

**DOLORES COUNTY, COLORADO**

Accountants' Reports  
and  
Basic Financial Statements

December 31, 2018

# DOLORES COUNTY, COLORADO

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners  
Dolores County, Colorado  
Dove Creek, Colorado 81324

**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 the Dolores County, Colorado 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.

**Auditors' 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 of 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 auditors' 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 auditors consider 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 opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Dolores 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 conformity with accounting principles generally accepted in the United States of America.

## **Other matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 13 and pages 39 through 44 be presented to supplement the basic financial statements. Such information, although not a required 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.

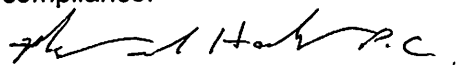
### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dolores County, Colorado's basic financial statements. The combining non-major fund financial statements, budgetary comparison schedules, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining non-major fund financial statements, budgetary comparison schedules, Local Highway Finance Report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, budgetary comparison schedules, Local Highway Finance Report and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22 2019, on our consideration of the Dolores County, Colorado'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 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 Dolores County, Colorado's internal control over financial reporting and compliance.



Majors and Haley, P.C.  
July 22, 2019

## **DOLORES COUNTY, COLORADO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018**

#### ***FINANCIAL HIGHLIGHTS***

Key financial highlights for the County in 2018 are as follows:

- In total, net position increased by \$2,845,452. Net position of governmental activities increased by \$2,707,591, which represents a 12 percent increase from 2017. Net position of business type activities increased \$137,861 or 14.9 percent from 2017.
- General revenues accounted for \$6,058,380 in revenue or 57.7 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$4,446,952 million or 42.3 percent of total revenues of \$10,505,332.
- Governmental activities total assets increased by \$2,366,154. Total liabilities decreased by \$89,357. Deferred inflows of resources decreased by \$252,080.
- The County incurred \$7,562,311 million in expenses related to governmental activities. \$4,390,352 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily property taxes and mineral leasing funds) of \$5,852,879 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$4,878,174 in revenues, including transfers and \$3,777,515 in expenditures including transfers. It's fund balance increased by \$1,100,659 from \$7,155,965 to \$8,256,624.
- Net position of the Enterprise Fund increased from \$927,851 to \$1,065,712.

# DOLORES COUNTY, COLORADO

## MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

### ***OVERVIEW OF THE FINANCIAL STATEMENTS***

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

- The first two statements are County-wide financial statements that provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
- The governmental funds statements tell how basic services such as general government were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the County operates like businesses, such as weed control services.
- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the County's budget for the year.

#### ***County-wide Statements***

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the County's assets, deferred outflows of

## DOLORES COUNTY, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018

resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two County-wide statements report the County's net position and how it has changed. Net position (the difference between the County's assets, deferred inflows of resources, and liabilities and deferred outflows of resources) is one way to measure the County's financial position.

- Over time, increases or decreases in the County's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the County's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of county facilities.

In the County-wide financial statements, the County's activities are divided into two categories:

- **Governmental activities-** Most of the County's basic services are included here, such as general government, public works, public safety, public health and culture and recreation. These activities are financed mainly through property taxes and operating grants.
- **Business-type activities-** The County charges fees to help cover the costs of certain services it provides. The County's weed control operation is included here.

#### ***Fund Financial Statements***

The fund financial statements provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the County establishes many other funds to help it manage and control its finances to achieve certain results.

The County uses three types of funds:

## DOLORES COUNTY, COLORADO

### MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2018

- **Governmental funds-** Most of the County's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.
- **Proprietary funds-** Services for which the County charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the County-wide financial statements. The County's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis.
- **Fiduciary funds-** The County is the agent, or fiduciary, for assets that belong to others, such as the Agency Fund. The County is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the County-wide financial statements because it cannot use these assets to finance its operations.

### **FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

Total assets increased by \$2,492,083. Total liabilities decreased by \$87,848. Deferred inflows of resources decreased by \$265,521.

The County's combined net position was larger on December 31, 2018 than it was at December 31, 2017, increasing by 12.3 percent to \$25,982,501. Most of the increase came from its governmental activities, the net position of which increased \$2,707,591 to \$24,916,789. The net position of the County's business type activities increased \$137,861 to \$1,065,712.

**DOLORES COUNTY, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018

Table 1 provides a summary of the County's net position for 2018 compared to 2017:

**Table 1**  
**Condensed Statement of Net Position**  
**(In millions)**

	Governmental Activities		Business-type Activities		Total County	
	2018	2017	2018	2017	2018	2017
<b>Assets</b>						
Current assets	\$ 18.292	\$ 16.603	\$ 1.062	\$ 1.021	\$ 19.354	\$ 17.624
Capital assets	10.125	9.448	0.142	0.057	10.267	9.505
<b>Total assets</b>	<b>28.417</b>	<b>26.051</b>	<b>1.204</b>	<b>1.078</b>	<b>29.621</b>	<b>27.129</b>
<b>Liabilities</b>						
Current liabilities	0.328	0.529	0.002	-	0.330	0.529
Noncurrent liabilities	0.191	0.080			0.191	0.080
Deferred inflows of resources	2.981	3.233	0.136	0.150	3.117	3.383
<b>Net Position</b>						
Net investment capital assets	9.906	9.308	0.142	0.057	10.048	9.365
Nonspendable-Inventories	0.343	0.317			0.343	0.317
Restricted	6.561	5.578			6.561	5.578
Unrestricted	8.107	7.006	0.924	0.871	9.031	7.877
<b>Total net position</b>	<b>\$ 24.917</b>	<b>\$ 22.209</b>	<b>\$ 1.066</b>	<b>\$ 0.928</b>	<b>\$ 25.983</b>	<b>\$ 23.137</b>

**DOLORES COUNTY, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018

Table 2 shows the changes in net position for fiscal year 2018 compared to 2017.

**Table 2**  
**Changes in Net Position**  
**(In millions)**

	Governmental Activities		Business-type Activities		Total County	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues						
Charges for services	\$ 0.647	\$ 0.543	\$ 0.057	\$ 0.054	\$ 0.704	\$ 0.597
Operating grants	3.417	2.851			3.417	2.851
Capital grants	0.327	1.743			0.327	1.743
General revenues						
Property taxes	3.811	3.946	0.155	0.163	3.966	4.109
Mineral leasing	0.419	0.470			0.419	0.470
Other	1.623	0.561	0.050	0.006	1.673	0.567
Total revenues	<u>10.244</u>	<u>10.114</u>	<u>0.262</u>	<u>0.223</u>	<u>10.506</u>	<u>10.337</u>
Expenses						
General government	2.284	1.977			2.284	1.977
Public safety	0.904	0.954			0.904	0.954
Public works	2.616	2.497	0.124	0.126	2.740	2.623
Public health and welfare	1.547	1.421			1.547	1.421
Culture and recreation	0.186	0.206			0.186	0.206
Depreciation-unallocated	0.026	0.023			0.026	0.023
Total expenses	<u>7.563</u>	<u>7.078</u>	<u>0.124</u>	<u>0.126</u>	<u>7.687</u>	<u>7.204</u>
Increase in supply inventory	0.027	0.042			0.027	0.042
Increase (decrease) in net position	<u>\$ 2.708</u>	<u>\$ 3.078</u>	<u>\$ 0.138</u>	<u>\$ 0.097</u>	<u>\$ 2.846</u>	<u>\$ 3.175</u>

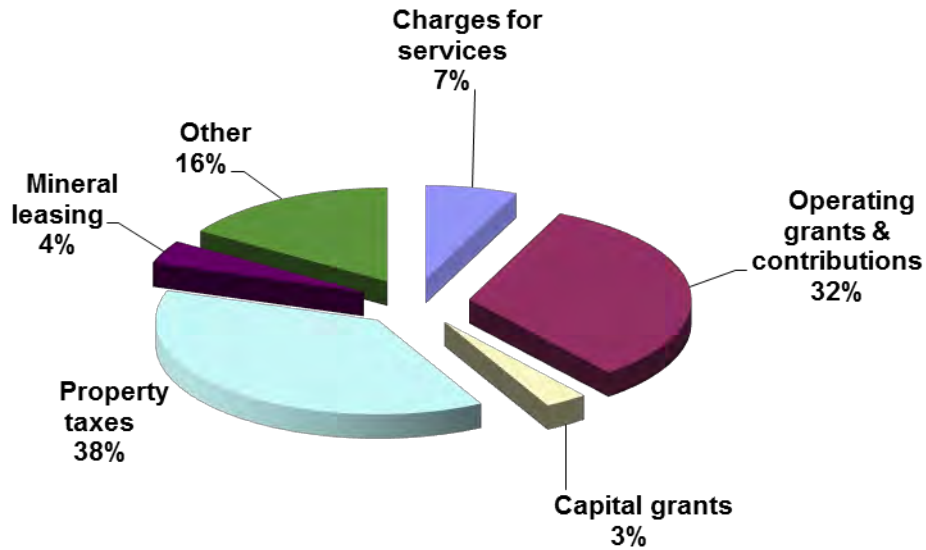
**DOLORES COUNTY, COLORADO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018**

Operating grants and property taxes accounted for most of the County’s total revenue, with each contributing 32 percent and 38 percent respectively (See Table 3). Another 3 percent came from capital grants and the remainder from charges for services, mineral leasing and other sources.

The County’s expenses are predominately related to public works, (35.6 percent), general government (29.7 percent) and public health and welfare (20.1 percent) (See Table 4).

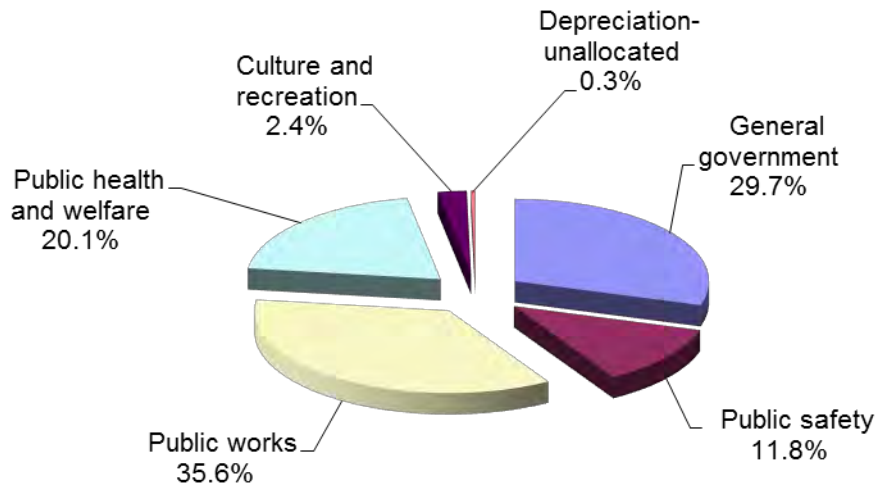
**Table 3**  
**Sources of Revenue for Fiscal Year 2018**



**DOLORES COUNTY, COLORADO**

**MANAGEMENT’S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018**

**Table 4  
Expenses for Fiscal Year 2018**



**Governmental Activities**

The primary sources of operating revenue for the County come from operating grants and general property taxes. The County receives approximately 70 percent of this funding from these sources while the remaining amounts come from charges for services and other general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes.

**DOLORES COUNTY, COLORADO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018

**Table 5**  
**Government Activities**  
**(In millions)**

	Total Cost of Services		Net Cost of Services	
	2018	2017	2018	2017
General government	\$ 2.284	\$ 1.977	\$ 2.040	\$ 1.705
Public safety	0.904	0.954	0.730	0.796
Public works	2.616	2.497	(0.003)	(1.007)
Public health and welfare	1.547	1.421	0.233	0.268
Culture and recreation	0.186	0.206	0.146	0.156
Depreciation-unallocated	0.026	0.023	0.026	0.023
<b>Total</b>	<b>\$ 7.563</b>	<b>\$ 7.078</b>	<b>\$ 3.172</b>	<b>\$ 1.941</b>

- The cost of all governmental activities during the year was \$7.563 million.
- Some of the cost was financed by the users of the County's programs (\$.647 million)
- Federal and state government subsidized certain programs with grants and contributions (\$3.743 million).
- However, \$5.853 million was financed by state and county taxpayers. This portion of governmental activities was financed with \$3.811 million in property taxes, \$.419 million in mineral leasing and \$1.623 in other general revenues.

**Business-type Activities**

Business-type activities are made up of the Mandatory Pest Control District. This program had revenues of \$262,101 and expenses of \$124,240 million. Business-type activities received \$205,404 million in property and specific ownership taxes.

## **DOLORES COUNTY, COLORADO**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2018**

#### ***FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS***

Information about the County's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$10.254 million and expenditures of \$8.171 million.

#### ***General Fund Budgetary Highlights***

The County's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the County made no revisions to the annual operating budget.

- Actual revenues were \$734,097 more than budget, primarily because the County budgeted conservatively regarding revenues.
- Actual expenditures were \$311,268 less than budget primarily for the same reason as the excess in budgeted revenues.

#### ***CAPITAL ASSET ADMINISTRATION***

By the end of 2018, the County has invested \$15.046 million in land, buildings, and equipment (including vehicles), of this total, \$14.714 million was from governmental activities.

Table 6 shows capital assets for 2018 compared to 2017:

**DOLORES COUNTY, COLORADO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
(UNAUDITED)  
For the Year Ended December 31, 2018**

**Table 6  
Capital Assets at December 31  
(In millions)**

	Governmental Activities		Business-Type Activities		Total County	
	2018	2017	2018	2017	2018	2017
Land	\$ 0.207	\$ 0.197			\$ 0.207	\$ 0.197
Buildings	9.606	8.699			9.606	8.699
Equipment	4.901	4.693	\$ 0.332	\$ 0.228	5.233	4.921
Total	<u>\$ 14.714</u>	<u>\$ 13.589</u>	<u>\$ 0.332</u>	<u>\$ 0.228</u>	<u>\$ 15.046</u>	<u>\$ 13.817</u>

Additional information on the County's capital assets can be found in the Notes to the Financial Statements on page 32 of this report.

***FACTORS BEARING ON THE COUNTY'S FUTURE***

At the time these financial statements were prepared and audited, the County is not aware of any existing circumstances that could significantly affect its financial health in the future.

***CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT***

This financial report is designed to provide the County's citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Dolores County Administration Office, P.O. Box 608 Dove Creek, Colorado 81324.

**DOLORES COUNTY, COLORADO**  
Statement of Net Position

December 31, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
<b>Assets</b>				
Cash	\$ 14,924,088	\$ 873,900	\$ 15,797,988	\$ 352,661
Property taxes receivable	2,981,037	136,715	3,117,752	124,902
Other receivables	11,715		11,715	
Due from state	25,093		25,093	
Due from other governments	3,904		3,904	
Inventory	343,459	51,672	395,131	
Investment in water tap	2,350		2,350	
Capital assets	14,713,920	331,925	15,045,845	
Accumulated depreciation	(4,588,662)	(190,077)	(4,778,739)	
Total capital assets, net of depreciation	10,125,258	141,848	10,267,106	
<b>Total Assets</b>	<b>28,416,904</b>	<b>1,204,135</b>	<b>29,621,039</b>	<b>477,563</b>
<b>Liabilities</b>				
Accounts payable	288,395	1,708	290,103	
Payments in arrears	11,715		11,715	
Long term liabilities				
Due in less than one year	27,528		27,528	
Due in more than one year	191,440		191,440	
<b>Total Liabilities</b>	<b>519,078</b>	<b>1,708</b>	<b>520,786</b>	<b>-</b>
<b>Deferred Inflows of Resources</b>				
Unearned property tax revenue	2,981,037	136,715	3,117,752	124,902
<b>Net Position</b>				
Invested in capital assets, net of related debt	9,906,290	141,848	10,048,138	
Nonspendable				
Inventories	343,459		343,459	
Restricted				
Cancer treatments	33,768		33,768	
TABOR	150,000		150,000	8,000
Public health and welfare	1,769,164		1,769,164	
Public works	3,354,442		3,354,442	
Parks and recreation	64,160		64,160	
Contingencies	1,188,882		1,188,882	
Unrestricted	8,106,624	923,864	9,030,488	344,511
<b>Total Net Position</b>	<b>\$ 24,916,789</b>	<b>\$ 1,065,712</b>	<b>\$ 25,982,501</b>	<b>\$ 352,511</b>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**  
Statement of Activities

For the Year Ended December 31, 2018

	Program Revenues				Net (Expenses) Revenue And Changes in Net Position			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business- type Activities	Total	
<b>Governmental Activities</b>								
General government	\$ 2,283,641	\$ 239,193	\$ 5,000		\$ (2,039,448)		\$ (2,039,448)	
Public safety	903,794	108,440	32,392	\$ 33,229	(729,733)		(729,733)	
Public works	2,615,714	158,397	2,166,951	293,414	3,048		3,048	
Public health and welfare	1,547,332	118,600	1,195,369		(233,363)		(233,363)	
Culture and recreation	185,729	22,350	17,017		(146,362)		(146,362)	
Depreciation-unallocated	26,101				(26,101)		(26,101)	
<b>Total Governmental Activities</b>	<u>7,562,311</u>	<u>646,980</u>	<u>3,416,729</u>	<u>326,643</u>	<u>(3,171,959)</u>		<u>(3,171,959)</u>	
<b>Business-Type Activities</b>								
Mandatory Pest Control District	124,240	56,600				\$ (67,640)	(67,640)	
<b>Total Business-Type Activities</b>	<u>124,240</u>	<u>56,600</u>	<u>-</u>			<u>(67,640)</u>	<u>(67,640)</u>	
<b>Total Primary Government</b>	<u>\$ 7,686,551</u>	<u>\$ 703,580</u>	<u>\$ 3,416,729</u>	<u>\$ 326,643</u>	<u>(3,171,959)</u>	<u>(67,640)</u>	<u>(3,239,599)</u>	
<b>Component Unit</b>								
Library	\$ 136,042		\$ 26,250					\$ (109,792)
<b>Total Component Units</b>	<u>\$ 136,042</u>	<u>\$ -</u>	<u>\$ 26,250</u>	<u>\$ -</u>				<u>(109,792)</u>
<b>General Revenues</b>								
Property tax for general purposes					3,478,503	154,485	3,632,988	138,722
Property tax for Quality of Life					332,932		332,932	
Specific Ownership tax for general purposes					142,066	6,425	148,491	5,790
Specific Ownership tax for Quality of Life					13,897		13,897	
Severance Tax					25,217		25,217	
Delinquent tax and interest					771,827	44,494	816,321	34,056
Delinquent tax and interest Quality of Life					81,735		81,735	
Intergovernmental								
Motor Vehicle License Fees					9,221		9,221	
Mineral Leasing					419,205		419,205	
Payment in Lieu of Taxes					158,765		158,765	
Impact Assistance					4,665	97	4,762	
Earnings on investments					230,007		230,007	1,065
Reimbursements					82,580		82,580	
Asset sales					930		930	
Miscellaneous					101,329		101,329	1,120
<b>Total General Revenues</b>					<u>5,852,879</u>	<u>205,501</u>	<u>6,058,380</u>	<u>180,753</u>
<b>Changes in Net Position</b>					2,680,920	137,861	2,818,781	70,961
Net Position Beginning of the Year					22,209,198	927,851	23,137,049	281,550
Increase (decrease) in inventories					26,671		26,671	
<b>Net Position End of the Year</b>					<u>\$ 24,916,789</u>	<u>\$ 1,065,712</u>	<u>\$ 25,982,501</u>	<u>\$ 352,511</u>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Balance Sheet  
Governmental Funds

December 31, 2018

	General Fund	Road and Bridge Fund	Social Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Cash	\$ 8,329,977	\$ 3,552,710	\$ 1,458,516	\$ 1,582,885	\$ 14,924,088
Property taxes receivable	2,100,478	499,608	231,068	149,883	2,981,037
Due from other funds	3,505				3,505
Other receivables			11,715		11,715
Due from state			25,093		25,093
Due from other governments			779	3,125	3,904
Inventory		343,459			343,459
Investment in water tap	2,350				2,350
<b>Total Assets</b>	<b>\$ 10,436,310</b>	<b>\$ 4,395,777</b>	<b>\$ 1,727,171</b>	<b>\$ 1,735,893</b>	<b>\$ 18,295,151</b>
<b>Liabilities</b>					
Accounts payable	\$ 79,208	\$ 198,268		\$ 10,919	\$ 288,395
Due to other funds			\$ 3,505		3,505
Payments in arrears			11,715		11,715
<b>Total Liabilities</b>	<b>79,208</b>	<b>198,268</b>	<b>15,220</b>	<b>10,919</b>	<b>303,615</b>
<b>Deferred Inflows of Resources</b>					
Unearned property tax revenue	2,100,478	499,608	231,068	149,883	2,981,037
<b>Fund Balances</b>					
Nonspendable					
Inventories		343,459			343,459
Restricted					
Cancer treatments				33,768	33,768
TABOR	150,000				150,000
Public health and welfare			1,480,883	288,281	1,769,164
Public works		3,354,442			3,354,442
Parks and recreation				64,160	64,160
Contingencies				1,188,882	1,188,882
Unrestricted					
Assigned for future year's expenditures	6,575,721				6,575,721
Unassigned	1,530,903				1,530,903
<b>Total Fund Balances</b>	<b>8,256,624</b>	<b>3,697,901</b>	<b>1,480,883</b>	<b>1,575,091</b>	<b>15,010,499</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 10,436,310</b>	<b>\$ 4,395,777</b>	<b>\$ 1,727,171</b>	<b>\$ 1,735,893</b>	<b>\$ 18,295,151</b>

**Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position**

**Total Fund Balance Governmental Funds** \$ 15,010,499

Amounts reported for governmental activities in the Statement of Net Assets are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 14,713,920	
Accumulated depreciation	<u>(4,588,662)</u>	10,125,258

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet.

Due within one year	(27,528)	
Due in more than one year	<u>(191,440)</u>	(218,968)

**Total Net Position Governmental Activities** \$ 24,916,789

**DOLORES 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	Social Services Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Taxes	\$ 3,482,197	\$ 714,461	\$ 331,491	\$ 321,423	\$ 4,849,572
Intergovernmental revenues	654,055	2,469,586	804,000	411,090	4,338,731
Charges for services	158,343	112,710		109,854	380,907
Interest	224,880			1,733	226,613
Fee accounts	215,050				215,050
Other	137,778	104,100		1,550	243,428
<b>Total Revenues</b>	<b>4,872,303</b>	<b>3,400,857</b>	<b>1,135,491</b>	<b>845,650</b>	<b>10,254,301</b>
<b>Expenditures</b>					
General government	2,105,550			5,048	2,110,598
Public safety	928,015				928,015
Public works		2,859,012			2,859,012
Public health and welfare	493,735		794,668	797,802	2,086,205
Culture and recreation	187,465				187,465
<b>Total Expenditures</b>	<b>3,714,765</b>	<b>2,859,012</b>	<b>794,668</b>	<b>802,850</b>	<b>8,171,295</b>
<b>Excess revenues over (under) expenditures</b>	<b>1,157,538</b>	<b>541,845</b>	<b>340,823</b>	<b>42,800</b>	<b>2,083,006</b>
<b>Other Financing Sources (Uses)</b>					
Transfers in	5,871		5,000	62,750	73,621
Transfers out	(62,750)			(10,871)	(73,621)
<b>Total Other Financing Sources (Uses)</b>	<b>(56,879)</b>	<b>-</b>	<b>5,000</b>	<b>51,879</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>1,100,659</b>	<b>541,845</b>	<b>345,823</b>	<b>94,679</b>	<b>2,083,006</b>
Fund Balances beginning of the year	7,155,965	3,129,385	1,135,060	1,480,412	12,900,822
Net increase (decrease) in inventory		26,671			26,671
<b>Fund Balances end of the year</b>	<b>\$ 8,256,624</b>	<b>\$ 3,697,901</b>	<b>\$ 1,480,883</b>	<b>\$ 1,575,091</b>	<b>\$ 15,010,499</b>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of  
Governmental Funds to the Statement of Activities

For the Year Ended December 31, 2018

**Net Change in Fund Balances Governmental Funds** \$ 2,083,006

Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital asset purchases capitalized	\$ 1,174,154	
Depreciation expense	<u>(483,387)</u>	
		690,767

Governmental funds report assets sales as revenue. However, in the Statement of Activities gain or loss on the disposal is computed.

Proceeds from the sale of capital assets	(12,000)	
Gain on asset sales	<u>930</u>	
		(11,070)

Repayment of debt principal is an expenditure in the governmental funds but the repayment reduces long term debt in the Statement of Net Position

Principal payments of capital leases		64,623
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Some increases in debt are not reported in the governmental funds but are reflected in the Statement of Activities

Increase in accrued compensated absences		(146,406)
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**Change in Net Position of Governmental Activities** \$ 2,680,920

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Statement of Net Position  
Proprietary Fund  
Enterprise Fund

December 31, 2018

	<u>Business-type Activities</u> <u>Mandatory Pest Control District</u>	
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$	873,900
Property tax receivable		136,715
Inventory		51,672
<b>Total Current Assets</b>		<u>1,062,287</u>
<b>Noncurrent Assets</b>		
Capital assets	\$	331,925
Accumulated depreciation		(190,077)
<b>Total Noncurrent Assets</b>		<u>141,848</u>
<b>Total Assets</b>		<u><u>1,204,135</u></u>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable		1,708
<b>Total Current Liabilities</b>		<u>1,708</u>
<b>Deferred inflows of resources</b>		
Deferred property tax revenue		<u>136,715</u>
<b>Net Position</b>		
Net investment in capital assets	141,848	
Unrestricted	923,864	
<b>Total Net Position</b>		<u><u>\$ 1,065,712</u></u>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Statement of Revenues, Expenses, and Changes in Net Position  
 Proprietary Fund  
 Enterprise Fund  
For the Year Ended December 31, 2018

		<u>Business-type Activities Mandatory Pest Control District</u>
<b>Operating Revenues</b>		
Weed control revenue	\$	56,600
<b>Total Operating Revenues</b>		<u>56,600</u>
<b>Operating Expenses</b>		
Weed control operations		
Chemicals	\$	17,456
Salaries and benefits		60,264
Supplies		128
Professional fees		1,000
Telephone and utilities		3,703
Travel		3,667
Office		427
Dues and meetings		810
Repairs and maintenance		4,487
Treasurer's fees		10,209
Miscellaneous		3,320
Depreciation		18,769
<b>Total Operating Expenses</b>		<u>(124,240)</u>
Operating income (loss)		<u>(67,640)</u>
<b>Non-Operating Revenue</b>		
Property tax	154,485	
Specific ownership tax	6,425	
Delinquent tax and interest	44,494	
Impact aid	97	
<b>Total Non-Operating Revenue</b>		<u>205,501</u>
Change in net position		<u>137,861</u>
Net position beginning of the year		927,851
<b>Net position end of the year</b>	<u>\$</u>	<u><u>1,065,712</u></u>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Statement of Cash Flows  
Proprietary Fund  
Enterprise Fund

For the Year Ended December 31, 2018

	Business-type Activities Mandatory Pest Control District
<b>Cash Flows from Operating Activities</b>	
Cash received from customers	\$ 56,600
Cash payments to employees for services	(60,264)
Cash payments to suppliers for goods and services	(56,850)
<b>Net Cash Flows provided (used) by Operating Activities</b>	(60,514)
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of equipment	\$ (103,963)
<b>Net Cash Flows provided (used) by Capital and Related Financing Activities</b>	(103,963)
<b>Cash Flows from Noncapital Financing Activities</b>	
Property tax	154,485
Specific ownership tax	6,425
Delinquent tax and interest	44,494
Impact aid	97
<b>Net Cash Flows provided (used) by Noncapital Financing Activities</b>	205,501
<b>Net increase (decrease) in cash and cash equivalents</b>	41,024
Cash and cash equivalents beginning of the year	832,876
<b>Cash and cash equivalents end of the year</b>	\$ 873,900
<b>Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities</b>	
Operating income (loss)	\$ (67,640)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities	
Depreciation	\$ 18,769
(Increase) or decrease in Inventory	(13,152)
Increase or (decrease) in Accounts payable	1,509
Total adjustments	7,126
<b>Net Cash Flows provided (used) by Operating Activities</b>	\$ (60,514)

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

Statement of Fiduciary Net Position

As of December 31, 2018

	<u>Agency Fund</u>
<b>Assets</b>	
Cash	\$ 73,949
<b>Total Assets</b>	<u>73,949</u>
<b>Liabilities</b>	
Due to agency recipient	73,949
<b>Total Liabilities</b>	<u>73,949</u>
<b>Net Position</b>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

***Summary of Significant Accounting Policies*** - Dolores County, Colorado's (the County) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

***Reporting Entity*** – Dolores County, Colorado is a statutory (non-home-rule) county and serves as an administrative unit of the State of Colorado.

The County's financial reporting entity comprises the following:

Primary Government:	Dolores County, Colorado
Blended Component Unit:	Dove Creek Mandatory Pest Control District
Discretely Presented Component Unit:	Dolores County Library District

In determining the financial reporting entity, the County complies with the provisions of GASB Statement No. 14, "The Financial Reporting Entity," and includes all component units of which the County appointed a voting majority of the unit's board; the County is either able to impose its will on the unit or a financial benefit or burden relationship exists.

***Blended Component Unit-*** The Dove Creek Mandatory Pest Control District serves a portion of Dolores County and is governed by a Board of Trustees appointed by the County Commissioners. The Commissioners approve all expenditures of the District. The District is included as an enterprise fund of the County.

***Discretely Presented Component Unit-*** The Dolores County Library District operates the County Library. The commissioners appoint the governing board of the District and approve its' budget.

***Fund Accounting*** – The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resource, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**Governmental Funds** – are used to account for all or most of a government’s general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the County’s major governmental funds.

**General Fund** – is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and state and federal grants.

### **Special Revenue Funds-**

**Road and Bridge Fund** – accounts for the costs related to county road and bridge construction and maintenance. By state law, a portion of this fund’s property tax revenues are allocated to cities and towns for use in their road and street activities. This fund is required by state law.

**Social Services Fund-** accounts for federal and state public welfare programs administered by the County. This fund is also required by state law.

**Non-major Funds-** The other governmental funds of the County are Special Revenue Funds. These funds account for revenues derived from earmarked revenue sources. Special revenue funds consist of the Senior Services Fund, Conservation Trust Fund, Ormiston Fund, Contingency Fund and the Public Health Fund.

### **Proprietary Funds–**

**Enterprise Fund** – focuses on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The County’s major enterprise fund is:

**Dove Creek Mandatory Pest Control District-** is used to account for the financial transactions related to the weed control operations of the County.

**Fiduciary Funds** – reporting focuses on net position and changes in net position. The fiduciary fund category is split into trust funds and agency funds. Trust funds are used to account for assets held by the County under a trust agreement for individuals, private organizations, or other governments and are therefore, not available to support the County’s own programs. The County does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results or operations. The County has one agency fund.

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### ***Basis of Presentation-***

***County-wide Financial Statements-*** The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The county-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the county-wide financial statements and the statements for governmental funds.

The county-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

***Fund Financial Statements-*** Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources and all liabilities and deferred outflows of resources associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

***Basis of Accounting*** – determines when transactions are recorded in the financial records and reported on the financial statements. County-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

***Revenues- Exchange and Non-exchange Transactions-*** Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

***Unearned Revenue-*** arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**Expenses/Expenditures-** On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

**Budgets and Budgetary Accounting** – The County is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Enterprise Fund, which is prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 20, the Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the County Commissioners must approve any revisions that alter the total expenditures of any department.

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

**Cash and Cash Equivalents** – for the purpose of the Statement of Cash Flows of the Enterprise Fund is considered to be all of the highly liquid investments with a maturity of six months or less.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**Short-term Inter-fund Receivables/Payables-** During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the County-wide statement of net position and, classified as due from other funds or due to other funds on the balance sheet.

**Inventories** – in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase. Restrictions of fund balance have been established for the inventory balances.

**Capital Assets** – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the county-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the county-wide statements of net position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The County maintains a capitalization threshold of five thousand dollars. As per GASB 34 the County has elected to report infrastructure assets on a prospective basis. Therefore, infrastructure acquired before January 1, 2004 is not included in the financial statements.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities <u>Estimated Lives</u>	Business-Type Activities <u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	20 Years
Furniture and Equipment	5-15 Years	5-10 Years
Vehicles	8 Years	10 Years

**Property Tax Revenue Recognition** – The County bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Property taxes levied are recorded as unearned revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

**Compensated absences-** Compensated absences arise from policies concerning paid time off. In the event of termination, an employee is reimbursed for accumulated paid time off. Accumulated paid time off benefits are shown as long term debt obligations since these amounts are not expected to be paid from currently available resources.

**Accrued Liabilities and General Long-Term Obligations-** All payables, accrued liabilities and long-term obligations are reported in the county-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

**Governmental Fund Balances-** In the governmental fund financial statements, fund balances are classified as follows:

**Non-spendable-** Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. This includes inventory maintained in the Road and Bridge Fund.

**Restricted-** Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the County's TABOR reserve.

**Committed-** Amounts that can be used only for specific purposes determined by a formal action by the Board of County Commissioners.

**Assigned-** Amounts that are designated by the Board of County Commissioners for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**Unassigned-** All amounts not included in the other spendable classifications.

**Use of Restricted Resources-**When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications-committed and then assigned fund balances before using unassigned fund balance.

**Fund Balance Restrictions-** The County restricts those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unrestricted fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Assigned fund balances have been established for future year's expenditures.

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

**Operating Revenues and Expenses-** Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges related to weed control. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**Inter-fund Transactions-** Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

**Estimates** – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

**Cash and Investments** – The County Treasurer maintains a cash pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the financial statements as "Cash".

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

***Deposits-*** The Colorado Public Deposit Protection Act (PDPA) governs the County's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value of at least 102% of the uninsured deposits. The State Regulatory Commission for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, 2018 the County had investments in one local government investment pool, the Colorado Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, and Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAA by Standard and Poors.

At December 31, 2018 the carrying amount of the County's cash and investments was \$15,871,937. The County's bank balances were \$3,268,412 and COLOTRUST balances were \$12,806,508. The County's bank balances at December 31, 2018 and during the year then ended were entirely covered by FDIC insurance or pledged collateral held by the County's agent banks in the name of governmental accounts of which the County is a part.

***Retirement Plan*** – The County is a member of the Colorado County Officials and Employees Retirement Association. All members of the Association are participants in a defined contribution retirement plan which was adopted and is administered to provide income after retirement in addition to benefits provided by Federal Social Security. All County employees are required to participate after one year of continuous service. Contributions made by the employee are a minimum of four percent and a maximum of six percent of gross salary, at the employees' discretion. Employees may make additional voluntary contributions not to exceed ten percent of compensation.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The County maintains no control over the plan, other than being a member of the Association. Employees are fully vested upon participation in the plan. The County has no unfunded liability under the plan. The total 2018 County payroll was \$2,761,049. The covered payroll for retirement plan purposes was \$2,283,256. The 2018 employer and employee contributions to the plan were \$107,674 and \$146,022 respectively. There were no County securities or other transactions included in the plan's assets.

**Capital Assets** – Capital asset activity for the fiscal year ended December 31, 2018 follows:

	Capital Assets Jan 1, 2018	Additions	Deletions/ Transfers	Capital Assets Dec 31, 2018
<b>Governmental Activities</b>				
Capital assets, not being depreciated:				
Land	\$ 197,421	\$ 9,159		\$ 206,580
Total capital assets not being depreciated	<u>197,421</u>	<u>9,159</u>	<u>-</u>	<u>206,580</u>
Capital assets, being depreciated:				
Buildings	8,698,721	927,570	\$ (20,500)	9,605,791
Equipment	4,693,259	237,425	(29,135)	4,901,549
Total capital assets being depreciated	<u>13,391,980</u>	<u>1,164,995</u>	<u>(49,635)</u>	<u>14,507,340</u>
Less accumulated depreciation for:				
Buildings	(679,452)	(199,264)	9,430	(869,286)
Equipment	(3,464,388)	(284,123)	29,135	(3,719,376)
Total accumulated depreciation	<u>(4,143,840)</u>	<u>(483,387)</u>	<u>38,565</u>	<u>(4,588,662)</u>
Total capital assets, being depreciated, net	9,248,140	681,608	(11,070)	9,918,678
Governmental Activities Capital Assets, net	<u>\$ 9,445,561</u>	<u>\$ 690,767</u>	<u>\$ (11,070)</u>	<u>\$ 10,125,258</u>
<b>Business Type Activities</b>				
Equipment and facilities	\$ 227,962	\$ 103,963		\$ 331,925
Less accumulated depreciation	(171,308)	(18,769)		(190,077)
Business Type Activities Capital Assets net	<u>\$ 56,654</u>	<u>\$ 85,194</u>	<u>\$ -</u>	<u>\$ 141,848</u>

**DOLORES COUNTY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

Depreciation expense is charged to the various governmental programs as follows:

General government	\$	26,637
Public safety		60,217
Public works		240,560
Public health and welfare		122,449
Culture and recreation		7,423
Unallocated		26,101
Total depreciation government activities	\$	<u>483,387</u>

**Schedule of Social Services Costs Due To/From State of Colorado –**

	<u>Due (To) From</u>
Colorado works	\$ 4,420
Child care	784
Child welfare	8,556
Administration	9,661
Child enforcement	25
Home care allowance	(53)
County cost allocation	198
Adult protective services	973
Aid to needy and disabled	(212)
Old age pension	621
Federal and state incentives	120
Net Amount Due From State	<u>\$ 25,093</u>

All Electronic Benefit transfers paid by the State of Colorado for Dolores County are included in the financial statements.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

**Operating Leases –**

In 2016, the County leased four blades with semi-annual payments of \$56,548

In 2017, the County leased three blades with semi-annual payments of \$50,641

In 2018, the County leased 4 blades with semi-annual payments of \$54,860

The future minimum payments for these leases are as follows:

<u>Year</u>	<u>Payments</u>
2019	\$ 109,720
	\$ 109,720

**Long-Term Debt-**

**Capital Leases Payable-**

In 2012, the County entered into a lease agreement for a John Deere Loader. The lease is payable in 14 semi- annual installments of \$17,640 beginning in 2013. The lease is serviced by the Road and Bridge Fund and the equipment serves as collateral.

In 2014, the County entered into a lease agreement for a John Deere Backhoe. The lease is payable in 60 monthly installments of \$1,308 beginning in 2014. The lease is serviced by the Road and Bridge Fund and the equipment serves as collateral.

**Changes in General Long-Term Debt-** A summary of changes in general long-term debt follows:

	Balance January 1, 2018	Additions	Deletions	Balance December 31, 2018
Accrued compensation	\$ 28,044	\$ 146,406		\$ 174,450
Lease obligations	109,141		\$ 64,623	44,518
Total	\$ 137,185	\$ -	\$ 64,623	\$ 218,968

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Annual requirements to amortize the lease purchase are as follows:

<u>Year Ending December 31,</u>	<u>Lease Purchase</u>	<u>Lease Purchase</u>
2019	\$ 17,639	\$ 9,969
2020	17,640	
 Total	 <u>35,279</u>	 <u>9,969</u>
Less Interest	(730)	
 Outstanding principal	 <u><u>\$ 34,549</u></u>	 <u><u>\$ 9,969</u></u>

**Interfund Operating Transfers-** consist of the following:

	<u>Transfer In</u>	<u>Transfer out</u>
General Fund	\$ 5,871	\$ 62,750
Special Revenue Funds		
Conservaton Trust Fund		5,871
Senior Services Fund	12,000	
Public Health Fund	50,750	
Ormiston Fund		5,000
Social Services Fund	5,000	
	 <u><u>\$ 73,621</u></u>	 <u><u>\$ 73,621</u></u>

**Fund Balance Restrictions and Assignments** – Nonspendable indicates amounts that cannot be spent, either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of County Commissioners but are not spendable until appropriated. The County uses the following restrictions and assignments:

# DOLORES COUNTY, COLORADO

## NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

### **Nonspendable**

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Nonspendable fund balance related to inventory consists of \$343,459 in the Road and Bridge Fund.

### **Restricted**

TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$150,000 in the General Fund.

Cancer treatments- indicates that the fund balance within the Ormiston Fund is restricted for the payment of cancer treatment costs of qualified county residents.

Public Health and Welfare- indicates that the fund balances within the Social Services Fund and Public Health Funds are restricted for the purpose of public health and welfare.

Public Works- indicates that the fund balance within the Road and Bridge Fund is restricted for construction and maintenance of County roads and bridges.

Parks and Recreation- indicates that the fund balance within the Conservation Trust Fund is restricted for certain parks and recreation expenditures as defined by Greater Outdoors Colorado.

Contingencies- indicates that the fund balance within the Contingency Fund are restricted for certain unforeseen expenditures as determined by state law.

**Assigned for future year's expenditures-** indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for future year's expenditures consists \$6,575,721 in the General Fund.

***Public Trustee*** – The County Treasurer holds the office of the County Public Trustee. Public Trustees are named as trustees for Deeds of Trust and perform all the functions and exercise all the powers conferred upon them by the Deeds of Trust. These functions include releasing Deeds of Trust when indebtedness is paid in full, making sales whenever default occurs, issuing Certificates of Purchase and Certificates of Redemption of Trustee's Deeds. Fees for such services are used to cover related expenses and pay the Trustee an annual salary.

**DOLORES COUNTY, COLORADO**

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The accounts of the County Public Trustee consist of the following as of and for the year ended December 31, 2018

Cash at January 1, 2018	\$ -
Revenues	
Interest and fees	4,533
Expenditures	(4,533)
Cash at December 31, 2018	<u><u>\$ -</u></u>

**Commitments and Contingent Liabilities** – There appear to be no commitments or contingencies that would pose a threat of significant liability to the County.

**Tax Spending, Revenue and Debt Limitations**- Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires that revenue received in excess of the “revenue limit” be refunded unless the voters approve the retention of such revenue.

On November 7, 2000 the people of the County voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenues, including state grants and taxes, generated during 2001 and for each subsequent year, regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The amendment is complex and subject to judicial interpretation. The County believes it is in compliance with all other requirements of the amendment. However, the County has made certain interpretations of the amendment’s language in order to determine compliance.

**Risk Management** – County Workers Compensation Pool – The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined the County Workers’ Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers’ compensation insurance coverage. The intergovernmental formation agreement of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the

**DOLORES COUNTY, COLORADO**

**NOTES TO THE FINANCIAL STATEMENTS**

December 31, 2018

pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool – The County is exposed to various risks of loss related to property and casualty losses. The County joined the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental formation agreement of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Colorado Immunity Act – Under Colorado statutes, the County has immunity from liability in excess of \$150,000 per individual and \$600,000 per occurrence.

**Highway Report** – The supplemental Highway Finance Report on the form provided by the Colorado Department of Highways is included in the audited financial statements. The following is a reconciliation between the highway report and the audited financial statements:

	<u>Highway Report</u>	<u>Difference</u>	<u>Financial Statements</u>
Receipts	\$3,400,857		\$3,400,857
Expenditures	\$2,832,341	(A) \$ 26,671	\$2,859,012

Difference in current year:

(A) Expenditures

Increase in inventory

\$ 26,671

**Compliance with Laws and Regulations**-The County may be in violation of State Statute. Expenditures exceeded appropriations in the Senior Services Fund and the Ormiston Fund.

**DOLORES COUNTY, COLORADO**  
Required Supplementary Information

December 31, 2018

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

- Budgetary Comparison Schedules
  - General Fund
  - Road and Bridge Fund
  - Social Services Fund

**DOLORES COUNTY, COLORADO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balances- Budget and Actual  
General Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes				
General property taxes	\$ 2,278,096	\$ 2,278,096	\$ 2,353,138	\$ 75,042
Delinquent tax and interest	572,157	572,157	577,695	5,538
Property taxes-Quality of Life	406,417	406,417	414,667	8,250
Specific ownership taxes	70,000	70,000	97,583	27,583
Specific ownership taxes-Quality of Life	10,000	10,000	13,897	3,897
Severance taxes	10,000	10,000	25,217	15,217
Total taxes	<u>3,346,670</u>	<u>3,346,670</u>	<u>3,482,197</u>	<u>135,527</u>
Intergovernmental revenues				
Payment in lieu of taxes	120,000	120,000	158,765	38,765
Mineral leasing		-	419,205	419,205
Forest service	20,000	20,000	32,392	12,392
Impact assistance	2,500	2,500	3,589	1,089
Grants				
Other grants	131,333	131,333	40,104	(91,229)
Total intergovernmental revenues	<u>273,833</u>	<u>273,833</u>	<u>654,055</u>	<u>380,222</u>
Charges for services				
General government	42,600	42,600	28,031	(14,569)
Public safety	113,100	113,100	103,462	(9,638)
Culture and recreation	22,000	22,000	26,850	4,850
Total charges for services	<u>177,700</u>	<u>177,700</u>	<u>158,343</u>	<u>(19,357)</u>

(continued)

**DOLORES COUNTY, COLORADO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balances- Budget and Actual  
General Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Interest	\$ 30,000	\$ 30,000	\$ 224,880	\$ 194,880
Miscellaneous revenues				
Reimbursements	19,000	19,000	64,246	45,246
Other	25,700	25,700	73,532	47,832
Total miscellaneous revenues	44,700	44,700	137,778	93,078
Fee accounts				
Sheriff fees	1,800	1,800	3,888	2,088
Clerk fees	43,000	43,000	46,880	3,880
Treasurers fees	220,503	220,503	164,282	(56,221)
Total fee accounts	265,303	265,303	215,050	(50,253)
<b>Total revenues</b>	<b>4,138,206</b>	<b>4,138,206</b>	<b>4,872,303</b>	<b>734,097</b>
<b>Expenditures</b>				
General government				
Board of county commissioners	456,852	456,852	434,174	22,678
Other administration	339,059	339,059	276,285	62,774
Clerk	198,492	198,492	241,479	(42,987)
Treasurer	172,970	172,970	165,165	7,805
Assessor	266,255	266,255	266,245	10
Attorney	90,551	90,551	64,333	26,218
Grounds and buildings	208,293	208,293	160,123	48,170
Transfer station	37,092	37,092	39,661	(2,569)
Elections	36,000	36,000	28,186	7,814
Veteran's office	27,000	27,000	21,078	5,922
Payments-Quality of Life	406,417	406,417	408,821	(2,404)
Total general government	2,238,981	2,238,981	2,105,550	133,431

(continued)

**DOLORES COUNTY, COLORADO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balances- Budget and Actual  
General Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures (continued)				
Public safety				
Sheriff administration	\$ 712,364	\$ 712,364	\$ 675,310	\$ 37,054
Coroner	49,965	49,965	49,255	710
Prisoner maintenance	65,000	65,000	24,435	40,565
District attorney	60,000	60,000	56,272	3,728
Emergency management	103,288	103,288	50,323	52,965
GIS addressing	90,658	90,658	72,420	18,238
Total public safety	<u>1,081,275</u>	<u>1,081,275</u>	<u>928,015</u>	<u>153,260</u>
Public health and welfare				
Senior center construction	<u>300,000</u>	<u>300,000</u>	<u>493,735</u>	<u>(193,735)</u>
Culture and recreation				
Extension office	111,052	111,052	98,470	12,582
DCTV	60,890	60,890	55,068	5,822
Fairgrounds	40,100	40,100	33,927	6,173
Total culture and recreation	<u>212,042</u>	<u>212,042</u>	<u>187,465</u>	<u>24,577</u>
<b>Total expenditures</b>	<u>3,832,298</u>	<u>3,832,298</u>	<u>3,714,765</u>	<u>311,268</u>
Excess (deficit) of revenues over (under) expenditures	<u>305,908</u>	<u>305,908</u>	<u>1,157,538</u>	<u>1,045,365</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	23,500	23,500	5,871	(17,629)
Operating transfers out	(75,750)	(75,750)	(62,750)	13,000
<b>Total other financing sources (uses)</b>	<u>(52,250)</u>	<u>(52,250)</u>	<u>(56,879)</u>	<u>(4,629)</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>253,658</u>	<u>253,658</u>	<u>1,100,659</u>	<u>1,040,736</u>
Fund balance, beginning	6,322,063	6,322,063	7,155,965	833,902
<b>Fund balance, ending</b>	<u>\$ 6,575,721</u>	<u>\$ 6,575,721</u>	<u>\$ 8,256,624</u>	<u>\$ 1,680,903</u>

**DOLORES 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 Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
General property taxes	\$ 541,856	\$ 541,856	\$ 554,887	\$ 13,031
Delinquent tax and interest	136,207	136,207	136,225	18
Specific ownership taxes	20,000	20,000	23,349	3,349
Total taxes	698,063	698,063	714,461	16,398
Intergovernmental revenues				
Federal shared revenues				
Forest Service		-	196,665	196,665
State shared revenues				
Highway user's tax	1,718,091	1,718,091	1,970,286	252,195
Additional motor vehicle registration fee	22,000	22,000	9,221	(12,779)
Grants	505,480	505,480	293,414	(212,066)
Total intergovernmental revenues	2,245,571	2,245,571	2,469,586	224,015
Miscellaneous revenues				
Permits	15,000	15,000	550	(14,450)
Reimbursements	62,000	62,000	60,601	(1,399)
Charges for services	65,000	65,000	112,710	47,710
Proceeds from sale of assets	5,000	5,000	12,000	7,000
Other	25,750	25,750	30,949	5,199
Total miscellaneous revenues	172,750	172,750	216,810	44,060
<b>Total revenues</b>	<b>3,116,384</b>	<b>3,116,384</b>	<b>3,400,857</b>	<b>284,473</b>
<b>Expenditures</b>				
Current operating				
Public Works				
Administration	227,896	227,896	220,967	6,929
Maintenance and construction	2,387,388	2,387,388	1,826,307	561,081
Traffic	35,000	35,000	25,188	9,812
Payments to cities	20,000	20,000	18,227	1,773
Capital outlay	15,000	15,000	422,409	(407,409)
Payments on operating leases	338,000	338,000	277,049	60,951
Debt Service				
Principal		-	64,623	(64,623)
Interest		-	4,242	(4,242)
Total public works	3,023,284	3,023,284	2,859,012	164,272
<b>Total expenditures</b>	<b>3,023,284</b>	<b>3,023,284</b>	<b>2,859,012</b>	<b>164,272</b>
Excess (deficit) of revenues over (under) expenditures	93,100	93,100	541,845	448,745
Fund balance, beginning	2,834,063	2,834,063	3,129,385	295,322
Increase in inventory		-	26,671	26,671
<b>Fund balance, ending</b>	<b>\$ 2,834,063</b>	<b>\$ 2,927,163</b>	<b>\$ 3,697,901</b>	<b>\$ 770,738</b>

**DOLORES COUNTY, COLORADO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balance - Budget and Actual  
Social Service Fund  
For the Year Ended December 31, 2018

	Budget		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes				
General property taxes	\$ 313,279	\$ 313,279	\$ 320,779	\$ 7,500
Specific ownership taxes	10,000	10,000	10,712	712
Total taxes	<u>323,279</u>	<u>323,279</u>	<u>331,491</u>	<u>8,212</u>
Intergovernmental revenues				
Programs Settled by CFMS				
Colorado Works	66,180	66,180	73,720	7,540
Child Care	37,748	37,748	9,663	(28,085)
Child Welfare	141,000	141,000	114,912	(26,088)
County Administration	105,329	105,329	126,126	20,797
Core Services	25,000	25,000	(73)	(25,073)
Child Support Enforcement	5,000	5,000	2,171	(2,829)
LEAP	52,004	52,004	61,285	9,281
Adult Protective Services	17,117	17,117	12,192	(4,925)
Aid to Needy Disabled	4,599	4,599	4,755	156
Home Care Allowance	13,997	13,997	6,923	(7,074)
Old Age Pension	25,962	25,962	23,627	(2,335)
Food Assistance	224,894	224,894	233,154	8,260
Child Welfare Discretionary Grants	27,864	27,864	17,803	(10,061)
Federal and State Incentives			74,591	74,591
Other	20,030	20,030	1,577	(18,453)
Total programs settled by CFMS	<u>766,724</u>	<u>766,724</u>	<u>762,426</u>	<u>(4,298)</u>
Other				
Medicaid Transport	43,630	43,630	22,636	(20,994)
HB 1451			15,958	15,958
Other	6,100	6,100	2,980	(3,120)
Total Other	<u>49,730</u>	<u>49,730</u>	<u>41,574</u>	<u>(8,156)</u>
Total intergovernmental revenues	<u>816,454</u>	<u>816,454</u>	<u>804,000</u>	<u>(12,454)</u>
Total revenues	<u>1,139,733</u>	<u>1,139,733</u>	<u>1,135,491</u>	<u>(4,242)</u>
Expenditures				
Public health and welfare				
Programs Settled by CFMS				
Colorado Works	66,180	66,180	83,653	(17,473)
Child Care	37,748	37,748	11,395	26,353
Child Welfare	141,000	141,000	142,711	(1,711)
County Administration	241,295	241,295	151,292	90,003
Core Services	25,000	25,000	25,000	
Child Support Enforcement	5,000	5,000	2,573	2,427
LEAP	52,004	52,004	61,285	(9,281)
Adult Protective Services	17,117	17,117	15,240	1,877
Aid to Needy Disabled	4,599	4,599	5,944	(1,345)
Home Care Allowance	13,997	13,997	7,287	6,710
Old Age Pension	25,962	25,962	23,627	2,335
Food Assistance	224,894	224,894	233,154	(8,260)
Child Welfare Discretionary Grants	27,864	27,864	19,781	8,083
Other	7,296	7,296	7,296	
Total programs settled by CFMS	<u>889,956</u>	<u>889,956</u>	<u>757,942</u>	<u>132,014</u>
Other				
Medicaid Transport	43,630	43,630	22,636	20,994
HB 1451			2,108	(2,108)
Capital Outlay	1,205,000	1,205,000		1,205,000
Other	18,727	18,727	11,982	6,745
Total other	<u>1,267,357</u>	<u>1,267,357</u>	<u>36,726</u>	<u>1,230,631</u>
Total expenditures	<u>2,157,313</u>	<u>2,157,313</u>	<u>794,668</u>	<u>1,362,645</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,017,580)</u>	<u>(1,017,580)</u>	<u>340,823</u>	<u>1,358,403</u>
Other financing sources (uses)				
Transfers in	6,000	6,000	5,000	(1,000)
Total other financing sources (uses)	<u>6,000</u>	<u>6,000</u>	<u>5,000</u>	<u>(1,000)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(1,011,580)</u>	<u>(1,011,580)</u>	<u>345,823</u>	<u>1,357,403</u>
Fund balance, beginning	1,114,030	1,114,030	1,135,060	21,030
Fund balance, ending	<u>\$ 102,450</u>	<u>\$ 102,450</u>	<u>\$ 1,480,883</u>	<u>\$ 1,378,433</u>

**DOLORES COUNTY, COLORADO**

Other Supplementary Information

December 31, 2018

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Combining Statements- Non-major governmental funds  
Budgetary Comparison Schedule-Senior Services Fund  
Budgetary Comparison Schedule-Conservation Trust Fund  
Budgetary Comparison Schedule-Ormiston Fund  
Budgetary Comparison Schedule-Contigency Fund  
Budgetary Comparison Schedule-Public Health Fund  
Budgetary Comparison Schedule-Enterprise fund

## **DOLORS COUNTY, COLORADO**

### **Non-major Governmental Funds**

December 31, 2018

#### **Special Revenue Funds**

Special revenue funds are used to account for taxes and other designated revenues of the County which are used for a specified purpose as required by law or administrative action.

#### **Senior Services Fund**

This fund accounts for the activities related to the Cahone Senior Center. It was formed in 2006. Previously, these activities had been accounted for in the General Fund.

#### **Conservation Trust Fund**

This fund accounts for the County's share of lottery proceeds from the state to pay for local conservation efforts.

#### **Clara Ormiston Fund**

This fund accounts for money received from the Clara Ormiston Trust to help residents of the county with health care costs for the treatment of cancer.

#### **Contingent Fund**

This fund is required by state law. This fund accounts for expenditures not reasonably foreseen at the time the budget is adopted.

#### **Public Health Fund**

This fund was formed in 2009 and accounts for the public health department activities of the County.

**DOLORES COUNTY**  
Combining Balance Sheet  
Non Major Governmental Funds

December 31, 2018

Special Revenue Funds

	Senior Services Fund	Conservation Trust Fund	Clara Ormiston Fund	Contingency Fund	Public Health Fund	Total
<b>Assets</b>						
Cash	\$ 251,047	\$ 64,160	\$ 33,768	\$ 1,188,882	\$ 45,028	\$ 1,582,885
Property tax receivable	149,883					149,883
Due from other governments					3,125	3,125
<b>Total Assets</b>	<b>\$ 400,930</b>	<b>\$ 64,160</b>	<b>\$ 33,768</b>	<b>\$ 1,188,882</b>	<b>\$ 48,153</b>	<b>\$ 1,735,893</b>
<b>Liabilities</b>						
Accounts payable	\$ 10,033				\$ 886	\$ 10,919
<b>Total Liabilities</b>	<b>10,033</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>886</b>	<b>10,919</b>
<b>Deferred Inflows of Resources</b>						
Deferred property tax revenue	149,883					149,883
<b>Fund Balances</b>						
Restricted						
Cancer treatments			\$ 33,768			33,768
Senior services	241,014					241,014
Parks and recreation		\$ 64,160				64,160
Contingencies				\$ 1,188,882		1,188,882
Public health					47,267	47,267
<b>Total Fund Balances</b>	<b>241,014</b>	<b>64,160</b>	<b>33,768</b>	<b>1,188,882</b>	<b>47,267</b>	<b>1,575,091</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 400,930</b>	<b>\$ 64,160</b>	<b>\$ 33,768</b>	<b>\$ 1,188,882</b>	<b>\$ 48,153</b>	<b>\$ 1,735,893</b>

**DOLORES COUNTY**  
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances  
Non Major Governmental Funds

For the Year Ended December 31, 2018

	Special Revenue Funds					Total
	Senior Services Fund	Conservation Trust Fund	Clara Ormiston Fund	Contingency Fund	Public Health Fund	
<b>Revenues</b>						
Taxes	\$ 214,282			\$ 107,141		\$ 321,423
Intergovernmental	292,843	\$ 10,642		111	\$ 107,494	411,090
Charges for services						
Public health	102,772				7,082	109,854
Earnings on investments			\$ 1,733			1,733
Miscellaneous	1,471				79	1,550
<b>Total Revenues</b>	<u>611,368</u>	<u>10,642</u>	<u>1,733</u>	<u>107,252</u>	<u>114,655</u>	<u>845,650</u>
<b>Expenditures</b>						
General government				5,048		5,048
Health and welfare	613,616				184,186	797,802
<b>Total expenditures</b>	<u>613,616</u>	<u>-</u>	<u>-</u>	<u>5,048</u>	<u>184,186</u>	<u>802,850</u>
Excess revenues over (under) expenditures	(2,248)	10,642	1,733	102,204	(69,531)	42,800
<b>Other financing sources (uses)</b>						
Operating transfers in	12,000				50,750	62,750
Operating transfers out		(5,871)	(5,000)			(10,871)
<b>Total other financing sources (uses)</b>	<u>12,000</u>	<u>(5,871)</u>	<u>(5,000)</u>	<u>-</u>	<u>50,750</u>	<u>51,879</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>9,752</u>	<u>4,771</u>	<u>(3,267)</u>	<u>102,204</u>	<u>(18,781)</u>	<u>94,679</u>
Fund Balances beginning of the year	231,262	59,389	37,035	1,086,678	66,048	1,480,412
<b>Fund Balances end of the year</b>	<u>\$ 241,014</u>	<u>\$ 64,160</u>	<u>\$ 33,768</u>	<u>\$ 1,188,882</u>	<u>\$ 47,267</u>	<u>\$ 1,575,091</u>

**DOLORES COUNTY, COLORADO**

Schedule of Revenues, Expenditures and Changes in  
Fund Balances- Budget and Actual  
Senior Services Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
General property taxes	\$ 162,557	\$ 162,557	\$ 166,466	\$ 3,909
Delinquent tax and interest	40,977	40,977	40,868	(109)
Specific ownership taxes	7,000	7,000	6,948	(52)
Total taxes	<u>210,534</u>	<u>210,534</u>	<u>214,282</u>	<u>3,748</u>
Intergovernmental revenues				
Impact assistance			222	222
Grants				
OAA grant	118,200	118,200	133,762	15,562
CDOT grant	136,200	136,200	134,370	(1,830)
Other grants and donations	52,714	52,714	24,489	(28,225)
Total intergovernmental revenues	<u>307,114</u>	<u>307,114</u>	<u>292,843</u>	<u>(14,271)</u>
Charges for services				
Public health	78,400	78,400	102,772	24,372
Total charges for services	<u>78,400</u>	<u>78,400</u>	<u>102,772</u>	<u>24,372</u>
Miscellaneous revenues				
Reimbursements	2,000	2,000	1,414	(586)
Other	100	100	57	(43)
Total miscellaneous revenues	<u>2,100</u>	<u>2,100</u>	<u>1,471</u>	<u>(629)</u>
<b>Total revenues</b>	<u>598,148</u>	<u>598,148</u>	<u>611,368</u>	<u>13,220</u>
<b>Expenditures</b>				
Health and welfare	610,148	610,148	613,616	(3,468)
<b>Total expenditures</b>	<u>610,148</u>	<u>610,148</u>	<u>613,616</u>	<u>(3,468)</u>
Excess (deficit) of revenues over (under) expenditures	<u>(12,000)</u>	<u>(12,000)</u>	<u>(2,248)</u>	<u>9,752</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	12,000	12,000	12,000	-
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>-</u>	<u>-</u>	<u>9,752</u>	<u>9,752</u>
Fund balance, beginning	197,757	197,757	231,262	33,505
<b>Fund balance, ending</b>	<u>\$ 197,757</u>	<u>\$ 197,757</u>	<u>\$ 241,014</u>	<u>\$ 43,257</u>

**DOLORES COUNTY**  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances-Budget and Actual  
Conservation Trust Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Intergovernmental				
Lottery funds	\$ 9,000	\$ 9,000	\$ 10,642	\$ 1,642
<b>Total Revenues</b>	<u>9,000</u>	<u>9,000</u>	<u>10,642</u>	<u>1,642</u>
<b>Other financing sources (uses)</b>				
Operating transfers out	(7,500)	(7,500)	(7,312)	188
<b>Total other financing sources (uses)</b>	<u>(7,500)</u>	<u>(7,500)</u>	<u>(7,312)</u>	<u>188</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>1,500</u>	<u>1,500</u>	<u>3,330</u>	<u>1,830</u>
Fund Balances beginning of the year	54,466	54,466	59,389	4,923
<b>Fund Balances end of the year</b>	<u>\$ 55,966</u>	<u>\$ 55,966</u>	<u>\$ 62,719</u>	<u>\$ 6,753</u>

**DOLORES COUNTY**  
Schedule of Revenues, Expenditures, and Changes in  
Fund Balances-Budget and Actual  
Clara Ormiston Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
<b>Revenues</b>				
Earnings on investments	\$ 200	\$ 200	\$ 1,733	\$ 1,533
<b>Total Revenues</b>	<u>200</u>	<u>200</u>	<u>1,733</u>	<u>1,533</u>
<b>Other financing sources (uses)</b>				
Operating transfers out	(3,000)	(3,000)	(5,000)	(2,000)
<b>Total other financing sources (uses)</b>	<u>(3,000)</u>	<u>(3,000)</u>	<u>(5,000)</u>	<u>(2,000)</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(2,800)</u>	<u>(2,800)</u>	<u>(3,267)</u>	<u>(467)</u>
Fund Balances beginning of the year	29,514	29,514	37,035	7,521
<b>Fund Balances end of the year</b>	<u>\$ 26,714</u>	<u>\$ 26,714</u>	<u>\$ 33,768</u>	<u>\$ 7,054</u>

**DOLORES COUNTY**  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balances-Budget and Actual  
Contingency Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes				
General property taxes	\$ 81,278	\$ 81,278	\$ 83,233	\$ 1,955
Specific ownership taxes		-	3,474	3,474
Delinquent tax and interest	20,326	20,326	20,434	108
Total taxes	<u>101,604</u>	<u>101,604</u>	<u>107,141</u>	<u>5,537</u>
Intergovernmental revenues				
Impact assistance	50	50	111	61
Total intergovernmental revenues	<u>50</u>	<u>50</u>	<u>111</u>	<u>61</u>
<b>Total Revenues</b>	<u>101,654</u>	<u>101,654</u>	<u>107,252</u>	<u>5,598</u>
<b>Expenditures</b>				
General government	5,087	5,087	5,048	39
<b>Total expenditures</b>	<u>5,087</u>	<u>5,087</u>	<u>5,048</u>	<u>39</u>
<b>Excess revenues over (under) expenditures</b>	<u>96,567</u>	<u>96,567</u>	<u>102,204</u>	<u>5,637</u>
Fund Balances beginning of the year	1,172,690	1,172,690	1,086,678	(86,012)
<b>Fund Balances end of the year</b>	<u>\$ 1,269,257</u>	<u>\$ 1,269,257</u>	<u>\$ 1,188,882</u>	<u>\$ (80,375)</u>

**DOLORES COUNTY**  
Schedule of Revenues, Expenditures, and Changes in Fund Balances  
Public Health Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Intergovernmental				
Grants				
WIC	\$ 29,240	\$ 29,240	\$ 27,632	\$ (1,608)
Other grants	88,000	88,000	79,862	(8,138)
Total intergovernmental revenues	<u>117,240</u>	<u>117,240</u>	<u>107,494</u>	<u>(9,746)</u>
Charges for services				
Public health	3,050	3,050	7,082	4,032
Total charges for services	<u>3,050</u>	<u>3,050</u>	<u>7,082</u>	<u>4,032</u>
Miscellaneous		-	79	79
<b>Total revenues</b>	<u>120,290</u>	<u>120,290</u>	<u>114,655</u>	<u>(5,635)</u>
<b>Expenditures</b>				
Health and welfare	227,681	227,681	184,186	43,495
<b>Total expenditures</b>	<u>227,681</u>	<u>227,681</u>	<u>184,186</u>	<u>43,495</u>
Excess (deficit) of revenues over (under) expenditures	<u>(107,391)</u>	<u>(107,391)</u>	<u>(69,531)</u>	<u>37,860</u>
<b>Other financing sources (uses)</b>				
Operating transfers in	75,750	75,750	50,750	(25,000)
<b>Total other financing sources (uses)</b>	<u>75,750</u>	<u>75,750</u>	<u>50,750</u>	<u>(25,000)</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses</b>	<u>(31,641)</u>	<u>(31,641)</u>	<u>(18,781)</u>	<u>12,860</u>
Fund Balances beginning of the year	38,165	38,165	66,048	27,883
<b>Fund Balances end of the year</b>	<u>\$ 6,524</u>	<u>\$ 6,524</u>	<u>\$ 47,267</u>	<u>\$ 40,743</u>

**DOLORES COUNTY, COLORADO**

Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual  
Proprietary Fund

Dove Creek Mandatory Pest Control District

For the Year Ended December 31, 2018

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
<b>Operating Revenues</b>				
Weed control revenue	\$ 68,500	\$ 68,500	\$ 56,600	\$ (11,900)
Total local sources	68,500	68,500	56,600	(11,900)
<b>Operating Expenses</b>				
Chemicals	44,932	44,932	17,456	27,476
Salaries and benefits	91,488	91,488	60,264	31,224
Supplies	400	400	128	272
Professional fees	3,000	3,000	1,000	2,000
Telephone and utilities	5,100	5,100	3,703	1,397
Insurance	3,000	3,000		3,000
Travel	3,000	3,000	3,667	(667)
Office	300	300	427	(127)
Dues and meetings	2,500	2,500	810	1,690
Repairs	8,000	8,000	4,487	3,513
Treasurer's fees	8,933	8,933	10,209	(1,276)
Miscellaneous	6,400	6,400	3,320	3,080
Capital outlay	90,000	90,000	103,963	(13,963)
<b>Total Operating Expenses</b>	267,053	267,053	209,434	57,619
Operating income (loss)	(198,553)	(198,553)	(152,834)	45,719
<b>Non-Operating Revenue</b>				
Property tax	150,156	150,156	154,485	4,329
Specific ownership tax	6,000	6,000	6,425	425
Delinquent tax and interest	42,480	42,480	44,494	2,014
Impact aid			97	97
<b>Total Non-Operating Revenue</b>	198,636	198,636	205,501	6,865
Change in net assets non GAAP basis	83	83	52,667	52,584
Add capital outlay			103,963	103,963
Less depreciation expense			(18,769)	(18,769)
Change in net position	83	83	137,861	137,778
Net position beginning of the year	691,005	691,005	927,851	236,846
<b>Net position end of the year</b>	\$ 691,088	\$ 691,088	\$ 1,065,712	\$ 374,624

## INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

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

To the Board of County Commissioners  
Dolores County, Colorado  
Dove Creek, Colorado 81324

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Dolores County, Colorado as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Dolores County, Colorado's basic financial statements and have issued our report thereon dated July 22, 2019.

**Internal Control Over Financial Reporting**

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

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

severe than a material weakness, yet important enough to merit attention by those charges with governance.

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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



Majors and Haley, P.C.  
July 22, 2019

Majors and Haley, P.C.  
Certified Public Accountants

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Lori Hasty Haley, CPA

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of County Commissioners  
Dolores County, Colorado  
Dove Creek, Colorado 81324

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

We have audited the Dolores County, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dolores County, Colorado's major federal programs for the year ended December 31, 2018. The Dolores County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

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

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

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

In our opinion, the Dolores County, Colorado complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

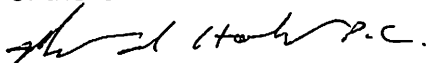
### **Report on Internal Control Over Compliance**

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

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

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

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



Majors and Haley, P.C.  
July 22, 2019

**DOLORES COUNTY, COLORADO**

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE  
For The Year Ended December 31, 2018

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Disbursements/ Expenditures
U.S. Department of Agriculture		
Passed through the Colorado Department of Human Services		
SNAP Administration	10.561	\$ 38,619
Passed through the Colorado Department of Public Health and Environment		
Special Supplemental Food-WIC	10.557	9,712
U.S. Department of Health and Human Services		
Passed through the Colorado Department of Public Health and Environment		
Immunization Core	93.539	2,400
Immunization Core Services	93.268	450
CHAPS Grant	93.758	5,000
Public Health Emergency Preparedness	93.074	15,029
Maternal and Child Health Services	93.994	2,562
Zika Straight Pay	93.069	3,301
		<u>28,742</u>
Passed through the Colorado Department of Human Services		
TANF-Colorado Works	93.558	73,099
Title IV-E Guard	93.090	252
Title IV-E Foster Care	93.658	25,045
Title XX Block Grant	93.667	10,694
Title IV-D Administration	93.563	9,734
Low Income Home Energy Assistance (LEAP)	93.568	60,979
Child Care Development Fund	93.596	561
Child Care Development Fund-Discretion	93.575	6,503
Title IV-E Adoption	93.659	3,443
Other	93.XXX	4
		<u>190,314</u>
Passed through the Colorado Department of Health Care Policy and Finance		
Title XIX Medicaid	93.778	46,244
U.S. Department of Transportation		
Passed through the Colorado Department of Transportation		
Rural Vehicle Replacement BOC	20.513	99,395
Formula Grant for Rural Areas	20.509	36,750
		<u>136,145</u>
U.S. Department of Agriculture		
Rural Development Block Grant	10.766	6,263
Secure Rural Schools	10.665	425,722
		<u>431,985</u>
Total		<u>\$ 881,761</u>

## **DOLORES COUNTY, COLORADO**

### **NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE For the Year Ended December 31, 2018**

#### **BASIS OF PRESENTATION**

The accompanying Schedule of Federal Financial Assistance includes the federal grant activity of Dolores County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

#### **FOOD DISTRIBUTION**

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

#### **SUBRECIPIENTS**

Dolores County had no sub-recipients of federal funds for the year ended December 31, 2018.

## **DOLORES COUNTY, COLORADO**

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS For the Year Ended December 31, 2018**

#### **SUMMARY OF AUDIT RESULTS**

1. The auditors' report expresses an unqualified opinion on the (general purpose) financial statements of Dolores County, Colorado.
2. No instances of noncompliance material to the (general purpose) financial statements of Dolores County, Colorado were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for Dolores County, Colorado expressed an unqualified opinion on all major programs.
4. No instances of audit findings relating to major programs were disclosed during the audit.
5. The programs tested as major programs included:  
Secure Rural Schools  
CFDA Number 10.665
6. The threshold for distinguishing Type A and B programs was \$750,000.
7. Dolores County, Colorado was not determined to be a low-risk auditee.

#### **FINDINGS RELATED TO THE FINANCIAL STATEMENTS**

There were no reportable findings related to the financial statements.

#### **FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no reportable findings or questioned costs related to federal awards.

**DOLORES COUNTY, COLORADO**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**  
**For the Year Ended December 31, 2018**

There were no findings or questioned costs relative to federal awards in the prior year.

**DOLORES COUNTY, COLORADO**

**SCHEDULE OF CORRECTIVE ACTION PLAN**  
**For the Year Ended December 31, 2018**

There were no audit findings to be included in the current audit report; therefore, a corrective action plan is not necessary.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: County YEAR ENDING : December 31, 2018
This Information From The Records Of (example - City of _ or County of _) Dolores County, Colorado	Prepared By: Majors and Haley P.C. Phone: 970-565-9521

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

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

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

ITEM	AMOUNT
<b>A. Receipts from local sources:</b>	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	0
3. Other local imposts (from page 2)	714,461
4. Miscellaneous local receipts (from page 2)	216,810
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	931,271
<b>B. Private Contributions</b>	
<b>C. Receipts from State government</b> (from page 2)	2,272,921
<b>D. Receipts from Federal Government</b> (from page 2)	196,665
<b>E. Total receipts (A.7 + B + C + D)</b>	3,400,857

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

ITEM	AMOUNT
<b>A. Local highway disbursements:</b>	
1. Capital outlay (from page 2)	0
2. Maintenance:	2,441,116
3. Road and street services:	
a. Traffic control operations	25,188
b. Snow and ice removal	171,740
c. Other	
d. Total (a. through c.)	196,928
4. General administration & miscellaneous	194,297
5. Highway law enforcement and safety	
6. Total (1 through 5)	2,832,341
<b>B. Debt service on local obligations:</b>	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
<b>C. Payments to State for highways</b>	
<b>D. Payments to toll facilities</b>	
<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,832,341

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

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

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,129,385	3,400,857	2,832,341	3,697,901	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 31, 2018

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	691,112	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	12,000
4. Licenses		f. Charges for Services	112,710
5. Specific Ownership &/or Other	23,349	g. Other Misc. Receipts	
6. Total (1. through 5.)	23,349	h. Other	92,100
c. Total (a. + b.)	714,461	i. Total (a. through h.)	216,810
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	1,970,286	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	196,665
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	9,221	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant	293,414	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	302,635	g. Total (a. through f.)	196,665
4. Total (1. + 2. + 3.f)	2,272,921	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: