$ (1,159,692)
Total capital assets being depreciated, net	\$ 1,330,387	\$ (59,487)	\$ (27)	\$ 1,270,873
Business-type activities capital assets, net	\$ 1,353,897	\$ (14,487)	\$ (27)	\$ 1,339,383

Note 5: CAPITAL ASSETS (continued)

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

Governmental activities:		
General government	\$	471,795
Public safety		134,022
Auxiliary services		56,551
Roads and bridges		8,942,797
Public welfare		634
Capital assets held by Morgan County's internal service		
fund are charged to the various functions based on their usage of the assets		739,427
Total depreciation expense – government activities	\$	<u>10,345,226</u>
Business-type activities:		
Ambulance service	\$	33,242
Solid waste management fund		71,380
Total depreciation expense – business-type activities	\$	<u>104,622</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. In 1985, 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. During 1986, the County was unable to obtain property and liability insurance at a cost it considered to be economically justifiable. Therefore, 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

Note 6: RISK MANAGEMENT (continued)

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.

County's Health and Life Insurance Pool

The County provides employee health and life insurance coverage for all full-time employees. Coverage in 2016 was provided through the County Health Pool (CHP).

The CHP provides medical and life insurance coverage for employees and their dependents. Claims are administered by National Benefit Administrators, Inc. Health care claims are managed by Anthem Blue Cross.

The amounts of settlements have not exceeded insurance coverage in any of the past three years for the above referenced pools.

Note 7: LONG-TERM OBLIGATIONS

During the year ended December 31, 2016, the following changes occurred in the County's long-term obligations:

	Balance 1/1/2016	Additions	Deletions	Balance 12/31/16	One Year
Governmental Activities:					
Compensated absences	\$ 985,161	\$ 611,428	\$ (655,520)	\$ 941,069	\$ 522,346
Total Governmental	985,161	611,428	(655,520)	941,069	522,346
Business-Type Activities:					
Landfill closure and post closure care costs	874,535	33,203		907,738	
Compensated absences	96,406	52,228	(84,145)	64,489	36,550
Total Business-Type	970,941	85,431	(84,145)	972,227	36,550
Total Long-term obligations	\$ 1,956,102	\$ 696,859	\$ (739,665)	\$ 1,913,296	\$ 558,896

At year-end, \$185,970 of internal service funds compensated absences are included in the above amounts. For governmental activities, the majority of compensated absences are liquidated by the General Fund. The landfill closure and postclosure costs are liquidated by the Solid Waste Fund, which is a business-type activity.

Note 8: INTERFUND ASSETS/LIABILITIES

The County reports interfund balances between many of its funds. These balances result from a time lag between the dates interfund goods and services are provided or reimbursable expenditures occur and payments between funds occur. Interfund balances are generally expected to be repaid within one year of the financial statement date. The sum of all balances presented in the table agrees with the sum of interfund balances presented in the balance sheets for governmental and proprietary funds.

Interfund Receivables/Payables:

\$ 51	Solid Waste Management
(11,188)	Ambulance Service
(17,940)	Solid Waste Management
<u>\$ (29,077)</u>	Business Type Totals
\$ (92,877)	General Fund
(126,172)	Road & Bridge Department
(19,374)	Social Services
(64)	Jail Capital Improvement
(366)	Lodging and Tourism
<u>\$ (238,853)</u>	
267,930	Central Services Fund
<u>\$ 29,077</u>	Governmental Activities Totals

Note 9: INTERFUND TRANSFERS

In 2016 the County General Fund transferred \$120,000 to the County Jail Capital Improvement Fund. The transfer was budgeted and done to increase funds being accumulated in the Jail Capital Improvement Fund. This fund was created to account for money for future expansion of the County's Judicial Center building.

Note 10: TABOR COMPLIANCE

Emergency Reserve - Tax Spending and Debt Limitations

On November 3, 1992, the voters of Colorado approved Amendment 1, commonly known as the TABOR Amendment, which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations which apply to the State of Colorado, all local governments, and special districts.

Note 10: TABOR COMPLIANCE (continued)

The County's financial activity for the year ended December 31, 2016, will provide the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth. Subsequent to December 31, 2016, revenue in excess of the County's "spending limit" must be refunded unless voters approve the retainage of such excess revenue. TABOR generally requires voter approval for any new tax, tax increases and new debt.

In November, 1996, the County's electorate approved a resolution to permit the County to collect and receive, retain, and expend all revenue and other funds from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution, beginning with fiscal year 1995 and all succeeding years, provided however, that there is no increasing of tax rates or new taxes imposed.

TABOR is extremely complex and subject to interpretation. Ultimate implementation may depend upon litigation and legislative guidance.

The County has made the following fund balance restriction as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

The Article requires an emergency restriction be set aside in the amount of 3% or more of its fiscal year spending. At December 31, 2016, the County has restricted \$750,000 in the General Fund for this purpose, which is in excess of the required 3%.

The County believes it has fully complied with the provisions of the TABOR amendment.

Note 11: CLOSURE AND POSTCLOSURE CARE COSTS

The Environmental Protection Agency and the Colorado Department of Health have approved various rules and regulations regarding the operation of solid waste landfills. These rules and regulations were effective in 1994 but the implementation was delayed until 1997. GASB adopted Statement #18, Accounting for Municipal Solid Waste Landfill Closure and Postclosure Care Costs, provides guidance for the accounting and financial reporting of these closure and postclosure costs. The GASB statement requires landfill operators to recognize these costs starting in 1994 even though the federal and state rules were not effective until 1997.

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these

Note 11: CLOSURE AND POSTCLOSURE CARE COSTS (continued)

closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Closure and postclosure care cost are calculated annually to allow for inflation.

In 2009, the County engaged Paragon Consulting Group to prepare a new Design and Operations Plan (D&O) for the Morgan County Solid Waste Landfill facility. With the implementation of the new baler system constructed in 2009, there have been considerable changes in operations from the last D&O updated in 2003. According to the new D&O submitted to the Colorado Department of Public Health Hazardous Materials and Waste Management Division, the life of the County Landfill will be extended to 2083. The previous landfill life estimate was 2051. In addition, the updated D&O estimate of total landfill capacity increased by 8,712 cubic yards.

In compliance with Section 1.8 of the Colorado Regulations Pertaining to Solid Waste Sites and Facilities (Regulations), a revised calculation of costs for closure and postclosure was completed in 2013 by American Environmental Consulting, LLC.

At December 31, 2016, the closure cost for the Morgan County landfill was \$2,328,874 and estimated postclosure care cost was \$481,203. The \$907,738 reported as landfill closure and postclosure care liability at December 31, 2016, represents the cumulative amount reported to date based on a 31.96 percent capacity usage of the estimated total cost of closure and postclosure care of \$2,840,352. This is an increase of \$33,203 from the closure and postclosure liability reported in 2015.

The County will recognize the remaining estimated cost of closure and postclosure care of \$1,932,614 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and postclosure care in 2016. The remaining life of the landfill is 67 years. The County expects to close the landfill in the year 2083. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. The County will be required by state and federal laws and regulations to provide certain financial assurances, which might include making annual contributions to a trust, to finance these closure and postclosure care costs. The County does not expect to pay any postclosure costs within the next year.

Note 12: BUDGETARY DATA

The actual results of operations are presented in accordance with generally accepted accounting principles which differ in certain respects from those practices used in the preparations of the 2016 budget. For purposes of preparing the Statements of Revenues, Expenditures and Changes in Fund

Note 12: BUDGETARY DATA (continued)

Balance - Budget and Actual, the actual results of operations have been adjusted to a basis consistent with the County's budgeted revenues and expenditures.

Adjustments necessary to convert the expenditures at the end of the year on the GAAP basis to the budgetary basis are as follows:

	Proprietary Fund Types		
	Central Service Fund	Solid Waste Management Fund	Ambulance Service Fund
Net Income (Loss)			
GAAP Basis	\$ 208,938	\$ 295,659	\$ 141,658
Increase (Decrease) Due To:			
Capital Outlay	(1,099,150)	(45,135)	(45,000)
Net Income (Loss)			
Budgetary Basis	<u>\$ (890,212)</u>	<u>\$ 250,524</u>	<u>\$ 96,658</u>

Note 13: JOINTLY GOVERNED ORGANIZATIONS

The County, along with other counties and cities in Northeastern Colorado, participate in various intergovernmental service organizations. The County provides various levels of funding and normally has some degree of representation on the various Boards.

Northeastern Colorado Association of Local Governments

Northeastern Colorado Association of Local Governments was organized pursuant to Article XIV, Section 18 (2) of the Colorado Constitution and 29-1-401, 29-1-402, and 29-1-403, CRS.1973. Membership is open to the counties and incorporated municipalities comprising Colorado Planning and Management Region One. The purpose of the organization is to promote regional cooperation and coordination among local governments. The organization is governed by a Board of Directors. Morgan County's representation consists of one regular representative and one alternate representative to the Board. In 2016, the County paid \$37,038 to Northeastern Colorado Association of Local Governments.

Note 13: JOINTLY GOVERNED ORGANIZATIONS (continued)

Northeast Colorado Health Department

The Northeast Colorado Health Department's jurisdiction, at the discretion of the Board's of County Commissioners, extends over all unincorporated areas and all municipal corporations in Logan, Morgan, Phillips, Sedgwick, Washington, and Yuma Counties. The Department administers and enforces laws pertaining to public health, vital statistics, and water quality control. It is a public organization consisting of a Board of Health, a public health officer, and any other personnel as required to fulfill the functions of the Department. The Board of Health is comprised of eight members. Morgan County has two representatives on the Board, requiring that one appointee lives within the City of Fort Morgan. In 2016, the County paid \$277,362 to Northeast Colorado Health Department.

Centennial Mental Health Center

Centennial Mental Health Center was incorporated pursuant to C.R.S. 7-22-101-110 to serve the behavioral health needs of ten participating counties. The Board of Directors (Board) consists of twenty-one members. Morgan County has two directorships on the Board. The Board of County Commissioners has the right to name the Commissioner Representatives, who may be, but are not required to be, a member of the Board of Commissioners. At least one-half of the Board shall be persons who are not providers of health care. In 2016, the County paid \$52,724 to Centennial Mental Health Center.

Note 14: RETIREMENT PLAN

The Morgan County Retirement Plan (the Plan) is a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The plan is governed by Title 24, article 54 of the Colorado Revised Statutes. CRS 24-54-107 mandates the management of the Plan by a "county board of retirement." The County's Retirement Board is composed of five members including two County employees, two Commissioner appointees from the community, and the County Treasurer. Benefit provisions and contribution requirements can only be changed by the County's Retirement Board.

Employees are entered into the plan upon completion of one year of service with the County. The County and the employee each contribute an amount equal to 4.00% of the employee's gross wages. Employees may make additional voluntary contributions not to exceed 100% of the Plan contribution. Contribution rates may be amended by vote of the County Commissioners.

Net earnings or losses are allocated quarterly to Plan participants. The allocation is based on each participant's balance at the beginning of that quarter.

Note 14: RETIREMENT PLAN (continued)

Participants receiving benefit payments upon retirement or termination are allocated earnings through the date of termination.

Participants vest in employer contributions and in the earnings, losses and changes in fair market value of the plan assets at a rate of 20% per year.

Participants are immediately vested 100% in their own contributions and earnings. County contributions and those earnings which have not vested to an employee terminating activity in the plan are returned to the County to use in meeting current and future funding requirements.

Both the County and the covered employees made the required 4.00% contributions, amounting to \$315,596 from the County and \$445,113 from the employees (including voluntary contributions) for a total contribution of \$760,709.

If employment terminates, the Plan permits distribution of the vested account. Distribution may be made as soon as practicable following the date of termination.

Note 15: CONTINGENT LIABILITIES

The County is involved in various multi-county self-insurance pools. In the event the contributions to the pools are not enough to cover claims, the County may be required to provide additional funding.

The County receives significant financial assistance from numerous federal, state and other grant programs. The disbursement of finances received under these programs generally requires compliance with specific guidelines and is subject to audit by other agencies. Any disallowed claims resulting from such audits may create a liability.

Note 16: CONSTRUCTION COMMITMENTS

The County has three active capital construction projects as of December 31, 2016. The projects are:

- Continuation of the County-wide base map for the County's Geographical Information System (GIS) project.
- Upgrade of the Morgan County Communications Center – Tower Link Project.
- Replacement of the bridge deck on Morgan County's Cooper Bridge.

Note 16: CONSTRUCTION COMMITMENTS (continued)

At December 31, 2016, the County's commitment with the vendor is as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>
<u>Central Services Fund</u>		
GIS base map Phase IX	\$ 105,522	\$ 13,352
<u>General Fund</u>		
Microwave HOP/Radio	\$ 218,850	\$ 24,317
<u>Road and Bridge Fund</u>		
Bridge Construction	\$ 183,626	\$ 1,694,413

REQUIRED SUPPLEMENTARY INFORMATION



MAJOR GOVERNMENTAL FUNDS

General Fund

The General Fund is used to account for resources traditionally associated with government which are not required legally or by sound financial management to be accounted for in another fund.

Special Revenue Funds

Road and Bridge - This fund is restricted for the acquisition, signage, construction and maintenance of new and existing roads and bridges in the County.

Social Services Fund - This fund is used to provide separate accountability or revenues and expenditures for the various public welfare services provided by the Department of Social Services.

Morgan County, Colorado
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes:						
Property taxes - current	\$ 10,540,399	\$ 10,528,186	\$ (12,213)	\$ 9,158,386	\$ 9,145,586	\$ (12,800)
Property taxes - abatements	(50,000)	(1,313)	48,687	-	-	-
Property tax incentive credits	(73,000)	(70,805)	2,195	(74,500)	(72,909)	1,591
Property taxes - delinquent	20,000	21,155	1,155	15,000	21,217	6,217
Proceeds of tax sale	-	4,556	4,556	-	8,841	8,841
Specific ownership taxes	1,150,000	1,173,582	23,582	1,130,000	1,205,453	75,453
Cigarette tax	6,000	9,078	3,078	5,000	9,235	4,235
Sales tax commissions	57,000	71,000	14,000	45,000	62,006	17,006
Intergovernmental	935,155	392,727	(542,428)	610,555	466,395	(144,160)
Licenses and permits	37,800	96,926	59,126	52,300	84,958	32,658
Fines and forfeitures	-	4,091	4,091	-	4,641	4,641
Fee accounts	1,327,200	1,349,546	22,346	1,225,160	1,265,460	40,300
Interest	180,000	209,501	29,501	130,000	168,618	38,618
Miscellaneous	292,701	326,684	33,983	309,601	326,593	16,992
Total revenues	<u>\$ 14,423,255</u>	<u>\$ 14,114,914</u>	<u>\$ (308,341)</u>	<u>\$ 12,606,502</u>	<u>\$ 12,696,094</u>	<u>\$ 89,592</u>

See the accompanying independent auditors' report.

Morgan County, Colorado
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
EXPENDITURES						
Current:						
General government:						
Commissioners	\$ 252,200	\$ 242,915	\$ 9,285	\$ 250,000	\$ 239,166	\$ 10,834
Planning and zoning	224,032	251,435	(27,403)	208,288	185,918	22,370
Administration	2,409,770	1,398,405	1,011,365	2,080,939	1,394,814	686,125
Clerk	819,207	611,160	208,047	611,680	583,259	28,421
Treasurer	182,624	195,266	(12,642)	164,660	174,099	(9,439)
Public trustee	12,700	12,700	-	12,800	12,700	100
Assessor	534,330	521,599	12,731	544,036	521,399	22,637
Maintenance	1,173,541	950,144	223,397	1,029,345	961,614	67,731
Total general government	<u>5,608,404</u>	<u>4,183,624</u>	<u>1,424,780</u>	<u>4,901,748</u>	<u>4,072,969</u>	<u>828,779</u>
Judicial and public safety:						
Sheriff	1,907,910	1,855,889	52,021	2,073,351	2,097,809	(24,458)
Jail	2,159,624	1,963,439	196,185	2,115,867	1,778,423	337,444
Communications center	1,145,550	821,218	324,332	958,463	840,425	118,038
Coroner	178,975	141,177	37,798	164,625	175,286	(10,661)
Emergency management	114,181	93,926	20,255	108,228	110,559	(2,331)
Total judicial and public safety	<u>5,506,240</u>	<u>4,875,649</u>	<u>630,591</u>	<u>5,420,534</u>	<u>5,002,502</u>	<u>418,032</u>
Auxiliary services:						
Extension service	353,462	319,619	33,843	343,436	305,362	38,074
Veterans' officer	14,710	13,357	1,353	14,236	12,678	1,558
Parks and recreation	140,244	104,544	35,700	118,501	101,009	17,492
Engineer	3,602	3,552	50	3,600	3,533	67
Commodities	50,000	-	50,000	55,000	42,718	12,282
Total auxiliary services	<u>562,018</u>	<u>441,072</u>	<u>120,946</u>	<u>534,773</u>	<u>465,300</u>	<u>69,473</u>
Intergovernmental cooperation outlay	<u>1,151,638</u>	<u>1,119,295</u>	<u>32,343</u>	<u>1,153,986</u>	<u>1,120,295</u>	<u>33,691</u>
Capital outlay	<u>250,000</u>	<u>297,394</u>	<u>(47,394)</u>	<u>250,000</u>	<u>15,689</u>	<u>234,311</u>
Total expenditures	<u>\$ 13,078,300</u>	<u>\$ 10,917,034</u>	<u>\$ 2,161,266</u>	<u>\$ 12,261,041</u>	<u>\$ 10,676,755</u>	<u>\$ 1,584,286</u>

See the accompanying independent auditors' report.

Morgan County, Colorado
General Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Excess of revenues over expenditures	\$ 1,344,955	\$ 3,197,880	\$ 1,852,925	\$ 345,461	\$ 2,019,339	\$ 1,673,878
Other financing sources (uses):						
Transfers out:						
Jail capital improvement fund	(120,000)	(120,000)	-	(120,000)	(120,000)	-
Sale of capital assets	100	14,340	14,240	-	20	20
Total other financing sources (uses)	(119,900)	(105,660)	14,240	(120,000)	(119,980)	20
Net change in fund balances	1,225,055	3,092,220	1,867,165	225,461	1,899,359	1,673,898
Fund Balances, January 1	19,544,987	19,544,987	-	17,645,628	17,645,628	-
Fund Balances, December 31	\$ 20,770,042	\$ 22,637,207	\$ 1,867,165	\$ 17,871,089	\$ 19,544,987	\$ 1,673,898

See the accompanying independent auditors' report.

Morgan County, Colorado
Road and Bridge Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes:						
Property taxes - current	\$ 3,490,554	\$ 3,486,509	\$ (4,045)	\$ 3,060,958	\$ 3,056,680	\$ (4,278)
Property taxes - abatements	(1,000)	(438)	562	-	-	-
Property taxes - delinquent	4,000	7,032	3,032	4,000	7,800	3,800
Specific ownership taxes	270,000	333,100	63,100	265,000	332,992	67,992
Intergovernmental	3,339,443	3,161,781	(177,662)	3,066,301	3,521,556	455,255
Charges for materials/service	221,200	41,030	(180,170)	19,000	38,325	19,325
Interest	10,000	30,093	20,093	15,000	18,760	3,760
Miscellaneous	-	1,354	1,354	100	1,824	1,724
Total revenues	<u>7,334,197</u>	<u>7,060,461</u>	<u>(273,736)</u>	<u>6,430,359</u>	<u>6,977,937</u>	<u>547,578</u>
EXPENDITURES						
Current:						
Maintenance - routine	2,560,720	1,990,065	570,655	2,534,436	2,016,427	518,009
Maintenance - asphalt	1,276,900	168,377	1,108,523	5,201,000	53,530	5,147,470
Snow and ice removal	86,000	147,400	(61,400)	81,000	157,432	(76,432)
Structural construction	663,300	184,970	478,330	2,718,269	239,090	2,479,179
Administration	1,586,872	1,115,686	471,186	1,388,615	942,418	446,197
Remittance to municipalities	570,624	559,986	10,638	547,416	535,672	11,744
Capital outlay	3,661,000	2,792,787	868,213	-	4,708,020	(4,708,020)
Total expenditures	<u>10,405,416</u>	<u>6,959,271</u>	<u>3,446,145</u>	<u>12,470,736</u>	<u>8,652,589</u>	<u>3,818,147</u>
Excess (deficiency) of revenues over (under) expenditures	(3,071,219)	101,190	3,172,409	(6,040,377)	(1,674,652)	4,365,725
Fund Balances, January 1	9,081,026	9,081,026	-	10,755,678	10,755,678	-
Fund Balances, December 31	<u>\$ 6,009,807</u>	<u>\$ 9,182,216</u>	<u>\$ 3,172,409</u>	<u>\$ 4,715,301</u>	<u>\$ 9,081,026</u>	<u>\$ 4,365,725</u>

See the accompanying independent auditors' report.

Morgan County, Colorado
Social Services Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Taxes:						
Property taxes - current	\$ 1,074,016	\$ 1,072,772	\$ (1,244)	\$ 1,412,750	\$ 1,410,775	\$ (1,975)
Property taxes - abatements	(500)	(196)	304	-	-	-
Property taxes - delinquent	700	234	(466)	250	1,690	1,440
Intergovernmental:						
Colorado state allocation:						
Administration	2,001,489	1,967,392	(34,097)	1,866,419	1,867,323	904
JOBS/WORKS/TANF block grant	613,501	436,646	(176,855)	580,906	405,707	(175,199)
Child welfare block grant	1,091,550	1,129,689	38,139	978,128	1,115,462	137,334
Child care block grant	76,818	60,428	(16,390)	68,877	36,860	(32,017)
Medicaid transportation	75,000	73,076	(1,924)	70,000	62,209	(7,791)
Other	21	16	(5)	16	21	5
Miscellaneous	28,500	29,476	976	30,000	31,810	1,810
Total revenues	<u>4,961,095</u>	<u>4,769,533</u>	<u>(191,562)</u>	<u>5,007,346</u>	<u>4,931,857</u>	<u>(75,489)</u>
EXPENDITURES						
Current:						
Administration	2,353,478	2,095,539	257,939	2,222,120	1,974,086	248,034
Adult Protective Services	197,914	221,061	(23,147)	183,372	190,712	(7,340)
JOBS/WORKS/TANF block grant	743,563	574,480	169,083	705,049	547,395	157,654
Aid to needy disabled	17,500	10,513	6,987	17,500	10,653	6,847
Child welfare block grant	1,660,165	1,666,342	(6,177)	1,612,200	1,626,307	(14,107)
Child care block grant	128,910	119,891	9,019	141,548	94,582	46,966
General Assistance	18,450	5,768	12,682	18,450	7,265	11,185
OAP 5% HCA	13,500	14,783	(1,283)	13,500	11,082	2,418
Capital outlay	34,116	9,520	24,596	-	-	-
Total expenditures	<u>5,167,596</u>	<u>4,717,897</u>	<u>449,699</u>	<u>4,913,739</u>	<u>4,462,082</u>	<u>451,657</u>
Excess (deficiency) of revenues over (under) expenditures	(206,501)	51,636	258,137	93,607	469,775	376,168
Fund Balances, January 1	884,661	884,661	-	414,886	414,886	-
Fund Balances, December 31	<u>\$ 678,160</u>	<u>\$ 936,297</u>	<u>\$ 258,137</u>	<u>\$ 508,493</u>	<u>\$ 884,661</u>	<u>\$ 376,168</u>

See the accompanying independent auditors' report.

MORGAN COUNTY, COLORADO

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION December 31, 2016

Note 1: BUDGETARY DATA

The County annually adopts the Budget Resolution for all operating funds of the County. Prior to October 15, the Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1 for all funds, except agency funds. The budget is prepared using the modified accrual basis of accounting. The operating budget includes proposed expenditures/expenses and the means of financing them. Prior to December 31, the budget is legally adopted through the passage of adoption and appropriation resolutions. All annual appropriations lapse at year end. Budgets are adopted on a basis consistent with generally accepted accounting principles.

SUPPLEMENTARY INFORMATION
NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted for expenditure for particular purposes.

911 Emergency Telephone Fund - This fund is used to account for the funding and expenditures of the County-wide emergency telephone line. Funding is obtained through a tax of seventy cents placed on every telephone bill in the County on a monthly basis. Expenditures are for purchases and repairs of equipment.

Lodging Tax Tourism Fund - This fund is used to account for receipt and disbursement of the 1.9% County-wide room tax established to pay for tourism promotion.

Conservation Trust Fund - This fund is used to provide for an accounting of those monies received through the State of Colorado Lottery Fund program. The State requires that these monies be expended in areas of parks and recreation development.

Sheriff's Confiscation/Seizure Fund - This fund is used to account for monies collected from the sale of evidence seized by the Sheriff's Office.

Capital Improvement Fund

Capital improvement funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary fund and trust funds.

Jail Capital Improvement Fund - In 2008, this fund was created to accumulate monies for future capital expansion of the Morgan County Jail. This project will be funded by the recently approved Model Traffic Code fees received by the Morgan County Sheriff and amounts received as a result of housing individuals sentenced to incarceration from any other jurisdiction than Morgan County District or County Court.

Morgan County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2016
(With comparative totals for December 31, 2015)

Special Revenue

	911 Emergency Telephone	Lodging Tax Tourism	Conservation Trust	Sheriff's Confiscation/ Seizure
ASSETS:				
Cash on hand	\$ -	\$ -	\$ -	\$ 85
Cash held by other agencies	-	-	-	3,641
Cash and investments held by County Treasurer	1,005,625	560,101	547,005	-
Accounts receivable	42,144	26	-	-
Intergovernmental receivable	-	-	-	-
Total assets	<u><u>\$ 1,047,769</u></u>	<u><u>\$ 560,127</u></u>	<u><u>\$ 547,005</u></u>	<u><u>\$ 3,726</u></u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Warrants payable	\$ 11,179	\$ 37,073	\$ 700	\$ -
Vouchers payable	2,734	19,253	-	-
Due to other funds	-	-	28,927	-
Interfund payables	-	366	-	-
Funds held for others	-	-	-	450
Total liabilities	<u>13,913</u>	<u>56,692</u>	<u>29,627</u>	<u>450</u>
Fund balances:				
Restricted for:				
911 emergency	1,033,856	-	-	-
Tourism	-	503,435	-	-
Parks and recreation	-	-	517,378	-
Law enforcement	-	-	-	3,276
Committed to:				
Jail expansion	-	-	-	-
Total fund balances	<u>1,033,856</u>	<u>503,435</u>	<u>517,378</u>	<u>3,276</u>
Total liabilities and fund balances	<u><u>\$ 1,047,769</u></u>	<u><u>\$ 560,127</u></u>	<u><u>\$ 547,005</u></u>	<u><u>\$ 3,726</u></u>

See the accompanying independent auditors' report.

Capital Projects

Total	Jail Capital Improvement	Total Nonmajor Governmental Funds	
		2016	2015
\$ 85	\$ -	\$ 85	\$ 85
3,641	-	3,641	5,938
2,112,731	1,076,686	3,189,417	2,914,893
42,170	-	42,170	35,933
-	1,303	1,303	2,504
<u>\$ 2,158,627</u>	<u>\$ 1,077,989</u>	<u>\$ 3,236,616</u>	<u>\$ 2,959,353</u>
\$ 48,952	\$ -	\$ 48,952	\$ -
21,987	-	21,987	4,010
28,927	-	28,927	-
366	64	430	144
450	-	450	450
<u>100,682</u>	<u>64</u>	<u>100,746</u>	<u>4,604</u>
1,033,856	-	1,033,856	980,529
503,435	-	503,435	540,392
517,378	-	517,378	509,032
3,276	-	3,276	5,573
-	1,077,925	1,077,925	919,223
<u>2,057,945</u>	<u>1,077,925</u>	<u>3,135,870</u>	<u>2,954,749</u>
<u>\$ 2,158,627</u>	<u>\$ 1,077,989</u>	<u>\$ 3,236,616</u>	<u>\$ 2,959,353</u>

Morgan County, Colorado
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2016
(With comparative totals for the fiscal year ended December 31, 2015)

Special Revenue

	911 Emergency Telephone	Lodging Tax Tourism	Conservation Trust	Sheriff's Confiscation/ Seizure
REVENUES				
Taxes	\$ -	\$ 186,372	\$ -	\$ -
Intergovernmental	-	-	106,255	-
Fee accounts	-	-	-	703
Charges for materials/service	270,413	-	-	-
Interest	-	-	4,888	-
Miscellaneous	25	-	-	-
Total revenues	<u>270,438</u>	<u>186,372</u>	<u>111,143</u>	<u>703</u>
EXPENDITURES				
Current:				
General government	-	223,329	52,637	-
Judicial and public safety	109,953	-	-	3,000
Capital outlay	107,158	-	50,160	-
Total expenditures	<u>217,111</u>	<u>223,329</u>	<u>102,797</u>	<u>3,000</u>
Excess (deficiency) of revenues over (under) expenditures	53,327	(36,957)	8,346	(2,297)
Other financing sources:				
Transfers in:				
General fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	53,327	(36,957)	8,346	(2,297)
Fund Balances, January 1	980,529	540,392	509,032	5,573
Fund Balances, December 31	<u>\$ 1,033,856</u>	<u>\$ 503,435</u>	<u>\$ 517,378</u>	<u>\$ 3,276</u>

See the accompanying independent auditors' report.

Capital Projects		Total Nonmajor Governmental Funds	
Total	Jail Capital Improvement	2016	2015
\$ 186,372	\$ -	\$ 186,372	\$ 221,834
106,255	-	106,255	91,253
703	38,702	39,405	27,707
270,413	-	270,413	287,798
4,888	-	4,888	3,173
25	-	25	56
<u>568,656</u>	<u>38,702</u>	<u>607,358</u>	<u>631,821</u>
275,966	-	275,966	188,773
112,953	-	112,953	101,111
157,318	-	157,318	27,030
<u>546,237</u>	<u>-</u>	<u>546,237</u>	<u>316,914</u>
22,419	38,702	61,121	314,907
-	120,000	120,000	120,000
22,419	158,702	181,121	434,907
2,035,526	919,223	2,954,749	2,519,842
<u>\$ 2,057,945</u>	<u>\$ 1,077,925</u>	<u>\$ 3,135,870</u>	<u>\$ 2,954,749</u>

Morgan County, Colorado
911 Emergency Telephone Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Emergency telephone service surcharges	269,600	270,413	813	271,600	287,798	16,198
Miscellaneous	-	25	25	100	56	(44)
Total revenues	<u>269,600</u>	<u>270,438</u>	<u>838</u>	<u>271,700</u>	<u>287,854</u>	<u>16,154</u>
EXPENDITURES						
Current:						
Compensation and benefits	47,000	47,000	-	38,000	38,000	-
Operating supplies	12,000	5,657	6,343	12,000	3,503	8,497
Purchased services	76,200	54,604	21,596	84,500	55,600	28,900
Miscellaneous	303,000	2,692	300,308	378,000	4,008	373,992
Capital outlay	370,000	107,158	262,842	255,000	-	255,000
Total expenditures	<u>808,200</u>	<u>217,111</u>	<u>591,089</u>	<u>767,500</u>	<u>101,111</u>	<u>666,389</u>
Net change in fund balances	(538,600)	53,327	591,927	(495,800)	186,743	682,543
Fund Balances, January 1	<u>980,529</u>	<u>980,529</u>	<u>-</u>	<u>793,786</u>	<u>793,786</u>	<u>-</u>
Fund Balances, December 31	<u>\$ 441,929</u>	<u>\$ 1,033,856</u>	<u>\$ 591,927</u>	<u>\$ 297,986</u>	<u>\$ 980,529</u>	<u>\$ 682,543</u>

See the accompanying independent auditors' report.



Morgan County, Colorado
Lodging Tax Tourism Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Lodging tax	\$ 150,000	\$ 186,372	\$ 36,372
EXPENDITURES			
Current:			
Compensation and benefits	41,900	37,639	4,261
Operating supplies	500	405	95
Purchased services	187,700	173,147	14,553
Fixed charges	-	239	(239)
Contributions	-	9,996	(9,996)
Miscellaneous	1,600	1,903	(303)
Total expenditures	231,700	223,329	8,371
Excess (deficiency) of revenues over (under) expenditures	(81,700)	(36,957)	44,743
Fund Balances, January 1	540,392	540,392	-
Fund Balances, December 31	\$ 458,692	\$ 503,435	\$ 44,743

See the accompanying independent auditors' report.

2015

Budget Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ 100,000	\$ 100,000	\$ 221,834	\$ 121,834
1,000	1,000	1,409	(409)
500	500	72	428
120,800	146,900	121,098	25,802
-	-	-	-
-	-	-	-
1,600	1,600	2,209	(609)
123,900	150,000	124,788	25,212
(23,900)	(50,000)	97,046	147,046
443,346	443,346	443,346	-
<u>\$ 419,446</u>	<u>\$ 393,346</u>	<u>\$ 540,392</u>	<u>\$ 147,046</u>

Morgan County, Colorado
Conservation Trust Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Intergovernmental	\$ 95,000	\$ 106,255	\$ 11,255	\$ 95,000	\$ 91,253	\$ (3,747)
Interest	2,500	4,888	2,388	2,000	3,173	1,173
Total revenues	97,500	111,143	13,643	97,000	94,426	(2,574)
EXPENDITURES						
Current:						
Compensation and benefits	48,000	48,000	-	55,000	55,000	-
Operating supplies	20,000	4,637	15,363	20,000	6,319	13,681
Purchased services	-	-	-	-	2,666	(2,666)
Capital outlay	430,000	50,160	379,840	320,000	27,030	292,970
Total expenditures	498,000	102,797	395,203	395,000	91,015	303,985
Excess (deficiency) of revenues over (under) expenditures	(400,500)	8,346	408,846	(298,000)	3,411	301,411
Fund Balances, January 1	509,032	509,032	-	505,621	505,621	-
Fund Balances, December 31	\$ 108,532	\$ 517,378	\$ 408,846	\$ 207,621	\$ 509,032	\$ 301,411

See the accompanying independent auditors' report.

Morgan County, Colorado
Sheriff's Confiscation/Seizure Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES						
Fee accounts	\$ 10,000	\$ 703	\$ (9,297)	\$ 10,000	\$ 935	\$ (9,065)
EXPENDITURES						
Current:						
Operating supplies	10,000	-	10,000	10,000	-	10,000
Other expenditures	-	3,000	(3,000)	-	-	-
Total expenditures	10,000	3,000	7,000	10,000	-	10,000
Excess (deficiency) of revenues over (under) expenditures	-	(2,297)	(2,297)	-	935	935
Fund Balances, January 1	5,573	5,573	-	4,638	4,638	-
Fund Balances, December 31	\$ 5,573	\$ 3,276	\$ (2,297)	\$ 4,638	\$ 5,573	\$ 935

See the accompanying independent auditors' report.

Morgan County, Colorado
Jail Capital Improvement Fund
Comparative Schedules of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive Negative
REVENUES						
Fee accounts	\$ 20,000	\$ 38,702	\$ 18,702	\$ 10,000	\$ 26,772	\$ 16,772
EXPENDITURES						
Current:						
Purchased services	100,000	-	100,000	15,000	-	15,000
Excess (deficiency) of revenues over (under) expenditures	(80,000)	38,702	118,702	(5,000)	26,772	31,772
Other financing sources:						
Transfers in:						
General fund	120,000	120,000	-	120,000	120,000	-
Excess of revenues and other financing sources over expenditures	40,000	158,702	118,702	115,000	146,772	31,772
Fund Balances, January 1	919,223	919,223	-	772,451	772,451	-
Fund Balances, December 31	\$ 959,223	\$ 1,077,925	\$ 118,702	\$ 887,451	\$ 919,223	\$ 31,772

See the accompanying independent auditors' report.

ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the County's Board of Commissioners is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the County's Board of Commissioners has decided that periodic determination of net income is appropriate for accountability purposes.

Ambulance Service Fund - This fund is used to account for the activities of the County owned and operated ambulance service.

Solid Waste Management Fund - This fund is used to account for the solid waste management activities of the County including the operation of the County's only municipal solid waste landfill and three strategically located solid waste transfer stations.

Morgan County, Colorado
Ambulance Service Fund
Comparative Schedules of Revenues, Expenses, and
Changes in Net Position - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Operating revenues			
Charges for services	\$ 1,197,000	\$ 1,185,666	\$ (11,334)
Miscellaneous revenues	17,000	21,484	4,484
Total operating revenues	<u>1,214,000</u>	<u>1,207,150</u>	<u>(6,850)</u>
Operating expenses			
Compensation and benefits	801,583	711,981	89,602
Operating supplies	41,000	41,976	(976)
Purchased services	151,940	134,169	17,771
Fixed charges	94,000	125,763	(31,763)
Depreciation	-	33,242	(33,242)
Miscellaneous	74,000	23,727	50,273
Capital outlay	400,000	45,000	355,000
Total operating expenses	<u>1,562,523</u>	<u>1,115,858</u>	<u>446,665</u>
Operating income (loss)	<u>(348,523)</u>	<u>91,292</u>	<u>439,815</u>
Nonoperating revenues (expenses)			
State grant	221,900	3,500	(218,400)
Other grants and donations	500	5	(495)
Interest	300	1,861	1,561
Total nonoperating revenues (expenses)	<u>222,700</u>	<u>5,366</u>	<u>(217,334)</u>
Net income - budget basis	<u>\$ (125,823)</u>	<u>96,658</u>	<u>\$ 222,481</u>
Adjustments for GAAP Basis			
Capital outlay		<u>45,000</u>	
Change in net position (GAAP Basis)		141,658	
Total net position, January 1		1,408,681	
Total net position, December 31		<u>\$ 1,550,339</u>	

See the accompanying independent auditors' report.

2015

Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
Original	Final		
\$ -	\$ 1,127,000	\$ 1,157,045	\$ 30,045
-	17,000	20,069	3,069
-	1,144,000	1,177,114	33,114
-	753,528	708,008	45,520
-	200,300	125,161	75,139
-	127,670	120,230	7,440
-	107,000	117,351	(10,351)
-	-	47,124	(47,124)
-	78,000	8,842	69,158
-	-	-	-
-	1,266,498	1,126,716	139,782
-	(122,498)	50,398	172,896
-	10,000	10,429	429
-	500	420	(80)
-	300	918	618
-	10,800	11,767	967
\$ -	\$ (111,698)	62,165	\$ 173,863
		-	
		62,165	
		1,346,516	
		<u>\$ 1,408,681</u>	

Morgan County, Colorado
Solid Waste Management Fund
Comparative Schedules of Revenues, Expenses and
Changes in Net Position - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Negative)
Operating revenues						
Charges for services	\$ 755,510	\$ 1,030,125	\$ 274,615	\$ 782,050	\$ 860,302	\$ 78,252
Miscellaneous revenues	680	885	205	668	4,977	4,309
Total operating revenues	<u>756,190</u>	<u>1,031,010</u>	<u>274,820</u>	<u>782,718</u>	<u>865,279</u>	<u>82,561</u>
Operating expenses						
Landfill operation	1,734,360	737,387	996,973	1,482,092	696,378	785,714
Depreciation	-	71,380	(71,380)	-	58,978	(58,978)
Total operating expenses	<u>1,734,360</u>	<u>808,767</u>	<u>925,593</u>	<u>1,482,092</u>	<u>755,356</u>	<u>726,736</u>
Operating income (loss)	(978,170)	222,243	1,200,413	(699,374)	109,923	809,297
Nonoperating revenues (expenses)						
Interest	16,000	28,308	12,308	10,000	17,929	7,929
Loss on sale of assets	-	(27)	(27)	-	-	-
Total nonoperating revenues (expenses)	<u>16,000</u>	<u>28,281</u>	<u>12,281</u>	<u>10,000</u>	<u>17,929</u>	<u>7,929</u>
Net income - budget basis	<u>\$ (962,170)</u>	250,524	<u>\$ 1,212,694</u>	<u>\$ (689,374)</u>	127,852	<u>\$ 817,226</u>
Adjustments for GAAP Basis						
Capital outlay		<u>45,135</u>			<u>48,327</u>	
Change in net position (GAAP Basis)		295,659			176,179	
Total net position, January 1		<u>4,113,469</u>			<u>3,937,290</u>	
Total net position, December 31		<u>\$ 4,409,128</u>			<u>\$ 4,113,469</u>	

See the accompanying independent auditors' report.

INTERNAL SERVICE FUND

The Central Services Fund is used to account for the financing of goods and/or services provided by Attorney Services, Accounting, Information Systems, Central Inventory Control, and Fleet Management to other County departments and funds, County involved jointly governed organizations and other governmental units on a cost reimbursed basis.

Morgan County, Colorado
Central Services Fund
Comparative Schedule of Net Position
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash	\$ 350	\$ 350
Cash and investments held by County Treasurer	3,209,772	3,570,564
Receivables:		
Accounts	15,828	13,623
Interfund receivables:		
General fund	92,877	86,655
Road and bridge fund	126,122	112,040
Social services fund	19,374	18,640
Lodging tax tourism fund	366	-
Jail capital improvement fund	64	144
Ambulance service fund	11,188	12,838
Solid waste management fund	17,940	10,540
Inventory - equipment parts	140,299	110,349
Inventory - gas and oil	40,847	36,485
Total current assets	3,675,027	3,972,228
Capital assets:		
Construction in progress	105,522	54,863
Buildings	18,306	18,306
Accumulated depreciation - buildings	(11,594)	(10,679)
General equipment	13,012,497	12,441,523
Accumulated depreciation - general equipment	(8,430,747)	(8,366,158)
Infrastructure	49,584	49,584
Accumulated depreciation - infrastructure	(22,106)	(19,627)
Capital assets (net of accumulated depreciation)	4,721,462	4,167,812
Total assets	8,396,489	8,140,040
LIABILITIES AND EQUITY		
Current liabilities:		
Warrants payable	63,412	91,474
Vouchers payable	204,734	124,141
Accounts payable	-	25,411
Accrued compensated absences	77,354	68,643
Interfund payables:		
Total current liabilities	345,500	309,669
Noncurrent liabilities:		
Accrued compensated absences	108,616	96,926
Total liabilities	454,116	406,595
NET POSITION:		
Net investment in capital assets	4,721,462	4,167,812
Unrestricted	3,220,911	3,565,633
Total net position	\$ 7,942,373	\$ 7,733,445

See the accompanying independent auditors' report.

Morgan County, Colorado
Central Services Fund
Comparative Schedule of Revenues, Expenses and
Changes in Net Position - Budget and Actual
For the fiscal years ended December 31, 2016 and 2015

	2016			2015		
	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Unfavorable)	Original and Final Budgeted Amounts	Actual Amounts	Variance with Final Budget - Positive (Unfavorable)
Operating revenues						
Charges for services	\$ 3,663,100	\$ 3,227,605	\$ (435,495)	\$ 3,585,100	\$ 3,105,737	\$ (479,363)
Miscellaneous revenues	500	477	(23)	1,000	-	(1,000)
Total operating revenues	<u>3,663,600</u>	<u>3,228,082</u>	<u>(435,518)</u>	<u>3,586,100</u>	<u>3,105,737</u>	<u>(480,363)</u>
Operating expenses						
DHS Attorney	105,902	96,585	9,317	95,060	92,399	2,661
Information systems	817,365	636,852	180,513	793,783	608,683	185,100
Accounting	395,891	377,715	18,176	352,935	368,668	(15,733)
Fleet maintenance	4,731,134	3,167,988	1,563,146	3,939,478	3,165,573	773,905
Human resources	110,220	86,979	23,241	70,339	83,527	(13,188)
Total operating expenses	<u>6,160,512</u>	<u>4,366,119</u>	<u>1,794,393</u>	<u>5,251,595</u>	<u>4,318,850</u>	<u>932,745</u>
Operating loss	<u>(2,496,912)</u>	<u>(1,138,037)</u>	<u>1,358,875</u>	<u>(1,665,495)</u>	<u>(1,213,113)</u>	<u>452,382</u>
Nonoperating revenues						
State grant	90,000	-	(90,000)	-	44,654	44,654
Gain (loss) on disposal of assets	-	247,815	247,815	-	235,257	235,257
Total nonoperating revenues	<u>90,000</u>	<u>247,815</u>	<u>157,815</u>	<u>-</u>	<u>279,911</u>	<u>279,911</u>
Net loss - budget basis	<u>\$ (2,406,912)</u>	<u>(890,222)</u>	<u>\$ 1,516,690</u>	<u>\$ (1,665,495)</u>	<u>(933,202)</u>	<u>\$ 732,293</u>
Adjustments for GAAP Basis						
Capital outlay		<u>1,099,150</u>			<u>890,075</u>	
Change in net position (GAAP Basis)		<u>208,928</u>			<u>(43,127)</u>	
Total net position, January 1		<u>7,733,445</u>			<u>7,776,572</u>	
Total net position, December 31		<u>\$ 7,942,373</u>			<u>\$ 7,733,445</u>	

See the accompanying independent auditors' report.



AGENCY FUNDS

Agency funds are used to account for assets held by the government as an agent for individuals, private organizations, other governments and/or other funds.

County Treasurer - This fund is used to account for monies received and held by the County Treasurer as trustee or agent for other governmental units located within the County.

County Clerk - This fund is used to account for monies received by the County Clerk as trustee or agent for other governmental units.

County Sheriff - This fund is used to account for monies received by the County Sheriff and Jail for other governmental units or on behalf of the inmates in their care.

County Public Trustee - This fund is used to account for the monies received by the Public Trustee as a trustee or agent for parties outside the governmental structure.

Morgan County, Colorado
Agency Funds
Combining Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2016

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
COUNTY TREASURER FUND				
ASSETS				
Cash held by County Treasurer - held for other governments	\$ 567,920	\$ 34,506,578	\$ 34,198,181	\$ 876,317
LIABILITIES				
Cash held for others	\$ 567,920	\$ 34,506,578	\$ 34,198,181	\$ 876,317
COUNTY CLERK FUND				
ASSETS				
Cash	\$ 56,929	\$ 19,474	\$ 23,860	\$ 52,543
Cash held by County Treasurer - Clerk	662,940	10,339,703	10,255,114	747,529
Total assets	\$ 719,869	\$ 10,359,177	\$ 10,278,974	\$ 800,072
LIABILITIES				
Warrants payable	\$ 717,201	\$ 798,208	\$ 717,756	\$ 797,653
Cash held for others	2,668	9,217,771	9,218,020	2,419
Total liabilities	\$ 719,869	\$ 10,015,979	\$ 9,935,776	\$ 800,072
COUNTY SHERIFF FUND				
ASSETS				
Cash	\$ 62,798	\$ 297,645	\$ 300,385	\$ 60,058
LIABILITIES				
Cash held for others	\$ 62,798	\$ 297,645	\$ 300,385	\$ 60,058
PUBLIC TRUSTEE FUND				
ASSETS				
Cash held by County Treasurer - Public Trustee	\$ 13,814	\$ 47,741	\$ 61,621	\$ (66)
Receivable	-	13,956	-	13,956
Total assets	\$ 13,814	\$ 61,697	\$ 61,621	\$ 13,890
LIABILITIES				
Cash held for designated purpose	\$ 13,814	\$ 76	-	\$ 13,890
TOTALS - ALL AGENCY FUNDS				
ASSETS				
Cash	\$ 119,727	\$ 317,119	\$ 324,245	\$ 112,601
Cash held by County Treasurer - Public Trustee and Clerk	676,754	10,387,444	10,316,735	747,463
Cash held by County Treasurer - held for other governments	567,920	34,506,578	34,198,181	876,317
Receivable	-	13,956	-	13,956
Total assets	\$ 1,364,401	\$ 45,225,097	\$ 44,839,161	\$ 1,750,337
LIABILITIES				
Warrants payable	\$ 717,201	\$ 798,208	\$ 717,756	\$ 797,653
Cash held for designated purpose	13,814	76	-	13,890
Cash held for others	633,386	44,021,994	43,716,586	938,794
Total liabilities	\$ 1,364,401	\$ 44,820,278	\$ 44,434,342	\$ 1,750,337

See the accompanying independent auditors' report.

Morgan County, Colorado
County Treasurer
Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2016

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
ASSETS				
Cash held by County Treasurer - held for other governments	\$ 567,920	\$ 34,506,578	\$ 34,198,181	\$ 876,317
LIABILITIES				
Cash held for others:				
Schools	\$ 525,066	\$ 22,797,398	\$ 22,489,041	\$ 833,423
Cities and towns	22,252	3,537,390	3,538,173	21,469
Special districts	20,602	8,171,790	8,170,967	21,425
Total liabilities	\$ 567,920	\$ 34,506,578	\$ 34,198,181	\$ 876,317

See the accompanying independent auditors' report.

Morgan County, Colorado
County Clerk
Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2016

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
ASSETS				
Cash:				
On hand	\$ 56,929	\$ 19,474	\$ 23,860	\$ 52,543
Cash held by County Treasurer - Clerk:				
Sales tax account	88,772	1,614,980	1,545,533	158,219
Clerk fees account	21,227	302,837	302,824	21,240
Specific ownership tax account	261,809	4,030,957	4,026,352	266,414
Motor vehicle account	291,132	4,390,929	4,380,405	301,656
Total assets	<u>\$ 719,869</u>	<u>\$ 10,359,177</u>	<u>\$ 10,278,974</u>	<u>\$ 800,072</u>
LIABILITIES				
Warrants payable	\$ 717,201	\$ 798,208	\$ 717,756	\$ 797,653
Cash held for others - sundry clearing accounts	2,668	9,217,771	9,218,020	2,419
Total liabilities	<u>\$ 719,869</u>	<u>\$ 10,015,979</u>	<u>\$ 9,935,776</u>	<u>\$ 800,072</u>

See the accompanying independent auditors' report.

Morgan County, Colorado
County Sheriff
Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2016

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
ASSETS				
Cash:				
On deposit - checking account:				
Civil trust account	\$ 12,202	\$ 31,963	\$ 31,699	\$ 12,466
Special inmates account	50,596	265,682	268,686	47,592
Total assets	<u>\$ 62,798</u>	<u>\$ 297,645</u>	<u>\$ 300,385</u>	<u>\$ 60,058</u>
LIABILITIES				
Cash held for others - sundry clearing accounts	<u>\$ 62,798</u>	<u>\$ 297,645</u>	<u>\$ 300,385</u>	<u>\$ 60,058</u>

See the accompanying independent auditors' report.

Morgan County, Colorado
Public Trustee Fund
Statement of Changes in Assets and Liabilities
For the fiscal year ended December 31, 2016

	Balance 01/01/2016	Additions	Deletions	Balance 12/31/2016
ASSETS				
Cash held by County Treasurer -				
Public Trustee	\$ 13,814	\$ 47,741	\$ 61,621	\$ (66)
Receivable	-	13,956	-	13,956
Total assets	<u>\$ 13,814</u>	<u>\$ 61,697</u>	<u>\$ 61,621</u>	<u>\$ 13,890</u>
LIABILITIES				
Cash held for designated purpose	<u>\$ 13,814</u>	<u>\$ 76</u>	<u>\$ -</u>	<u>\$ 13,890</u>

See the accompanying independent auditors' report.

SUPPLEMENTAL SCHEDULES

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

LOCAL HIGHWAY FINANCE REPORT		City or County:
		MORGAN
		YEAR ENDING :
This Information From The Records Of Morgan County:		December 2016
Prepared By:		MICHELLE R. COVELLI
Phone:		970-542-3506

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)	3,826,203
4. Miscellaneous local receipts (from page 2)	72,476
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	3,898,679
B. Private Contributions	
C. Receipts from State government (from page 2)	3,088,807
D. Receipts from Federal Government (from page 2)	72,975
E. Total receipts (A.7 + B + C + D)	7,060,461

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	2,792,787
2. Maintenance:	2,103,639
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	146,262
c. Other	22,213
d. Total (a. through c.)	168,475
4. General administration & miscellaneous	1,894,370
5. Highway law enforcement and safety	
6. Total (1 through 5)	6,959,271
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	6,959,271

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	9,081,026	7,060,461	6,959,271	9,182,216	0

Notes and Comments:

STATE:	Colorado
YEAR ENDING (mm/yy):	December 2016

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	3,493,103	a. Interest on investments	30,093
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	20,847
4. Licenses		f. Charges for Services	2,393
5. Specific Ownership &/or Other	333,100	g. Other Misc. Receipts	1,354
6. Total (1. through 5.)	333,100	h. Other	17,789
c. Total (a. + b.)	3,826,203	i. Total (a. through h.)	72,476
	(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	3,006,918	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	9,174
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	80,308	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	1,529	e. U.S. Corps of Engineers	
e. Other (Specify) PILT	52	f. Other Federal	63,801
f. Total (a. through e.)	81,889	g. Total (a. through f.)	72,975
4. Total (1. + 2. + 3.f)	3,088,807	3. Total (1. + 2.g)	
			(Carry forward to page 1)

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		0	0
b. Engineering Costs		0	0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		491,758	491,758
(3). System Preservation		2,301,029	2,301,029
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,792,787	2,792,787
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,792,787	2,792,787
			(Carry forward to page 1)

9,182,216

Morgan County, Colorado
Schedule of Federal Financial Assistance Reconciliation
December 31, 2016

FEDERAL FINANCIAL ASSISTANCE RECONCILIATION

Social Services Fund

On February 1, 1997, the Colorado Department of Human Services (CDHS) started the implementation of electronic payment methods from the CDHS directly to welfare clients and service providers. These electronic payments replaced the payment method of county warrants and significantly changed the cash flow between counties and the CDHS. Typically, a welfare payment is composed of a combination of federal, state, and local money. Previously, the county warrants were reimbursed by the CDHS with federal and state funds. Currently, with the EBT system, the counties pay their local share of these EBT payment authorizations to the CDHS.

This significant change in cash flow created a considerable change in financial reporting. During the implementation phase of EBT, the counties were instructed to record only their local share of EBT authorizations as expenditures and not the total amount of the EBT authorization. They were instructed to disclose the total amount of the authorizations in a note to the financial statements or in an additional schedule.

The program expenditures by source are reported in the schedule of EBT authorizations, warrant expenditures, and total expenditures as follows:

MORGAN COUNTY, COLORADO
HUMAN SERVICES FUND
Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures
For the Year Ended December 31, 2016

PROGRAM	A	B	C	D	E
	COUNTY EBT AUTHORIZATIONS	COUNTY SHARE OF AUTHORIZATIONS	EXPENDITURES BY COUNTY WARRANT	COUNTY EBT AUTHORIZATIONS PLUS EXPENDITURES BY COUNTY WARRANT (COL. A + COL. C)	TOTAL COUNTY EXPENDITURES (COL. B + COL. C)
CHILD WELFARE					
ADMIN - 80% & 100%	-	-	1,333,050	1,333,050	1,333,050
CHRP	10,090	2,018		10,090	2,018
RES MENTAL HEALTH	57,375	11,475		57,375	11,475
CASE SERVICES	25,646	2,744	7,120	32,766	9,864
OOH	1,075,443	227,886		1,075,443	227,886
SPECIAL CIRCUM CC	25,697	5,139	6,298	31,995	11,437
SUBADOPT	378,032	75,606		378,032	75,606
TOTAL CW	1,572,283	324,868	1,346,468	2,918,751	1,671,336
COUNTY ADMINISTRATION	-	-	649,100	649,100	649,100
FS FRAUD ADMIN	-	-	92,267	92,267	92,267
STAFF DEVELOPMENT	-	-	1,787	1,787	1,787
CORE SERVICES	213,022		448,659	661,681	448,659
CHAFEE	-	-	-	-	-
LEAP & ADMIN	239,499		25,121	264,620	25,121
AND & HCA - AND	22,331	4,039	-	22,331	4,039
IV-D ADMINISTRATION (CSE)	-	-	572,452	572,452	572,452
EMPLOYMENT 1ST	7,223	2,774	65,376	72,599	68,150
TANF & WORKS ADMIN	394,582	98,603	476,889	871,471	575,492
CHILD CARE & ADMIN	210,707	54,402	66,620	277,327	121,022
OLD AGE PEN & ADMIN	440,000	-	13,867	453,867	13,867
HCA - OAP	15,712	916	-	15,712	916
FC PARENTAL FEE	-	-	21,214	21,214	21,214
TITLE IV-B (PSSF)	-	-	48,357	48,357	48,357
HB1451 CARE MGT GRANT	-	-	73,076	73,076	73,076
FC CARE/ADOPTION GRANT	-	-	1,037	1,037	1,037
TRANSPORTATION GRANT			4,006	4,006	4,006
MOTIVATIONAL GRANT			23,477	23,477	23,477
CCR	-	-	74,503	74,503	74,503
GENERAL ASSISTANCE	-	-	5,768	5,768	5,768
ADULT PROTECTION	-	-	222,251	222,251	222,251
	1,543,076	160,734	2,885,827	4,428,903	3,046,561
FOOD ASSISTANCE	3,947,430	-	-	3,947,430	-
GRAND TOTAL	7,062,789	485,602	4,232,295	11,295,084	4,717,897

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



STATISTICAL SECTION

Morgan County, Colorado
Statistical Section
December 31, 2016

This part of Morgan County's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the County's overall financial health.

Contents	Pages
Financial Trends	
These schedules contain trend information to help the reader understand how the County's financial performance and well-being have changed over time.	110 - 119
Revenue Capacity	
These schedules contain information to help the reader assess the County's most significant local revenue source, the property tax.	120 - 129
Debt Capacity	
These schedules present information to help the reader assess the affordability of the County's current levels of outstanding debt and the County's ability to issue additional debt in the future.	130 - 132
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the County's financial activities take place.	133 - 135
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the County's financial report relates to the services the County provides and the activities it performs.	136 - 141

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive annual financial reports for the relevant year. The County implemented GASB 34 in 2003; schedules presenting government-wide information include information beginning in that year.

Morgan County, Colorado
Net Position by Component
Last Ten Years
(accrual basis of accounting)
(unaudited)

	2016	2015	2014
Governmental activities			
Net investment in capital assets	\$ 131,089,740	\$ 136,884,869	\$ 141,166,518
Restricted	9,647,561	9,911,448	10,228,223
Unrestricted	28,709,841	25,300,016	24,257,515
Total governmental activities net position	\$ 169,447,142	\$ 172,096,333	\$ 175,652,256
Business-type activities			
Net investment in capital assets	\$ 1,339,384	\$ 1,353,897	\$ 1,411,672
Unrestricted	4,620,083	4,168,253	3,872,134
Total business-type activities net position	\$ 5,959,467	\$ 5,522,150	\$ 5,283,806
Primary government			
Net investment in capital assets	\$ 132,429,124	\$ 138,238,766	\$ 142,578,190
Restricted	9,647,561	9,911,448	10,228,223
Unrestricted	33,329,924	29,468,269	28,129,649
Total primary government activities net position	\$ 175,406,609	\$ 177,618,483	\$ 180,936,062

2013	2012	2011	2010	2009	2008	2007
\$ 147,045,403	\$ 155,638,332	\$ 163,075,950	\$ 171,760,468	\$ 179,576,016	\$ 186,952,569	\$ 195,329,257
9,313,903	7,862,243	7,351,100	767,500	788,500	803,405	822,405
23,125,677	20,949,060	19,723,021	23,508,232	21,736,971	21,031,468	20,181,017
<u>\$ 179,484,983</u>	<u>\$ 184,449,635</u>	<u>\$ 190,150,071</u>	<u>\$ 196,036,200</u>	<u>\$ 202,101,487</u>	<u>\$ 208,787,442</u>	<u>\$ 216,332,679</u>
\$ 1,504,703	\$ 1,624,577	\$ 1,685,171	\$ 1,790,241	\$ 1,770,189	\$ 566,059	\$ 574,712
3,480,904	3,516,382	3,023,063	2,581,709	2,328,865	2,802,231	2,807,311
<u>\$ 4,985,607</u>	<u>\$ 5,140,959</u>	<u>\$ 4,708,234</u>	<u>\$ 4,371,950</u>	<u>\$ 4,099,054</u>	<u>\$ 3,368,290</u>	<u>\$ 3,382,023</u>
\$ 148,550,106	\$ 157,262,909	\$ 164,761,121	\$ 173,550,709	\$ 181,346,205	\$ 187,518,628	\$ 195,903,969
9,313,903	7,862,243	7,351,100	767,500	788,500	803,405	822,405
26,606,581	24,465,442	22,746,084	26,089,941	24,065,836	23,833,699	22,988,328
<u>\$ 184,470,590</u>	<u>\$ 189,590,594</u>	<u>\$ 194,858,305</u>	<u>\$ 200,408,150</u>	<u>\$ 206,200,541</u>	<u>\$ 212,155,732</u>	<u>\$ 219,714,702</u>

Morgan County, Colorado
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
Expenses				
Governmental activities:				
General government	\$ 5,520,906	\$ 5,613,406	\$ 6,485,480	\$ 6,845,246
Judicial and public safety	5,078,786	5,219,708	4,694,742	3,981,293
Public health	-	-	-	-
Auxiliary services	440,388	464,619	488,566	440,435
Roads and bridges	13,072,223	12,667,839	12,806,499	13,798,554
Public welfare	4,713,540	4,454,833	4,464,512	4,418,503
Interest on long-term debt	-	-	-	-
Total governmental activities expenses	<u>28,825,843</u>	<u>28,420,405</u>	<u>28,939,799</u>	<u>29,484,031</u>
Business-type activities:				
Ambulance services	\$ 1,070,858	\$ 1,126,716	\$ 1,036,578	\$ 1,089,211
Solid waste services	763,632	707,029	631,224	973,948
Total business-type activities expenses	<u>1,834,490</u>	<u>1,833,745</u>	<u>1,667,802</u>	<u>2,063,159</u>
Total primary government expenses	<u>\$ 30,660,333</u>	<u>\$ 30,254,150</u>	<u>\$ 30,607,601</u>	<u>\$ 31,547,190</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	\$ 594,119	\$ 537,680	\$ 1,221,787	\$ 1,215,473
Judicial and public safety	528,016	503,902	517,131	530,147
Road and bridges	25,361	8,047	88,274	22,021
Operating grants and contributions	7,328,010	7,566,786	7,138,055	6,987,625
Capital grants and contributions	-	44,654	470,189	791,252
Total governmental activities program revenues	<u>8,475,506</u>	<u>8,661,069</u>	<u>9,435,436</u>	<u>9,546,518</u>
Business-type activities:				
Charges for services:				
Ambulance services	\$ 1,205,051	\$ 1,157,045	\$ 1,054,961	\$ 1,016,461
Solid waste services	1,030,125	860,302	814,740	799,465
Operating grants and contributions	3,505	24,165	35,141	34,487
Capital grants and contributions	-	6,334	6,108	46,901
Total business-type activities program revenues	<u>2,238,681</u>	<u>2,047,846</u>	<u>1,910,950</u>	<u>1,897,314</u>
Total primary government program revenues	<u>\$ 10,714,187</u>	<u>\$ 10,708,915</u>	<u>\$ 11,346,386</u>	<u>\$ 11,443,832</u>
Net (expense)/revenue				
Governmental activities	\$ (20,350,337)	\$ (19,759,336)	\$ (19,504,363)	\$ (19,937,513)
Business-type activities	404,191	214,101	243,148	(165,845)
Total primary government net expense	<u>\$ (19,946,146)</u>	<u>\$ (19,545,235)</u>	<u>\$ (19,261,215)</u>	<u>\$ (20,103,358)</u>

2012	2011	2010	2009	2008	2007
\$ 6,957,045	\$ 7,127,536	\$ 7,148,909	\$ 6,946,036	\$ 6,957,754	\$ 7,132,019
3,902,451	3,883,935	3,703,122	4,017,992	3,719,727	3,565,250
-	-	-	8,399	8,296	9,645
425,573	443,138	429,247	463,526	380,771	364,664
12,816,909	12,693,242	13,447,387	13,778,533	13,865,403	13,012,483
4,386,731	4,658,233	4,885,491	4,672,693	4,542,657	4,243,279
10,416	107,469	119,228	127,002	138,030	144,698
<u>28,499,125</u>	<u>28,913,553</u>	<u>29,733,384</u>	<u>30,014,181</u>	<u>29,612,638</u>	<u>28,472,038</u>
\$ 903,002	\$ 1,069,405	\$ 1,043,694	\$ 1,073,356	\$ 1,089,807	\$ 996,493
593,057	560,750	558,765	337,594	462,609	461,685
1,496,059	1,630,155	1,602,459	1,410,950	1,552,416	1,458,178
<u>\$ 29,995,184</u>	<u>\$ 30,543,708</u>	<u>\$ 31,335,843</u>	<u>\$ 31,425,131</u>	<u>\$ 31,165,054</u>	<u>\$ 29,930,216</u>
\$ 1,380,278	\$ 1,603,765	\$ 2,214,834	\$ 1,716,998	\$ 1,602,114	\$ 1,307,735
520,332	493,905	546,171	553,602	559,117	515,072
11,925	14,814	13,627	9,254	17,379	24,683
6,750,821	6,859,757	7,151,944	7,814,532	6,278,516	5,929,397
53,823	87,808	86,502	92,437	99,441	398,689
<u>8,717,179</u>	<u>9,060,049</u>	<u>10,013,078</u>	<u>10,186,823</u>	<u>8,556,567</u>	<u>8,175,576</u>
\$ 1,067,020	\$ 1,230,285	\$ 978,865	\$ 947,231	\$ 913,396	\$ 1,048,393
769,998	702,568	768,521	631,913	595,311	575,407
32,123	16,515	124,972	43,040	5,224	30,205
57,680	11,426	-	500,000	-	-
1,926,821	1,960,794	1,872,358	2,122,184	1,513,931	1,654,005
<u>\$ 10,644,000</u>	<u>\$ 11,020,843</u>	<u>\$ 11,885,436</u>	<u>\$ 12,309,007</u>	<u>\$ 10,070,498</u>	<u>\$ 9,829,581</u>
\$ (19,781,946)	\$ (19,853,504)	\$ (19,720,306)	\$ (19,827,358)	\$ (21,056,071)	\$ (20,296,462)
430,762	330,639	269,899	711,234	(38,485)	195,827
<u>\$ (19,351,184)</u>	<u>\$ (19,522,865)</u>	<u>\$ (19,450,407)</u>	<u>\$ (19,116,124)</u>	<u>\$ (21,094,556)</u>	<u>\$ (20,100,635)</u>

Morgan County, Colorado
Changes in Net Position
Last Ten Years
(accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
General Revenues and Other Changes in Net Position				
Governmental activities:				
Taxes				
Property	\$ 15,047,692	\$ 13,579,680	\$ 12,889,251	\$ 12,374,675
Specific ownership	1,506,682	1,538,445	1,560,361	1,456,985
Sales	186,372	221,834	207,040	122,188
Other	80,078	71,241	71,016	56,119
Interest earnings	244,482	190,551	191,692	116,984
Miscellaneous	373,685	360,891	428,055	358,223
Gain (loss) on sale of capital assets	262,155	240,771	352,529	487,687
Transfers	-	-	(28,308)	-
Total governmental activities	<u>17,701,146</u>	<u>16,203,413</u>	<u>15,671,636</u>	<u>14,972,861</u>
Business-type activities:				
Interest earnings	30,169	18,847	13,955	5,630
Miscellaneous	2,984	5,396	12,788	4,863
Loss on sale of assets	(27)	-	-	-
Transfers	-	-	28,308	-
Total business-type activities	<u>33,126</u>	<u>24,243</u>	<u>55,051</u>	<u>10,493</u>
Total primary government	<u>\$ 17,734,272</u>	<u>\$ 16,227,656</u>	<u>\$ 15,726,687</u>	<u>\$ 14,983,354</u>
Change in Net Position				
Governmental activities	\$ (2,649,191)	\$ (3,555,923)	\$ (3,832,727)	\$ (4,964,652)
Business-type activities	<u>437,317</u>	<u>238,344</u>	<u>298,199</u>	<u>(155,352)</u>
Total primary government	<u>\$ (2,211,874)</u>	<u>\$ (3,317,579)</u>	<u>\$ (3,534,528)</u>	<u>\$ (5,120,004)</u>

2012	2011	2010	2009	2008	2007
\$ 11,855,985	\$ 11,982,812	\$ 11,768,430	\$ 11,102,178	\$ 10,947,757	\$ 10,580,908
1,273,495	1,178,748	1,058,212	1,045,194	1,151,224	1,168,881
101,439	81,300	75,972	87,012	82,609	83,904
109,999	43,956	34,021	34,644	54,582	64,678
86,927	47,991	66,940	203,390	735,984	1,229,720
666,890	563,613	645,187	660,706	494,518	567,212
23,235	68,953	6,258	8,277	18,821	16,549
(36,460)	-	-	-	25,339	-
<u>14,081,510</u>	<u>13,967,373</u>	<u>13,655,020</u>	<u>13,141,401</u>	<u>13,510,834</u>	<u>13,711,852</u>
2,729	1,551	2,194	16,718	47,504	66,533
3,347	4,094	803	2,812	2,587	2,588
(4,113)	-	-	-	(25,339)	-
<u>1,963</u>	<u>5,645</u>	<u>2,997</u>	<u>19,530</u>	<u>24,752</u>	<u>69,121</u>
<u>\$ 14,083,473</u>	<u>\$ 13,973,018</u>	<u>\$ 13,658,017</u>	<u>\$ 13,160,931</u>	<u>\$ 13,535,586</u>	<u>\$ 13,780,973</u>
\$ (5,700,436)	\$ (5,886,131)	\$ (6,065,286)	\$ (6,685,957)	\$ (7,545,237)	\$ (6,584,610)
<u>432,725</u>	<u>336,284</u>	<u>272,896</u>	<u>730,764</u>	<u>(13,733)</u>	<u>264,948</u>
<u>\$ (5,267,711)</u>	<u>\$ (5,549,847)</u>	<u>\$ (5,792,390)</u>	<u>\$ (5,955,193)</u>	<u>\$ (7,558,970)</u>	<u>\$ (6,319,662)</u>

Morgan County, Colorado
Fund Balance, Governmental Funds
Last Ten Years
(modified accrual accounting)
(unaudited)

	2016	2015	2014	2013	2012
General fund					
Non Spendable	\$ -	\$ -	\$ -	\$ -	\$ 704
Restricted	836,428	830,922	825,066	819,912	664,076
Assigned	10,143,470	8,131,456	1,122,589	1,132,514	1,127,830
Committed	376,393	278,660	184,972	92,126	-
Unassigned	<u>11,280,916</u>	<u>10,303,949</u>	<u>15,513,001</u>	<u>13,886,509</u>	<u>11,832,605</u>
Total general fund	<u>\$ 22,637,207</u>	<u>\$ 19,544,987</u>	<u>\$ 17,645,628</u>	<u>\$ 15,931,061</u>	<u>\$ 13,625,215</u>
All other governmental funds					
Non Spendable	\$ 93,361	\$ 78,817	\$ 91,688	\$ 85,744	\$ 98,318
Restricted	8,811,133	9,080,526	9,403,157	8,493,991	7,198,167
Committed	4,349,889	3,761,093	4,195,561	3,766,506	3,336,227
Assigned	-	-	-	-	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(23,006)</u>
Total all other governmental funds	<u>\$ 13,254,383</u>	<u>\$ 12,920,436</u>	<u>\$ 13,690,406</u>	<u>\$ 12,346,241</u>	<u>\$ 10,609,706</u>

Note: For 2011 data GASB54 has been implemented and fund balance has been reclassified. Data for all other years has not been reclassified.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 858	\$ -	\$ -	\$ -	\$ -
657,762	584,000	567,273	558,250	143,922
3,111,494	-	-	-	-
-	-	-	-	-
<u>8,897,900</u>	<u>9,996,046</u>	<u>9,460,663</u>	<u>10,049,949</u>	<u>10,096,121</u>
<u>\$ 12,668,014</u>	<u>\$ 10,580,046</u>	<u>\$ 10,027,936</u>	<u>\$ 10,608,199</u>	<u>\$ 10,240,043</u>
\$ 113,694	\$ -	\$ -	\$ -	\$ -
6,693,338	3,356,561	3,769,000	3,169,596	3,045,861
2,912,385	-	-	-	-
-	-	-	-	-
<u>-</u>	<u>5,926,330</u>	<u>5,245,045</u>	<u>5,209,292</u>	<u>5,103,446</u>
<u>\$ 9,719,417</u>	<u>\$ 9,282,891</u>	<u>\$ 9,014,045</u>	<u>\$ 8,378,888</u>	<u>\$ 8,149,307</u>

Morgan County, Colorado
Changes in Fund Balance of Governmental Funds
Last Ten Years
(modified accrual accounting)
(unaudited)

	2016	2015	2014	2013	2012
Revenues					
Taxes	\$ 16,820,824	\$ 15,411,200	\$ 14,727,668	\$ 14,009,967	\$ 13,340,918
Intergovernmental	7,328,010	7,566,786	7,548,824	7,521,826	6,750,821
Licenses and permits	96,926	84,958	78,523	61,868	59,632
Fines and forfeiture	4,091	4,641	13,930	20,654	22,702
Fee accounts	1,388,951	1,293,167	1,307,332	1,296,819	1,321,583
Charges for material/service	311,443	326,123	394,221	267,804	248,638
Interest	244,482	190,551	191,692	116,984	86,927
Miscellaneous	357,539	360,283	392,434	353,929	612,748
Total revenues	<u>26,552,266</u>	<u>25,237,709</u>	<u>24,654,624</u>	<u>23,649,851</u>	<u>22,443,969</u>
Expenditures					
Current:					
General government	4,459,590	4,261,742	4,268,427	4,698,979	4,637,684
Judicial and public safety	5,022,918	5,103,613	4,606,906	3,903,282	3,822,837
Public health	-	465,300	-	-	-
Auxiliary services	441,072	3,944,569	489,239	440,435	425,573
Road and bridge	4,166,484	4,462,082	5,262,251	4,981,971	4,359,311
Public welfare	4,710,757	1,120,295	4,455,679	4,406,656	3,953,014
Intergovernmental cooperation outlay	1,119,295	4,750,739	1,109,401	1,098,383	1,060,089
Capital outlay	3,220,323	-	1,375,681	77,784	472,555
Debt service	-	-	-	-	-
Principal	-	-	-	-	1,855,000
Interest	-	-	-	-	9,733
Other charges	-	-	-	-	683
Total expenditures	<u>23,140,439</u>	<u>24,108,340</u>	<u>21,567,584</u>	<u>19,607,490</u>	<u>20,596,479</u>
Excess of revenues over (under) expenditures	3,411,827	1,129,369	3,087,040	4,042,361	1,847,490
Other financing sources (uses)					
Transfers in	120,000	120,000	310,000	200,000	1,514,690
Transfers out	(120,000)	(120,000)	(338,308)	(200,000)	(1,514,690)
Proceeds of participation certificates	-	-	-	20	-
Proceeds from sale of capital assets	14,340	20	-	20	-
Certificate issuance costs	-	-	-	-	-
Original discount fee	-	-	-	-	-
Benefit payments refunded	-	-	-	-	-
Total other financing sources (uses)	<u>14,340</u>	<u>20</u>	<u>(28,308)</u>	<u>40</u>	<u>-</u>
Net change in fund balances	<u>\$ 3,426,167</u>	<u>\$ 1,129,389</u>	<u>\$ 3,058,732</u>	<u>\$ 4,042,401</u>	<u>\$ 1,847,490</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%	9.27%

2011	2010	2009	2008	2007
\$ 13,286,816	\$ 12,936,635	\$ 12,269,028	\$ 12,236,172	\$ 11,898,371
6,947,565	7,238,446	7,906,969	6,377,957	6,328,086
52,120	73,838	56,753	62,973	68,609
26,595	39,544	39,691	43,009	41,068
1,288,057	1,278,889	1,200,098	1,179,240	1,076,502
249,260	247,659	245,395	248,625	252,138
47,991	66,135	203,390	735,984	1,229,720
609,628	647,428	657,040	493,790	569,176
<u>22,508,032</u>	<u>22,528,574</u>	<u>22,578,364</u>	<u>21,377,750</u>	<u>21,463,670</u>
4,860,363	5,008,267	5,525,901	5,054,300	4,714,287
3,797,740	3,624,146	3,930,044	3,625,786	3,472,669
-	-	8,399	8,296	9,645
443,138	429,247	463,526	380,771	364,664
4,857,738	5,298,525	6,468,551	5,662,513	5,155,104
4,646,370	4,868,800	4,651,189	4,526,028	4,214,311
1,035,273	1,043,133	939,712	870,092	1,031,070
19,481	1,113,158	1,885,621	1,097,034	1,435,715
220,000	210,000	200,000	190,000	185,000
102,435	112,095	121,095	129,930	138,070
-	1,247	771	2,951	1,420
<u>19,982,538</u>	<u>21,708,618</u>	<u>24,194,809</u>	<u>21,547,701</u>	<u>20,721,955</u>
2,525,494	819,956	(1,616,445)	(169,951)	741,715
-	177,402	191,070	654,017	-
-	(177,402)	(191,070)	(628,678)	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	25,339	-
<u>\$ 2,525,494</u>	<u>\$ 819,956</u>	<u>\$ (1,616,445)</u>	<u>\$ (144,612)</u>	<u>\$ 741,715</u>
1.70%	1.64%	1.56%	1.60%	1.71%

Morgan County, Colorado
Program Revenues by Function/Program
Last Ten Years
(accrual basis of accounting)
(unaudited)

	2016	2015	2014	2013
Function/Program				
General government	\$ 973,245	\$ 989,455	\$ 1,859,970	\$ 1,797,172
Judicial and public safety	647,872	595,599	1,059,218	759,544
Roads and bridges	3,187,142	3,529,603	3,153,758	3,722,515
Public welfare	<u>3,667,247</u>	<u>3,487,582</u>	<u>3,362,490</u>	<u>3,267,287</u>
Total governmental activities	<u>8,475,506</u>	<u>8,602,239</u>	<u>9,435,436</u>	<u>9,546,518</u>
Business-type activities				
Ambulance services	1,205,051	1,187,544	1,096,210	1,097,849
Solid waste services	<u>1,030,125</u>	<u>860,302</u>	<u>814,740</u>	<u>799,465</u>
Total business-type activities net position	<u>2,235,176</u>	<u>2,047,846</u>	<u>1,910,950</u>	<u>1,897,314</u>
Total primary government	<u>\$ 10,710,682</u>	<u>\$ 10,650,085</u>	<u>\$ 11,346,386</u>	<u>\$ 11,443,832</u>

2012	2011	2010	2009	2008	2007
\$ 1,830,401	\$ 2,034,116	\$ 2,567,299	\$ 2,400,821	\$ 1,981,271	\$ 1,522,908
697,234	794,707	720,076	986,993	790,864	606,636
2,924,551	2,900,596	3,189,584	3,241,251	2,440,875	2,769,937
<u>3,264,993</u>	<u>3,330,630</u>	<u>3,536,119</u>	<u>3,557,758</u>	<u>3,343,557</u>	<u>3,276,095</u>
<u>8,717,179</u>	<u>9,060,049</u>	<u>10,013,078</u>	<u>10,186,823</u>	<u>8,556,567</u>	<u>8,175,576</u>
1,156,823	1,258,226	1,103,837	990,271	918,620	1,078,598
<u>769,998</u>	<u>702,568</u>	<u>768,521</u>	<u>1,131,913</u>	<u>595,311</u>	<u>575,407</u>
<u>1,926,821</u>	<u>1,960,794</u>	<u>1,872,358</u>	<u>2,122,184</u>	<u>1,513,931</u>	<u>1,654,005</u>
<u>\$ 10,644,000</u>	<u>\$ 11,020,843</u>	<u>\$ 11,885,436</u>	<u>\$ 12,309,007</u>	<u>\$ 10,070,498</u>	<u>\$ 9,829,581</u>

Morgan County, Colorado
Tax Revenues by Source, Governmental Funds
Last Ten Years
(modified accrual accounting)
(unaudited)

Year	Property Taxes	SO Taxes	Cigarette Taxes	Sales Tax and Other	Total
2016	15,047,692	1,506,682	9,077	257,373	16,820,824
2015	13,579,680	1,538,445	9,235	283,840	15,411,200
2014	12,984,216	1,560,360	6,404	269,168	14,820,148
2013	12,409,909	1,456,984	7,320	170,987	14,045,200
2012	11,887,184	1,273,495	7,910	203,527	13,372,116
2011	11,982,812	1,178,748	6,718	118,539	13,286,817
2010	11,768,430	1,058,212	7,467	102,526	12,936,635
2009	11,102,178	1,045,194	7,733	113,924	12,269,029
2008	10,947,757	1,151,225	7,086	130,105	12,236,173
2007	10,580,908	1,168,881	8,113	140,469	11,898,371
Change 2007-2016	-42.22%	-28.90%	-11.88%	-83.22%	-41.37%



Morgan County, Colorado
Assessed Value and Estimated Value of Taxable Property
Last Ten Years
(unaudited)

Year Ended December 31,	Residential Property	Commercial Property	Industrial Property	Agricultural Property	Vacant Land	Natural Resources & Utilities
2016	98,757,180	52,012,320	18,886,900	48,894,750	5,203,140	9,827,170
2015	89,526,130	48,428,340	17,466,450	41,139,250	4,800,170	10,886,750
2014	89,526,130	48,428,340	61,529,073	41,139,250	4,800,170	10,886,750
2013	88,806,920	46,514,960	16,403,930	40,438,820	5,020,550	11,295,580
2012	87,502,260	48,001,890	14,677,380	37,213,540	4,918,310	32,083,560
2011	86,908,580	48,371,180	14,635,240	36,738,150	4,959,260	26,856,640
2010	94,447,660	50,736,520	16,428,250	35,286,290	5,884,600	23,348,420
2009	93,684,180	49,793,860	16,056,980	35,088,230	6,096,990	27,095,460
2008	90,344,440	48,085,900	15,403,710	31,421,050	5,569,410	23,010,950
2007	89,176,940	47,157,300	14,821,020	30,512,420	6,036,390	11,603,510

From 2007 to 2016 commercial real property, undeveloped land, personal property and utilities were assessed at 29% of replacement cost calculated on the base year's appraised value.

Residential real property was assessed as follows:

Year	Assessment Percentage	Base Year
2016	7.96%	2014 appraised value
2015	7.96%	2014 appraised value
2014	7.96%	2012 appraised value
2013	7.96%	2012 appraised value
2012	7.96%	2010 appraised value
2011	7.96%	2010 appraised value
2010	7.96%	2008 appraised value
2009	7.96%	2008 appraised value
2008	7.96%	2006 appraised value
2007	7.96%	2006 appraised value

Source: Morgan County Assessor's office

Note: All residential and commercial real properties are reappraised every two years in the odd year cycle bringing properties to the current market level of valuation. The residential rate is set by the Legislature and coincides with changes in the level of value. This is constitutionally required and designed to stabilize the tax burden on residential property.

Personal Property	Total Taxable Assesed Value	Tax Exempt Property	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
278,353,330	511,934,790	191,181,280	28.948	2,697,685,720	18.98%
289,591,670	470,619,610	176,332,860	28.948	2,728,398,820	17.25%
233,591,670	470,916,610	157,851,940	28.948	2,414,135,330	19.51%
212,940,880	445,723,250	154,546,270	28.948	2,320,211,520	19.21%
203,020,040	427,416,980	152,947,180	28.948	2,252,146,830	18.98%
191,854,300	410,323,350	145,278,970	28.948	2,193,670,110	18.70%
187,134,450	413,266,190	144,363,230	28.948	2,187,979,320	18.89%
178,612,460	406,428,160	146,762,780	28.948	2,236,375,060	18.17%
169,012,640	382,848,100	139,132,010	28.948	2,129,198,720	17.98%
179,495,220	378,802,800	138,264,670	28.948	2,105,372,160	17.99%

Morgan County, Colorado
Direct and Overlapping Property Tax Rates
Last Ten Years
(Rate per \$1,000 of assessed value)
(unaudited)

	2016	2015	2014	2013	2012
County direct rates					
General Fund	19.628	19.448	19.448	19.448	21.048
Road and Bridge	6.500	6.500	6.500	6.500	5.400
Human Services	2.000	3.000	3.000	3.000	2.500
Total Direct Rate	28.128	28.948	28.948	28.948	28.948
City and town rates					
Brush	15.660	15.660	15.660	15.660	15.660
Fort Morgan	13.254	13.254	13.254	13.254	13.254
Hillrose	17.773	17.890	17.890	17.718	17.890
Log Lane	34.267	34.267	34.267	34.267	34.267
Wiggins	32.212	32.212	32.212	32.212	32.212
Fire districts	2.588 - 7.719	2.991 - 7.719	2.588 - 7.719	2.588 - 7.719	2.588 - 7.719
School districts	17.105 - 42.449	17.128 - 43.801	17.128 - 43.801	17.815 - 41.252	22.305 - 39.174
Other special districts	.027 - 10.947	.027 - 11.902	.027 - 11.902	.027 - 11.902	.30 - 10.720

Source: Abstract of Assessments and Levies, prepared by Morgan County Assessor's office

2011	2010	2009	2008	2007
21.048	21.048	21.048	18.348	17.948
5.400	5.400	6.000	8.500	8.500
2.500	2.500	1.900	2.100	2.500
28.948	28.948	28.948	28.948	28.948
15.660	15.660	15.660	15.660	15.660
13.254	13.254	13.254	13.254	13.254
17.890	15.627	15.573	15.993	12.435
34.267	34.267	34.267	34.267	34.488
32.212	32.212	32.212	32.212	32.212
2.588 - 7.719	2.588 - 7.719	2.588 - 6.719	2.588 - 6.921	2.588 - 6.784
21.418 - 40.218	31.592 - 39.440	29.454 - 39.449	30.207 - 40.091	29.616 - 42.133
.30 - 10.364	.030 - 10.345	.030 - 10.217	.028 - 9.000	.028 - 9.000

Morgan County, Colorado
Principal Property Tax Payers
Current Year and Ten Years Ago
(unaudited)

Taxpayer	Type of Business	2016			2007		
		Taxable Assessed Value	Rank	Percentage of Total Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Assessed Value
Public Service Co. of Colorado	Utility	\$ 138,195,000	1	25.73%	70,652,220	1	18.65%
Leprino Foods Company	Cheese Processing	23,193,230	2	4.32%	8,358,920	7	2.21%
Colorado Interstate Gas Co.	Utility	16,005,600	3	2.98%	9,308,700	4	2.46%
Manchief Power Company LLC	Utility	13,539,500	4	2.52%	18,116,400	3	4.78%
Cargill Meat Solutions Corporation	Meat Processing	11,833,680	6	2.20%	22,731,760	2	6.00%
BNSF Railway Company	Transportation	13,264,100	5	2.47%	5,728,400	8	1.51%
Brush Power LLC	Utility	7,995,000	7	1.49%	8,936,300	5	2.36%
Western Sugar Cooperative	Sugar Processing	7,241,850	8	1.35%	5,030,220	9	1.33%
Tri-State Generation & Transmission Assoc.	Utility	6,488,900	9	1.21%	8,231,000	6	2.17%
Cheyenne Plains Gas Pipeline Co	Utility	6,339,900	10	1.18%	-		
Cargill Meat Solutions Corp (Lagoon)	Utility	5,351,500	11	1.00%	-		
Young Gas Storage Company Ltd	Utility	4,310,130	12	0.80%	4,039,240	10	1.07%
Morgan County REA Association	Utility	4,175,500	13	0.78%	-		
Wildcat Dairy LLC	Dairy	3,289,230	14	0.61%	-		
Total		\$ 261,223,120		48.64%	\$ 161,133,160		42.54%
Total assessed valuation		\$ 537,008,280			\$ 378,802,800		

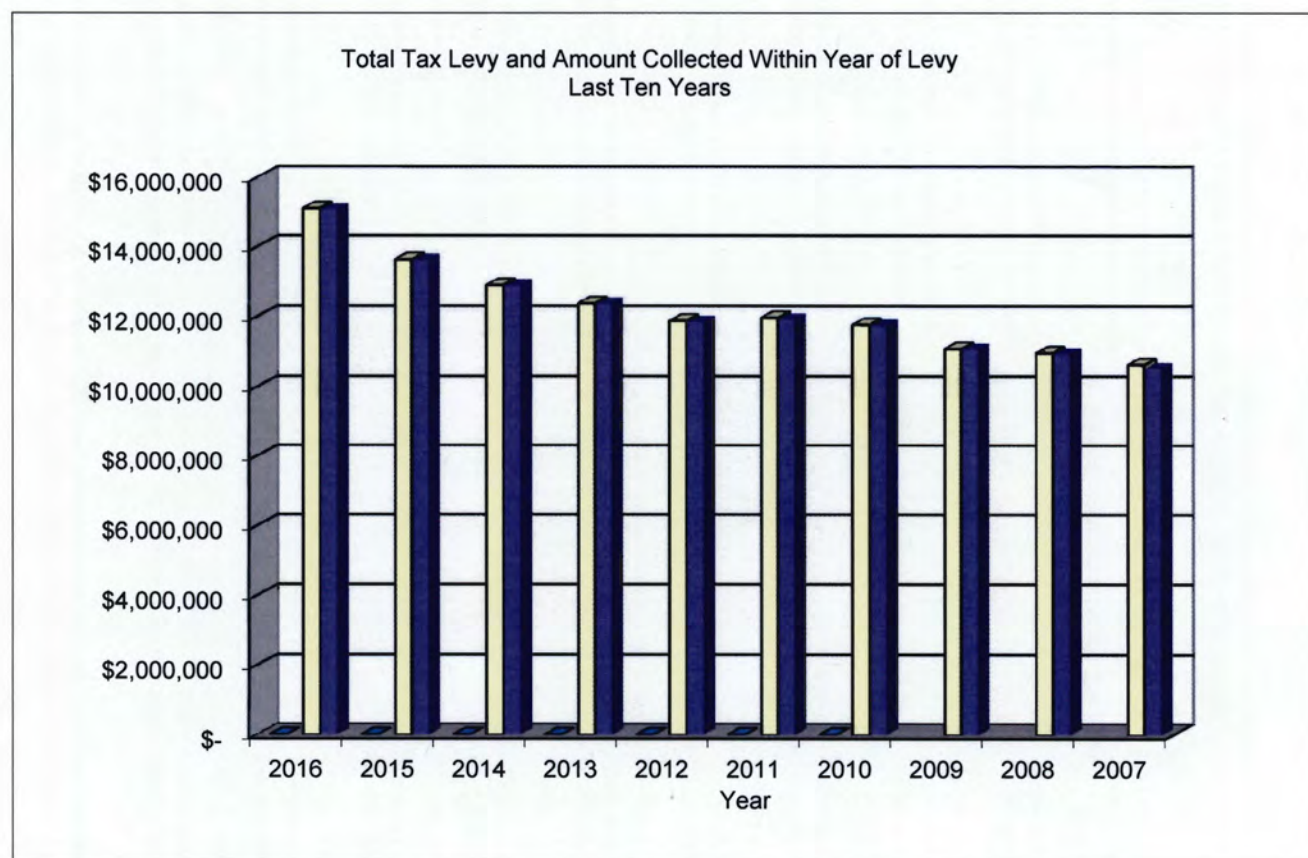
Source: Morgan County Assessor's office

Morgan County, Colorado
Property Tax Levies and Collections
Last Ten Years
(unaudited)

Year Ended December 31,	Taxes Levied for the Year (1)	Collected Within the Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2016	15,104,969	15,087,467	99.88%	0	15,087,467	99.88%
2015	13,632,094	13,613,041	99.86%	0	13,613,041	99.86%
2014	12,902,797	12,890,946	99.91%	0	12,890,946	99.91%
2013	12,372,867	12,361,451	99.91%	0	12,361,451	99.91%
2012	11,878,040	11,839,593	99.68%	0	11,839,593	99.68%
2011	11,963,229	11,906,323	99.52%	3,356	11,909,679	99.55%
2010	11,765,282	11,736,642	99.76%	4,563	11,741,205	99.80%
2009	11,082,687	11,061,385	99.81%	745	11,062,130	99.81%
2008	10,965,583	10,935,344	99.72%	9,077	10,944,421	99.81%
2007	10,634,890	10,522,287	98.94%	5,508	10,527,795	98.99%

Notes:

(1) This column does not include abatements and reappraisals during the year.



Source: Morgan County Treasurer

Morgan County, Colorado
Ratios of Outstanding Debt by Type
Last Ten Years
(unaudited)

Year	Governmental Activities		Percentage of	
	Certificates of Participation	Total Primary Government	Personal Income (1)	Per Capita (1)
2016	-	-	0.000%	-
2015	-	-	0.000%	-
2014	-	-	0.000%	-
2013	-	-	0.000%	-
(2) 2012	-	-	0.000%	-
2011	1,855,000	1,855,000	0.220%	66
2010	2,075,000	2,075,000	0.246%	74
2009	2,285,000	2,285,000	0.270%	82
2008	2,485,000	2,485,000	0.336%	89
2007	2,675,000	2,675,000	0.365%	96

(1) See Schedule 14 for personal income and population data.

(2) In January 2012, the Morgan County Building Authority early paid off the Certificates of Participation.

Morgan County, Colorado
Direct and Overlapping Governmental Activities Debt
As of December 31, 2016
(unaudited)

Taxing Jurisdiction	General Obligation Long-Term Debt Outstanding	Estimated Percentage Applicable (1)	Overlapping Debt
School Districts			
Brush RE-2(J) School District	\$ 5,225,000	99.18%	\$ 5,182,155
Fort Morgan RE-3 School District	\$ 24,535,000	100.00%	\$ 24,535,000
Wiggins RE-50(J) School District	\$ 305,000	68.00%	\$ 207,400
Briggsdale RE-10 School District	\$ 280,000	99.00%	\$ 277,200
Weldon Valley School District RE-20(J)	\$ 525,000	97.00%	\$ 509,250
Other			
Well Augmentation Subdistrict	\$ 13,961,662	14.00%	\$ 1,954,633
Groundwater Management Subdistrict	\$ 14,076,291	14.00%	\$ 1,970,681
Central Colorado Water Conservancy District	\$ 27,015,000	14.00%	\$ 3,782,100
Total Overlapping Debt			<u>\$ 38,418,418</u>

Sources: Debt amounts and percentages are provided by each governmental unit.

(1) Portion of debt applicable to Morgan County is determined by the ratio of the assessed value of the portion of the applicable district located within Morgan County to the total assessed value of the applicable taxing district.

Morgan County, Colorado
Legal Debt Margin Information
Last Ten Years
(unaudited)

Assessed Valuation:

Assessed value	\$ 537,008,280
Add back: exempt real property	<u>-</u>
Total assessed value	<u>\$ 537,008,280</u>

Legal debt margin:

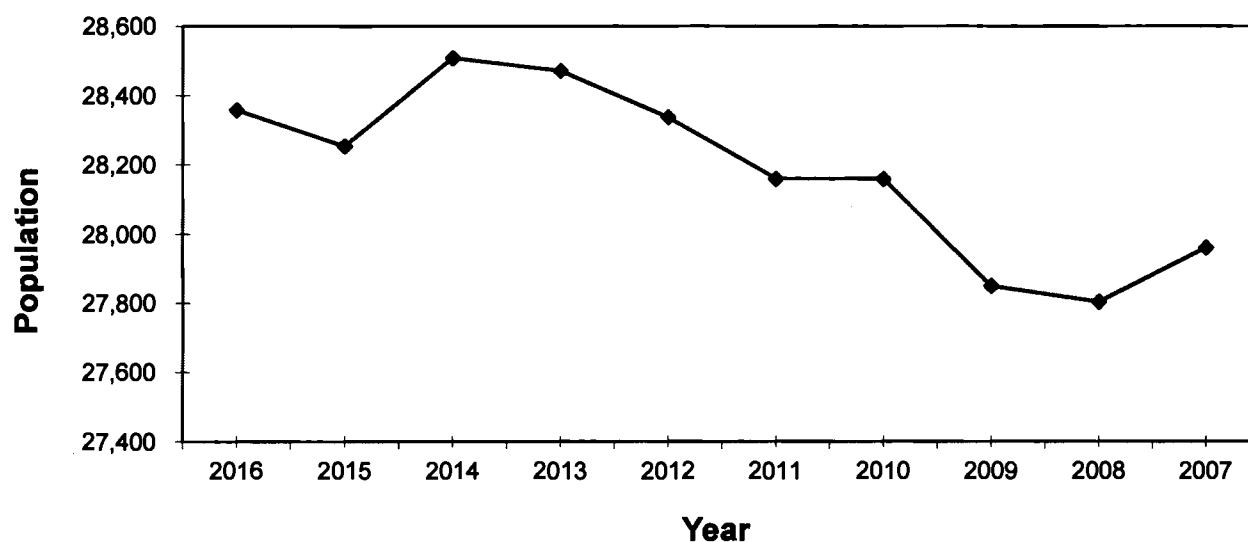
Debt limitation - 3% of assessed value	\$ 16,110,248
No debt applicable to limitation	

Year	Debt limit	Total net debt applicable to limit	Legal debt margin	Total net debt applicable to the limit as a percentage of debt limit
2016	16,110,248	-0-	16,110,248	0.00%
2015	14,127,498	-0-	14,127,498	0.00%
2014	13,371,698	-0-	13,371,698	0.00%
2013	12,890,759	-0-	12,890,759	0.00%
2012	13,619,326	-0-	13,619,326	0.00%
2011	12,397,986	-0-	12,397,986	0.00%
2010	12,192,845	-0-	12,192,845	0.00%
2009	11,485,443	-0-	11,485,443	0.00%
2008	11,364,084	-0-	11,364,084	0.00%
2007	11,021,372	-0-	11,021,372	0.00%

Morgan County, Colorado
Demographic and Economic Statistics
Last Ten Years
(unaudited)

Year	Population	Personal Income ¹	Per Capita Income	Median Age	School Enrollment	Unemployment Rate
2016	28,359	1,209,227,760	42,640	36.4	6,551	2.70%
2015	28,254	1,153,889,324	39,956	36.5	5,431	3.60%
2014	28,509	1,120,745,808	39,312	36.4	5,714	3.20%
2013	28,472	989,458,944	34,752	36.4	5,553	5.20%
2012	28,338	949,011,282	33,489	34.5	5,460	6.10%
2011	28,159	879,996,909	31,251	35.5	5,444	6.20%
2010	28,159	843,587,322	29,958	35.5	5,483	7.20%
2009	27,850	845,080,400	30,344	34.5	5,495	6.30%
2008	27,804	738,641,064	26,566	34.5	5,537	5.90%
2007	27,961	732,382,473	26,193	33.5	5,480	4.20%

**Total County Population
Last Ten Years**



¹ Computation of per capita personal income multiplied by population.

Source:

www.bea.gov/region/regional/reis
www.cde.state.co.us



Morgan County, Colorado
Principal Private Employers
Current Year and Ten Years Ago
(unaudited)

Taxpayer	Type of Business	2016			2007		
		Number of Employees	Rank	Percentage of Total County Employment	Number of Employees	Rank	Percentage of Total County Employment
Cargill Meat Solutions Corporation	Beef Processing	2,100	1	13.86%	1,860	1	12.49%
Leprino Foods Company	Cheese Processing	350	2	2.31%	272	3	1.83%
Colorado Plains Medical Center	Hospital	262	3	1.73%	227	5	1.52%
Eben Ezer Lutheran Care Center	Nursing Home	235	4	1.55%	220	6	1.48%
Western Sugar (Includes Seasonal)	Sugar Processing	225	5	1.48%			-
East Morgan County Hospital	Hospital	215	6	1.42%	118	9	0.79%
Viaero Wireless	Cellular Provider	155	7	1.02%	250	4	1.68%
Valley View Villa	Nursing Home	131	8	0.86%	135	8	0.91%
Wal-Mart Super Center	Retail/Grocery	111	9	0.73%	325	2	2.18%
Xcel Energy	Utility	107	10	0.71%			-
Basic Energy Services - Pumping Div	Oil/Gas Services	105	11	0.69%			-
Total		<u>3,996</u>		<u>26.37%</u>	<u>3,407</u>		<u>22.88%</u>
Total Morgan County Labor Force		<u>15,154</u>			<u>14,891</u>		

Source: Morgan County Economic Development

Morgan County, Colorado
Full-Time Equivalent County Government Employees by Function/Program
Last Ten Years
(unaudited)

<u>Function/Program</u>	2016	2015	2014	2013	2012
General Government					
Assessor	9	9	9	9	10
Board of County Commissioners	3	3	3	3	3
Building Maintenance	7	7	8	8	8
Clerk and Recorder	11	11	11	12	12
Courier	1	1	1	1	1
Finance	5	5	5	5	5
Fleet	7	6	7	7	7
Human Resources	1	1	1	1	1
Information Management Services	4	4	4	4	4
Planning and Building	3	4	3	3	3
Purchasing and Support Staff for BCC	1	2	1	1	1
Treasurer	3	2	2	2	2
Judicial and Public Safety					
Communications Center	11	14	14	13	11
Coroner	3	3	3	3	4
Corrections (Jail)	32	28	32	31	30
County Attorney	1	1	1	1	1
Emergency Management	1	1	1	1	1
Sheriff	24	27	23	23	22
Streets and Highways					
Road and Bridge	36	36	36	36	37
Auxiliary Services					
Extension	2	3	3	3	3
Fairgrounds	0	0	1	1	1
Veterans Officer	1	1	1	1	1
Health and Human Services					
Human Services	63	63	62	60	64
Business-type Services					
Ambulance Service	19	23	21	22	21
Solid Waste Management	7	7	6	6	6
Total	255	262	259	257	259

Source: Morgan County Payroll Department

Note: The numbers presented above are the number of FTE's (full-time equivalents) rounded to the nearest whole number. These numbers are from the final payroll of each respective year at December 31. The numbers do not take into account the fluctuations in staffing throughout the year, nor do they include vacancies at year end.

2011	2010	2009	2008	2007
10	10	11	11	11
3	3	3	3	3
9	8	8	9	9
12	12	11	12	11
1	1	1	1	1
5	7	7	7	7
7	6	7	7	8
1	1	1	1	1
4	4	4	3	4
3	3	3	11	11
1	1	2	1	1
2	2	3	3	3
11	12	12	12	12
3	3	4	4	4
28	30	33	29	30
1	2	3	3	3
1	1	1	1	1
22	22	21	20	22
36	39	38	41	41
3	3	3	3	3
1	1	1	1	1
1	1	1	1	1
65	64	65	65	66
21	17	19	15	13
7	6	6	7	7
258	259	268	271	274

Morgan County, Colorado
Operating Indicators by Function/Program
Last Ten Years
(unaudited)

	2016	2015	2014	2013
Function/Program				
General Government				
Assessor				
Property transfers	839	1,755	1,549	1,804
Public Trustee				
Number of foreclosures	70	60	53	74
Clerk				
Motor Vehicle transactions	71,389	68,755	58,312	63,473
Registered Voters	16,194	14,477	15,067	15,378
Planning and Building				
Number of building permits issued	355	103	81	100
Number of parcels created	22	25	38	19
Judicial and Public Safety				
Communications Center				
Non-emergency calls	77,123	68,807	66,672	74,884
9-1-1 calls	10,746	10,514	9,910	8,344
District Attorney				
Number of felony cases	344	279	280	261
Number of juvenile cases	30	59	35	38
Sheriff				
Detention Center average daily population	85	77	61	95
Incidents handled by patrol and investigations	17,515	15,404	15,808	18,244
Streets and Highways				
Road and Bridge				
Bridges	173	173	173	173
County maintained roads (miles)	1,036	1,036	1,056	1,056
County roads maintained by others (miles)	61	61	54	54
County roads not maintained (miles)	143	143	128	128
Health and Human Services				
Human Services				
Families receiving food assistance	33,812	33,824	32,962	36,197
Seniors receiving assistance	31,605	2,617	1,800	2,186
Children receiving subsidized day care	810	666	763	654
Child Abuse or neglect cases reported	708	610	571	547
Auxiliary Services				
Extension				
4-H youth development program participants	378	397	397	401
Fairgrounds				
County fair attendance	4,300	4,100	4,000	4,000
Total Complex attendance	32,060	30,950	30,570	30,570
Business-type Services				
Ambulance Service				
Number of calls	2,526	2,444	2,355	2,181
Solid Waste Management				
Recycled tons processed	318	349	417	356

*** Department of Human services records not available for 2008-2012
Source: Information provided by individual Morgan County departments

2012	2011	2010	2009	2008	2007
683	595	516	532	684	829
123	115	202	230	138	176
63,682	59,932	58,686	38,071	58,795	58,373
15,400	14,500	14,366	10,880	14,034	13,040
79	64	95	133	106	128
17	28	13	31	41	42
97,501	61,796	87,346	110,418	108,402	113,022
10,674	9,776	9,589	9,332	9,131	9,088
304	308	295	394	378	363
68	63	65	78	81	110
90	91	93	94	108	110
15,880	14,961	16,405	16,231	15,915	17,975
173	173	173	173	173	173
1,057	1,057	1,057	1,063	1,072	1,072
54	54	55	55	54	53
128	132	133	163	209	210
35,825	34,925	32,818	27,027	20,758	20,328
2,154	2,091	2,540	2,555	2,372	2,214
654	***	1,334	1,857	1,678	1,473
***	***	***	***	***	309
374	369	451	447	398	400
4,000	4,000	4,000	4,000	4,000	3,500
37,750	37,620	37,420	39,125	33,331	30,601
2,125	2,452	2,075	1,995	2,069	2,185
300	324	122	122	209	234

Morgan County, Colorado
 Capital Asset Statistics by Function/Program
 Last Ten Years
 (unaudited)

	2016	2015	2014	2013	2012
Function/Program					
Judicial and Public Safety					
Communications Center console positions	4	4	4	4	4
Communications Center vehicles	1	1	1	1	2
911 Emergency Telephone towers	3	3	3	3	3
Emergency Management vehicles	1	1	1	4	4
Courtrooms - district and county	3	3	3	3	3
Jail	1	1	1	1	1
Jail vehicles	3	3	3	3	3
Patrol vehicles	14	14	14	13	12
Sheriff Investigation & Administrative vehicles	13	13	13	13	12
Streets and Highways					
Graders	15	15	15	15	15
Grader sheds	6	6	6	6	6
Trucks	24	24	24	24	24
Heavy equipment	10	10	10	10	10
Other equipment	48	44	39	37	36
Vehicles	20	22	19	6	20
Health and Human Services					
Building	1	1	1	1	1
Vehicles	9	9	9	9	9
Auxiliary Services					
Extension Office	1	1	1	1	1
Event Center	1	1	1	1	1
Fairgrounds	1	1	1	1	1
Fairground heavy equipment	3	3	3	3	3
Fairground vehicles	1	1	1	1	1
Ambulance Service					
Buildings	2	2	2	3	2
Ambulance vehicles	8	7	8	8	8
Administrative vehicles	1	1	1	1	1
Solid Waste Management					
Landfill site	1	1	1	1	1
Transfer sites	0	0	0	6	0
Equipment	5	5	5	4	4
Vehicles	3	3	3	3	3

Note: No capital asset indicators are available for the general government.

Source: Information provided by individual Morgan County departments

2011	2010	2009	2008	2007
4	4	4	4	4
2	2	2	2	2
3	3	3	3	3
4	4	4	4	4
3	3	3	3	3
1	1	1	1	1
3	3	3	3	3
11	11	12	12	12
12	11	9	9	8
15	15	15	15	15
6	6	6	6	6
23	23	23	23	23
10	10	10	10	10
36	36	36	36	35
19	19	20	15	14
1	1	1	1	1
9	9	9	9	7
1	1	1	1	1
1	1	1	1	1
1	1	1	1	1
3	4	3	3	3
1	1	1	1	1
2	3	3	3	3
8	8	8	9	7
1	1	1	2	2
1	1	1	1	1
0	0	0	0	0
4	4	4	3	3
3	3	3	3	3



SINGLE AUDIT SECTION



**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**

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Morgan County
Fort Morgan, 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 Morgan County (County) as of and for the year ended December 31, 2016, 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 20, 2017.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Watson Coon & Associates P.C.

Greenwood Village, Colorado
June 20, 2017



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

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Morgan County
Fort Morgan, Colorado

Report on Compliance for Each Major Federal Program

We have audited Morgan County's compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of Morgan County's major federal programs for the year ended December 31, 2016. Morgan 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 the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Morgan 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 Morgan County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

V

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 Morgan 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, 2016.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Watson Coon & Associates P.C.

Greenwood Village, Colorado
June 20, 2017

MORGAN COUNTY, COLORADO**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS****For The Year Ended December 31, 2016**

Program	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Passed through Colorado Department of Human Services		
Food Assistance Administration	10.561	208,424
Total Department of Agriculture		208,424
U.S. Department of Health and Human Services		
Passed through Colorado Department of Human Services		
Promoting Safe and Stable Families	93.556	48,508
TANF	93.558	824,466
Title IV-D	93.563	334,745
Title IV-B	93.645	27,344
Title IV-E	93.658	580,202
Adoption	93.659	174,029
Title XX Block Grant	93.667	281,649
Low Income Home Energy Assistance Block Grant	93.568	241,129
Guardianship Assistance - ARRA	93.090	2,288
Child Care Cluster		
Child Care and Development Block Grant	93.575	90,885
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	69,647
Total Child Care Cluster		160,532
Title XIX Medicaid Assistance Program	93.778	305,720
Total Department of Health and Human Services		2,980,612
U.S. Department of Justice		
Passed through State of Colorado		
Victims Assistance Program	16.575	21,998
State Criminal Alien Assistance Program	16.606	23,146
Bullet Proof Vest Partnership Program	16.607	447
Total Department of Justice		45,591
U.S. Department of Homeland Security		
Passed through State of Colorado		
Emergency Management Performance Grant	97.042	38,970
Public Assistance Grant	97.036	9,174
Total Department of Homeland Security		48,144
Total Expenditures of Federal Awards		\$ 3,282,771

See the accompanying notes to schedule of expenditures of federal awards.

MORGAN COUNTY
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2016

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Morgan County under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Morgan County, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Morgan County

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represents adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available.

3. SUBRECIPIENTS

No federal awards were passed through to subrecipients for the year-ended December 31, 2016.

4. NONCASH PROGRAM ACTIVITY

The County determines eligibility for various benefits funded by Federal and State programs. The funds are distributed via electronic benefit transfer to the beneficiaries by the State. Noncash assistance of \$208,424 is included in the Schedule of Federal Expenditures and represents food commodities.

MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016

SUMMARY OF AUDITORS RESULTS

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	<u> </u> Yes	<u> x </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> x </u> No
Noncompliance material to financial statements noted?	<u> </u> Yes	<u> x </u> No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	<u> </u> Yes	<u> x </u> No
Significant deficiencies identified?	<u> </u> Yes	<u> x </u> None reported
Type of auditor's report issued on compliance for major federal programs:	Unqualified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> </u> Yes	<u> x </u> No
Identification of major federal programs:	93.558 Temporary Assistance for Needy Families	
Dollar threshold used to distinguish between type A and type B programs:	\$ <u>750,000</u>	
Auditee qualified as a low-risk auditee?	<u> </u> Yes	<u> x </u> No

**MORGAN COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2016**

Section II: Financial Statement Findings

There were no findings.

Section III: Federal Awards Findings

There were no findings.

Section IV: Status of Prior Year Findings

There were no findings for the year ended December 31, 2015.

