



Archuleta County, Colorado

Financial Statements and Supplementary Information

For the Year Ended December 31, 2018



ARCHULETA COUNTY, COLORADO
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December 31, 2018

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Independent Auditor's Report

To the Board of County Commissioners of Archuleta County, Colorado
Pagosa Springs, 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 Archuleta County, Colorado (the "County"), as of and for the year ended December 31, 2018, 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 Archuleta County, Colorado, as of December 31, 2018, 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 on pages i through xi and the budgetary comparison information on pages 33 through 35 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 other supplementary information, including other schedules and reports, as listed in the table of contents is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The other supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Other Reporting Required by *Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated July 31, 2019 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.

ACM LLP

Greeley, Colorado
July 31, 2019

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2018. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Archuleta County exceeded its liabilities and deferred inflows of resources at December 31, 2018 by \$64,386,110. Of this amount, \$19,446,673 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,668,812 or 6.04% during 2018. The governmental net position increased by \$3,906,140 or 12.13% and the business-type net position decreased by (\$237,328) or (0.83%).
- The combined governmental fund balances at December 31, 2018 were \$21,203,215, an increase over 2017 of \$1,573,871. The unassigned combined fund balance is \$1,580,785 and is available for spending.
- The unassigned fund balance within the General Fund is \$1,580,785 and is 15.44% of the total General Fund expenditures, excluding Transfers Out.
- The County's total long-term liabilities decreased (\$520,459) or (14.63%).

USING THIS ANNUAL REPORT

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

Government-Wide Financial Statements

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

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

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

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges

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(Business-Type Activities). The Governmental Activities of Archuleta County include general government, public safety, highway and streets, health and welfare, economic development and recreation. The Business-Type Activities of Archuleta County include Solid Waste and Airport.

Fund Financial Statements

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with Non-Major Governmental Funds and

ARCHULETA COUNTY, COLORADO
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. For the County, assets exceeded liabilities and deferred inflows of resources by \$64,386,110 at December 31, 2018.

The following table provides a summary comparison of the County’s governmental and business-type net position at December 31, 2018.

	<u>Net Position</u>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current and other assets	\$ 29,239,785	\$ 27,033,212	\$ 2,508,302	\$ 1,923,985	\$31,748,087	\$28,957,197
Capital assets	16,678,402	15,081,816	27,167,504	27,287,556	43,845,906	\$42,369,372
Total assets	<u>45,918,187</u>	<u>42,115,028</u>	<u>29,675,806</u>	<u>29,211,541</u>	<u>75,593,993</u>	<u>71,326,569</u>
Current liabilities	1,826,189	1,438,305	650,119	(30,821)	2,476,308	1,407,484
Noncurrent liabilities	2,281,967	2,823,079	756,226	735,573	3,038,193	3,558,652
Total liabilities	<u>4,108,156</u>	<u>4,261,384</u>	<u>1,406,345</u>	<u>704,752</u>	<u>5,514,501</u>	<u>4,966,136</u>
Deferred inflows of resources	5,693,382	5,643,135	-	-	5,693,382	5,643,135
Net position:						
Net investment in capital assets	14,209,475	12,125,893	27,046,740	27,139,156	41,256,215	39,265,049
Restricted	3,683,222	1,463,480	-	-	3,683,222	1,463,480
Unrestricted	18,223,952	18,621,136	1,222,721	1,367,633	19,446,673	19,988,769
Total net position	<u>\$ 36,116,649</u>	<u>\$ 32,210,509</u>	<u>\$ 28,269,461</u>	<u>\$ 28,506,789</u>	<u>\$64,386,110</u>	<u>\$60,717,298</u>

The largest portion of Archuleta County’s net position, about 64.08%, reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 5.72% of the County’s net position is subject to restrictions on how it may be used. About 30.20% is unrestricted and may be used to meet the County’s ongoing obligations to citizens and creditors. Note that “unrestricted” funds are not the same as “unassigned”. Some of the “unrestricted” funding is assigned or committed to specific uses or include internal reserves.

Governmental Activities

The Governmental Activities total revenues of \$23,429,122 exceeded expenditures of \$19,522,982, resulting in an increase in net assets of \$3,906,140 at December 31, 2018.

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2018.

	<u>Changes in Net Position</u>					
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Primary Government</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Program revenues:						
Charges for services	\$ 2,673,829	\$ 2,742,516	\$ 1,089,297	\$ 1,099,997	\$ 3,763,126	\$ 3,842,513
Operating grants	7,350,489	6,984,775	-	-	7,350,489	6,984,775
Capital grants/Contributions	-	28,980	-	17,200	-	46,180
General revenues:						
Property taxes	6,281,766	6,098,069	-	-	6,281,766	6,098,069
Sales and use taxes	5,309,711	5,099,070	-	-	5,309,711	5,099,070
Other taxes	1,244,204	1,190,178	-	-	1,244,204	1,190,178
Other general revenues	1,264,123	846,254	-	-	1,264,123	846,254
Transfers	(695,000)	(400,000)	695,000	400,000	-	-
Total revenues	23,429,122	22,589,842	1,784,297	1,517,197	25,213,419	24,107,039
Program expenses:						
General Government	5,412,191	4,848,044	-	-	5,412,191	4,848,044
Public Safety	4,832,496	4,899,146	-	-	4,832,496	4,899,146
Health and Welfare	4,218,745	4,225,262	-	-	4,218,745	4,225,262
Highways and Streets	4,462,659	4,479,907	-	-	4,462,659	4,479,907
Economic Development	199,977	152,617	-	-	199,977	152,617
Recreation and Culture	327,573	1,229,224	-	-	327,573	1,229,224
Asset Impairment	-	-	-	-	-	-
Interest Expense	69,341	81,586	-	-	69,341	81,586
Airport	-	-	1,127,208	1,153,596	1,127,208	1,153,596
Solid Waste	-	-	894,417	703,292	894,417	703,292
Total expenses	19,522,982	19,915,786	2,021,625	1,856,888	21,544,607	21,772,674
Change in Net Position	3,906,140	2,674,056	(237,328)	(339,691)	3,668,812	2,334,365
Beginning Net Position	32,210,509	29,536,453	28,506,789	28,846,480	60,717,298	58,382,933
Ending Net Position	36,116,649	32,210,509	28,269,461	28,506,789	64,386,110	60,717,298

Expenditures exceeded program revenues for governmental activities by \$9.5 million in 2018. In 2017, expenditures exceeded program revenues by \$10.2 million.

Total revenues for governmental activities are made up of 42.8% of program revenues and 57.2% general revenues. In 2017, program revenues were 43.2% of the total revenues and general revenues represented 56.8%.

Governmental activities program revenues increased \$268,047 or 2.8% in 2018 compared to 2017. The overall increase is due to a 5% increase in operating grants, partially offset by a 2.5% decrease in charges for services.

General revenues, primarily property taxes and sales taxes, were used to pay for \$9,498,664 of expenses that were not covered by program revenues.

**ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

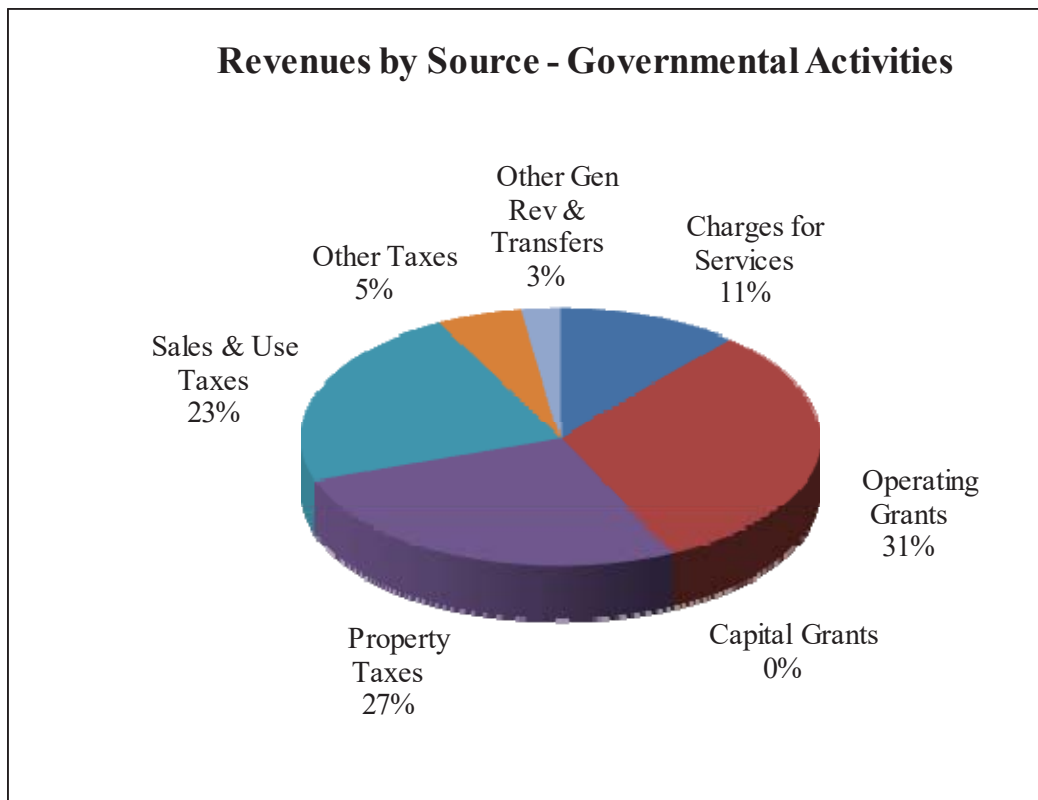
The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

Net Program Cost to Taxpayers

Governmental Activities	Program Revenues	Expenses	Net (Expense) Revenue
General Gov't	3,237,902	5,412,191	(2,174,289)
Public Safety	750,753	4,832,496	(4,081,743)
Health & Welfare	3,826,571	4,218,745	(392,174)
Highways & Streets	2,209,092	4,462,659	(2,253,567)
Economic Dev	-	199,977	(199,977)
Recreation	-	327,573	(327,573)
Interest Exp	-	69,341	(69,341)
Totals	10,024,318	19,522,982	(9,498,664)

Governmental Activities Total Revenues increased \$839,280 or 3.72% in 2018.

The following illustrate revenues by sources:



**ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

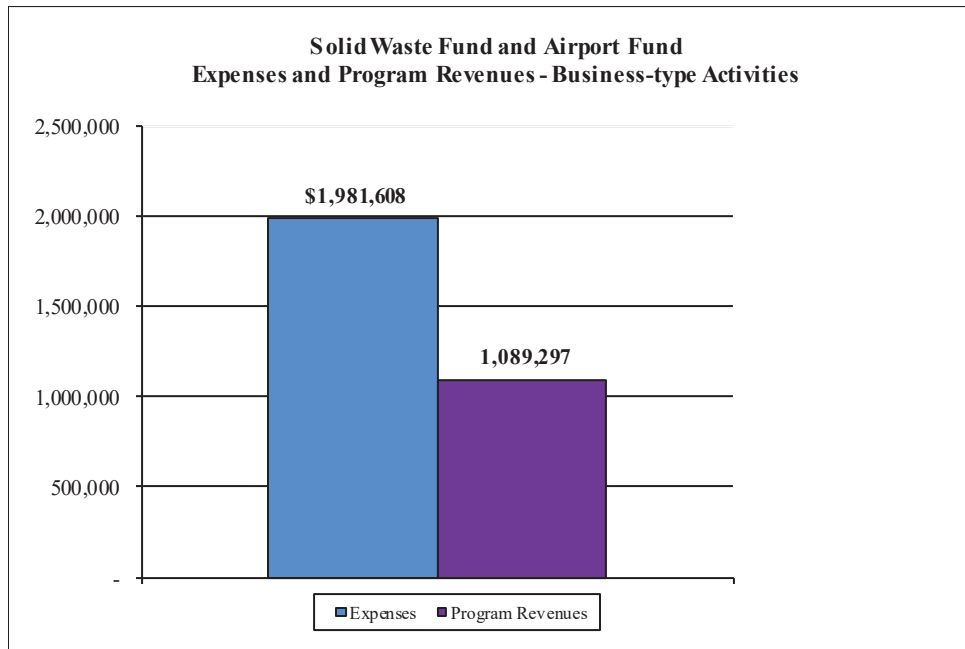
The percentages of total County expenses in each function are as follows:

	<u>2018</u>	<u>2017</u>
General Government	27.7%	24.3%
Public Safety	24.8%	24.6%
Health & Welfare	21.6%	21.2%
Highways & Streets	22.9%	22.5%
Economic Dev	1.0%	0.8%
Recreation	1.7%	6.2%
Interest Expense	0.4%	0.4%

Business-type Activities

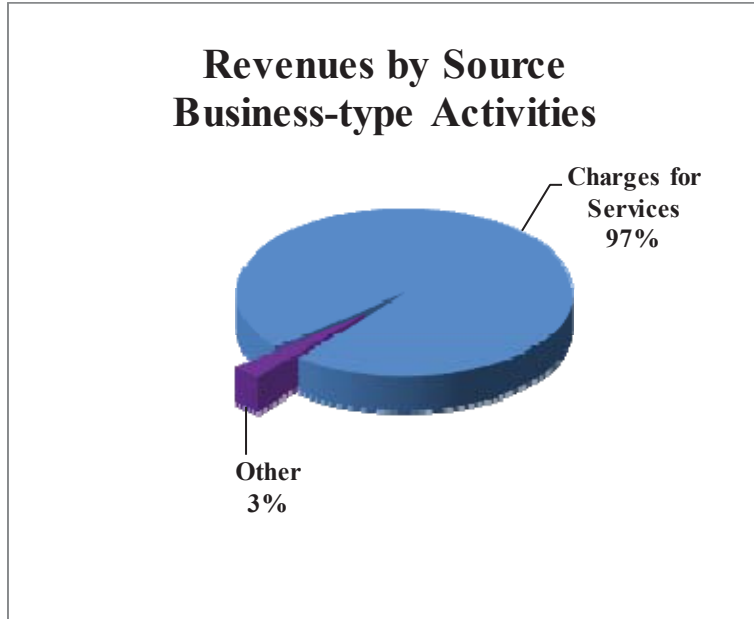
Net position in business-type activities decreased by (\$237,328) in 2018.

The following illustrates the business-type activities, showing program revenues and expenses:



**ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

Charges for services for business-type activities were 97% of operating revenues and other revenues were 3% of operating revenues.



THE COUNTY'S FUNDS

At year end, the County's governmental funds reported a combined fund balance of \$21,203,215, an increase of \$1,573,871 compared to 2017. Fund balances in the governmental funds are as follows:

Governmental-Type Fund Balances Comparison

	2018	2017	2016	2015	2014
General Government Fund	11,595,886	12,435,543	12,159,081	10,366,121	10,776,507
Road & Bridge Fund	5,444,650	5,284,125	4,472,920	5,247,450	4,007,333
Dept. of Human Services Fund	801,281	806,407	697,705	571,359	432,128
Other Governmental-Type Funds	3,361,398	1,103,269	921,088	880,068	888,817
Combined Governmental-Type Fund Balance	21,203,215	19,629,344	18,250,794	17,064,998	16,104,785

The proprietary funds ended 2018 with total unrestricted net position of \$2,341,076, an increase of \$49,404 from 2017. The total net position, including net invested in capital assets, was \$30,965,236, a decrease of (\$110,394).

Proprietary Funds Net Positions are as follows:

Solid Waste Fund	\$2,407,830
Airport Fund	\$25,802,453
Fleet Fund (Internal Service)	\$2,754,953

**ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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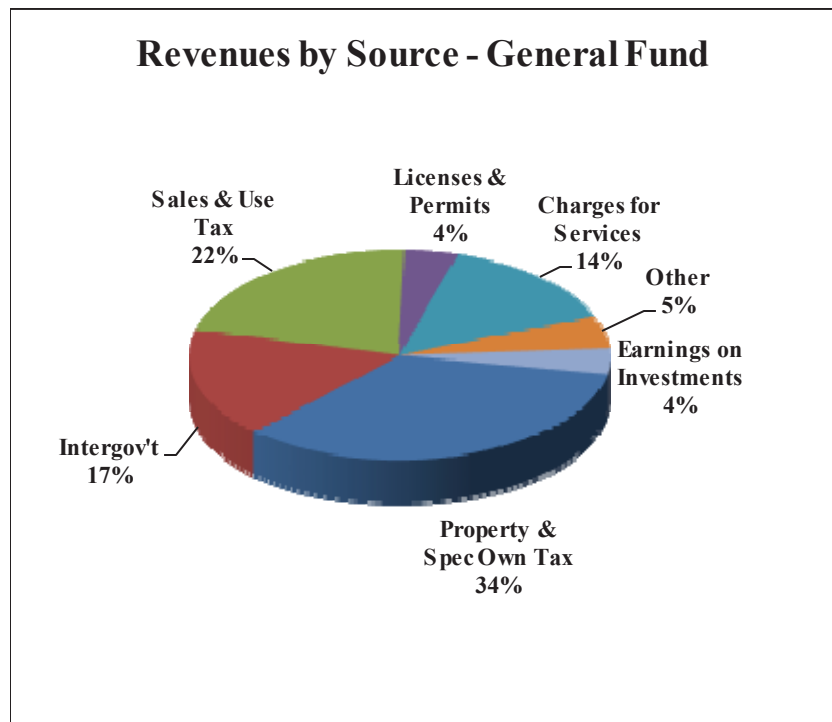
GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund accounts for all of the general services provided by Archuleta County. At the end of 2018, the General Fund's fund balance totaled \$11,595,886. This is a decrease of (\$839,657) compared to 2017.

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. At December 31, 2018 the unassigned fund balance in the General Fund represented 15.4% of the General Fund expenditures.

2018 General Fund revenues increased \$723,265 from 2017. Most categories of revenue increased. The most significant increase was in Earnings on Investments, which was up \$253,535. Another \$545,384 of increases were fairly evenly spread between Property Tax, Sales Tax, Intergovernmental and Other Revenues. Charges for Services revenue was down \$60,102, while Licenses & Permits was down a modest \$15,552.

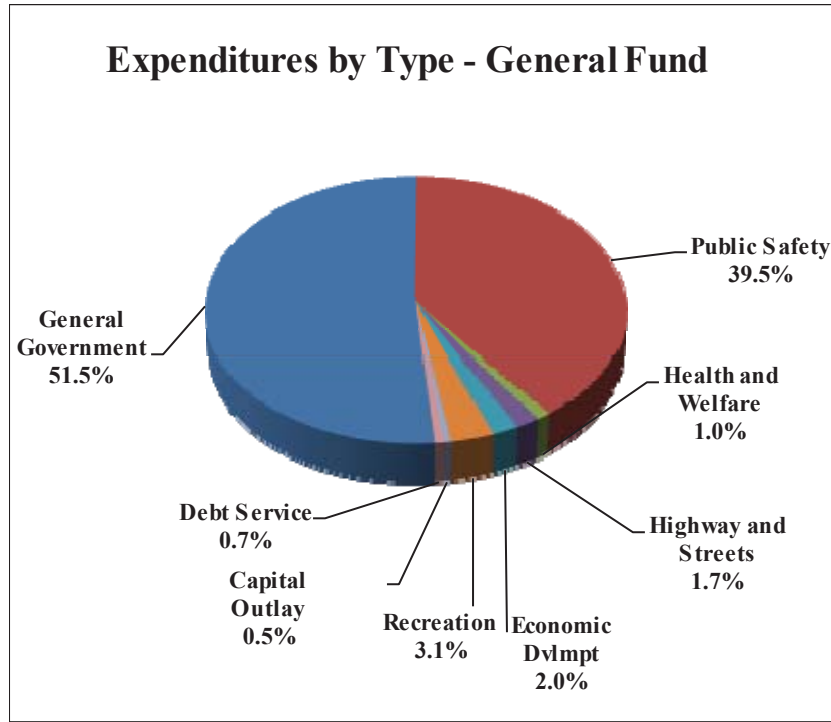
The following illustrates revenues by sources in the General Fund:



General Fund expenditures include General Government (such as the Treasurer, Assessor and Clerk & Recorder functions, as well as administrative functions including finance, attorney, human resources, IT/GIS, etc.). Most Public Safety, and all Economic Development and Culture/Recreation expenditures also occur in the General Fund, Total General Fund expenditures decreased (\$166,781), about (1.60%), in 2018.

**ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018**

The following illustrates expenditures by type for the General Fund:



During 2018, the County Commissioners approved budget amendments that included changes to the General Fund budget. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected in the General Fund were \$653,752 more than budgetary estimates (excluding other financing sources) and expenditures were \$1,104,577 less than the final budgetary estimates (excluding other financing uses).

The following illustrates the General Fund Budget:

2018 General Fund Budget

	Adopted Budget	Amendments	Final Budget
Beginning Fund Balance	12,170,475	-	10,023,858
Sources	11,140,219	1,050,204	12,190,423
Uses	13,738,205	1,050,204	14,788,409
Ending Fund Balance	\$ 9,572,489	\$ -	\$ 7,425,872

ARCHULETA COUNTY, COLORADO
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For the Year Ended December 31, 2018

CAPITAL ASSETS

In 2018, the County invested in a broad range of capital assets, including infrastructure (roads), heavy equipment and vehicles and significant improvements at the landfill facility.

The table below provides a comparative summary of total capital assets at December 31, 2018 and 2017.

	Capital Assets at Year-end					
	(Net of Depreciation, in Thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land	749	749	3,574	3,574	4,323	4,323
Construction in progress	42	2	-	-	42	2
Runway	-	-	20,006	20,752	20,006	20,752
Improvements nonbuilding	17	18	1,202	362	1,219	380
Buildings and Improvements	1,293	1,309	1,672	1,735	2,966	3,044
Machinery & Equipment	1,086	1,133	523	610	1,609	1,743
Vehicles	778	848	22	50	800	898
Computer Equipment	60	81	-	-	60	81
Infrastructure	12,653	10,942	168	205	12,821	11,147
Totals	<u>16,678</u>	<u>15,081</u>	<u>27,168</u>	<u>27,290</u>	<u>43,846</u>	<u>42,370</u>

Major capital expenditures during 2018 included:

2018 Major Capital Expenditures

Infrastructure (Roads)	\$2,432,064
Improvements Non-building	\$ 868,077
Machinery and Equipment	\$ 290,644

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 6 to the financial statements.

DEBT

Note 7 of the financial statements provides a summary of the County's long-term debt. At the end of 2018, the County had total debt outstanding of \$2.6 million. The County's total debt decreased (\$514,632) from 2017.

	Outstanding Debt, at Year-end					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Notes Payable	\$ 124,588	\$ 176,896	\$ -	\$ -	\$ 124,588	\$ 176,896
Capital leases	2,344,339	2,779,027	120,764	148,400	2,465,103	2,927,427
Totals	<u>\$ 2,468,927</u>	<u>\$ 2,955,923</u>	<u>\$ 120,764</u>	<u>\$ 148,400</u>	<u>\$ 2,589,691</u>	<u>\$ 3,104,323</u>

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2018

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Over the last decade, the County significantly constrained spending; first to survive steep declines in core funding such as property tax, and later to build critical reserves in working capital and later still to establish a strategic reserve. Despite the last recession and the very slow recovery since then, the County's austerity measures have paid off. Fund balances have steadily increased; a freeze on employee wage rates have given way to adjustments to bring all employees back in line with the marketplace and capital replacements have been significantly ramped up. In 2019, the construction of the County's largest ever capital project (a \$15.5M detention facility) was begun, with completion expected in mid-2020.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

ARCHULETA COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

ARCHULETA COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2018

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 14,933,156	\$ 2,410,533	\$ 17,343,689
Investments	6,962,930	-	6,962,930
Property Taxes Receivable	5,693,382	-	5,693,382
Other Receivables	1,243,974	95,545	1,339,519
Inventories	167,612	2,224	169,836
Prepaid Items	5,285	-	5,285
Due from Other Governments	233,446	-	233,446
Total Current Assets	29,239,785	2,508,302	31,748,087
Noncurrent Assets:			
Capital Assets:			
Land	748,711	3,574,229	4,322,940
Construction in Progress	41,959	-	41,959
Runway, net	-	20,005,608	20,005,608
Buildings and Improvements, net	1,293,378	1,672,345	2,965,723
Machinery and Equipment, net	1,086,316	523,052	1,609,368
Vehicles, net	778,061	22,274	800,335
Improvements - Non-building, net	17,017	1,202,006	1,219,023
Computer Equipment, net	59,727	-	59,727
Infrastructure, net	12,653,233	167,990	12,821,223
Total Noncurrent Assets	16,678,402	27,167,504	43,845,906
TOTAL ASSETS	45,918,187	29,675,806	75,593,993
LIABILITIES			
Current Liabilities:			
Accounts Payable	1,116,760	670,790	1,787,550
Internal Balances	59,178	(59,178)	-
Accrued Interest Payable	9,927	-	9,927
Accrued Payroll and Liabilities	34,802	-	34,802
Deposits Payable	9,348	-	9,348
Accrued Compensated Absences, Current Portion	98,291	9,697	107,988
Notes and Capital Leases Payable, Due Within One Year	499,870	28,810	528,680
Total Current Liabilities	1,828,176	650,119	2,478,295
Noncurrent Liabilities:			
Closure and Post-Closure Costs	-	627,183	627,183
Accrued Compensated Absences, Noncurrent	310,923	37,089	348,012
Notes and Capital Leases Payable, Due After One Year	1,969,057	91,954	2,061,011
Total Noncurrent Liabilities	2,279,980	756,226	3,036,206
TOTAL LIABILITIES	4,108,156	1,406,345	5,514,501
DEFERRED INFLOWS OF RESOURCES			
Deferred Revenue - Property Taxes	5,693,382	-	5,693,382
TOTAL DEFERRED INFLOWS OF RESOURCES	5,693,382	-	5,693,382
NET POSITION			
Net Investment in Capital Assets	14,209,475	27,046,740	41,256,215
Restricted for:			
TABOR	568,298	-	568,298
Capital Projects	2,684,107	-	2,684,107
Forest Reserve Title III	2,664	-	2,664
Parks and Recreation	428,153	-	428,153
Unrestricted	18,223,952	1,222,721	19,446,673
TOTAL NET POSITION	\$ 36,116,649	\$ 28,269,461	\$ 64,386,110

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

ARCHULETA COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
Primary Government:						
Governmental Activities:						
General Government	\$ 5,412,191	\$ 1,880,686	\$ 1,357,216	\$ -	\$ (2,174,289)	\$ (2,174,289)
Public Safety	4,832,496	750,753	-	-	(4,081,743)	(4,081,743)
Health and Welfare	4,218,745	-	3,826,571	-	(392,174)	(392,174)
Highways and Streets	4,462,659	42,390	2,166,702	-	(2,253,567)	(2,253,567)
Economic Development	199,977	-	-	-	(199,977)	(199,977)
Recreation and Culture	327,573	-	-	-	(327,573)	(327,573)
Interest Expense	69,341	-	-	-	(69,341)	(69,341)
Total Governmental Activities	19,522,982	2,673,829	7,350,489	-	(9,498,664)	(9,498,664)
Business-Type Activities:						
Airport	1,127,208	164,460	-	-	(962,748)	(962,748)
Solid Waste	894,417	924,837	-	-	30,420	30,420
Total Business-Type Activities	2,021,625	1,089,297	-	-	(932,328)	(932,328)
Total Primary Government	\$ 21,544,607	\$ 3,763,126	\$ 7,350,489	\$ -	(9,498,664)	(10,430,992)
General revenues:						
Taxes:						
Property and Specific Ownership Taxes					6,281,766	6,281,766
Sales and Use Taxes					5,309,711	5,309,711
Payments in Lieu of Taxes					1,244,204	1,244,204
Net Earnings on Investments					505,359	505,359
Miscellaneous					734,241	734,241
Net gain on sale of capital assets					24,523	24,523
Transfers					(695,000)	-
Total General Revenues and Transfers					13,404,804	14,099,804
					3,906,140	3,668,812
Change in Net Position					(237,328)	60,717,298
Net Position - Beginning					32,210,509	28,506,789
Net Position - Ending					\$ 36,116,649	\$ 28,269,461
						\$ 64,386,110

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

ARCHULETA COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2018

	GENERAL FUND	ROAD AND BRIDGE FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 4,403,177	\$ 5,406,591	\$ 735,436	\$ 3,280,824	\$ 13,826,028
Investments	6,962,930	-	-	-	6,962,930
Property Taxes Receivable	3,991,404	1,418,211	283,767	-	5,693,382
Other Receivables	677,906	467,360	15,093	83,615	1,243,974
Inventories	20,895	34,755	-	-	55,650
Prepaid Items	5,285	-	-	-	5,285
Due From Other Governments	110,719	-	122,727	-	233,446
TOTAL ASSETS	\$ 16,172,316	\$ 7,326,917	\$ 1,157,023	\$ 3,364,439	\$ 28,020,695
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 575,678	\$ 464,056	\$ 37,173	\$ 3,041	\$ 1,079,948
Accrued Payroll and Liabilities	-	-	34,802	-	34,802
Inmate Deposits	9,348	-	-	-	9,348
TOTAL LIABILITIES	585,026	464,056	71,975	3,041	1,124,098
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	3,991,404	1,418,211	283,767	-	5,693,382
TOTAL DEFERRED INFLOWS OF RESOURCES	3,991,404	1,418,211	283,767	-	5,693,382
FUND BALANCE					
Nonspendable for:					
Inventory and Prepaid Items	26,180	34,755	-	-	60,935
Restricted for:					
TABOR	312,265	189,601	49,122	17,310	568,298
Capital Projects	-	-	-	2,684,107	2,684,107
Title III	-	2,664	-	-	2,664
Parks and Recreation	-	-	-	428,153	428,153
Committed to:					
IA Projects - Parks & Recreation	75,256	-	-	-	75,256
IA Projects - Facilities & Technology	5,223	-	-	-	5,223
Fund Reserves Policy	7,801,788	-	-	-	7,801,788
Assigned to:					
Highways and Streets	-	5,217,630	-	-	5,217,630
Public Safety	-	-	-	231,828	231,828
Health and Welfare	-	-	752,159	-	752,159
Clerk eRecording System	110,858	-	-	-	110,858
Livestock Auction	26,581	-	-	-	26,581
Subsequent Year Expenditures	1,656,950	-	-	-	1,656,950
Unassigned	1,580,785	-	-	-	1,580,785
TOTAL FUND BALANCE	11,595,886	5,444,650	801,281	3,361,398	21,203,215
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	\$ 16,172,316	\$ 7,326,917	\$ 1,157,023	\$ 3,364,439	\$ 28,020,695

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

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2018

Total governmental fund balances	\$	21,203,215
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, are not reported in the fund financial statements.		15,100,982
Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.		
Capital leases payable	\$ (2,344,339)	
Notes payable	(124,588)	
Compensated absences	(404,469)	
Accrued interest payable	(9,927)	(2,883,323)
Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the statement of net position.		2,695,775
Net position of governmental activities	\$	36,116,649

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	GENERAL FUND	ROAD AND BRIDGE FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Property and Specific Ownership Taxes	\$ 4,409,626	\$ 1,559,986	\$ 312,154	\$ -	\$ 6,281,766
Intergovernmental	2,161,532	2,166,702	3,826,571	439,888	8,594,693
Sales and Use Taxes	2,758,751	2,550,960	-	-	5,309,711
Licenses and Permits	531,014	-	-	-	531,014
Charges for Services	1,843,764	42,390	-	219,739	2,105,893
Other	652,469	66,366	4,402	11,004	734,241
Earnings on Investments	487,019	-	-	18,340	505,359
TOTAL REVENUES	12,844,175	6,386,404	4,143,127	688,971	24,062,677
EXPENDITURES					
General Government	5,276,329	-	-	-	5,276,329
Public Safety	4,045,760	-	-	757,130	4,802,890
Health and Welfare	103,205	-	4,120,636	-	4,223,841
Highway and Streets	172,549	3,285,193	-	30,100	3,487,842
Economic Development	200,554	-	-	-	200,554
Culture and Recreation	319,532	-	-	-	319,532
Capital Outlay	48,065	2,513,041	27,617	36,059	2,624,782
Debt Service					
Principal Retirement	63,181	371,508	-	52,307	486,996
Interest	9,547	56,137	-	5,356	71,040
TOTAL EXPENDITURES	10,238,722	6,225,879	4,148,253	880,952	21,493,806
Excess (Deficiency) of Revenues Over Expenditures	2,605,453	160,525	(5,126)	(191,981)	2,568,871
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	2,450,110	2,450,110
Transfers Out	(3,445,110)	-	-	-	(3,445,110)
TOTAL OTHER FINANCING SOURCES (USES)	(3,445,110)	-	-	2,450,110	(995,000)
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(839,657)	160,525	(5,126)	2,258,129	1,573,871
Fund Balances - Beginning	12,435,543	5,284,125	806,407	1,103,269	19,629,344
Fund Balances - Ending	\$ 11,595,886	\$ 5,444,650	\$ 801,281	\$ 3,361,398	\$ 21,203,215

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds \$ 1,573,871

Amounts reported for governmental activities in the statement of activities 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 difference between depreciation and capital outlay in the current period.

Capital asset purchases	\$ 2,624,782	
Depreciation expense	<u>(960,814)</u>	1,663,968

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Loan and capital lease payments		486,996
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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	\$ 52,672	
Accrued interest payable	<u>1,699</u>	54,371

The internal service fund is used by management to charge the cost of fleet management to individual funds. A portion of the net revenue or loss of these services is reported with governmental activities.

		<u>126,934</u>
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Change in net position of governmental activities		<u><u>\$ 3,906,140</u></u>
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ARCHULETA COUNTY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2018

	Business-type Activities			Governmental Activities
	SOLID WASTE FUND	AIRPORT FUND	TOTAL BUSINESS- TYPE ACTIVITIES	INTERNAL SERVICE FUND
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 1,963,310	\$ 447,223	\$ 2,410,533	\$ 1,107,128
Accounts Receivable	89,377	6,168	95,545	-
Inventories	-	2,224	2,224	111,962
Total Current Assets	<u>2,052,687</u>	<u>455,615</u>	<u>2,508,302</u>	<u>1,219,090</u>
Capital Assets				
Land	309,165	3,265,064	3,574,229	-
Runway, net	-	20,005,608	20,005,608	-
Buildings and Improvements, net	-	1,672,345	1,672,345	18,376
Machinery and Equipment, net	453,034	70,018	523,052	933,712
Vehicles, net	-	22,274	22,274	619,409
Improvements Non-building, net	868,077	333,929	1,202,006	-
Computer Equipment, net	-	-	-	5,923
Infrastructure, net	167,990	-	167,990	-
Total Noncurrent Assets	<u>1,798,266</u>	<u>25,369,238</u>	<u>27,167,504</u>	<u>1,577,420</u>
TOTAL ASSETS	<u>3,850,953</u>	<u>25,824,853</u>	<u>29,675,806</u>	<u>2,796,510</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	668,632	2,158	670,790	36,812
Accrued Compensated Absences	8,165	1,532	9,697	1,987
Capital Leases Payable	28,810	-	28,810	-
Total Current Liabilities	<u>705,607</u>	<u>3,690</u>	<u>709,297</u>	<u>38,799</u>
Noncurrent Liabilities				
Accrued Compensated Absences	18,379	18,710	37,089	2,758
Capital Leases Payable	91,954	-	91,954	-
Closure and Post-Closure Costs	627,183	-	627,183	-
Total Noncurrent Liabilities	<u>737,516</u>	<u>18,710</u>	<u>756,226</u>	<u>2,758</u>
TOTAL LIABILITIES	<u>1,443,123</u>	<u>22,400</u>	<u>1,465,523</u>	<u>41,557</u>
NET POSITION				
Net Investment in Capital Assets	1,677,502	25,369,238	27,046,740	1,577,420
Unrestricted	730,328	433,215	1,163,543	1,177,533
TOTAL NET POSITION	<u>\$ 2,407,830</u>	<u>\$ 25,802,453</u>	<u>28,210,283</u>	<u>\$ 2,754,953</u>

Amounts reported for business-type activities in the statement of net position are different because

Net position of internal service fund attributed to business-type activities	<u>59,178</u>
	<u>\$ 28,269,461</u>

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	<u>Business-type Activities</u>			<u>Governmental Activities</u>
	<u>SOLID WASTE FUND</u>	<u>AIRPORT FUND</u>	<u>TOTAL BUSINESS-TYPE ACTIVITIES</u>	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES				
Charges for Services Intragovernment	\$ -	\$ -	\$ -	\$ 1,195,603
Charges for Services Outside	923,584	133,373	1,056,957	-
Other	1,253	31,087	32,340	36,922
Total Operating Revenues	<u>924,837</u>	<u>164,460</u>	<u>1,089,297</u>	<u>1,232,525</u>
OPERATING EXPENSES				
Salaries and Benefits	308,405	122,659	431,064	304,499
Materials and Supplies	49,725	47,006	96,731	759,694
Purchased Services	284,043	27,562	311,605	-
Other	77,736	24,535	102,271	-
Depreciation	128,623	903,681	1,032,304	405,938
Total Operating Expenses	<u>848,532</u>	<u>1,125,443</u>	<u>1,973,975</u>	<u>1,470,131</u>
Operating Income (Loss)	<u>76,305</u>	<u>(960,983)</u>	<u>(884,678)</u>	<u>(237,606)</u>
NONOPERATING REVENUES				
Transfers In	500,000	195,000	695,000	300,000
Interest Expense	(7,633)	-	(7,633)	-
Gain on Sale of Capital Assets	-	-	-	24,523
Total Nonoperating Revenues	<u>492,367</u>	<u>195,000</u>	<u>687,367</u>	<u>324,523</u>
Change in Net Position	568,672	(765,983)	(197,311)	86,917
Net Position at Beginning of Year	<u>1,839,158</u>	<u>26,568,436</u>		<u>2,668,036</u>
Net Position at End of Year	<u>\$ 2,407,830</u>	<u>\$ 25,802,453</u>		<u>\$ 2,754,953</u>

Amounts reported for business-type activities in the statement of net position are different because

Internal service fund decrease in expenses for costs in excess of charges to the business-type activities	<u>(40,017)</u>
	<u>\$ (237,328)</u>

ARCHULETA COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2018

	Business-type Activities			Governmental Activities
	SOLID WASTE FUND	AIRPORT FUND	TOTAL BUSINESS- TYPE ACTIVITIES	INTERNAL SERVICE FUND
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 939,954	\$ 161,595	\$ 1,101,549	\$ 37,122
Cash Received From Interfund Service Provided	-	-	-	1,195,603
Cash Paid To Employees	(296,807)	(123,011)	(419,818)	(305,708)
Cash Paid To Suppliers	(234,245)	(100,049)	(334,294)	(789,163)
Net Cash Flows From Operating Activities	<u>408,902</u>	<u>(61,465)</u>	<u>347,437</u>	<u>137,854</u>
Cash Flows From Non-Capital Financing Activities:				
Transfers In	<u>500,000</u>	<u>195,000</u>	<u>695,000</u>	<u>300,000</u>
Net Cash Flows From Non-Capital Financing Activities	<u>500,000</u>	<u>195,000</u>	<u>695,000</u>	<u>300,000</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Acquisitions	(409,881)	-	(409,881)	(338,556)
Proceeds from the sale of capital assets	-	-	-	24,523
Payment of Note and Capital Lease Interest	(7,633)	-	(7,633)	-
Payment of Note and Capital Lease Principal	(27,636)	-	(27,636)	-
Net Cash Flows From Capital and Related Financing Activities	<u>(445,150)</u>	<u>-</u>	<u>(445,150)</u>	<u>(314,033)</u>
Increase in Cash and Cash Equivalents	<u>463,752</u>	<u>133,535</u>	<u>597,287</u>	<u>123,821</u>
Cash and Cash Equivalents, Beginning of the Year	<u>1,499,558</u>	<u>313,688</u>	<u>1,813,246</u>	<u>983,307</u>
Cash and Cash Equivalents, End of the Year	<u><u>\$ 1,963,310</u></u>	<u><u>\$ 447,223</u></u>	<u><u>\$ 2,410,533</u></u>	<u><u>\$ 1,107,128</u></u>
Non-Cash Capital and Related Financing Activities				
Capital Assets Acquired with Accounts Payable	<u><u>\$ (502,371)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ (502,371)</u></u>	<u><u>\$ -</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities				
Operating Income (Loss)	<u>\$ 76,305</u>	<u>\$ (960,983)</u>	<u>\$ (884,678)</u>	<u>\$ (237,606)</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities				
Depreciation Expense	128,623	903,681	1,032,304	405,938
(Increase) Decrease in Accounts Receivables	15,117	(2,865)	12,252	200
(Increase) Decrease in Inventory	-	718	718	2,859
Increase (Decrease) in Accounts Payable	137,020	(1,664)	135,356	(32,328)
Increase (Decrease) in Accrued Compensated Absences	11,598	(352)	11,246	(1,209)
Increase (Decrease) in Accrued Closure and Post Closure Liability	40,239	-	40,239	-
Total Adjustments	<u>332,597</u>	<u>899,518</u>	<u>1,232,115</u>	<u>375,460</u>
Net Cash Flows From By Operating Activities	<u><u>\$ 408,902</u></u>	<u><u>\$ (61,465)</u></u>	<u><u>\$ 347,437</u></u>	<u><u>\$ 137,854</u></u>

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

ARCHULETA COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2018

	TREASURER'S AGENCY FUND
ASSETS	
Cash and Cash Equivalents	<u>\$ 733,944</u>
TOTAL ASSETS	<u><u>\$ 733,944</u></u>
LIABILITIES	
Funds Held for Others	<u>\$ 733,944</u>
TOTAL LIABILITIES	<u><u>\$ 733,944</u></u>

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of Archuleta County, Colorado (the “County”) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments. GAAP for local governments are those promulgated by the Governmental Accounting Standards Board (“GASB”) in Governmental Accounting and Financial Reporting Standards.

REPORTING ENTITY

Primary Government

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the “Board”). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, sheriff, coroner, surveyor, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

Component Units

The County’s financial statements include the accounts of all County operations, including organizations as component units within the County’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*. The financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government with the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (a) a separately elected governing board, (b) a governing board appointed by a higher level of government or (c) a jointly appointed board.

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

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the County, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment;
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Cost reimbursement grant revenue is considered to be available at the point the expenditure is incurred. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road and Bridge Fund**, a special revenue fund, is used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, sales tax, highway users' fees, and other revenue sources.
- The **Human Services Fund**, a special revenue fund, is used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aide to the Blind, Aide to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

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

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

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

The County reports the following major proprietary funds:

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

The County reports the following internal service fund type:

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

The fiduciary fund consists of an agency fund established to record transactions relating to assets held by the County in a trustee capacity or as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – For State and Local Governments*, in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been eliminated.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the internal service fund are service fees charged to the other funds. Operating expenses for the internal service fund include cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

ARCHULETA COUNTY, COLORADO
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ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash, Cash Equivalents, and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition. Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on the last day of February and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable.

The 2018 property tax levy due January 1, 2019, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. 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 assets' lives are not capitalized.

Costs related to the construction of assets including interest, engineering, legal, surveying and landscaping that are incurred from the beginning of construction until the assets are substantially complete are capitalized.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Runway	40
Infrastructure	20
Buildings and Improvements	40
Improvements Non-Building	15
Machinery and Equipment	5 - 7
Vehicles	5
Computer Equipment	5

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as expenditures.

Compensated Absences

A maximum of 80 to 160 hours of vacation time, per year, may be accumulated by each employee (depending on length of service). Employees who have over five years of continued employment and are eligible for either 120 or 160 hours of earned vacation have the option of receiving payment. Such contributions shall be the monetary equivalent of any vacation time earned over 80 hours in a given year and shall not exceed a maximum of 80 hours.

Employees will be paid for up to the maximum accumulated unused vacation hours upon separation from County service.

Full-time employees may accumulate up to 480 hours of sick leave; part-time employees working less than 30 hours per work week, seasonal, temporary, and contract employees are not eligible for sick leave. After the maximum accumulated sick leave is reached (480 hours) accrual ceases until the balance has been reduced.

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

The County accrues a liability for compensated absences that meets the following criteria:

- 1) The County's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered;
- 2) The obligation relates to rights that vest or accumulate;
- 3) Payment of the compensation is probable;
- 4) The amount can be reasonably estimated.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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Unearned Revenue

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Fund Equity

Net Position - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

Fund Balance – Beginning in fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classification and by clarifying the definitions of existing governmental fund types.

As a result, fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with the Statement, fund balances are now classified in one of the five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form, such as inventories and prepaid items;
- *Restricted Fund Balance* – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation;
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balance because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation;
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority;
- *Unassigned Fund Balance* – amounts that are available for any purpose. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the County considers restricted resources 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.

ARCHULETA COUNTY, COLORADO
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Sales Tax Allocation

The County collects a 2% sales tax. The tax has historically been allocated 50% to the General Fund and 50% to the Road and Bridge Fund for capital expenditures. On December 8, 2014, the Federal government made effective a revised rule titled “Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel”. Under the new rule, sales tax generated by the sale of aviation fuel must be used to support aviation related activities. The rule must be followed no later than Dec. 8, 2017, but early adoption was strongly encouraged. The County decided to comply with the rule in 2016, ahead of the requirement. As a result of this compliance, the airport related part of collected sales tax is allocated directly to the Airport Fund. The balance of the collected sales tax is allocated 50% to the General Fund and 50% to the Road and Bridge fund, as in prior years.

Use of Estimates

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level;
2. Public hearings are conducted to obtain taxpayer comments;
3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level;
4. The County’s policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year’s budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted;
5. Formal budgetary integration is employed as a management control device during the year;
6. Budgets for the General Fund, Special Revenue Funds and Capital Projects Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, and Internal Service Fund, proceeds from long-term debt is budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses;
7. Appropriations lapse at the end of each fiscal year;
8. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2018.

ARCHULETA COUNTY, COLORADO
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The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2018:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Governmental Funds:			
General Fund	\$ 13,738,205	\$ 1,050,204	\$ 14,788,409
Special Revenue Funds:			
Road and Bridge Fund	8,189,780	-	8,189,780
Human Services Fund	4,479,600	158,650	4,638,250
Conservation Trust Fund	443,105	-	443,105
Combined Dispatch Fund	874,402	5,759	880,161
Capital Project Funds:			
Fairfield Settlement Fund	508,500	-	508,500
Justice System Capital Fund	2,000,000	-	2,000,000
Internal Service Fund:			
Fleet Fund	1,823,056	-	1,823,056
Enterprise Funds:			
Solid Waste Fund	2,035,876	-	2,035,876
Airport Fund	289,794	-	289,794
Total Funds	<u>\$ 34,382,318</u>	<u>\$ 1,214,613</u>	<u>\$ 35,596,931</u>

NOTE 3 CASH, DEPOSITS AND INVESTMENTS

Cash and Deposits

At December 31, 2018 the financial statements reflected cash, cash equivalents and investments as follows:

Governmental Activities:	
Cash and Cash Equivalents	\$ 14,933,156
Investments	6,962,930
Total Governmental Activities	<u>21,896,086</u>
Business-Type Activities:	
Cash and Cash Equivalents	2,410,533
Fiduciary Fund:	
Cash and Cash Equivalents	733,944
Total	<u>\$ 25,040,563</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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The carrying amounts of deposits and investments are as follows:

	Moody Rating	S & P Rating	Fair Value or NAV	Concentration of Credit Risk	Weighted average Maturity Date (in days)
Cash on hand	-	-	\$ 4,975	N/A	-
Cash in financial institutions	-	-	2,524,625	N/A	-
FFCB	Aaa	AA+	6,962,930	30.77%	1,092
COLOTRUST	N/A	AAAm	15,032,167	66.78%	N/A
CSAFE	N/A	AAAm	<u>515,866</u>	2.45%	N/A
Total			<u>\$ 25,040,563</u>		

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance ("FDIC") on deposits held.

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

Investments

The County's investments are subject to interest rate, credit risk, and concentration of credit risk.

The types of investments which are authorized to be made with County funds are controlled by state statute and the investment policies of the County. Colorado statutes and the County's investment policies specify investment instruments meeting defined rating and risk criteria in which the County may invest:

- Obligations of the United States and certain U.S. government agency securities;
- Certain international agency securities;
- General obligation and revenue bonds of U.S. local government entities;
- Bankers' acceptances of certain banks;
- Commercial paper;
- Local government investment pools;
- Repurchase agreements;
- Money market funds;
- Guaranteed investment contracts;
- Corporate or bank debt issued by eligible corporations or banks.

ARCHULETA COUNTY, COLORADO
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Credit Risk

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

At December 31, 2018, assets measured at fair value on a recurring basis consisted of the County's investment in FFCB, which is categorized as level 2 within the hierarchy.

At December 31, 2018, the County had invested \$15,032,167 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust adheres to FASB and reports its investments in accordance with ASC 820. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value.

As of December 31, 2018, the County had invested balances of \$515,866 in CSAFE, an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. CSAFE is a highly liquid fund operating similarly to a money market-like fund and each share is equal in value to \$1.00. CSAFE measures all of its investment at amortized cost in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. CSAFE invests primarily in United States Treasuries, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, AAAM rated money market funds, highly rated corporate bonds and Colorado Depositories. The weighted average maturity of the portfolio shall not exceed 60 days and the weighted average life of the portfolio shall not exceed 120 days. CSAFE is rated AAAM by Standard & Poor's and is measured at amortized cost.

The County does not have a formal investment policy.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. The County has no investments with maturities past five years.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2018, the County had an estimated property tax receivable divided among the funds as follows:

Property Taxes Receivable	
General Fund	\$ 3,991,404
Road and Bridge Fund	1,418,211
Human Services	283,767
	<u>\$ 5,693,382</u>

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) the need to cover the temporary negative cash positions in individual funds. Interfund balances are generally expected to be repaid within one year of the financial statement date. There were no interfund receivable and payable balances at December 31, 2018.

Interfund transfers during 2018 were as follows:

Transfers In	Transfers Out	Amount
Non-Major Governmental Funds	General Fund	\$ 2,450,110
Internal Service Fund	General Fund	300,000
Solid Waste Fund	General Fund	500,000
Airport Fund	General Fund	195,000
		<u>\$ 3,445,110</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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NOTE 6 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018 was as follows:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 748,711	\$ -	\$ -	\$ 748,711
Construction in Progress	2,152	39,807	-	41,959
Total Capital Assets Not Being Depreciated	<u>750,863</u>	<u>39,807</u>	<u>-</u>	<u>790,670</u>
Capital Assets Being Depreciated				
Improvements Non-building	34,708	-	-	34,708
Building and Improvements	1,948,648	33,978	-	1,982,626
Machinery and Equipment	5,428,848	246,470	67,485	5,607,833
Vehicles	2,978,582	185,691	92,266	3,072,007
Computer Equipment	1,558,211	25,328	-	1,583,539
Infrastructure	14,315,236	2,432,064	-	16,747,300
Total Capital Assets Being Depreciated	<u>26,264,233</u>	<u>2,923,531</u>	<u>159,751</u>	<u>29,028,013</u>
Less Accumulated Depreciation for:				
Improvements Non-building	15,744	1,947	-	17,691
Building and Improvements	640,130	49,118	-	689,248
Machinery and Equipment	4,296,050	292,952	67,485	4,521,517
Vehicles	2,130,734	255,478	92,266	2,293,946
Computer Equipment	1,477,016	46,796	-	1,523,812
Infrastructure	3,373,606	720,461	-	4,094,067
	<u>11,933,280</u>	<u>1,366,752</u>	<u>159,751</u>	<u>13,140,281</u>
Total Capital Assets Being Depreciated, Net	<u>14,330,953</u>	<u>1,556,779</u>	<u>-</u>	<u>15,887,732</u>
Governmental Activities Capital Assets, Net	<u>\$ 15,081,816</u>	<u>\$ 1,596,586</u>	<u>\$ -</u>	<u>\$ 16,678,402</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Business-type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 3,574,229	\$ -	\$ -	\$ 3,574,229
Total Capital Assets Not Being Depreciated	<u>3,574,229</u>	<u>-</u>	<u>-</u>	<u>3,574,229</u>
Capital Assets Being Depreciated				
Infrastructure	451,399	-	-	451,399
Runway	30,130,958	-	-	30,130,958
Improvements Non-building	434,067	868,077	-	1,302,144
Building and Improvements	2,520,541	-	-	2,520,541
Machinery and Equipment	1,844,412	44,175	-	1,888,587
Vehicles	251,969	-	-	251,969
Total Capital Assets Being Depreciated	<u>35,633,346</u>	<u>912,252</u>	<u>-</u>	<u>36,545,598</u>
Less Accumulated Depreciation for:				
Infrastructure	247,917	35,492	-	283,409
Runway	9,378,557	746,793	-	10,125,350
Improvements Non-building	71,777	28,361	-	100,138
Building and Improvements	785,182	63,014	-	848,196
Machinery and Equipment	1,234,424	131,111	-	1,365,535
Vehicles	202,162	27,533	-	229,695
	<u>11,920,019</u>	<u>1,032,304</u>	<u>-</u>	<u>12,952,323</u>
Total Capital Assets Being Depreciated, Net	<u>23,713,327</u>	<u>(120,052)</u>	<u>-</u>	<u>23,593,275</u>
Business-Type activities Capital Assets, Net	<u>\$ 27,287,556</u>	<u>\$ (120,052)</u>	<u>\$ -</u>	<u>\$ 27,167,504</u>

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

Governmental Activities:	
General Government	\$ 83,907
Public Safety	43,422
Health & Welfare	3,683
Highways and Streets	820,842
Recreation	8,960
Total Governmental Activities	<u>960,814</u>
Fleet Fund	405,938
Total Combined Depreciation	<u>\$ 1,366,752</u>
Business-type Activities:	
Solid Waste	\$ 128,623
Airport	903,681
	<u>\$ 1,032,304</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Capital Leases Payable	\$ 2,779,028	\$ -	\$ 434,689	\$ 2,344,339	\$ 445,702
Notes Payable	176,895	-	52,307	124,588	54,168
Compensated Absences	463,095	375,430	429,311	409,214	98,291
Governmental activities long-term liabilities	<u>\$ 3,419,018</u>	<u>\$ 375,430</u>	<u>\$ 916,307</u>	<u>\$ 2,878,141</u>	<u>\$ 598,161</u>
Business-type Activities:					
Capital Leases Payable	\$ 148,400	\$ -	\$ 27,636	\$ 120,764	\$ 28,810
Compensated Absences	35,540	24,346	13,100	46,786	9,697
Business-type Activities long-term liabilities	<u>\$ 183,940</u>	<u>\$ 24,346</u>	<u>\$ 40,736</u>	<u>\$ 167,550</u>	<u>\$ 38,507</u>

GOVERNMENTAL ACTIVITIES:

Capital Leases Payable

The County has adopted the policy of acquiring certain capital assets through the use of lease-purchase agreements. For the lease-purchase backed by the full faith and credit of the County, debt service is accounted for in the fund that accounts for the function associated with the asset.

During 2012, the County entered into a \$5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling \$5,132,543 (after payment of \$74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly, the trust assets and liabilities for the defeased debt are not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank is payable in quarterly installments of \$125,093 at 2.5% interest. Final payment is due in 2023. Collateral includes the county courthouse, road and bridge equipment, and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at \$1,071,814, less accumulated depreciation of \$753,476 at December 31, 2018. The lease payments will be made from the Road and Bridge and General Funds. At December 31, 2018, the balance outstanding was \$2,344,339.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Annual debt service for the capital lease is as follows:

Year	Principal	Interest	Totals
2019	\$ 445,702	\$ 54,670	\$ 500,372
2020	456,995	43,377	500,372
2021	468,574	31,798	500,372
2022	480,447	19,925	500,372
2023	492,621	7,752	500,373
	<u>\$ 2,344,339</u>	<u>\$ 157,522</u>	<u>\$ 2,501,861</u>

Note Payable

During 2014, the County, along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District, jointly and severally refunded its 2011 note payable and entered into a \$357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of \$4,805 at 3.5% interest. Final payment is due in 2021. At December 31, 2018, the balance outstanding was \$124,588.

Annual debt service for the note payable is as follows:

Year	Principal	Interest	Totals
2019	\$ 54,168	\$ 3,496	\$ 57,664
2020	56,088	1,575	57,663
2021	14,332	84	14,416
	<u>\$ 124,588</u>	<u>\$ 5,155</u>	<u>\$ 129,743</u>

BUSINESS-TYPE ACTIVITIES:

Capital Lease Payable

During 2017, the County entered into a \$148,400 capital lease agreement to finance a portion of the purchase of equipment for the Solid Waste Fund. The capital lease is payable in annual payments of \$32,589, including interest at 3.13%, through maturity in 2022. The equipment, which serves as collateral with a cost of \$448,400 and accumulated depreciation of \$22,045 at December 31, 2018, is included in capital assets of business-type activities and the Solid Waste Fund. At December 31, 2018, the balance outstanding was \$120,764.

Annual debt service for the capital lease is as follows:

Year	Principal	Interest	Totals
2019	\$ 28,810	\$ 3,779	\$ 32,589
2020	29,712	2,877	32,589
2021	30,641	1,948	32,589
2022	31,601	989	32,590
	<u>\$ 120,764</u>	<u>\$ 9,593</u>	<u>\$ 130,357</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 OPERATING LEASES

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$128,249.

The future minimum lease payments are as follows:

2019	\$ 56,689
2020	46,514
2021	48,675
2022	40,803
2023	40,437
	<u>\$ 233,118</u>

NOTE 9 RETIREMENT PLANS

Defined Contribution Plan

The County provides pension benefits for all of its full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (“CCOERA”), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee’s wages each bi-weekly pay period. The County’s contributions for each employee (and interest allocated to the employee’s account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County’s current contribution requirements. The County’s total payroll in 2018 was approximately \$7,156,000. Both the County and the covered employees made the required contributions, amounting to approximately \$274,280 from the County and \$274,280 from employees. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado County Officials and Employee Retirement Association, 4949 South Syracuse, Suite 400, Denver, CO 80237 or by calling 1-800-352-0313.

Deferred Compensation Plan

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

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. The County has no other liability other than to make the required bi-weekly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2018 and employees contributed \$124,608.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 10 TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue rising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

Fiscal year spending and revenue limits are determined based on the prior years' spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. The voters of the County passed a ballot issue in 2006 allowing for the retention of revenues generated in excess of the limits imposed by the amendment, during the years 2007 through 2011.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3% of adjusted revenues. The County has restricted \$568,298 for this purpose. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The amendment also requires voter approval for any long-term financing entered into by the County.

The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the collection, retention and spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year from any source, other than that generated by the Archuleta County mill levy notwithstanding any TABOR restrictions.

The County believes it is in compliance with the requirements of the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

NOTE 11 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool ("CAPP")

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

At December 31, 2018, CAPP had assets of \$23,016,375, liabilities of \$9,646,756 (including \$7,836,742 reserved for losses and claims), and members' surplus of \$13,369,619. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2018 amounted to \$7,151,660 and total expenses were \$6,642,862, resulting in net income before return of surplus of \$508,798.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Colorado Workers' Compensation Pool ("CWCP")

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

At December 31, 2018, CWCP had assets of \$43,968,355, liabilities of \$27,334,419 (including \$25,657,113 reserved for losses and claims) and members' surplus of \$16,633,936. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2018 amounted to \$12,161,699, total expenses were \$11,625,868, resulting in net income before return of surplus of \$535,831.

NOTE 12 COLORADO CONTRABAND FORFEITURE ACT

Management has reviewed financial activities in the Sheriff's Department for compliance with the Colorado Revised Statute 16-13-506. There were no sales of contraband during the year ended December 31, 2018.

NOTE 13 LANDFILL CLOSURE AND POST-CLOSURE CARE COSTS

State and Federal laws require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County completed the necessary update to engineering studies in 2014 to estimate the landfill's capacity and closure and post-closure costs. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in the Solid Waste Fund based on the estimated future closure and post-closure care costs that will be incurred near or after the date the landfill no longer will accept waste. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At December 31, 2018 the estimated liability for landfill closure and post-closure care costs of \$627,183 is based on the use of 64% of capacity of all landfill cells. The estimated total current cost of the landfill closure and post-closure is based on the amount that would be paid if all equipment facilities and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2018. The County will recognize the estimated remaining costs of closure and post-closure care of \$361,062 as the remaining estimated capacity is filled. The County expects to close the landfill in 2026. Actual cost of closure and post-closure care may change due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Those costs may need to be covered by charges to future landfill users, taxpayers or both.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 14 COMMITMENTS AND CONTINGENCIES

Grant Programs – The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time although the County expects any such amounts to be immaterial.

Litigation – The County is currently the defendant in several lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements; accordingly, no provision for losses has been recorded.

Insurance Pools – The County is a member of the CAPP and CWCP. CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

Operating Leases – The County is committed under various leases for facilities and equipment. See Note 8 relating to the future minimum lease payments for the operating leases.

NOTE 15 SUBSEQUENT EVENTS

The County has evaluated events and transactions occurring subsequent to the end of the fiscal year through July 31, 2019, the date these financial statements were available to be issued. The County sold Certificates of Participation on May 30, 2019, generating \$13,150,955 in project funds for the construction of a detention facility.

In June 2019, the County approved a proposal from Nunn Construction for the construction a detention facility at a maximum cost of \$14,494,064. Construction is scheduled for completion in July of 2020.

The County committed up to \$1.2 million in funding to the Archuleta County Housing Authority (“ACHA”) to assist in construction of an affordable housing development and a 35-year lease at a rate of \$50,000 per year. The lease payments will be utilized to secure permanent financing for the development of the Human Services Building. The commitment is conditional on the ACHA receiving an allocation of low-income tax credits from Colorado Housing and Finance Authority.

There were no other subsequent events identified that required recognition or additional disclosure in the financial statements.

ARCHULETA COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property and Specific Ownership Taxes	\$ 4,455,850	\$ 4,455,850	\$ 4,409,626	\$ (46,224)
Intergovernmental	1,187,235	1,701,439	2,161,532	460,093
Sales and Use Taxes	2,647,107	2,688,107	2,758,751	70,644
Licenses and Permits	596,955	596,955	531,014	(65,941)
Charges for Services	1,754,054	1,754,054	1,843,764	89,710
Other	398,950	848,950	652,469	(196,481)
Earnings on Investments	100,068	145,068	487,019	341,951
TOTAL REVENUES	11,140,219	12,190,423	12,844,175	653,752
EXPENDITURES				
Current:				
General Government	5,600,683	6,186,887	5,276,329	910,558
Public Safety	3,222,730	3,686,730	4,045,760	(359,030)
Health and Welfare	373,634	373,634	103,205	270,429
Economic Development	170,000	170,000	200,554	(30,554)
Highway and Streets	181,817	181,817	172,549	9,268
Culture and Recreation	478,040	478,040	319,532	158,508
Debt Service	72,728	72,728	72,728	-
Capital Outlay	193,463	193,463	48,065	145,398
TOTAL EXPENDITURES	10,293,095	11,343,299	10,238,722	1,104,577
Excess Revenues Over Expenditures	847,124	847,124	2,605,453	1,758,329
OTHER FINANCING USES				
Transfers Out	(3,445,110)	(3,445,110)	(3,445,110)	-
TOTAL OTHER FINANCING USES	(3,445,110)	(3,445,110)	(3,445,110)	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	(2,597,986)	(2,597,986)	(839,657)	1,758,329
Fund Balance at Beginning of Year	12,170,475	12,170,475	12,435,543	265,068
Fund Balance at End of Year	\$ 9,572,489	\$ 9,572,489	\$ 11,595,886	\$ 2,023,397

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Property and Specific Ownership Taxes	\$ 1,582,225	\$ 1,582,225	\$ 1,559,986	\$ (22,239)
Sales and Use Taxes	2,475,607	2,475,607	2,550,960	75,353
Intergovernmental	1,884,398	1,884,398	2,166,702	282,304
Charges for Services	25,000	25,000	42,390	17,390
Miscellaneous	24,000	24,000	66,366	42,366
TOTAL REVENUES	5,991,230	5,991,230	6,386,404	395,174
EXPENDITURES				
Highway and Streets	4,025,976	4,025,976	3,285,193	740,783
Capital Outlay	3,736,159	3,736,159	2,513,041	1,223,118
Debt Service:				
Principal Retirement	371,508	371,508	371,508	-
Interest	56,137	56,137	56,137	-
TOTAL EXPENDITURES	8,189,780	8,189,780	6,225,879	1,963,901
Excess (Deficiency) of Revenues over Expenditures	(2,198,550)	(2,198,550)	160,525	2,359,075
Fund Balance at Beginning of Year	5,257,511	5,257,511	5,284,125	26,614
Fund Balance at End of Year	\$ 3,058,961	\$ 3,058,961	\$ 5,444,650	\$ 2,385,689

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HUMAN SERVICES FUND
For the Year Ended December 31, 2018

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Property and Specific Ownership Taxes	\$ 315,475	\$ 315,475	\$ 312,154	\$ (3,321)
Intergovernmental	3,997,068	4,155,718	3,826,571	(329,147)
Other	132,040	132,040	4,402	(127,638)
TOTAL REVENUES	<u>4,444,583</u>	<u>4,603,233</u>	<u>4,143,127</u>	<u>(460,106)</u>
EXPENDITURES				
Capital Outlay	-	-	27,617	(27,617)
Health and Welfare	4,479,600	4,638,250	4,120,636	517,614
TOTAL EXPENDITURES	<u>4,479,600</u>	<u>4,638,250</u>	<u>4,148,253</u>	<u>489,997</u>
Excess of Revenues Over Expenditures	(35,017)	(35,017)	(5,126)	29,891
Fund Balance at Beginning of Year	<u>637,311</u>	<u>637,311</u>	<u>806,407</u>	<u>169,096</u>
Fund Balance at End of Year	<u>\$ 602,294</u>	<u>\$ 602,294</u>	<u>\$ 801,281</u>	<u>\$ 198,987</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.
The schedule is presented on the GAAP basis.

ARCHULETA COUNTY, COLORADO

OTHER SUPPLEMENTARY INFORMATION

The Combining Financial Statements represent the second level of financial reporting for the County. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

**ARCHULETA COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS**

SPECIAL REVENUE FUNDS

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

Conservation Trust Fund - This fund is used to account for the County's share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

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

CAPITAL PROJECT FUNDS

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

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

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

ARCHULETA COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2018

	Special Revenue		Capital Projects		Totals
	Combined Dispatch Fund	Conservation Trust Fund	FairField Settlement Fund	Justice System Capital Fund	
ASSETS					
Cash and Cash Equivalents	\$ 168,014	\$ 428,402	\$ 515,866	\$ 2,168,542	\$ 3,280,824
Other Receivables	83,615	-	-	-	83,615
TOTAL ASSETS	<u>\$ 251,629</u>	<u>\$ 428,402</u>	<u>\$ 515,866</u>	<u>\$ 2,168,542</u>	<u>\$ 3,364,439</u>
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 3,041	\$ -	\$ -	\$ -	\$ 3,041
TOTAL LIABILITIES	<u>3,041</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,041</u>
FUND BALANCE					
Restricted for:					
TABOR	16,760	249	301	-	17,310
Capital Projects	-	-	515,565	2,168,542	2,684,107
Parks and Recreation	-	428,153	-	-	428,153
Assigned to:					
Public Safety	231,828	-	-	-	231,828
TOTAL FUND BALANCE	<u>248,588</u>	<u>428,402</u>	<u>515,866</u>	<u>2,168,542</u>	<u>3,361,398</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 251,629</u>	<u>\$ 428,402</u>	<u>\$ 515,866</u>	<u>\$ 2,168,542</u>	<u>\$ 3,364,439</u>

See accompanying Independent Auditor's Report

ARCHULETA COUNTY, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	<u>Special Revenue</u>		<u>Capital Projects</u>		<u>Totals</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	<u>Justice System Capital Fund</u>	
REVENUES					
Charges for Services	\$ 219,739	\$ -	\$ -	\$ -	\$ 219,739
Intergovernmental	333,177	106,711	-	-	439,888
Earnings on Investments	-	8,300	10,040	-	18,340
Other	11,004	-	-	-	11,004
TOTAL REVENUES	<u>563,920</u>	<u>115,011</u>	<u>10,040</u>	<u>-</u>	<u>688,971</u>
EXPENDITURES					
Public Safety	757,130	-	-	-	757,130
Highway and Streets	-	30,100	-	-	30,100
Capital Outlay	36,059	-	-	-	36,059
Debt Service					
Principal Retirement	52,307	-	-	-	52,307
Interest	5,356	-	-	-	5,356
TOTAL EXPENDITURES	<u>850,852</u>	<u>30,100</u>	<u>-</u>	<u>-</u>	<u>880,952</u>
Excess (Deficiency) of Revenues Over Expenditures	(286,932)	84,911	10,040	-	(191,981)
OTHER FINANCING SOURCES					
Transfers In	350,110	-	-	2,100,000	2,450,110
TOTAL OTHER FINANCING SOURCES	<u>350,110</u>	<u>-</u>	<u>-</u>	<u>2,100,000</u>	<u>2,450,110</u>
Excess of Revenues and Other Financing Sources over Expenditures	63,178	84,911	10,040	2,100,000	2,258,129
Fund Balance at Beginning of Year	<u>185,410</u>	<u>343,491</u>	<u>505,826</u>	<u>68,542</u>	<u>1,103,269</u>
Fund Balance at End of Year	<u>\$ 248,588</u>	<u>\$ 428,402</u>	<u>\$ 515,866</u>	<u>\$ 2,168,542</u>	<u>\$ 3,361,398</u>

See accompanying Independent Auditor's Report

ARCHULETA COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

ARCHULETA COUNTY, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
ALL NON-MAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL

For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS		ADJUSTMENTS TO BUDGETARY BASIS		EXPENDITURES ON THE BUDGETARY BASIS		VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL							
Governmental Funds									
Non-major Governmental Funds:									
Special Revenue Funds:									
Conservation Trust Fund	\$ 443,105	\$ 443,105	\$ 30,100	\$ -	\$ -	\$ 30,100	\$ 413,005		
Combined Dispatch Fund	874,402	880,161	850,852	-	-	850,852	29,309		
Capital Projects Funds:									
Fairfield Settlement Fund	508,500	508,500	-	-	-	-	508,500		
Justice System Capital Fund	2,000,000	2,000,000	-	-	-	-	2,000,000		
Total Non-Major Governmental Funds	\$ 3,826,007	\$ 3,831,766	\$ 880,952	\$ -	\$ -	\$ 880,952	\$ 2,950,814		
Proprietary Funds									
Enterprise Funds:									
Solid Waste Fund	\$ 2,035,876	\$ 2,035,876	\$ 856,165	\$ 811,265	\$ 1,667,430	\$ 368,446			
Airport Fund	289,794	289,794	1,125,443	(903,681)	221,762	68,032			
Total Enterprise Funds	2,325,670	2,325,670	1,981,608	(92,416)	1,889,192	436,478			
Internal Service Fund:									
Fleet Fund	1,823,056	1,823,056	1,470,131	(67,382)	1,402,749	420,307			
Total Internal Service Fund	1,823,056	1,823,056	1,470,131	(67,382)	1,402,749	420,307			
Total Proprietary Funds	\$ 4,148,726	\$ 4,148,726	\$ 3,451,739	\$ (159,798)	\$ 3,291,941	\$ 856,785			

Adjustments to budgetary basis include costs of capitalized assets and depreciation expense.

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Archuleta County
	YEAR ENDING : December 2018

This Information From The Records Of (example - City of _ or County of _): County of Archuleta	Prepared By: Phone:	LeeAnn Martin (970)264-8554
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,510,485
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,004,265
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	-
2. General fund appropriations	-	b. Snow and ice removal	81,598
3. Other local imposts (from page 2)	4,110,947	c. Other	353,694
4. Miscellaneous local receipts (from page 2)	50,574	d. Total (a. through c.)	435,292
5. Transfers from toll facilities	-	4. General administration & miscellaneous	862,630
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	-
a. Bonds - Original Issues	-	6. Total (1 through 5)	5,812,672
b. Bonds - Refunding Issues	-	B. Debt service on local obligations:	
c. Notes	-	1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	-
7. Total (1 through 6)	4,161,521	b. Redemption	-
B. Private Contributions		c. Total (a. + b.)	-
C. Receipts from State government (from page 2)	2,166,487	2. Notes:	
D. Receipts from Federal Government (from page 2)	58,397	a. Interest	56,137
E. Total receipts (A.7 + B + C + D)	6,386,405	b. Redemption	371,508
		c. Total (a. + b.)	427,645
		3. Total (1.c + 2.c)	427,645
		C. Payments to State for highways	-
		D. Payments to toll facilities	-
		E. Total disbursements (A.6 + B.3 + C + D)	6,240,317

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	6,789,564	6,386,405	6,240,317	6,935,652	-

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,406,668	a. Interest on investments	-
b. Other local imposts:		b. Traffic Fines & Penalties	-
1. Sales Taxes	2,550,960	c. Parking Garage Fees	-
2. Infrastructure & Impact Fees	-	d. Parking Meter Fees	-
3. Liens	-	e. Sale of Surplus Property	-
4. Licences & Permits	-	f. Charges for Services	42,390
5. Specific Ownership &/or Other	153,319	g. Other Misc. Receipts	7,969
6. Total (1. through 5.)	2,704,279	h. Other	215
c. Total (a. + b.)	4,110,947	i. Total (a. through h.)	50,574
	(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	2,098,953	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	58,397
a. State bond proceeds		b. FEMA	-
b. Project Match		c. HUD	-
c. Motor Vehicle Registrations	67,534	d. Federal Transit Admin	-
d. Other - Bridges	-	e. U.S. Corps of Engineers	-
e. Other - Piedra Road	-	f. Other Federal	-
f. Total (a. through e.)	67,534	g. Total (a. through f.)	58,397
4. Total (1. + 2. + 3.f)	2,166,487	3. Total (1. + 2.g)	58,397
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		-	-
b. Engineering Costs		-	-
c. Construction:			
(1). New Facilities		-	-
(2). Capacity Improvements		-	-
(3). System Preservation		2,510,485	2,510,485
(4). System Enhancement & Operation		-	-
(5). Total Construction (1) + (2) + (3) + (4)	-	2,510,485	2,510,485
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	2,510,485	2,510,485
			(Carry forward to page 1)
Notes and Comments:			