

MONTEZUMA COUNTY, COLORADO

Accountants' Reports
and
Basic Financial Statements

December 31, 2018

MONTEZUMA COUNTY, COLORADO

TABLE OF CONTENTS December 31, 2018

Independent Auditors' Report on Basic Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	1-2
Management's Discussion and Analysis	3-13
Basic Financial Statements	
Government -Wide Financial Statements	
Statement of Net Position	14
Statement of Activities	15
Fund Financial Statements	
Balance Sheet-Governmental Funds and the Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	16
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds to the Statement of Activities	18
Statement of Net Position-Proprietary Funds	19
Statement of Revenues, Expenses, and Changes in Net Position-Proprietary Funds	20
Statement of Cash Flows-Proprietary Funds	21
Statement of Fiduciary Net Assets	22
Notes to the Financial Statements	23-40
Required Supplemental Information	41
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	42-44
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual- Road and Bridge Fund	45
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual- Social Services Fund	46-47
Other Supplementary Information	48
Non Major Governmental Funds	49
Combining Balance Sheet-Nonmajor Governmental Funds	50
Combining Statement of Revenues, Expenditures and Changes in Fund Balances-Nonmajor Governmental Funds	51
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Public Health Fund	52
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Conservation Trust Fund	53

MONTEZUMA COUNTY, COLORADO

TABLE OF CONTENTS December 31, 2018

Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Ormiston Fund	54
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Emergency Telephone Fund	55
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Sheriff's Forfeiture Fund	56
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Revolving Loan Fund	57
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Lodger's Tax Fund	58
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Emergency Reserve Fund	59
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Contingent Fund	60
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual Law Enforcement Authority Fund	61
Schedule of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-Capital Fund	62
Statement of Revenues, Expenditures and Changes in Net Position-Budget and Actual-Landfill Fund	63
Statement of Revenues, Expenditures and Changes in Net Position-Budget and Actual-Fleet Fund	64
Information Required by Oversight Authorities	65
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements in Accordance with Government Auditing Standards	66-67
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	68-69
Schedule of Federal Financial Assistance	70
Notes to the Schedule of Federal Financial Assistance	71
Schedule of Findings and Questioned Costs	72
Summary of Prior Audit Findings	73
Schedule of Corrective Action Plan	74
Local Highway Finance Report	75-76

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

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 Montezuma 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 Montezuma 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 41 through 47 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 Montezuma 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 9, 2019, on our consideration of the Montezuma 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 Montezuma County, Colorado's internal control over financial reporting and compliance.



Majors and Haley, P.C.
July 9, 2019

MONTEZUMA 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 \$470,193. Net position of governmental activities increased \$539,869 which represents a 1.05 percent increase from 2017. Net position of business type activities decreased \$69,676 or 5.3 percent from 2017.
- General revenues accounted for \$14,256,023 in revenue or 39 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$22,327,226 or 61 percent of total revenues of \$36,583,249.
- Governmental activities total assets increased by \$718,935. Total liabilities decreased by \$539,294. Deferred inflows of resources increased by \$718,360.
- The County incurred \$34,801,163 in expenses related to government activities. \$21,085,009 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily mineral leasing and property taxes) of \$14,256,023 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$12,512,836 in revenues including net transfers, and \$11,793,646 in expenditures. It's fund balance increased by \$719,190 from \$14,881,268 to \$15,600,458.
- Net position of the Enterprise Fund decreased from \$1,312,530 to \$1,242,854.

MONTEZUMA 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 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 public works 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 landfill 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 and liabilities. All of

MONTEZUMA COUNTY, COLORADO

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

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 and liabilities) is one way to measure the County's financial position.

- Over time, increases or decreases in the County's net position is 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 safety, public health, public works, and culture and recreation. These activities are financed mainly through property taxes and grants.
- **Business-type activities-** The County charges fees to help cover the costs of certain services it provides. The County's landfill facility 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:

- **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

MONTEZUMA COUNTY, COLORADO

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

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. The County uses an enterprise fund to account for its landfill operations

The other type of proprietary fund is an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account its internal fleet costs.

- **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 \$401,614. Total liabilities decreased by \$786,939. Deferred inflows of resources increased by \$718,360.

The County's combined net position was larger on December 31, 2018 than it was at December 31, 2017, increasing by .9 percent to \$53,148,044. All of the increase came from its governmental activities, the net position of which

MONTEZUMA COUNTY, COLORADO

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

increased \$539,839 to \$51,905,190. The net position of the County's business type activities decreased \$69,676 to \$1,242,854.

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
Assets						
Current assets	\$ 41.661	\$ 40.031	\$ 0.489	\$ 0.621	\$ 42.150	\$ 40.652
Capital assets	21.570	22.481	2.148	2.334	23.718	24.815
Total assets	63.231	62.512	2.637	2.955	65.868	65.467
Liabilities						
Current liabilities	1.667	2.103	1.394	1.642	3.061	3.745
Noncurrent liabilities	0.593	0.697			0.593	0.697
Deferred inflows of resources	9.066	8.347			9.066	8.347
Net Position						
Invested in capital	20.333	20.995	1.243	1.313	21.576	22.308
Nonspendable	0.050	0.050			0.050	0.050
Restricted	10.108	10.676			10.108	10.676
Unrestricted	21.414	19.644			21.414	19.644
Total net position	\$ 51.905	\$ 51.365	\$ 1.243	\$ 1.313	\$ 53.148	\$ 52.678

MONTEZUMA 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	\$ 2.654	\$ 4.243	\$ 1.242	\$ 1.372	\$ 3.896	\$ 5.615
Operating grants	18.431	17.904			18.431	17.904
Capital grants		1.960			-	1.960
General revenues						
Property taxes	9.008	9.980			9.008	9.980
Mineral leasing	2.185	1.716			2.185	1.716
Other	3.063	3.306			3.063	3.306
Total revenues	35.341	39.109	1.242	1.372	36.583	40.481
Expenses						
General government	4.320	4.440			4.320	4.440
Public safety	7.189	7.283			7.189	7.283
Public works	6.332	7.990	1.312	1.400	7.644	9.390
Public health and welfare	16.044	15.593			16.044	15.593
Culture and recreation	0.745	0.518			0.745	0.518
Depreciation-unallocated	0.171	0.156			0.171	0.156
Total expenses	34.801	35.980	1.312	1.400	36.113	37.380
Increase (decrease) in net position	\$ 0.540	\$ 3.129	\$ (0.070)	\$ (0.028)	\$ 0.470	\$ 3.101

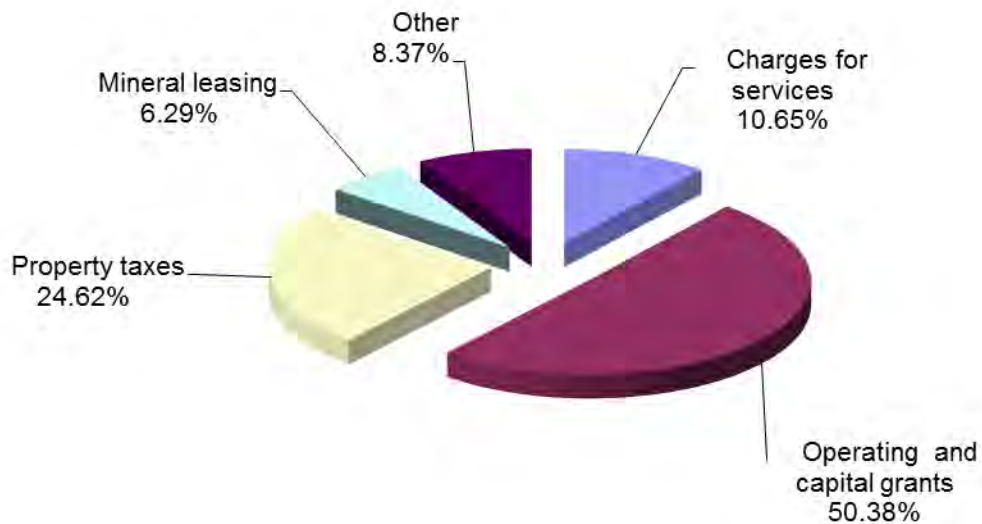
MONTEZUMA COUNTY, COLORADO

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

Operating and capital grants and property taxes accounted for most of the County's total revenue, with each contributing 50.38 percent and 24.62 percent respectively (See Table 3). Another 10.65 percent came from charges for services and the remainder from mineral leasing, and other sources.

The County's expenses are predominately related to public health and welfare, (44.4 percent), public works (21.2 percent) and public safety (19.9 percent) (See Table 4). The County's general government activities accounted for 12 percent of total costs.

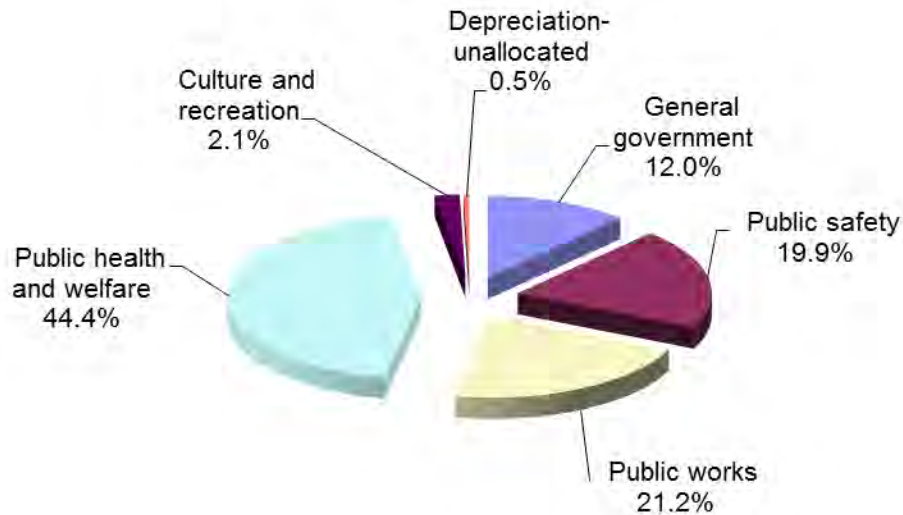
Table 3
Sources of Revenue for Fiscal Year 2018



MONTEZUMA 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 75 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 and sales taxes.

MONTEZUMA 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	\$ 4.320	\$ 4.440	\$ 3.398	\$ 3.549
Public safety	7.189	7.283	5.914	4.114
Public works	6.332	7.990	2.836	2.994
Public health and welfare	16.044	15.593	0.997	0.929
Culture and recreation	0.745	0.518	0.400	0.131
Depreciation-unallocated	0.171	0.156	0.171	0.156
Total	<u>\$ 34.801</u>	<u>\$ 35.980</u>	<u>\$ 13.716</u>	<u>\$ 11.873</u>

- The cost of all governmental activities during the year was \$34.801 million.
- Some of the cost was financed by the users of the County's programs (\$2.654 million)
- Federal and state government subsidized certain programs with grants and contributions (\$18.431 million).
- However, \$14.256 million was financed by state and county taxpayers. This portion of governmental activities was financed with \$9.008 million in property taxes, \$2.185 million in mineral leasing and \$3.063 million in other general revenues.

Business-type Activities

Business-type activities are made up of the Landfill Fund. This program had revenues of \$1.242 million and expenses of \$1.312 million. Business-type activities receive no support from tax revenue.

MONTEZUMA 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 \$35.737 million and expenditures of \$34.535 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 revised the annual operating budget by making an increase in appropriations.

- Increases in appropriations were due primarily to increases in expenditures that were not foreseen at the time of the original budget.
- Actual expenditures were \$1,134,996 under budget, primarily because the County closely monitored expenditures in an effort to remain below budget levels.

CAPITAL ASSET ADMINISTRATION

By the end of 2018, the County has invested \$41.340 million in land, buildings, and equipment (including vehicles), of this total \$35.879 million was from governmental activities.

Table 6 shows capital assets for 2018 compared to 2017:

MONTEZUMA 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		Business-Type		Total	
	Activities		Activities		County	
	2018	2017	2018	2017	2018	2017
Land	\$ 1.344	\$ 1.344			\$ 1.344	\$ 1.344
Infrastructure	1.859	1.859			1.859	1.859
Buildings	21.897	22.488			21.897	22.488
Equipment	10.779	11.028	\$ 5.461	\$ 5.413	16.240	16.441
Total	<u>\$ 35.879</u>	<u>\$ 36.719</u>	<u>\$ 5.461</u>	<u>\$ 5.413</u>	<u>\$ 41.340</u>	<u>\$ 42.132</u>

Additional information on the County's capital assets can be found in the Notes to the Financial Statements on page 33 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 Montezuma County Administration Office, 109 W Main, Room 302 Cortez, Colorado 81321.

MONTEZUMA COUNTY, COLORADO
Statement of Net Position

December 31, 2018

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 31,129,780	\$ 445,086	\$ 31,574,866
Property taxes receivable	9,065,668		9,065,668
Due from other funds	45,347	43,500	88,847
Other receivables	955,196		955,196
Due from state	187,669		187,669
Due from other governments	227,502		227,502
Inventory	50,000		50,000
Capital assets	35,878,969	5,461,382	41,340,351
Accumulated depreciation	(14,309,379)	(3,312,745)	(17,622,124)
Total capital assets, net of depreciation	21,569,590	2,148,637	23,718,227
Total Assets	63,230,752	2,637,223	65,867,975
Liabilities			
Accounts payable	382,777	47,667	430,444
Accrued closure costs		1,257,855	1,257,855
Due to other funds		88,847	88,847
Due to other governments	58,206		58,206
Payments in arrears	888,215		888,215
Unearned revenue	337,243		337,243
Long-term liabilities			
Due in one year			-
Due in more than one year	593,453		593,453
Total Liabilities	2,259,894	1,394,369	3,654,263
Deferred Inflows of Resources			
Unearned property tax revenue	9,065,668		9,065,668
Net Position			
Net investment in capital assets	20,332,889	1,242,854	21,575,743
Nonspendable			
Inventories	50,000		50,000
Restricted			
Cancer treatments	44,603		44,603
TABOR	772,119		772,119
Roads and bridges	7,306,501		7,306,501
Public health and welfare	1,985,042		1,985,042
Unrestricted	21,414,036		21,414,036
Total Net Position	\$ 51,905,190	\$ 1,242,854	\$ 53,148,044

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Statement of Activities

For the Year Ended December 31, 2018

	Expenses	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities	Total
Governmental Activities							
General government	\$ 4,320,495	\$ 922,866			\$ (3,397,629)		\$ (3,397,629)
Public safety	7,188,654	764,432	\$ 509,811		(5,914,411)		(5,914,411)
Public works	6,331,848	283,567	3,212,090		(2,836,191)		(2,836,191)
Public health and welfare	16,043,954	602,413	14,444,958		(996,583)		(996,583)
Culture and recreation	745,172	80,516	264,356		(400,300)		(400,300)
Depreciation-unallocated	171,040				(171,040)		(171,040)
Total Governmental Activities	34,801,163	2,653,794	18,431,215	-	(13,716,154)		(13,716,154)
Business-Type Activities							
County landfill	1,311,893	1,242,217				\$ (69,676)	(69,676)
Total Business-Type Activities	1,311,893	1,242,217				(69,676)	(69,676)
Total County	\$ 36,113,056	\$ 3,896,011	\$ 18,431,215	\$ -	(13,716,154)	(69,676)	(13,785,830)

General Revenues

Property Tax for general purposes	9,008,210	9,008,210
Specific Ownership Tax for general purposes	1,052,579	1,052,579
Delinquent Tax and Interest	540,548	540,548
Lodgers Tax	134,161	134,161
Severance Tax	241,225	241,225
Intergovernmental		
Motor Vehicle License Fees	91,042	91,042
Mineral Leasing	2,185,027	2,185,027
Payment in Lieu of Taxes	183,292	183,292
Tobacco Taxes	5,955	5,955
Earnings on investments	392,056	392,056
Reimbursements	115,412	115,412
Royalties	265,087	265,087
Asset sales	(42,014)	(42,014)
Miscellaneous	83,443	83,443

Total General Revenues

14,256,023 - 14,256,023

Changes in Net Position

539,869 (69,676) 470,193

Net Position Beginning of the Year

51,365,321 1,312,530 52,677,851

Net Position End of the Year

\$ 51,905,190 \$ 1,242,854 \$ 53,148,044

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Balance Sheet
Governmental Funds

December 31, 2018

	General Fund	Road and Bridge Fund	Social Services Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash-unrestricted	\$ 15,816,079	\$ 6,240,714	\$ 1,965,772	\$ 2,255,381	\$ 4,580,722	\$ 30,858,668
Property taxes receivable	7,389,483	1,154,620	521,565			9,065,668
Due from other funds		1,000,000		45,103		1,045,103
Other receivables	59,831		888,215		7,150	955,196
Due from state			187,669			187,669
Due from other governments	29,143	166,504	7,118		24,737	227,502
Inventory		50,000				50,000
Total Assets	\$ 23,294,536	\$ 8,611,838	\$ 3,570,339	\$ 2,300,484	\$ 4,612,609	\$ 42,389,806
Liabilities						
Accounts payable	\$ 205,918	\$ 76,148		\$ 29,689	\$ 32,669	\$ 344,424
Due to other funds	98,677	24,569			503	123,749
Payments in arrears			\$ 888,215			888,215
Due to other governments			58,206			58,206
Unearned revenue			117,311		219,932	337,243
Total Liabilities	304,595	100,717	1,063,732	29,689	253,104	1,751,837
Deferred inflows of resources						
Deferred property tax revenues	7,389,483	1,154,620	521,565			9,065,668
Fund Balances						
Nonspendable						
Inventories		50,000				50,000
Restricted						
TABOR	50,000				722,119	772,119
Cancer treatments					44,603	44,603
Roads and bridges		7,306,501				7,306,501
Public health and welfare			1,985,042			1,985,042
Unrestricted						
Assigned for future year's expenditures	15,550,458			2,270,795	3,592,783	21,414,036
Total Fund Balances	15,600,458	7,356,501	1,985,042	2,270,795	4,359,505	31,572,301
Total Liabilities, Deferred inflows of resources and Fund Balances	\$ 23,294,536	\$ 8,611,838	\$ 3,570,339	\$ 2,300,484	\$ 4,612,609	\$ 42,389,806

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

Total Fund Balance Governmental Funds \$ 31,572,301

Amounts reported for governmental activities in the Statement of Net Position 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	\$ 32,896,835
Accumulated depreciation	<u>(12,362,842)</u>

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet. 20,533,993

Due in one year	-
Due in more than one year	<u>(593,453)</u>
	(593,453)

The internal service fund is used by the County to account for the internal transportation costs of the County. The assets and liabilities of the internal service fund are included with the governmental activities 392,349

Total Net Position Governmental Activities \$ 51,905,190

The accompanying notes are an integral part of this statement.

MONTEZUMA 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	Capital Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 8,035,752	\$ 1,431,330	\$ 561,394		\$ 954,253	\$ 10,982,729
Intergovernmental revenues	1,742,265	4,031,474	12,249,219	\$ 835,714	1,982,817	20,841,489
Charges for services	344,481	283,567			664,366	1,292,414
Fines and forfeitures	40,742					40,742
Earnings on investments	357,276				16,033	373,309
Fee accounts	1,381,822					1,381,822
Other	446,316	278,551		99,292		824,159
Total Revenues	12,348,654	6,024,922	12,810,613	935,006	3,617,469	35,736,664
Expenditures						
General government	4,129,734			414,377	160,100	4,704,211
Public safety	6,570,582			23,113	140,590	6,734,285
Public works		6,052,650				6,052,650
Public health and welfare	554,528		13,237,641		2,240,166	16,032,335
Culture and recreation	361,454			317,364		678,818
Total Expenditures	11,616,298	6,052,650	13,237,641	754,854	2,540,856	34,202,299
Excess revenues over (under) expenditures	732,356	(27,728)	(427,028)	180,152	1,076,613	1,534,365
Other Financing Sources (Uses)						
Transfers in (out)	164,182	3,735	2,153	(57,348)	(142,962)	(30,240)
Debt service principal	(170,583)	(121,567)				(292,150)
Debt service interest	(6,765)	(3,487)				(10,252)
Total Other Financing Sources (Uses)	(13,166)	(121,319)	2,153	(57,348)	(142,962)	(332,642)
Net Change in Fund Balances	719,190	(149,047)	(424,875)	122,804	933,651	1,201,723
Fund Balances beginning of the year	14,881,268	7,505,548	2,409,917	2,147,991	3,425,854	30,370,578
Fund Balances end of the year	\$ 15,600,458	\$ 7,356,501	\$ 1,985,042	\$ 2,270,795	\$ 4,359,505	\$ 31,572,301

The accompanying notes are an integral part of this statement.

MONTEZUMA 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 \$ 1,201,723

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	\$ 569,461	
Depreciation expense	<u>(911,714)</u>	
		(342,253)

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

Proceeds from the sale of capital assets	(353,618)	
Loss on asset sales	<u>(42,014)</u>	
		(395,632)

The change in net position of the internal service fund is reported with governmental activities (278,108)

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

Principal payments on capital leases	292,150	
Decrease in accrued compensated absences	<u>61,989</u>	
		354,139

Change in Net Position of Governmental Activities \$ 539,869

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Net Position Proprietary Funds

December 31, 2018

	Landfill Fund Enterprise Fund	Fleet Fund Internal Service Fund
Assets		
Current Assets		
Cash	\$ 445,086	\$ 271,111
Due from other funds	43,500	123,993
Total Current Assets	<u>488,586</u>	<u>395,104</u>
Noncurrent Assets		
Capital Assets	5,461,382	2,982,135
Accumulated Depreciation	(3,312,745)	(1,946,537)
Total Noncurrent Assets	<u>2,148,637</u>	<u>1,035,598</u>
Total Assets	<u>2,637,223</u>	<u>1,430,702</u>
Liabilities		
Current Liabilities		
Accounts payable	47,667	38,353
Due to other funds	88,847	1,000,000
Accrued closure costs	1,257,855	
Total Current Liabilities	<u>1,394,369</u>	<u>1,038,353</u>
Net Position		
Net investment in capital assets	1,242,854	392,349
Total Net Position	<u>\$ 1,242,854</u>	<u>\$ 392,349</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Revenues, Expenses, and Changes in Net Position Proprietary Funds

For the Year Ended December 31, 2018

	Landfill Fund Enterprise Fund	Fleet Fund Internal Service Fund
Operating Revenues		
Landfill fees	\$ 1,242,217	
Fleet fees		\$ 896,127
Total Operating Revenues	<u>1,242,217</u>	<u>896,127</u>
Operating Expenses		
Salaries	380,072	178,974
Employee benefits	127,053	62,096
Other operating expenses	133,960	653,608
Professional fees	186,546	4,702
Utilities	29,137	7,141
Insurance and bonds	34,763	60,119
Repairs and maintenance	108,162	
Depreciation	232,894	246,246
Total Operating Expenses	<u>1,232,587</u>	<u>1,212,886</u>
Operating income (loss)	<u>9,630</u>	<u>(316,759)</u>
Non-Operating Revenue (Expense)		
Increase in accrued closure costs	(72,626)	
Gain on sale of assets		8,411
Interfund loan interest	(6,680)	
Total Non-Operating Revenue (Expense)	<u>(79,306)</u>	<u>8,411</u>
Income (loss) before capital contributions and transfers	(69,676)	(308,348)
Transfers in		<u>30,240</u>
Change in net position	(69,676)	(278,108)
Net position beginning of the year	1,312,530	670,457
Net position end of the year	<u>\$ 1,242,854</u>	<u>\$ 392,349</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Cash Flows Proprietary Funds

For the Year Ended December 31, 2018

	Landfill Fund Enterprise Fund	Fleet Fund Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,242,217	
Cash received from interfund services		\$ 772,134
Cash payments to employees for services	(507,125)	(241,070)
Cash payments to suppliers for goods and services	(480,718)	(707,038)
Net Cash Flows provided (used) by Operating Activities	<u>254,374</u>	<u>(175,974)</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of equipment	(48,002)	(118,431)
Proceeds from sale of equipment		53,986
Repayment of interfund borrowing	(338,801)	(1,000,000)
Net Cash Flows provided (used) by Capital and Related Financing Activities	<u>(386,803)</u>	<u>(1,064,445)</u>
Cash Flows from Noncapital Financing Activities		
Transfers in		<u>30,240</u>
Net increase (decrease) in cash and cash equivalents	(132,429)	(1,210,179)
Cash and cash equivalents beginning of the year	577,515	1,481,290
Cash and cash equivalents end of the year	<u>\$ 445,086</u>	<u>\$ 271,111</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities		
Operating income (loss)	\$ 9,630	\$ (316,759)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	232,894	246,246
(Increase) or decrease in Due from other funds		(123,993)
Increase or (decrease) in Accounts payable	11,850	18,532
Net Cash Flows provided (used) by Operating Activities	<u>\$ 254,374</u>	<u>\$ (175,974)</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Fiduciary Net Position

As of December 31, 2018

	Agency Fund
Assets	
Cash	\$ 1,623,916
Total Assets	<u>1,623,916</u>
Liabilities	
Due to agency recipient	1,623,916
Total Liabilities	<u>1,623,916</u>
Net Position	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Summary of Significant Accounting Policies – Montezuma 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 – Montezuma County, Colorado is a statutory (non-home-rule) county and serves as an administrative unit of the State of Colorado.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

In applying these criteria, the Montezuma County Hospital District and the Montezuma County Housing Authority have been excluded from the financial statements of the reporting entity. These organizations are financially independent units that select a governing board, designate management staff, set user charges, establish budgets and control all aspects of daily activities.

The Montezuma County Sheriff's Department Forfeiture Account is a blended component unit of the County (primary government). A three-member board is appointed by the County which oversees the activities of the account. This blended component unit is accounted for as a Special Revenue Fund. Pursuant to C.R.S. Section 16-13-506, proceeds from the property ordered forfeited by the courts are placed in an account by the seizing agency and used for non-operating purposes. Expenditures of monies forfeited after July 1, 1992 must be approved by the board created pursuant to C.R.S. Section 16-13-702 (2).

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 and liabilities and 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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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”.

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.

Capital Projects Funds-

Capital Fund- accounts for revenue and expenditures related to general capital projects of the County.

Non-major Funds- The following 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 Public Health Fund, Conservation Trust Fund, Law Enforcement Authority Fund, Clara Ormiston Fund, Emergency Telephone Service Fund, Sheriff’s Forfeiture Fund, Revolving Loan Fund, Lodgers’ Tax Fund, Emergency Reserve Fund, and the Contingent Fund.

Proprietary Funds– focus 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 has the following proprietary funds:

Enterprise Fund-

Landfill Fund- is used to account for the financial transactions related to the landfill operations of the County.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Internal Service Fund-

Fleet Fund- is used to account for the County's internal transportation costs.

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.

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-

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net 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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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 Landfill 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.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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.

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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Description	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	15-50 Years
Furniture and Equipment	5-15 Years	5-20 Years
Vehicles	8 Years	5 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. Property taxes levied are recorded as deferred 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 vacation and sick leave. County employees accrue unlimited sick leave on the basis of one working day per month. Unused accrued sick leave shall not be paid at the time of termination of the employee's service, except in the event the employee terminated voluntarily in good standing after 5 years of service with the County and the employee has reached eligible retirement age. Such employees will be paid at the rate of 50% of wages for actual accumulated sick days up to a maximum of 15 days for 5 to 10 years of service, 25 days for the following 5 years, 45 days for 21 to 30 years and 60 days for over 31 years of service. County employees are entitled to paid vacation after completion of six months of service. All full-time employees begin to accumulate vacation at the time of entry into service. The rate of accumulation varies from 1 day per month for the first five years of employment up to 2.5 days per month after 25 years of service. Vacation is accumulated throughout each calendar year, but the maximum accumulation is 17 days for the first five years of service, 20 days for the following five years and 23 days for eleven years and over. For the Sheriff's department only, vacation time accrued during a given calendar year must be used in the immediately following year, or be forfeited.

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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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.

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.

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.

Net Position- Net position represents the difference between assets and liabilities. 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.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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 sales related to landfill operations and fleet services. 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 and investment pool that is available for use by all funds. Each fund type’s portion of this pool is displayed on the combined balance sheet as “Cash”.

Cash on the Combined Balance Sheet consisted of:

Cash on hand	\$ 71,435
Deposits and certificates of deposit	15,596,164
Investments at cost	17,531,183
Total cash and investments	<u>\$ 33,198,782</u>

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 at least equal to 102% of the uninsured deposits. The State Regulatory Commissions 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.

At December 31, the carrying amount of the County’s deposits was \$15,596,164 and the bank balance was \$15,847,329. Of the bank balance, \$1,148,753 was covered by federal depository insurance and \$14,698,576 was collateralized with securities held in single financial

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

institution collateral pools as provided by statute. Collateral for uninsured deposits is held by banks in the name of a number of government accounts of which the County is a part.

Investments- 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, the County had investments in two local government investment pools: the Colorado Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE). These investment pools are investment vehicles established for local government entities in Colorado to pool surplus funds for investment purposes. The pools are routinely monitored by the Colorado Division of Securities with regard to their operations and investments, which are subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in the pools 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 from Standard and Poor's, and CSAFE is rated AAAM from Standard and Poor's.

At December 31, the County had invested in money market funds with Wells Fargo and LPL Financial. These accounts are used to hold money from the sale of government securities until they are reinvested. All funds in these accounts will be reinvested in Federal Government securities and mortgages. The money market accounts are rated AAA from Standard and Poor's. These investments are not categorized because they are not evidenced by securities that exist in physical or book form.

At December 31, the County had the following investments subject to interest rate risk:

Investment Type	Cost	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Investment Pools					
COLOTRUST	\$ 13,722,486				
CSAFE	115,575				
	<u>13,838,061</u>				
Wells Fargo Money Market	754,808				
LPL Financial Money Market	16,110				
Federal Government backed securities and mortgages	2,922,204	<u>\$ 1,195,257</u>	<u>\$ 1,726,947</u>		
Total	<u>\$ 17,531,183</u>				

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

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 six months of continuous service. Contributions made by the employee are a minimum of five percent and a maximum of ten percent of gross salary, at the employees' discretion. Employees may make additional voluntary contributions not to exceed twenty five percent of compensation.

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 \$10,598,568. The covered payroll for retirement plan purposes was \$10,015,605. The 2018 employer and employee contributions to the plan were \$468,847 and \$547,457 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:

	Capital Assets Jan 1, 2018	Additions	Deletions/ Transfers	Capital Assets Dec 31, 2018
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,344,190			\$ 1,344,190
Total capital assets not depreciated	1,344,190	-	-	1,344,190
Capital assets, being depreciated:				
Buildings	22,488,041	\$ 340,863	\$ (932,228)	21,896,676
Equipment	11,027,199	347,029	(595,330)	10,778,898
Infrastructure	1,859,205			1,859,205
Total capital assets being depreciated	35,374,445	687,892	(1,527,558)	34,534,779
Less accumulated depreciation for:				
Buildings	(5,342,871)	(518,534)	673,626	(5,187,779)
Equipment	(7,499,171)	(586,306)	412,725	(7,672,752)
Infrastructure	(1,395,728)	(53,120)		(1,448,848)
Total accumulated depreciation	(14,237,770)	(1,157,960)	1,086,351	(14,309,379)
Total capital assets, being depreciated, net	21,136,675	(470,068)	(441,207)	20,225,400
Governmental Activities Capital Assets, net	\$ 22,480,865	\$ (470,068)	\$ (441,207)	\$ 21,569,590
Business Type Activities				
Equipment and facilities	\$ 5,413,380	\$ 48,002		\$ 5,461,382
Less accumulated depreciation	(3,079,851)	(232,894)		(3,312,745)
Business Type Activities Capital Assets net	\$ 2,333,529	\$ (184,892)	-	\$ 2,148,637

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Depreciation expense was charged as a direct expense to the following governmental programs:

General government	\$ 29,358
Public safety	316,543
Public works	316,800
Public health and welfare	11,619
Culture and recreation	66,354
Internal service fund	246,246
Unallocated	171,040
Total depreciation government activities	<u>\$ 1,157,960</u>

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

	<u>Due To (From)</u>
Colorado works	\$ 33,179
Child care	(1,166)
Child welfare	49,690
County administration	63,269
Core services	11,271
Child support	4,874
Adult protective services	10,248
PSSF Regional	19,234
Aid to needy disabled	(4,895)
Home care allowance	(1,036)
Old age pension	315
Food assistance	(215)
Federal and State incentives	3,353
Tanf collections retained	88
Medicaid collections	(540)
Net Amount Due From State	<u>\$ 187,669</u>

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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Operating Leases –In 2018, the County leased six blades from John Deere Financial with semi-annual payments of \$68,934.

The future minimum payments for these leases are as follows:

<u>Year</u>	<u>Payments</u>
2019	\$ 137,868
2020	68,934

Long-Term Debt-

Leases Payable-

In 2014, the County entered into a lease agreement for a John Deere backhoe. The lease is payable in ten semi-annual payments of \$9,401 beginning on November 24, 2014. This obligation is serviced by the Road and Bridge Fund and the equipment serves as collateral.

In 2014 the County entered into a lease agreement for two John Deere skidsteer loaders. The lease is payable in ten semi-annual payments of \$12,068 beginning September 2, 2014. This obligation is serviced by the Road and Bridge Fund and the equipment serves as collateral.

In 2014 the County entered into a lease agreement for two John Deere backhoes. The lease is payable in ten semi-annual payments of \$20,375 beginning September 2, 2014. This obligation is serviced by the Road and Bridge Fund and the equipment serves as collateral.

In 2014 the County entered into a lease agreement for 18 vehicles for the Sheriff's department. The lease is payable in five annual payments of \$177,644 beginning February 1, 2014. This obligation is serviced by the General Fund and the vehicles serve 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	\$ 655,441		\$ 61,988	\$ 593,453
Lease obligation	27,103		27,103	-
Lease obligation	35,139		35,139	-
Lease obligation	59,326		59,326	-
Lease obligation	170,582		170,582	-
Total	<u>\$ 947,591</u>	<u>\$ -</u>	<u>\$ 354,138</u>	<u>\$ 593,453</u>

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Interfund Operating Transfers- consist of the following:

	<u>Transfer In</u>	<u>Transfer out</u>
General Fund	\$ 164,182	
Special Revenue Funds		
Public Health Fund		\$ 208,832
Ormiston Fund		2,153
Law Enforcement Authority Fund	68,023	
Social Services Fund	2,153	
Road and Bridge Fund	3,735	
Capital Projects Funds		
Capital Fund		57,348
Internal Service Funds		
Fleet Fund	30,240	
	<u>\$ 268,333</u>	<u>\$ 268,333</u>

All transfers were made for the purpose of subsidizing the receiving fund.

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:

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of \$50,000 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 \$722,119 in the Emergency Reserve Fund and \$50,000 in the General Fund.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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

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

Public health and welfare-indicates that the fund balance of the Social Services Fund is restricted for the purpose of public health and welfare.

Assigned for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

General Fund	\$ 15,550,458
Special Revenue Funds	
Contingent Fund	607,789
Emergency Telephone Service Fund	378,450
Sheriff's Forfeiture Fund	38,046
Conservation Trust Fund	434,289
Law Enforcement Authority Fund	1,450,484
Revolving Loan Fund	146,852
Lodger's Tax Fund	132,948
Public Health Fund	403,925
Capital Projects Funds	
Capital Fund	2,270,795
Total	<u><u>\$ 21,414,036</u></u>

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.

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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Cash at January 1, 2018	\$ 33,536
Revenues	
Interest and fees	25,336
Expenditures	(2,151)
Cash at December 31, 2018	<u>\$ 56,721</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, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

“Enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior year’s spending adjusted for inflation and local growth. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Those exceptions include spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment 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.

The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the Amendment.

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

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

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

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County has purchased commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

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

Municipal Solid Waste Landfill- The County assumed operation of the landfill in 1991 from the Cortez Sanitation District. The old inactive landfill areas have monitoring wells in place and closure and post-closure costs are not estimated to exceed normal operating costs.

Currently, the landfill is operating on a cell basis. An average "life to closure" has been estimated at 30 to 40 years for the cells. It is estimated that at December 31, 2018 57.3% of the capacity had been used. Engineer estimates have been obtained for anticipated closure and post-closure costs. The County is required to perform certain maintenance and monitoring functions for thirty years after closure. The expense and liability associated with these requirements are reflected in the financial statements of the Landfill Fund.

	Estimated Costs	Estimated Capacity Used	Accrued Closure Costs
Closure	\$ 1,271,080	57.30%	\$ 728,328
Post-closure	701,684	57.30%	402,065
Post-closure Carver Landfill	127,462	100%	127,462
Total	<u>\$ 2,100,226</u>		<u>\$ 1,257,855</u>

It is anticipated that the remaining amount will be recognized in the future as the landfill reaches capacity. These figures are estimates. The County has provided the "Financial Assurance for Compliance" required by the Colorado Department of Public Health and Environment.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

Compliance with Laws and Regulations-The County may be in violation of State Statute. Expenditures exceeded appropriations in the Public Health Fund, Fleet Fund and the Landfill Fund.

MONTEZUMA 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

MONTEZUMA 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		
Revenues				
Taxes				
General property taxes	\$ 6,698,590	\$ 6,698,590	\$ 6,705,546	\$ 6,956
Specific ownership taxes	600,000	600,000	794,719	194,719
Delinquent tax and interest	3,500	3,500	288,307	284,807
Severance taxes	150,000	150,000	241,225	91,225
Tobacco products taxes	6,500	6,500	5,955	(545)
Total taxes	7,458,590	7,458,590	8,035,752	577,162
Intergovernmental revenues				
Payment in lieu of taxes	175,000	175,000	183,292	8,292
Mineral leasing	570,000	570,000	728,342	158,342
Grants				
Sheriff grants	464,352	600,690	509,811	(90,879)
Senior services grants	320,000	320,000	320,820	820
Total intergovernmental revenues	1,529,352	1,665,690	1,742,265	76,575
Charges for services				
General government	35,000	35,750	57,310	21,560
Senior nutrition	253,276	253,276	206,654	(46,622)
County fair and fairground user fees	75,000	92,408	80,517	(11,891)
Total charges for services	363,276	381,434	344,481	(36,953)
Fines and forfeitures				
Court fines	35,000	35,000	40,742	5,742
Total fines and forfeitures	35,000	35,000	40,742	5,742
Earnings on investments	135,000	135,000	357,276	222,276
Miscellaneous revenues				
Rents and royalties	210,000	210,000	265,087	55,087
Reimbursements	75,000	75,000	92,012	17,012
Other	16,600	16,600	89,217	72,617
Total miscellaneous revenues	301,600	301,600	446,316	144,716
Fee accounts				
Sheriff fees	574,447	464,529	518,711	54,182
Clerk fees	570,000	575,045	589,486	14,441
Treasurers fees	265,000	265,000	238,435	(26,565)
Public trustee fees	30,000	30,000	35,190	5,190
Total fee accounts	1,439,447	1,334,574	1,381,822	47,248
Total revenues	11,262,265	11,311,888	12,348,654	1,036,766

(continued)

MONTEZUMA 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				
General government				
Board of county commissioners	\$ 271,768	\$ 271,768	\$ 255,623	\$ 16,145
Planning department	90,176	98,676	114,664	(15,988)
Clerk	621,436	626,481	525,161	101,320
Treasurer	293,755	293,755	256,670	37,085
Public trustee	17,881	17,881	17,135	746
Assessor	455,995	455,995	424,100	31,895
Attorney	263,612	263,612	260,514	3,098
Grounds and buildings	834,408	834,408	719,314	115,094
Administration	252,970	252,970	254,670	(1,700)
Elections	60,500	60,500	36,233	24,267
Extention services	105,988	105,988	110,465	(4,477)
Veteran's office	95,245	95,245	84,636	10,609
Purchasing	60,000	60,000	59,593	407
Computer services and mapping	550,743	550,743	566,351	(15,608)
Surveyor	3,720	4,470	4,302	168
Natural resources and public lands	81,260	81,260	79,235	2,025
Miscellaneous	416,400	416,778	361,068	55,710
Total general government	4,475,857	4,490,530	4,129,734	360,796
Public safety				
Sheriff administration	3,982,677	3,893,361	3,344,279	549,082
Coroner	108,240	108,240	110,863	(2,623)
District attorney	823,628	823,628	831,378	(7,750)
Jail	2,285,017	2,285,017	2,215,003	70,014
Emergency management	82,854	81,026	69,059	11,967
Total public safety	7,282,416	7,191,272	6,570,582	620,690
Health and welfare				
Senior services	603,971	606,026	527,028	78,998
Public health services	39,500	39,500		39,500
Animal and pest control	27,500	27,500	27,500	-
Total health and welfare	670,971	673,026	554,528	118,498

(continued)

MONTEZUMA 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			Variance Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Expenditures (continued)				
Culture and recreation				
County fair	\$ 25,500	\$ 48,180	\$ 30,552	\$ 17,628
Fairgrounds	200,800	200,800	183,027	17,773
Conservation trust	93,372	147,486	147,875	(389)
Total culture and recreation	<u>319,672</u>	<u>396,466</u>	<u>361,454</u>	<u>35,012</u>
Total expenditures	<u>12,748,916</u>	<u>12,751,294</u>	<u>11,616,298</u>	<u>1,134,996</u>
Excess (deficit) of revenues over (under) expenditures	<u>(1,486,651)</u>	<u>(1,439,406)</u>	<u>732,356</u>	<u>2,171,762</u>
Other financing sources (uses)				
Operating transfers in	1,131,530	1,185,645	164,182	(1,021,463)
Debt service principal	(106,000)	(106,000)	(170,583)	(64,583)
Debt service interest	(14,000)	(14,000)	(6,765)	7,235
Total other financing sources (uses)	<u>1,011,530</u>	<u>1,065,645</u>	<u>(13,166)</u>	<u>(1,078,811)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(475,121)</u>	<u>(373,761)</u>	<u>719,190</u>	<u>1,092,951</u>
Fund balance, beginning	12,534,326	14,881,268	14,881,268	-
Fund balance, ending	<u>\$ 12,059,205</u>	<u>\$ 14,507,507</u>	<u>\$ 15,600,458</u>	<u>\$ 1,092,951</u>

MONTEZUMA 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			Variance Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Taxes				
General property taxes	\$ 1,250,151	\$ 1,250,151	\$ 1,097,746	\$ (152,405)
Specific ownership taxes	150,000	150,000	120,769	(29,231)
Delinquent taxes and interest	15,000	15,000	212,815	197,815
Total taxes	1,415,151	1,415,151	1,431,330	16,179
Intergovernmental revenues				
Federal shared revenues				
Forest Service		100,774	50,774	(50,000)
Mineral leasing	575,000	575,000	728,342	153,342
State shared revenues				
Highway user's tax	2,746,755	2,746,755	3,156,316	409,561
Additional motor vehicle registration fee	90,000	90,000	91,042	1,042
Grants	14,000	62,050	5,000	(57,050)
Total intergovernmental revenues	3,425,755	3,574,579	4,031,474	456,895
Miscellaneous revenues				
Permits and charges for services	165,000	234,624	163,542	(71,082)
Sale of assets		18,050	261,006	242,956
Impact fees	80,000	80,000	120,025	40,025
Other			17,545	17,545
Total miscellaneous revenues	245,000	332,674	562,118	229,444
Total revenues	5,085,906	5,322,404	6,024,922	702,518
Expenditures				
Current operating				
Public Works				
Administration	163,812	163,812	166,077	(2,265)
Maintenance of condition	4,617,873	4,831,131	4,617,579	213,552
Snow and ice removal	200,790	207,145	198,246	8,899
System preservation	975,782	1,006,666	963,419	43,247
Payments to cities	111,511	111,511	107,329	4,182
Total public works	6,069,768	6,320,265	6,052,650	267,615
Total expenditures	6,069,768	6,320,265	6,052,650	267,615
Excess (deficit) of revenues over (under) expenditures	(983,862)	(997,861)	(27,728)	970,133
Other financing sources (uses)				
Transfers in			3,735	3,735
Debt service interest			(3,487)	(3,487)
Debt service principal			(121,567)	(121,567)
Total other financing sources (uses)	-	-	(121,319)	(121,319)
Excess (deficit) of other financing sources over (under) expenditures and other financing uses	(983,862)	(997,861)	(149,047)	848,814
Fund balance, beginning	7,744,229	7,505,548	7,505,548	-
Fund balance, ending	\$ 6,760,367	\$ 6,507,687	\$ 7,356,501	\$ 848,814

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Social Services Fund
For the year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Taxes				
General Property Taxes	\$ 398,566	\$ 398,566	\$ 505,225	\$ 106,659
Specific Ownership Taxes	74,081	74,081	56,169	(17,912)
Total taxes	472,647	472,647	561,394	88,747
Intergovernmental revenues				
Programs settled by CFMS				
Colorado Works	1,136,545	1,161,545	804,981	(356,564)
Child Care	503,325	503,325	496,084	(7,241)
Child Welfare	1,475,854	1,475,854	1,307,766	(168,088)
Administration	679,888	749,888	750,428	540
Core Services	433,572	433,572	274,315	(159,257)
Child Support	206,612	206,612	125,541	(81,071)
LEAP	488,055	708,055	543,931	(164,124)
Adult Protective Services	133,278	133,278	117,537	(15,741)
Aid to Needy Disabled	155,441	95,441	67,120	(28,321)
Home Care Allowance	83,325	83,325	106,042	22,717
Old Age Pension	683,849	683,849	602,544	(81,305)
Food Assistance Fraud	29,530	29,530		(29,530)
Food Assistance	6,773,273	6,773,273	6,480,686	(292,587)
Child Welfare Discretionary Grants	10,064	10,064		(10,064)
Title IV-B PSSF	180,012	73,012	150,982	77,970
Tanf Collections EBT	(2,659)	(2,659)	(4,315)	(1,656)
State and Federal Incentives	18,426	18,426	121,718	103,292
TANF Collections IVD Retained	(32,304)	(32,304)	(16,703)	15,601
Medicaid Collections	(1,048)	(1,048)	(6,762)	(5,714)
Total Programs settled by CFMS	12,955,038	13,103,038	11,921,895	(1,181,143)
Other				
Medicaid Transport	187,851	187,851	191,249	3,398
System Care Grant			49,334	49,334
Integrated Care Management	146,778	146,778	75,708	(71,070)
DANSR Grant			10,926	10,926
Other	3,560	3,560	107	(3,453)
Total Other	338,189	338,189	327,324	(10,865)
Total Intergovernmental revenues	13,293,227	13,441,227	12,249,219	(1,192,008)
Total Revenues	13,765,874	13,913,874	12,810,613	(1,103,261)

Continued

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Social Services Fund
For the year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
Health and Welfare				
Programs settled by CFMS				
Colorado Works	\$ 1,136,545	\$ 1,161,545	\$ 937,355	\$ 224,190
Child Care	503,325	503,325	555,358	(52,033)
Child Welfare	1,807,062	1,807,062	1,589,115	217,947
Administration	849,860	919,860	899,392	20,468
Core Services	463,199	463,199	297,606	165,593
Child Support	313,049	313,049	271,064	41,985
LEAP	488,055	708,055	543,931	164,124
Adult Protective Services	166,597	166,597	146,921	19,676
Aid to Needy Disabled	194,301	134,301	83,901	50,400
Home Care Allowance	104,156	104,156	111,623	(7,467)
Old Age Pension	683,849	683,849	602,544	81,305
Food Assistance Fraud	36,912	36,912		36,912
Food Assistance	6,773,273	6,773,273	6,480,686	292,587
Child Welfare Discretionary Grants	10,064	10,064		10,064
Title IV-B PSSF	180,012	73,012	150,982	(77,970)
Tanf Collections EBT	(3,455)	(3,455)	(5,394)	1,939
Tanf Collections IVD Retained	(41,724)	(41,724)	(20,878)	(20,846)
Medicaid Collections	(1,048)	(1,048)	(6,762)	5,714
Total Programs settled by CFMS	13,664,032	13,812,032	12,637,444	1,174,588
Other				
Medicaid Transport	187,851	187,851	191,249	(3,398)
System Care Grant			49,334	(49,334)
Integrated Care Management	146,778	146,778	75,708	71,070
DANSR Grant			10,926	(10,926)
Other	328,928	328,928	272,980	55,948
Total Other	663,557	663,557	600,197	63,360
Total expenditures	14,327,589	14,475,589	13,237,641	1,237,948
Excess revenues over (under) expenditures	(561,715)	(561,715)	(427,028)	134,687
Other financing sources (uses)				
Operating transfers in (out)			2,153	2,153
Total other financing sources (uses)			2,153	2,153
Excess (deficit) of other financing sources over (under) expenditures and other financing uses	(561,715)	(561,715)	(424,875)	136,840
Fund balance, beginning	2,797,827	2,797,827	2,409,917	(387,910)
Fund balance, ending	\$ 2,236,112	\$ 2,236,112	\$ 1,985,042	\$ (251,070)

MONTEZUMA 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- Nonmajor governmental funds

Budgetary Comparison Schedules- Nonmajor governmental funds

Budgetary Comparison Schedule-Capital Fund

Budgetary Comparison Schedule-Enterprise Fund

Budgetary Comparison Schedule-Internal Service Fund

MONTEZUMA COUNTY, COLORADO

Nonmajor 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.

Public Health Fund

This fund is required by state statute to account for the County's public health operations.

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.

Emergency Telephone Service Fund

This fund accounts for an emergency telephone service system in Montezuma County.

Sheriff's Department Forfeiture Fund

This fund was established pursuant to Section 16-13-506 C.R.S. to account for proceeds from property ordered by the court to be forfeited and used for nonoperating purposes.

Revolving Loan Fund

The Housing and Community Development Act of 1974 has established a Community Development Block Grant program to support economic development projects that create or retain jobs and which contribute to sound overall community development at the local level. The Revolving Loan Fund accounts for the revenue and expenditures relative to these federal monies.

Lodgers' Tax Fund

This fund accounts for the lodgers' tax revenue collected by merchants to be used for the promotion of Montezuma County.

Emergency Reserve Fund

This fund accounts for a portion of the County fund balance that was set aside to meet the emergency reserve required by TABOR. This fund had no activity during the current year.

Contingent Fund

This fund is required by state law. This fund accounts for expenditures not reasonably foreseen at the time the budget is adopted. This fund had no activity during the year.

Law Enforcement Authority

This fund was created in 2008 to account for the voter approved levy of property taxes to provide increased funding for public safety operations of the County.

MONTEZUMA COUNTY
Combining Balance Sheet
Non Major Governmental Funds

December 31, 2018

Special Revenue Funds										
	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund
Assets										
Cash	\$ 631,355	\$ 433,404	\$ 38,338	\$ 379,387	\$ 38,046	\$ 146,852	\$ 132,948	\$ 722,119	\$ 607,789	\$ 1,450,484
Other receivables		885	6,265							
Due from other governments	24,737									
Total Assets	\$ 656,092	\$ 434,289	\$ 44,603	\$ 379,387	\$ 38,046	\$ 146,852	\$ 132,948	\$ 722,119	\$ 607,789	\$ 1,450,484
Liabilities										
Accounts payable	\$ 31,732			\$ 937						\$ 32,669
Due to other funds	503									503
Unearned grant revenue	219,932									219,932
Total Liabilities	252,167	-	-	937	-	-	-	-	-	253,104
Fund Balance										
Restricted			\$ 44,603					\$ 722,119		44,603
Cancer treatments TABOR										722,119
Unrestricted										
Assigned for future year's expenditures	403,925	\$ 434,289		378,450	\$ 38,046	\$ 146,852	\$ 132,948	\$ 722,119	\$ 607,789	\$ 1,450,484
Total Fund Balance	403,925	434,289	44,603	378,450	38,046	146,852	132,948	722,119	607,789	4,359,505
Total Liabilities and Fund Balance	\$ 656,092	\$ 434,289	\$ 44,603	\$ 379,387	\$ 38,046	\$ 146,852	\$ 132,948	\$ 722,119	\$ 607,789	\$ 4,612,609

MONTEZUMA 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
	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund	
Revenues											
Taxes	\$ 1,825,833	\$ 156,984					\$ 134,161			\$ 820,092	\$ 954,253
Intergovernmental	444,845			\$ 207,454	\$ 12,067						1,982,817
Charges for services		7,532	\$ 8,155		18	\$ 328					664,366
Earnings on investments											16,033
Total Revenues	2,270,678	164,516	8,155	207,454	12,085	328	134,161	-	-	820,092	3,617,469
Expenditures											
General government							160,100				160,100
Public safety				140,590							140,590
Public Health	2,240,166										2,240,166
Total expenditures	2,240,166	-	-	140,590	-	-	160,100	-	-	-	2,540,856
Excess revenues over (under) expenditures	30,512	164,516	8,155	66,864	12,085	328	(25,939)	-	-	820,092	1,076,613
Other financing sources (uses)											
Operating transfers in (out)	(208,832)		(2,153)							68,023	(142,962)
Total other financing sources (uses)	(208,832)	-	(2,153)	-	-	-	-	-	-	68,023	(142,962)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(178,320)	164,516	6,002	66,864	12,085	328	(25,939)	-	-	888,115	933,651
Fund Balances beginning of the year	582,245	269,773	38,601	311,586	25,961	146,524	158,887	\$ 722,119	\$ 607,789	562,369	3,425,854
Fund Balances end of the year	\$ 403,925	\$ 434,289	\$ 44,603	\$ 378,450	\$ 38,046	\$ 146,852	\$ 132,948	\$ 722,119	\$ 607,789	\$ 1,450,484	\$ 4,359,505

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Public Health Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues				
Operating grants	\$ 1,858,936	\$ 1,858,936	\$ 1,825,833	\$ (33,103)
Charges of services	319,500	319,500	444,845	125,345
Total Revenues	<u>2,178,436</u>	<u>2,178,436</u>	<u>2,270,678</u>	<u>92,242</u>
Expenditures				
Public health	2,106,844	2,106,844	2,240,166	(133,322)
Total Expenditures	<u>2,106,844</u>	<u>2,106,844</u>	<u>2,240,166</u>	<u>(133,322)</u>
Excess revenues over (under) expenditures	71,592	71,592	30,512	(41,080)
Other financing sources (uses)				
Operating transfers in (out)	39,578	39,578	(208,832)	(248,410)
Total other financing sources (uses)	<u>39,578</u>	<u>39,578</u>	<u>(208,832)</u>	<u>(248,410)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>111,170</u>	<u>111,170</u>	<u>(178,320)</u>	<u>(289,490)</u>
Fund Balances beginning of the year	659,015	582,245	582,245	-
Fund Balances end of the year	<u>\$ 770,185</u>	<u>\$ 693,415</u>	<u>\$ 403,925</u>	<u>\$ (289,490)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Conservation Trust Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental				
Lottery funds	\$ 140,000	\$ 140,000	\$ 156,984	\$ 16,984
Total intergovernmental revenues	140,000	140,000	156,984	16,984
Miscellaneous				
Earnings on investments	500	500	7,532	7,032
Total miscellaneous revenues	500	500	7,532	7,032
Total Revenues	140,500	140,500	164,516	24,016
Other financing sources (uses)				
Operating transfers out	(130,872)	(130,872)		130,872
Total other financing sources (uses)	(130,872)	(130,872)	-	130,872
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	9,628	9,628	164,516	154,888
Fund Balances beginning of the year	225,376	269,773	269,773	-
Fund Balances end of the year	<u>\$ 235,004</u>	<u>\$ 279,401</u>	<u>\$ 434,289</u>	<u>\$ 154,888</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Clara Ormiston Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Earnings on investments	\$ 350	\$ 350	\$ 8,155	\$ 7,805
Total Revenues	350	350	8,155	7,805
Other financing sources (uses)				
Operating transfers out	(2,500)	(2,500)	(2,153)	347
Total other financing sources (uses)	(2,500)	(2,500)	(2,153)	347
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(2,150)	(2,150)	6,002	8,152
Fund Balances beginning of the year	40,853	38,601	38,601	-
Fund Balances end of the year	<u>\$ 38,703</u>	<u>\$ 36,451</u>	<u>\$ 44,603</u>	<u>\$ 8,152</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Telephone Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Charges for services	\$ 200,000	\$ 200,000	\$ 207,454	\$ 7,454
Total Revenues	200,000	200,000	207,454	7,454
Expenditures				
Public safety	155,000	155,000	140,590	14,410
Total Expenditures	155,000	155,000	140,590	14,410
Excess revenues over (under) expenditures	45,000	45,000	66,864	21,864
Other financing sources (uses)				
Operating transfers out	(27,006)	(27,006)		27,006
Total other financing sources (uses)	(27,006)	(27,006)	-	27,006
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	17,994	17,994	66,864	48,870
Fund Balances beginning of the year	408,253	311,586	311,586	-
Fund Balances end of the year	<u>\$ 426,247</u>	<u>\$ 329,580</u>	<u>\$ 378,450</u>	<u>\$ 48,870</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Sheriff's Forfeiture Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other	\$ 5		\$ 12,085	\$ 12,085
Total Revenues	5	-	12,085	12,085
Expenditures				
Public safety				-
Total expenditures	-	-	-	-
Excess revenues over (under) expenditures	5	-	12,085	12,085
Fund Balances beginning of the year	\$ 10,743	\$ 25,961	25,961	-
Fund Balances end of the year	<u>\$ 10,748</u>	<u>\$ 25,961</u>	<u>\$ 38,046</u>	<u>\$ 12,085</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Revolving Loan Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 400	\$ 400	\$ 328	\$ (72)
Total Revenues	400	400	328	(72)
Expenditures				-
Excess revenues over (under) expenditures	400	400	328	(72)
Fund Balances beginning of the year	146,957	146,524	146,524	-
Fund Balances end of the year	<u>\$ 147,357</u>	<u>\$ 146,924</u>	<u>\$ 146,852</u>	<u>\$ (72)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Lodgers Tax Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance
	Original	Final		Favorable (Unfavorable)
Revenues				
Lodgers tax	\$ 90,000	\$ 161,000	\$ 134,161	\$ (26,839)
Total Revenues	90,000	161,000	134,161	(26,839)
Expenditures				
General government	90,000	161,000	160,100	900
Total Expenditures	90,000	161,000	160,100	900
Excess revenues over (under) expenditures	-	-	(25,939)	(25,939)
Fund Balances beginning of the year	78,482	158,887	158,887	-
Fund Balances end of the year	<u>\$ 78,482</u>	<u>\$ 158,887</u>	<u>\$ 132,948</u>	<u>\$ (25,939)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Reserve Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Earnings on investments				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures			-	-
Excess revenues over (under) expenditures			-	-
Other financing sources (uses)				
Operating transfers out				-
Total other financing sources (uses)	-	-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund Balances beginning of the year	\$ 722,119	\$ 722,119	\$ 722,119	-
Fund Balances end of the year	<u>\$ 722,119</u>	<u>\$ 722,119</u>	<u>\$ 722,119</u>	<u>\$ -</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Contingent Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance</u> <u>Favorable</u> <u>(Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Reimbursements				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
Fund Balances beginning of the year	\$ 607,789	\$ 607,789	\$ 607,789	-
Fund Balances end of the year	<u>\$ 607,789</u>	<u>\$ 607,789</u>	<u>\$ 607,789</u>	<u>\$ -</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Law Enforcement Authority Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 703,846	\$ 703,846	\$ 699,692	\$ (4,154)
Specific ownership taxes	62,000	62,000	80,923	18,923
Delinquent tax and interest			39,426	39,426
Miscellaneous			51	51
Total Revenues	<u>765,846</u>	<u>765,846</u>	<u>820,092</u>	<u>54,246</u>
Other financing sources (uses)				
Operating transfers in			68,023	68,023
Operating transfers out	(963,524)	(963,524)		963,524
Total other financing sources (uses)	<u>(963,524)</u>	<u>(963,524)</u>	<u>68,023</u>	<u>1,031,547</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(197,678)</u>	<u>(197,678)</u>	<u>888,115</u>	<u>1,085,793</u>
Fund Balances beginning of the year	350,112	562,369	562,369	-
Fund Balances end of the year	<u>\$ 152,434</u>	<u>\$ 364,691</u>	<u>\$ 1,450,484</u>	<u>\$ 1,085,793</u>

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Capital Fund

For the Year Ended December 31, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Mineral leasing	\$ 575,000	\$ 575,000	\$ 728,342	\$ 153,342
Grants	50,000	241,472	107,372	(134,100)
Total intergovernmental revenues	625,000	816,472	835,714	19,242
Miscellaneous revenues				
Interest on interfund loan	95,000		6,680	6,680
Other		291,480	92,612	(198,868)
Total miscellaneous revenues	95,000	291,480	99,292	(192,188)
Total Revenues	720,000	1,107,952	935,006	(172,946)
Expenditures				
General government	454,000	543,192	414,377	128,815
Public safety	58,000	80,860	23,113	57,747
Culture and recreation	40,000	610,851	317,364	293,487
Other	100,000			-
Total expenditures	652,000	1,234,903	754,854	480,049
Excess (deficit) of revenues over (under) expenditures	68,000	(126,951)	180,152	307,103
Other financing sources (uses)				
Transfers out	(45,000)	(45,000)	(57,348)	(12,348)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	23,000	(171,951)	122,804	294,755
Fund balance, beginning	1,535,206	2,147,991	2,147,991	-
Fund balance, ending	<u>\$ 1,558,206</u>	<u>\$ 1,976,040</u>	<u>\$ 2,270,795</u>	<u>\$ 294,755</u>

MONTEZUMA COUNTY, COLORADO

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

Proprietary Fund

Enterprise Fund

Landfill Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual	Favorable
			Amounts	(Unfavorable)
Operating Revenues				
Landfill fees	\$ 1,261,535	\$ 1,374,738	\$ 1,242,217	\$ (132,521)
Total local sources	1,261,535	1,374,738	1,242,217	(132,521)
Operating Expenses				
Landfill operations				
Salaries	393,849	393,849	380,072	13,777
Employee benefits	128,960	128,960	127,053	1,907
Other operating expenses	201,089	263,282	133,960	129,322
Professional fees	156,210	156,210	186,546	(30,336)
Utilities	27,256	27,255	29,137	(1,882)
Insurance and bonds	31,464	31,464	34,763	(3,299)
Repairs and maintenance	99,540	101,910	108,162	(6,252)
Capital outlay	168,907	233,158	48,002	185,156
Total Operating Expenses	1,207,275	1,336,088	1,047,695	288,393
Operating income (loss)	54,260	38,650	194,522	155,872
Non-Operating Revenue (Expense)				
(Increase) Decrease in accrued closure costs	(45,000)	(45,000)	(72,626)	(27,626)
Gain on sale of assets				-
Interfund loan principal			(332,366)	(332,366)
Interfund loan interest	(7,880)	(7,880)	(6,680)	1,200
Total Non-Operating Revenue (Expense)	(52,880)	(52,880)	(411,672)	(358,792)
Change in net position non GAAP basis	1,380	(14,230)	(217,150)	(202,920)
Add capital outlay			48,002	48,002
Add interfund loan principal			332,366	332,366
Less depreciation expense			(232,894)	(232,894)
Change in net position	1,380	(14,230)	(69,676)	(55,446)
Net position beginning of the year	1,963,205	1,312,530	1,312,530	-
Net position end of the year	<u>\$ 1,964,585</u>	<u>\$ 1,298,300</u>	<u>\$ 1,242,854</u>	<u>\$ (55,446)</u>

MONTEZUMA COUNTY
Statement of Revenues, Expenditures and Changes in Net Position-Budget and Actual
Proprietary Fund
Internal Service Fund
Fleet Fund

For the Year Ended December 31, 2018

	Budgeted Amounts		(Non GAAP Basis) Actual	Variance Favorable
	Original	Final	Amounts	(Unfavorable)
Operating Revenues				
Fleet fees	\$ 613,358	\$ 648,358	\$ 896,127	\$ 247,769
Total local sources	613,358	648,358	896,127	247,769
Operating Expenses				
Fleet operations				
Salaries	176,974	176,974	178,974	(2,000)
Employee benefits	61,957	61,957	62,096	(139)
Other operating expenses	181,600	181,600	653,608	(472,008)
Professional fees	2,000	2,000	4,702	(2,702)
Utilities	6,500	6,500	7,141	(641)
Insurance and bonds	83,600	83,600	60,119	23,481
Capital outlay	196,154	231,154	118,431	112,723
Total Operating Expenses	708,785	743,785	1,085,071	(341,286)
Operating Income (loss)	(95,427)	(95,427)	(188,944)	(93,517)
Non-Operating Revenue (Expense)				
Gain on sale of assets	27,000	27,000	8,411	(18,589)
Total Non-Operating Revenue (Expense)	27,000	27,000	8,411	(18,589)
Income before capital contributions and transfers	(68,427)	(68,427)	(180,533)	(112,106)
Transfers in			30,240	30,240
Change in net position non GAAP basis	(68,427)	(68,427)	(150,293)	(81,866)
Add capital outlay			118,431	118,431
Less depreciation expense			(246,246)	(246,246)
Change in net position	(68,427)	(68,427)	(278,108)	(209,681)
Net position beginning of the year	(159,879)	670,457	670,457	-
Net position end of the year	\$ (228,306)	\$ 602,030	\$ 392,349	\$ (209,681)

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

Majors and Haley, P.C.
Certified Public Accountants

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Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

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
Montezuma County, Colorado
Cortez, Colorado 81321

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 Montezuma County, Colorado as of and for the year ended December 31, 2018 and the related notes to the financial statements, which collectively comprise the Montezuma County, Colorado's basic financial statements and have issued our report thereon dated July 9, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montezuma 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 Montezuma County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montezuma 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 Montezuma 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 9, 2019

Majors and Haley, P.C.
Certified Public Accountants

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**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
Montezuma County, Colorado
Cortez, Colorado 81321

Report on Compliance for Each Major Federal Program

We have audited the Montezuma 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 Montezuma County, Colorado's major federal programs for the year ended December 31, 2018. The Montezuma 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 Montezuma 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 Montezuma 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 Montezuma County, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, the Montezuma 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.

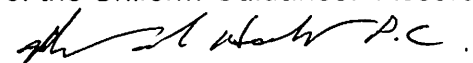
Report on Internal Control Over Compliance

Management of the Montezuma 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 Montezuma 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 Montezuma 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 charged 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 9, 2019

MONTEZUMA 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	\$ 230,159
Food Distribution	10.568	49,086
		<u>279,245</u>
Passed through the Colorado Department of Public Health and Environment		
Special Supplemental Food-WIC	10.557	426,238
U.S. Department of Health and Human Services		
Passed through the Colorado Department of Public Health and Environment		
Immunization Core	93.539	7,179
CHAPS Grant	93.758	10,500
Public Health Emergency Preparedness	93.074	130,157
Maternal and Child Health Services	93.994	30,705
Zika Straight Pay	93.069	2,986
		<u>181,527</u>
Passed through the Colorado Department of Human Services		
TANF-Colorado Works	93.558	802,284
Title IV-E Guard	93.090	17,015
IV-B Child Care	93.645	15,085
Title IV-E Foster Care	93.658	295,102
Title XX Block Grant	93.667	117,152
Title IV-D Administration	93.563	141,404
Low Income Home Energy Assistance (LEAP)	93.568	
Child Care Development Fund	93.596	158,573
Child Care Development Fund-Discretion	93.575	192,045
COACT Colorado	93.104	49,334
PSSF Grant	93.556	150,982
Title IV-E Adoption	93.659	61,171
Other	93.XXX	(99)
		<u>2,000,048</u>
Passed through the Colorado Department of Health Care Policy and Finance		
Single Entry Point Grant	93.778	221,805
Title XIX Medicaid	93.778	283,618
		<u>505,423</u>
Passed through Housing Solutions of the Southwest		
Community Services Block Grant	93.569	52,311
U.S. Department of Transportation		
Passed through the Colorado Department of Transportation		
Formula Grant for Rural Areas	20.509	50,109
U.S. Department of Justice		
Passed through the Colorado Judicial Department		
Drug Court Discretionary Grant	16.585	10,926
U.S. Federal Emergency Management Agency		
Passed through the Colorado Department of Public Services		
EMS Grant	97.039	45,226
Other Federal Assistance		
Forest Service	10.666	50,774
Total		<u>\$ 3,601,827</u>

MONTEZUMA 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 Montezuma 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

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

MONTEZUMA 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 Montezuma County, Colorado.
2. No instances of noncompliance material to the (general purpose) financial statements of Montezuma County, Colorado were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for Montezuma 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:
Temporary Assistance for Needy Families (TANF)
CFDA Number 93.558
6. The threshold for distinguishing Type A and B programs was \$750,000.
7. Montezuma County, Colorado was 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.

MONTEZUMA 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.

MONTEZUMA 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.

LOCAL HIGHWAY FINANCE REPORT

City or County:
County
YEAR ENDING :
December 2018This Information From The Records Of (example - City of _ or County of _)
County of Montezuma, ColoradoPrepared 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
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	3,735
3. Other local imposts (from page 2)	1,551,355
4. Miscellaneous local receipts (from page 2)	442,093
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)	1,997,183
B. Private Contributions	
C. Receipts from State government (from page 2)	3,252,358
D. Receipts from Federal Government (from page 2)	779,116
E. Total receipts (A.7 + B + C + D)	6,028,657

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	963,419
2. Maintenance:	4,617,579
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	198,246
c. Other	107,329
d. Total (a. through c.)	305,575
4. General administration & miscellaneous	166,077
5. Highway law enforcement and safety	
6. Total (1 through 5)	6,052,650
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	3,487
b. Redemption	121,567
c. Total (a. + b.)	125,054
3. Total (1.c + 2.c)	125,054
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	6,177,704

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	121,567		121,567	0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	7,505,548	6,028,657	6,177,704	7,356,501	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado YEAR ENDING (mm/yy): December 2018	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,310,561	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	120,025	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	261,006
4. Licenses		f. Charges for Services	163,542
5. Specific Ownership &/or Other	120,769	g. Other Misc. Receipts	17,545
6. Total (1. through 5.)	240,794	h. Other	
c. Total (a. + b.)	1,551,355	i. Total (a. through h.)	442,093
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,156,316	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	50,774
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	91,042	d. Federal Transit Admin	
d. Other (Specify) - Grant	5,000	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal Mineral Leasing	728,342
f. Total (a. through e.)	96,042	g. Total (a. through f.)	779,116
4. Total (1. + 2. + 3.f)	3,252,358	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		963,419	963,419
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	963,419	963,419
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	963,419	963,419
			(Carry forward to page 1)
Notes and Comments:			