

**MONTROSE COUNTY, COLORADO**

**FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED DECEMBER 31, 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of County Commissioners  
Montrose County, Colorado  
Montrose, Colorado

### Report on the Audit of the Financial Statements

#### ***Opinions***

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 Montrose County, Colorado (the County), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditors' Responsibilities for the Audit of the Financial Statements***

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

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

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

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information as identified within the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and schedules, the EBT Authorization Schedule, and the Local Highway Finance Report (supplementary information) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2023, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.



**CliftonLarsonAllen LLP**

Broomfield, Colorado  
June 5, 2023

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

As management of Montrose County, Colorado (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets of the County exceeded its liabilities and deferred inflows of resources as of December 31, 2022 by \$241.4 million. Of this amount, \$65.9 million is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$38.8 million.
- As of December 31, 2022, the County's governmental funds reported combined ending fund balances of \$67.0 million, an increase of \$10.9 million from 2021. Approximately 13% of this total amount, \$8.7 million, is unassigned and available for discretionary spending for the benefit of county citizens.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$8.7 million, or 27% of total general fund expenditures (including transfers out).
- The County's total debt increased by approximately \$8.8 million during 2022 due to the issuance of \$10.0 million financed purchase offset by payment of principal on the financed purchase agreement and certificates of participation.

**Overview of the Financial Statements**

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

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

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

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

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

Both government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the County include general government, health and human services, public safety and protection, and road and bridge services. The government-wide financial statements can be found on pages 16 - 17 of this report.

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

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

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

The County maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, social services fund, public safety sales tax fund, and capital expenditures fund all of which are considered to be major funds. Data from the other 7 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for each individual governmental fund. A budgetary comparison statement has been provided for all governmental funds to demonstrate compliance with these budgets.

The basic governmental fund financial statements can be found on pages 18 - 21 of this report.

**Proprietary Funds:** The County Government maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The County Government used an enterprise fund to account for its Montrose County Airport Fund. Internal Service funds are used to account for goods or services given to one department by another on a cost reimbursement basis. The County Government used an internal service fund to account for its Internal Fleet Management Fund.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Montrose County Airport Fund, which is considered to be a major fund of the County Government.

The basic proprietary fund financial statements can be found on pages 22 - 25 of this report.

***Fiduciary Funds:*** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on page 26-27 of this report.

***Notes to Financial Statements:*** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 28 of this report.

***Other Information:*** Required supplementary information consists of budgetary comparison schedules for the General and major Special Revenue Funds, beginning on page 49 of this report. The capital projects budgetary comparison schedule and the combining statements referred to earlier in connection with nonmajor governmental funds and combining statements for fiduciary funds are presented immediately following the required supplementary information and begin on page 54 of this report.

### **Government-wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows of resources by \$241.4 million at December 31, 2022.

By far the largest portion of the County's net position (64%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**Montrose County's Net Position (\$000)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>ASSETS</b>						
Current and Other Assets	\$ 90,132	\$ 80,627	\$ 26,883	\$ 13,441	\$ 117,015	\$ 94,068
Capital Assets	115,398	106,382	61,995	41,097	177,393	147,479
Total Assets	<u>205,530</u>	<u>187,009</u>	<u>88,878</u>	<u>54,538</u>	<u>294,408</u>	<u>241,547</u>
<b>LIABILITIES</b>						
Long-Term Liabilities						
Outstanding	12,794	14,008	10,054	54	22,848	14,062
Other Liabilities	6,535	6,990	4,646	2,728	11,181	9,718
Total Liabilities	<u>19,329</u>	<u>20,998</u>	<u>14,700</u>	<u>2,782</u>	<u>34,029</u>	<u>23,780</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>						
Property Tax Revenues	14,248	15,199	-	-	14,248	15,199
Leases	-	-	4,810	-	4,810	-
Total Deferred Inflows	<u>14,248</u>	<u>15,199</u>	<u>4,810</u>	<u>-</u>	<u>19,058</u>	<u>15,199</u>
<b>NET POSITION</b>						
Net Investment in Capital Assets	104,609	94,893	49,605	38,522	154,214	133,415
Restricted	21,023	17,539	172	350	21,195	17,889
Unrestricted	46,320	38,380	19,591	12,884	65,911	51,264
Total Net Position	<u>\$ 171,952</u>	<u>\$ 150,812</u>	<u>\$ 69,368</u>	<u>\$ 51,756</u>	<u>\$ 241,320</u>	<u>\$ 202,568</u>

An additional portion of the County's net position (10%) represents resources that are subject to external restrictions on how they may be used. The remaining balance (26%) of unrestricted net position (\$63.9 million) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2022, Montrose County is able to report positive balances in its governmental and business-type activities total net position. The same situation held true for 2021.

Governmental activities increased the County's net position by \$21.2 million.

The County's net position for the Montrose Regional Airport (its business-type activity) increased by \$17.6 million.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**Montrose County's Changes in Net Position (\$000)**

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>PROGRAM REVENUES</b>						
Charges for Services	\$ 3,732	\$ 3,948	\$ 7,375	\$ 5,915	\$ 11,107	\$ 9,863
Operating Grants and Contributions	18,484	10,249	40	40	18,524	10,289
Capital Grants and Contributions	-	-	16,492	4,895	16,492	4,895
<b>GENERAL REVENUE</b>						
Property Taxes	17,515	15,340	-	-	17,515	15,340
Sales and Use Taxes	22,010	19,657	-	-	22,010	19,657
Other Taxes	8,670	8,202	-	-	8,670	8,202
Other Revenue	1,702	675	335	244	2,037	919
<b>Total Revenues</b>	<b>72,113</b>	<b>58,071</b>	<b>24,242</b>	<b>11,094</b>	<b>96,355</b>	<b>69,165</b>
<b>EXPENSES</b>						
General Government	16,482	12,831	-	-	16,482	12,831
Health and Human Services	8,031	8,236	-	-	8,031	8,236
Public Safety and Protection	14,754	14,373	-	-	14,754	14,373
Road and Bridge Services	11,390	10,197	-	-	11,390	10,197
Interest and Fiscal Charges	314	349	-	-	314	349
Airport	-	-	6,630	6,403	6,630	6,403
<b>Total Expenses</b>	<b>50,971</b>	<b>45,986</b>	<b>6,630</b>	<b>6,403</b>	<b>57,601</b>	<b>52,389</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>21,142</b>	<b>12,085</b>	<b>17,612</b>	<b>4,691</b>	<b>38,754</b>	<b>16,776</b>
Net Position - January 1	150,812	138,727	51,756	47,065	202,568	185,792
<b>NET POSITION - DECEMBER 31</b>	<b>\$ 171,954</b>	<b>\$ 150,812</b>	<b>\$ 69,368</b>	<b>\$ 51,756</b>	<b>\$ 241,322</b>	<b>\$ 202,568</b>

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**General Government Functions (\$000)**

The financial operations of the governmental funds - the County's general, special revenue, capital project, and debt service funds - are summarized here. The following schedule presents a summary of the governmental funds revenues from various sources for the fiscal year ended December 31, 2022 and the changes from the prior year.

REVENUE SOURCE	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
Taxes	\$ 39,675	53.7 %	\$ 35,002	58.6 %	\$ 4,673	13.4 %
Licenses and Permits	748	1.0	787	1.3	(39)	(5.0)
Intergovernmental	27,004	36.5	18,447	30.9	8,557	46.4
Charges for Services	2,755	3.7	2,764	4.6	(9)	(0.3)
Internal Charges	2,183	3.0	2,157	3.6	26	1.2
Miscellaneous	1,554	2.1	538	1.0	1,016	188.8
Total Revenue (\$000)	<u>\$ 73,919</u>	100.0	<u>\$ 59,695</u>	100.0	<u>\$ 14,224</u>	23.8

Overall revenue increased by 23.8% or \$14.2 million in 2022 over 2021.

The largest source of revenue for 2022 was derived from taxes, 53.7% of total revenues. Overall, tax revenue increased by 13.4% or \$4.7 million.

Licenses and permits had a 5.0% decrease from 2021 due primarily to a decrease in the General Fund and related permit fees received.

Intergovernmental revenue increased in 2022 by \$8.6 million or 46.4%, due primarily to an increase in federal funding received from the American Rescue Plan Act (ARP Act) compared to 2021.

Charges for services were consistent in 2022 compared to 2021 with only a 0.3% decrease in revenue.

Miscellaneous revenue increased in 2022 than 2021 due primarily to an increase in investment income the County received on its cash investment portfolio for 2022.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

The following schedule presents a summary of the governmental funds expenditures for the fiscal year ended December 31, 2022 and the changes from the prior year.

	2022		2021		Increase (Decrease)	
	Amount	Percent	Amount	Percent	Amount	Percent
<b>EXPENDITURES</b>						
General Government	\$ 18,681	29.6 %	\$ 12,223	21.9 %	\$ 6,458	52.8 %
Health and Human Services	9,025	14.3	9,016	16.1	9	0.1
Public Safety and Protection	15,574	24.7	14,813	26.5	761	5.1
Road and Bridge Services	18,337	29.0	18,236	32.7	101	0.6
Debt Service	1,551	2.4	1,553	2.8	(2)	(0.1)
	<u>1,551</u>		<u>1,553</u>		<u>(2)</u>	
Total Expenditures (\$000)	<u>\$ 63,168</u>	100.0	<u>\$ 55,841</u>	100.0	<u>\$ 7,327</u>	13.1

Overall expenditures for 2022 were \$63.2 million or 13.1% more than 2021 (including capital outlay and debt service expenditures).

The largest increase was related to general government expenditures which were \$18.7 million in 2022 compared to \$12.2 million in 2021. This increase was a result of ARP Act funding that was expended in 2021 which the County used for general government expenditures.

**Business-Type Activities:** The increase in the net position for the Montrose Regional Airport was \$17.6 million. The primary reason for the increase was a result of an increase in capital grants and contributions revenue of \$11.6 million or 236.9% as well as an increase in charges for services revenue of \$1.5 million or 24.7%.

**Financial Analysis of the Government's Funds**

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

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

As of December 31, 2022, the County's governmental funds reported combined ending fund balances of \$67.0 million, an increase of \$10.9 million from the prior year. Approximately 13% of this total amount constitutes unassigned fund balance, which is available for spending to meet the needs of county citizens. The remainder of fund balance is separated into four categories. (1) Nonspendable fund balance which includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact (\$1.6 million); (2) Assigned fund balance is constrained by the County's intent to be used for a specific purpose (\$27.9 million); (3) Restricted fund balance has constraints placed on the use of these resources either externally imposed by creditors, grantors, contributors, or have been imposed by law through constitutional provisions or enabling legislation, 1) restricted for road and bridge (\$9.7 million); 2) to provide an emergency reserve as required by the TABOR amendment (\$1.8 million); or 3) other restricted fund balance (\$10.4 million); and (4) Committed fund balance has constraints placed on the use of these resources by the Board of County Commissioners which is broken into two parts Social Services (\$4.6 million) and Solid Waste (\$2.1 million).

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

The General Fund is the chief operating fund of the County. At December 31, 2022, unassigned fund balance of the General Fund was \$8.7 million while total fund balance was \$13.7 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures (including transfers). Unassigned fund balance represents 27% of total General Fund expenditures (including transfers out), while total fund balance represents 42% of that same amount.

The fund balance of the County's General Fund increased by \$580 thousand during 2022, which was primarily due to an increase in intergovernmental revenue due to ARP Act funding.

The Road and Bridge Fund had a total fund balance of \$11.3 million of which \$1.6 million is nonspendable for prepaid items. The net increase in fund balance in this fund during 2022 was \$1.2 million compared to a decrease of \$488 thousand during 2021. This change resulted primarily from an increase in taxes revenue of \$1.4 million and an increase in intergovernmental revenues of \$513 thousand.

Fund balance in the Social Services Fund increased by \$628 thousand to \$4.6 million by the end of 2022. The increase was due primarily to an increase in intergovernmental revenues (\$469 thousand) when compared to 2021.

The Public Safety Sales Tax Fund increased its fund balance by \$2.4 million to \$9.2 million during 2022. The increase was primarily to an increase in sales and use taxes (\$1.0 million) compared to 2021.

The Capital Expenditures Fund increased its fund balance by \$6.5 million during 2022. Total fund balance for this fund was \$23.8 million by the end of 2022. The increase was primarily driven by \$9.6 million of transfers in from the General Fund.

Fund balances for all other governmental funds decreased by \$318 thousand during 2022. Total fund balance for all other governmental funds was \$4.4 million by the end of 2022.

**Proprietary Funds.** The County's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position of the Montrose Regional Airport at December 31, 2022 amounted to \$17.6 million. Unrestricted net position of the Fleet Management internal service fund at December 31, 2022 amounted to \$2.3 million.

Other factors concerning the finances of these entities have already been addressed in the discussion of Montrose County Government's business-type activities.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**General Fund Budgetary Highlights**

The General Fund accounts for all the general services provided by the County. The County's final budgeted revenues were greater than original budgeted revenues by \$4.7 million. This was mainly caused by the County budgeting for ARP Act revenue received in 2021 and 2022 and expended in 2022. Actual revenues were less than final budgeted revenues by \$1.9 million, as the budgeted intergovernmental revenue was not fully earned by the County in 2022. Total expenditures budgeted of \$14.3 million were greater than actual expenditures by \$262 thousand.

**Capital Asset and Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2022 amounts to \$147,479,089 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, construction in progress, equipment, and infrastructure. The total net increase in the County's investment in capital assets for the current fiscal year was \$6,610,710.

Major capital asset events during the current fiscal year included the following:

Airport Terminal Expansion	\$21.7 million
Asphalt Roads	\$3.9 million
Admin Building Remodel	\$2.0 million

Capital additions outlined above were offset with retirements mainly to road transportation as asphalt roads were being replaced in 2022.

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
<b>CAPITAL ASSETS</b>						
Land and Improvements	\$ 4,475	\$ 4,475	\$ 2,779	\$ 2,779	\$ 7,254	\$ 7,254
Construction in Progress	7,847	2,429	29,003	5,246	36,850	7,675
Buildings and Improvements	33,941	34,638	7,006	7,107	40,947	41,745
Equipment	15,714	15,385	1,120	1,052	16,834	16,437
Infrastructure	53,421	49,455	22,087	24,913	75,508	74,368
Total Capital Assets (\$000)	<u>\$ 115,398</u>	<u>\$ 106,382</u>	<u>\$ 61,995</u>	<u>\$ 41,097</u>	<u>\$ 177,393</u>	<u>\$ 147,479</u>

Additional information on the County's capital assets can be found in Note 5 on pages 37 - 38 of the financial statements.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

**Long-Term Debt:** At the end of 2022, the County had total bonded debt outstanding of \$380,000. In addition, the County had outstanding debt of \$20.0 million related to finance purchase agreements entered into in 2017 and 2022. The County has no general obligation debt.

The County's debt consists of the following:

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Certificates of Participation	\$ -	\$ 380	\$ -	\$ -	\$ -	\$ 380
Finance Purchase Agreement	9,972	10,823	10,000	-	19,972	10,823
Total Long Term Debt (\$000)	<u>\$ 9,972</u>	<u>\$ 11,203</u>	<u>\$ 10,000</u>	<u>\$ -</u>	<u>\$ 19,972</u>	<u>\$ 11,203</u>

Additional information on the County's long-term debt can be found in Note 6 on pages 39-40 of the financial statements.

**Economic Factors and Next Year's Budgets and Rates**

- According to the Colorado Department of Labor and Employment, the current unemployment rate for the County is 2.6%, which is lower than the state's average unemployment rate of 2.8%, which is equal to the national average rate of 3.4%.

The Colorado Legislative Council reports that the 10-county western region's economy continued to experience a pandemic-induced recession. The western region's labor market recovered faster than the state overall, but stalled over the course of 2022. While the housing market struggled over the past year, nonresidential construction activity recorded another year of strong growth.

- In 2022, employment growth decelerated in the Western region. Job growth measured through a survey of employers in the Grand Junction metro area (Mesa County) indicated jobs rose by 3.3% through December 2022, slower than the 4.3% pace recorded statewide over the same period. Changes in the employment situation for the region's households indicated a similar trend, with the pace of those finding employment decelerating amid slower-than-statewide job growth. Based on industry-level data through the second quarter of 2022, several sectors remain challenged after the pandemic. Through the second quarter, data indicate that employment in natural resources, manufacturing, and leisure and hospitality remained below pre-pandemic levels. Additionally, government employment, which is one of the region's largest sectors, recorded just 1.2% growth year-to-date, lower than the 2.2% rate recorded statewide over the same period.
- Despite slower employment growth, the region's unemployment rate continued to decline, falling to 3% by December 2022. The unemployment rate in many of the region's communities is now around pre-pandemic levels. Over the past year, falling unemployment has been accompanied by a growing labor force that was up about 1.9% in 2022. Over the next year, the labor market is expected to slow along with a forecast decrease in natural gas prices. Labor force growth is expected to continue to moderate and employment gains will slow as the region remains near full employment.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

- Rising interest rates and eroding affordability have impacted the housing market in the western region, like the nation and many areas of the state. In 2022, sales of single family homes were down nearly 22% and prices rose just 3.1%, the smallest annual increase recorded since 2019. Concurrently, housing inventory rose in the western region, with the inventory of single family homes up nearly 25% for the year. Challenges in the housing market are expected to persist until at least the latter half of 2023 while the Federal Reserve continues to raise rates in response to high inflation, with further impacts on sales and prices. With slower employment growth than other areas of the state and a faster run-up in prices following the pandemic, impacts to the housing market in the western region could be more severe than statewide.
- Changes impacting the housing market are also affecting residential construction activity. In 2022, housing permits were down nearly 16%, reflecting a contraction in both single family and multifamily units. For the region's largest counties, permits were down in Garfield (-6.8%), Mesa (-15.6%), and Montrose (-22%) counties, but were up in Delta County (+5.5%). Like the market for existing homes, construction activity is expected to be muted in the western region until interest rates stabilize.
- In contrast to residential construction, nonresidential construction grew in 2022, with 1 million square feet of new construction underway. The expansion in 2022 marked the second year in a row of strong nonresidential construction. The western region recorded both more projects and more square footage over the past year. Construction was supported by a wide range of public and private projects including expanded manufacturing and warehouse development, health care, schools, and continued solar development. However, commercial construction was down more than 54% in 2022. The commercial market has likely been impacted by rising interest rates and rising construction costs.
- Retail sales activity jumped in the western region in 2021 following the recession as households in the region were bolstered with stimulus payments and strong job growth following the pandemic-induced recession. Nationwide, consumers substituted spending on many services for retail goods as lingering pandemic conditions and restrictions influenced business activity and consumer behavior. Retail sales were up another 11.4% year-to-date in the western region by November 2022. Ongoing growth was likely due in large part to higher prices that offset downward pressure from a return to services spending, the drawdown in household savings, and a pullback on durable goods. Sales activity began to slow over the latter half of 2022, and is expected to slow further over the year ahead.
- The western region produces a significant share of the state's natural gas, more than 28% in 2022, and remains a significant contributor to the region's economic activity. Natural gas production supports tax revenue, jobs, and support industries throughout the region. Although natural gas prices spiked upward in 2022, production for the year was down 6.1%, marking the fourth consecutive year of declining activity. Natural gas production in the region has generally declined since 2012. Surging prices over the past year increased the region's value of production significantly, which likely supported some resurgence in natural resources employment. Industry data indicate that natural resources employment was up nearly 16% through the second quarter of 2022. However, employment remains less than half of the 10,100 employees recorded in 2012. According to projections from the Energy Information Administration, natural gas prices are expected to fall about 47% in 2023.

**MONTROSE COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2022**

- Visits to national parks fell by 3.9% in 2022. The decline in visitation is likely attributable to ongoing roadwork on U.S. 50, which restricted travel to the Black Canyon of the Gunnison National Park and the Curecanti National Recreation Area. However, travel to the region overall was also likely impacted by high gas and fuel prices over the summer.

All of these factors were considered in preparing the County's budget for 2023.

**Requests for Information**

This financial report is designed to provide a general overview of the County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Montrose County Finance Director, 1845 S. Townsend Avenue, Montrose, Colorado 81401.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and Investments	\$ 68,590,421	\$ 17,351,440	\$ 85,941,861
Taxes Receivable, Net of Allowance	17,763,526	-	17,763,526
Other Receivables, Net of Allowance	290,367	1,452,953	1,743,320
Lease Receivables	-	4,859,623	4,859,623
Intergovernmental Receivable	1,589,735	3,000,900	4,590,635
Prepaid Items	1,898,395	45,968	1,944,363
Restricted Accounts Receivable	-	172,042	172,042
Capital Assets:			
Capital Assets Not Subject to Depreciation:			
Land	4,475,094	2,778,507	7,253,601
Construction in Progress	7,846,191	29,003,054	36,849,245
Capital Assets Subject to Depreciation:			
Buildings and Improvements, Net	33,940,964	7,006,058	40,947,022
Improvements other than Buildings, Net	-	22,086,588	22,086,588
Equipment, Net	15,714,387	1,120,573	16,834,960
Infrastructure, Net	53,421,346	-	53,421,346
Total Assets	<u>205,530,426</u>	<u>88,877,706</u>	<u>294,408,132</u>
<b>LIABILITIES</b>			
Accounts Payable	2,195,117	4,515,481	6,710,598
Accrued Liabilities	1,493,804	84,003	1,577,807
Due to Other Governments	164,040	-	164,040
Unearned Revenue	2,677,477	46,576	2,724,053
Funds Held for Others	4,866	-	4,866
Long-Term Liabilities			
Portion Due or Payable Within One Year	1,078,859	961,418	2,040,277
Portion Due or Payable After One Year	11,715,429	9,092,612	20,808,041
Total Liabilities	<u>19,329,592</u>	<u>14,700,090</u>	<u>34,029,682</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenues	14,247,855	-	14,247,855
Leases	-	4,810,225	4,810,225
Total Deferred inflows of Resources	<u>14,247,855</u>	<u>4,810,225</u>	<u>19,058,080</u>
<b>NET POSITION</b>			
Net Investment in Capital Assets	104,609,490	49,605,080	154,214,570
Restricted for:			
Emergencies	1,827,971	-	1,827,971
Public Safety	9,204,150	-	9,204,150
Parks and Recreation	240,649	-	240,649
Road and Bridge	9,739,954	-	9,739,954
Debt Service	10,448	-	10,448
Passenger Facility Charges	-	172,042	172,042
Unrestricted	<u>46,320,317</u>	<u>19,590,269</u>	<u>65,910,586</u>
Total Net Position	<u>\$ 171,952,979</u>	<u>\$ 69,367,391</u>	<u>\$ 241,320,370</u>

See accompanying Notes to Basic Financial Statements.

**MONTROSE COUNTY, COLORADO  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2022**

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities	Total
<b>GOVERNMENTAL ACTIVITIES</b>							
General Government	\$ 16,482,052	\$ 3,393,224	\$ 9,539,490	\$ -	\$ (3,549,338)	\$ -	\$ (3,549,338)
Health and Human Services	8,031,368	138,196	7,469,165	-	(424,007)	-	(424,007)
Public Safety and Protection	14,753,910	181,726	858,846	-	(13,713,338)	-	(13,713,338)
Road and Bridge Services	11,390,348	18,329	616,194	-	(10,755,825)	-	(10,755,825)
Interest and Fiscal Charges	314,234	-	-	-	(314,234)	-	(314,234)
Total Governmental Activities	50,971,912	3,731,475	18,483,695	-	(28,756,742)	-	(28,756,742)
<b>BUSINESS-TYPE ACTIVITIES</b>							
Montrose County Airport	6,630,509	7,376,298	39,588	16,491,559	-	17,276,936	17,276,936
Total	<u>\$ 57,602,421</u>	<u>\$ 11,107,773</u>	<u>\$ 18,523,283</u>	<u>\$ 16,491,559</u>	(28,756,742)	17,276,936	(11,479,806)
<b>GENERAL REVENUES</b>							
Property Taxes					17,515,130	-	17,515,130
Sales and Use Taxes					22,010,391	-	22,010,391
Highway Users Tax					5,003,607	-	5,003,607
Other Shared Taxes					3,666,350	-	3,666,350
Investment Earnings					924,709	702	925,411
Miscellaneous					777,394	333,934	1,111,328
Total General Revenues					49,897,581	334,636	50,232,217
<b>CHANGE IN NET POSITION</b>							
					21,140,839	17,611,572	38,752,411
Net Position - Beginning of Year					150,812,140	51,755,819	202,567,959
<b>NET POSITION - END OF YEAR</b>							
					<u>\$ 171,952,979</u>	<u>\$ 69,367,391</u>	<u>\$ 241,320,370</u>

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**BALANCE SHEET – GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2022**

	General Fund	Road and Bridge Fund	Social Services Fund	Public Safety Sales Tax Fund	Capital Expenditures Fund	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>							
Equity in Pooled Cash and Investments	\$ 16,501,697	\$ 7,675,270	\$ 4,831,201	\$ 8,342,669	\$ 24,311,967	\$ 4,204,315	\$ 65,867,119
Other Cash and Investments	89,520	50	250	191,138	-	251,802	532,760
Receivables							
Taxes	12,235,730	2,041,920	2,012,125	1,473,751	-	-	17,763,526
Intergovernmental	266,413	648,649	423,886	-	-	249,576	1,588,524
Trade	-	2,340	74,443	168,344	2,500	42,740	290,367
Prepaid Items	51,415	1,580,142	2,465	4,984	-	473	1,639,479
Total Assets	<u>\$ 29,144,775</u>	<u>\$ 11,948,371</u>	<u>\$ 7,344,370</u>	<u>\$ 10,180,886</u>	<u>\$ 24,314,467</u>	<u>\$ 4,748,906</u>	<u>\$ 87,681,775</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 478,756	\$ 414,727	\$ 54,672	\$ 514,337	\$ 534,114	\$ 166,991	\$ 2,163,597
Accrued Liabilities	395,303	213,548	287,561	456,299	4,725	98,925	1,456,361
Due to Other Governments	40	-	164,000	-	-	-	164,040
Funds Held for Others	4,866	-	-	-	-	-	4,866
Unearned Revenue	2,351,189	-	193,683	1,116	-	131,489	2,677,477
Total Liabilities	<u>3,230,154</u>	<u>628,275</u>	<u>699,916</u>	<u>971,752</u>	<u>538,839</u>	<u>397,405</u>	<u>6,466,341</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Property Tax Revenue	12,235,730	-	2,012,125	-	-	-	14,247,855
<b>FUND BALANCES</b>							
Nonspendable	51,415	1,580,142	2,465	4,984	-	473	1,639,479
Restricted for:							
Emergencies	1,827,971	-	-	-	-	-	1,827,971
Public Safety	-	-	-	9,204,150	-	-	9,204,150
Landfill Financial Assurance	-	-	-	-	-	968,720	968,720
Parks and Recreation	-	-	-	-	-	240,649	240,649
Road and Bridge	-	9,739,954	-	-	-	-	9,739,954
Debt Service	-	-	-	-	-	10,448	10,448
Committed To:							
Social Services	-	-	4,629,864	-	-	-	4,629,864
Solid Waste	-	-	-	-	-	2,145,453	2,145,453
Assigned	3,095,014	-	-	-	23,775,628	985,758	27,856,400
Unassigned	8,704,491	-	-	-	-	-	8,704,491
Total Fund Balances	<u>13,678,891</u>	<u>11,320,096</u>	<u>4,632,329</u>	<u>9,209,134</u>	<u>23,775,628</u>	<u>4,351,501</u>	<u>66,967,579</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 29,144,775</u>	<u>\$ 11,948,371</u>	<u>\$ 7,344,370</u>	<u>\$ 10,180,886</u>	<u>\$ 24,314,467</u>	<u>\$ 4,748,906</u>	<u>\$ 87,681,775</u>

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO  
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL  
FUNDS TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2022**

**Total Fund Balance - Governmental Funds** \$ 66,967,579

Amounts reported for governmental activities on the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. 112,600,340

Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position. 5,141,085

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated Absences	(1,463,616)
Landfill Closure and Post-Closure Liability	(968,720)
Gravel Pit Remediation	(352,083)
Financed Purchase Agreement	<u>(9,971,606)</u>
Total	<u>(12,756,025)</u>

**Net Position - Governmental Activities** \$ 171,952,979

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	General Fund	Road and Bridge Fund	Social Services Fund	Public Safety Sales Tax Fund	Capital Expenditures Fund	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>							
Taxes	\$ 15,639,358	\$ 13,174,855	\$ 2,025,555	\$ 8,835,536	\$ -	\$ -	\$ 39,675,304
Licenses and Permits	616,925	50	-	10,295	-	120,850	748,120
Intergovernmental	12,227,772	6,286,182	6,178,051	858,846	-	1,453,018	27,003,869
Charges for Services	2,029,464	18,279	17,346	171,431	-	518,128	2,754,648
Internal Charges	2,095,969	87,041	-	-	-	-	2,183,010
Investment Earnings	430,762	421,409	-	45,557	-	26,981	924,709
Miscellaneous	292,874	32,851	35,219	63,653	-	204,463	629,060
Total Revenues	<u>33,333,124</u>	<u>20,020,667</u>	<u>8,256,171</u>	<u>9,985,318</u>	<u>-</u>	<u>2,323,440</u>	<u>73,918,720</u>
<b>EXPENDITURES</b>							
Current:							
General Government	13,886,275	-	-	-	80,582	1,431,508	15,398,365
Health and Human Services	-	-	7,536,992	-	-	1,487,853	9,024,845
Public Safety and Protection	-	-	-	14,768,168	-	-	14,768,168
Road and Bridge Services	-	8,223,677	-	-	-	-	8,223,677
Capital Outlay	216,140	10,112,968	119,200	805,542	2,989,106	77,568	14,320,524
Debt Service:							
Principal	-	-	-	-	-	1,231,584	1,231,584
Interest and Other Charges	-	-	-	-	-	319,861	319,861
Total Expenditures	<u>14,102,415</u>	<u>18,336,645</u>	<u>7,656,192</u>	<u>15,573,710</u>	<u>3,069,688</u>	<u>4,548,374</u>	<u>63,287,024</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	19,230,709	1,684,022	599,979	(5,588,392)	(3,069,688)	(2,224,934)	10,631,696
<b>OTHER FINANCING SOURCES (USES)</b>							
Proceeds from Sale of Capital Assets	-	307,850	-	-	-	-	307,850
Transfers In	-	-	27,802	7,999,193	9,595,479	2,488,046	20,110,520
Transfers Out	(18,650,504)	(828,604)	-	-	(50,000)	(581,412)	(20,110,520)
Total Other Financing Sources (Uses)	<u>(18,650,504)</u>	<u>(520,754)</u>	<u>27,802</u>	<u>7,999,193</u>	<u>9,545,479</u>	<u>1,906,634</u>	<u>307,850</u>
<b>NET CHANGE IN FUND BALANCES</b>	580,205	1,163,268	627,781	2,410,801	6,475,791	(318,300)	10,939,546
Fund Balances - Beginning of Year	<u>13,098,686</u>	<u>10,156,828</u>	<u>4,004,548</u>	<u>6,798,333</u>	<u>17,299,837</u>	<u>4,669,801</u>	<u>56,028,033</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 13,678,891</u>	<u>\$ 11,320,096</u>	<u>\$ 4,632,329</u>	<u>\$ 9,209,134</u>	<u>\$ 23,775,628</u>	<u>\$ 4,351,501</u>	<u>\$ 66,967,579</u>

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2022**

**Net Change in Fund Balances - Total Governmental Funds** \$ 10,939,546

Amounts reported for governmental activities in the statement of activities are different because:

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

Depreciation	(4,345,060)
Capital Outlay	14,289,164
Total	9,944,104

Governmental funds do not report gains or losses on disposal of capital assets. However, in the statement of activities, the difference between the book value of the asset and the proceeds received on disposal is recognized as a gain or loss.

Net Book Value of Disposed Capital Assets.	(1,275,463)
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Governmental funds report premiums on debt as other financing sources. However, in the statement of activities, premiums are allocated over the life of the debt and reported as amortization expense. This is the current year amortization expense.

5,627

Internal service funds are used by management to charge the costs of certain activities, such as fleet management to individual funds. The net revenue (expense) and transfers of the internal service fund is reported with governmental activities.

313,559

In the governmental funds, accruals for compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however, these accruals are reported regardless of when financial resources are available. This adjustment shows the change in the accrued compensated absences balance.

15,248

Long-term liabilities, including landfill post-closure costs, gravel pit, and claims are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment shows the change in this liability.

(33,366)

Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported in the statement of activities, but as a reduction of debt in the statement of net position. This amount is the effect of the difference in the treatment of these repayments.

Payments on Long-Term Debt	1,231,584
----------------------------	-----------

**Change in Net Position of Governmental Activities** **\$ 21,140,839**

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF NET POSITION – PROPRIETARY FUNDS**  
**DECEMBER 31, 2022**

	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 17,351,440	\$ 2,190,542
Accounts Receivable, Net	1,452,953	-
Lease Receivables	4,859,623	-
Due from Other Governments	3,000,900	1,211
Prepaid Items	45,968	258,916
Total Current Assets	26,710,884	2,450,669
<b>NONCURRENT ASSETS</b>		
Restricted Accounts Receivable - Passenger Facility Charges	172,042	-
Capital Assets		
Land	2,778,507	-
Construction in Progress	29,003,054	289,651
Land Improvements, Net	22,086,588	-
Buildings, Net	7,006,058	-
Equipment, Net	1,120,573	2,507,991
Total Noncurrent Assets	62,166,822	2,797,642
Total Assets	88,877,706	5,248,311
<b>CURRENT LIABILITIES</b>		
Accounts Payable	4,515,481	31,520
Accrued Liabilities	84,003	37,443
Unearned Revenue	46,576	-
Accrued Compensated Absences, Due Within One Year	51,418	38,263
Loan, Portion Due or Payable Within One Year	910,000	-
Total Current Liabilities	5,607,478	107,226
<b>NONCURRENT LIABILITIES</b>		
Accrued Compensated Absences, Due After One Year	2,612	-
Loan, Portion Due or Payable After One Year	9,090,000	-
Total Noncurrent Liabilities	9,092,612	-
Total Liabilities	14,700,090	107,226
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Leases	4,810,225	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	49,605,080	2,797,642
Restricted for Passenger Facility Charges	172,042	-
Unrestricted	19,590,269	2,343,443
Total Net Position	\$ 69,367,391	\$ 5,141,085

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES**  
**IN FUND NET POSITION – PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
<b>OPERATING REVENUE</b>		
Charges for Services	\$ 6,114,958	\$ 2,749,376
Lease Revenue	263,782	-
Lease Interest	117,780	-
Total Operating Revenue	<u>6,496,520</u>	<u>2,749,376</u>
<b>OPERATING EXPENSES</b>		
Salaries and Benefits	1,501,590	651,471
Services and Supplies	1,493,136	1,388,716
Depreciation and Amortization	3,407,384	544,232
Total Operating Expenses	<u>6,402,110</u>	<u>2,584,419</u>
<b>OPERATING INCOME (LOSS)</b>	94,410	164,957
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment Income	702	-
Interest Expense	(124,619)	-
Debt Issuance Costs	(103,780)	-
Gain (Loss) on Sale of Assets	-	114,484
Grants and Contributions	39,588	-
Passenger Facility Charges	879,778	-
Other	333,934	34,118
Total Nonoperating Revenues (Expenses)	<u>1,025,603</u>	<u>148,602</u>
<b>INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS</b>	1,120,013	313,559
Capital Grants	<u>16,491,559</u>	<u>-</u>
<b>CHANGE IN NET POSITION</b>	17,611,572	313,559
Net Position - Beginning of Year	<u>51,755,819</u>	<u>4,827,526</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 69,367,391</u></u>	<u><u>\$ 5,141,085</u></u>

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 5,606,658	\$ 2,749,606
Cash Paid to Suppliers	(4,059,681)	(1,431,279)
Cash Paid to and for Employees	(1,498,803)	(643,208)
Net Cash Provided by Operating Activities	48,174	675,119
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Grants and Contributions	39,588	-
Other Receipts	284,536	34,118
Net Cash Provided by Noncapital Financing Activities	324,124	34,118
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Grants	15,475,460	-
Passenger Facility Charges	879,447	-
Lease Income	381,562	-
Proceeds from Loan Payable	10,000,000	-
Sale of Capital Assets	13,202	149,057
Acquisition of Capital Assets	(19,891,400)	(926,163)
Interest Expense	(124,619)	-
Debt Issuance Cost	(103,780)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	6,629,872	(777,106)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Investment Income	702	-
Net Cash Provided (Used) by Investing Activities	702	-
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,002,872	(67,869)
Cash and Cash Equivalents - Beginning of Year	10,345,956	2,258,411
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	\$ 17,348,828	\$ 2,190,542

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Business-Type Activity	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Funds
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 94,410	\$ 164,957
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	3,407,384	544,232
Lease Income Included in Operating Income	(381,562)	-
(Increase) Decrease in Accounts Receivable	(554,876)	230
(Increase) Decrease in Prepaid Items	(5,618)	4,369
Increase (Decrease) in Accounts Payable	(2,560,927)	(46,932)
Increase (Decrease) in Accrued Liabilities	2,787	8,263
Increase (Decrease) in Unearned Revenue	46,576	-
Net Cash Provided by Operating Activities	\$ 48,174	\$ 675,119
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Capital Acquisitions in Accounts Payable at Year-End	\$ 4,426,860	\$ -

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**DECEMBER 31, 2022**

	<u>Custodial Funds</u>
<b>ASSETS</b>	
Cash and Investments	\$ 2,049,076
Property Taxes Receivable	30,899,302
Total Assets	32,948,378
<b>LIABILITIES</b>	
Due to Other Governments	1,042,259
Deposits Held for Others	493,917
Total Liabilities	1,536,176
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Tax Revenue	30,899,302
<b>NET POSITION</b>	
Restricted for Other Governments	512,900
Total Net Position	\$ 512,900

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>Custodial Funds</u>
<b>ADDITIONS</b>	
Property Tax Collections on Behalf of Others	\$ 44,836,630
State Opioid Settlement	512,900
Total Additions	45,349,530
<b>DEDUCTIONS</b>	
Property Tax Distributions on Behalf of Others	-
	44,836,630
	-
Net Increase (Decrease) in Net Position	512,900
<b>NET POSITION</b>	
Beginning of Year	-
End of Year	\$ 512,900

See accompanying Notes to Financial Statements.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The basic financial statements of Montrose County, Colorado (the County), have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant principles:

**Financial Reporting Entity**

The County was formed in 1883. The governing body of the County is a three-member Board of County Commissioners. The County provides the following services directly: general government, health and human services, public safety and protection, road and bridge services, and airport facilities. The County provides several additional services through other governmental organizations, which are excluded or included in this report, as detailed below.

**Related Entities**

*Public Trustee*

The Public Trustee is a state statutorily mandated position, whose financial transactions are independent of the County. However, all expenditures and associated funding transactions relating to the operations of the County Office of the Public Trustee are included in the General Fund.

*Jointly Funded Organization*

The County, in conjunction with other counties, shares in the financial support of the District Attorney of the Seventh Judicial District of the state of Colorado. In 2022, the County contributed \$1,047,562 for the operation of the District Attorney.

*Other*

The County Commissioners are also responsible for appointing the members of the boards of the Montrose County Housing Authority (the Housing Authority) and the Montrose Library District. However, the County's accountability for these organizations does not extend beyond making the appointments.

**Government-Wide and Fund Financial Statements**

The government-wide statements include the statement of net position and the statement of activities, which display information about the primary government (the County). These statements include the financial activities of the overall government, except for fiduciary activities. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the County. Governmental activities are generally financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed primarily by fees charged to external parties.

The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function.

**MONTROSE COUNTY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Government-Wide and Fund Financial Statements (Continued)**

Program revenues include (a) fees, fines, and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - *governmental*, *proprietary*, and *fiduciary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and proprietary funds are aggregated and reported as nonmajor funds.

**Governmental Funds**

Governmental funds are those through which governmental functions of the County are financed. The acquisition, use and balances of the County's expendable financial resources and the related liabilities are accounted for through governmental funds. The measurement focus is upon determination of and changes in financial position rather than upon net income. 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 financial resources except those required to be accounted for in another fund.

*Special Revenue Funds*: are used to account for the proceeds of specific revenue sources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. The following are the County's major special revenue funds:

*Road and Bridge Fund*: This fund accounts for the proceeds of County sales and use tax to be used for the maintenance and construction of County roads.

*Social Services Fund*: This fund accounts for the proceeds of County property tax to be used for the various public welfare programs administered by the County.

*Public Safety Sales Tax Fund*: This fund accounts for the proceeds of County sales tax to be used to improve public safety programs.

*Capital Projects Funds*: are used to account for all resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities or other capital amounts. The following is the County's major capital projects fund:

*Capital Expenditures Fund*: This fund accounts for resources to be used for County building and property improvements.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Governmental Funds (Continued)**

The County reports the following major enterprise fund:

*Montrose Airport:* This fund accounts for the County's airports at Montrose (Montrose Regional Airport) and Nucla (Hopkins Field Airport), which provide services for both commercial and general aviation.

The County reports the following internal service funds:

*Fleet Management Internal Service Fund:* This fund is used to account for the capital assets, liabilities, and management of the Montrose County Fleet. The fleet-related services are provided to other County departments on a cost reimbursement basis.

The County reports the following fiduciary fund type:

*Custodial Funds:* The County Clerk Custodial Fund accounts for the monies held on behalf of other governments and agencies that use the County as a depository or for property taxes collected on behalf of the other governments or agencies. The Opioid Settlement Custodial Fund accounts for the settlement funds received from the State of Colorado for region 14 which includes Montrose County. Opioid abatement costs are reimbursed from the custodial fund to region 14 members.

**Measurement Focus, Basis of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Property taxes are reported as revenue in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The agency funds also use the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. The County considers property tax revenue as available if received within 60 days after year-end. The County considers all other revenues reported in the governmental funds to be available if the revenues are collected within 180 days after year-end. Property taxes, sales taxes, licenses, and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, compensated absences, and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under financed purchase agreements are reported as other financing sources. When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted revenues first, then unrestricted resources as they are needed.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Measurement Focus, Basis of Accounting (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. The operating expenses for the proprietary funds include the cost of administrative expenses, services and supplies, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Adoption of New Accounting Standards**

**GASB Statement No. 87, Leases**

In June 2017, the GASB issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The County adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption. The implementation of this standard resulted in the County reporting lease receivables and deferred inflow of resources in the Montrose Airport enterprise fund disclosed in Note 3.

**Budgets and Budgetary Accounting**

The County follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to October 15 of each year, a proposed operating budget is submitted to the County Commissioners for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the County to obtain taxpayer comments.
3. Prior to December 31, the budget is legally adopted at the fund level through passage of a resolution for all County funds, except the fiduciary fund types.
4. Any revisions that increase the expenditure of any fund or elected official budget must be approved by the County Commissioners by passage of a resolution.
5. Budgets for the governmental fund types are adopted on a basis consistent with GAAP. The proprietary fund types adopt budgets using a nonGAAP basis.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Budgets and Budgetary Accounting (Continued)**

Appropriations are at the total fund expenditure level and lapse at year-end. Original budget appropriations, inclusive of interfund transfers out, for the year ended December 31, 2022 were \$123,668,439. The County had a supplemental appropriation totaling \$4,473,554, which increased final budget appropriations, inclusive of interfund transfers out, to \$126,141,993.

During 2022, supplemental appropriations resulted in budget amendments as follows:

<u>Fund</u>	<u>Original Amount</u>	<u>Amended Amount</u>
Governmental Activities:		
General Fund	\$ 31,814,754	\$ 33,014,754
Special Revenue Funds:		
Capital Expenditures Fund	546,963	3,820,517

**Cash**

Except for cash held by third parties (Fair Board, Weed Commission, Public Trustee, and Sheriff's Funds), all cash is deposited with the County Treasurer. The Treasurer invests the funds to achieve the best possible return on the investment. Investments in short-term certificates of deposit or cash equivalents are accounted for as cash in all funds. Interest income is allocated to funds as designated by the Board of County Commissioners.

**Investments**

Investments at December 31, 2022, consisted of obligations of U.S. Agency Bonds and negotiable CDs stated at fair market value, CSAFE and Money Market Mutual Funds stated at amortized cost and COLOTRUST stated at net asset value.

**Cash and Cash Equivalents**

For purposes of the statement of cash flows, cash equivalents are defined as liquid investments with original maturity dates of 90 days or less at time of purchase.

**Receivables and Payables**

All property tax and other receivables are shown net of an allowance for uncollectibles. Activities between funds where an outstanding balance is present at year-end and is expected to be repaid within one year are reported as "due to/from other funds" in the fund financial statements. If such balances are expected to remain outstanding for more than one year from the current year-end date, the balances are reported as "advances to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

**Lessor**

The County is a lessor for a noncancellable lease of facilities and land within the Airport Fund. The County recognizes lease receivables and a deferred inflow of resources in the business-type activities in the government-wide and in the proprietary fund financial statements.

At the commencement of a lease, the County initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the County determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The County uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The County monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

**Property Taxes**

**Revenue Recognized in 2022**

Local property taxes levied for 2021 and collected by December 31, 2022 are recognized as revenue in these financial statements as shown below:

	Assessed Valuation	Mill Levy	Amount of Taxes			Percentage Collected of	
			Levied	Budgeted	Collected	Levied	Budgeted
General Fund	\$ 672,217,018	19.610 %	\$ 13,182,176	\$ 13,182,176	\$ 13,296,057	100.86 %	100.86 %
Social Services	672,217,018	3.00	2,106,651	2,106,651	2,034,070	100.39	100.39

**Assessed Valuation**

The assessed valuation for property in the state of Colorado is determined using base year market values. The certified assessed valuation for 2021 property taxes remitted in 2022 increased to \$672,217,018 from \$601,175,569 for 2020 property taxes remitted in 2021.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Property Taxes (Continued)**

Property Tax Calendar

Property taxes are not due and payable until after the assessment year has ended and are not included in the budget or statement of revenues, expenditures, and changes in fund balance of the assessment year.

Property taxes are recorded as deferred inflows of resources in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

Property taxes are levied on or before December 15 of each year and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County bills and collects its own property taxes and the taxes for various other entities.

**Prepaid Items**

Prepaid items of the Road and Bridge Special Revenue Fund are supplies purchased in advance for future infrastructure repair needs of the County. Prepaid items of the Social Services Fund and Public Safety Sales Tax Fund are supplies purchased in advance for social services and public safety purposes. The reported prepaid items are classified as nonspendable fund balance.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items and classified as nonspendable fund balance in the governmental funds. Prepayments are recorded using the consumption method where services are allocated over appropriate service periods.

**Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, construction in progress, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the government-wide financial statements. The County defines capital assets as equipment and fixtures with an initial, individual cost of more than \$5,000, land, land improvements, and buildings with an initial cost of more than \$50,000 and infrastructure with an initial cost of more than \$250,000. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are completed.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets (Continued)**

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Landfill Disposal Systems	25 Years
Drainage Systems	25 Years
Water Systems	25 Years
Roads	20 to 50 Years
Buildings and Improvements	7 to 40 Years
Runways and Access Roads	15 to 20 Years
Vehicles	5 to 15 Years
Furniture and Equipment	3 to 20 Years

**Accrued Vacation Payable**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the proprietary funds and in the government-wide financial statements, all vacation and sick pay earned is accrued and reported as accrued compensated absences. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net position. Long-term debt premiums and discounts are amortized over the life of the related debt using the straight-line method, which approximates the effective interest method. Debt issuance costs are expensed as incurred.

In the governmental fund financial statements, the face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Net Position**

Net position is classified in three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and is reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. Restricted net position is noncapital assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the County. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fund Equity**

In the governmental fund financial statements, governmental funds report the following classifications of fund balance:

*Nonspendable:* includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.

*Restricted:* includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.

*Committed:* includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of County Commissioners, the County's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of County Commissioners.

*Assigned:* includes amounts the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of County Commissioners has designated the Director of Finance as the County employee with authority to assign fund equity. As of December 31, 2022 \$3,095,014 of the General Fund balance is assigned based on a 2023 budgeted deficit. The entire Capital Expenditures Fund is assigned for \$23,775,628, as it is for the specific purpose of capital expenditures. Nonmajor Funds were assigned for a total of \$985,758 as the fund balances for County Clerk Technical Fund (\$29,179), Local Public Health Fund (\$458,696), and Event Center and Fairgrounds Fund (\$497,883) for their specific purpose.

*Unassigned:* is a residual classification within the General Fund. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes of that fund were reduced.

For the General Fund, in the event that an expenditure can be considered restricted or unrestricted (committed, assigned, or unassigned) and both categories have available amounts, the funds will be first applied against the most restrictive fund balance classification.

The order of use of funds for special revenue funds and the capital projects fund will be from the least constrained to most constrained (i.e., unassigned, assigned, committed, restricted, and then nonspendable).

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS**

At December 31, 2022, the County's cash and investments consist of the following:

Cash and Investments - Statement of Net Position	\$ 85,941,861
Cash and Investments - Fiduciary Funds	<u>2,049,076</u>
Total	<u><u>\$ 87,990,937</u></u>

At December 31, 2022, cash and investments of the County are held as follows:

Cash on Hand	\$ 5,587
Cash Deposits	17,001,422
Investments	<u>70,983,928</u>
Total	<u><u>\$ 87,990,937</u></u>

**Cash Deposits**

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

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States and certain U.S. government agencies' securities and World Bank
- Certain international agency securities
- General obligation and revenue bonds for U.S. local government entities
- Bankers' acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain securities lending agreements
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools
- Certain corporate bonds

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

Investments of the County at December 31, 2022 are as follows:

	Standard & Poor's Rating	Fair Value	Maturity	
			Less than 1 Year	1-5 Years
Local Government Investment Pools	AAAm	\$ 65,753,946	\$ 65,753,946	\$ -
Money Market Mutual Funds	AAAm	343,162	343,162	-
Money Market Mutual Funds	Unrated	3,563	3,563	-
Negotiable CDs	BBB- to AA+	4,883,257	3,321,641	1,561,616
Total Investments		<u>\$ 70,983,928</u>	<u>\$ 69,422,312</u>	<u>\$ 1,561,616</u>

As of December 31, 2022, the County has invested \$37,629,256 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes (CRS), to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. COLOTRUST records its investments at fair value and the County records its investments in COLOTRUST using the net asset value method. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. Separately issued financial statements may be obtained at the following address:

COLOTRUST  
717 17<sup>th</sup> Street, Suite 1850  
Denver, Colorado 80202 [www.colotruster.com](http://www.colotruster.com)

As of December 31, 2022, the County has invested \$14,025,596 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is a local government investment pool. Investments of the pool consist of securities of the United States Treasury, United States agencies, primary dealer repurchase agreements and Colorado depositories (with short term ratings of A1 or better) in which the deposits are collateralized at 102% of market value under the provisions of PDPA. The custodian's internal records identify the investments owned by the pool. CSAFE records its investments at amortized cost and the County records its investment in CSAFE using the amortized cost method. Separately issued financial statements may be obtained at the following address:

CSAFE  
1675 Broadway, Suite 500  
Denver, CO 80202 [www.csafe.org](http://www.csafe.org)

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Investments (Continued)**

As of December 31, 2022, the County has invested \$14,099,094 in Colorado Statewide Investment Plan (CSIP). CSIP cash deposits are measured at amortized cost. CSIP is a statutory trust organized and existing under the laws of the State of Colorado intended

solely for the use of Colorado local governments. Investments of the trust are limited to those allowed by State statutes.

CSIP is a statutory trust organized and existing under the laws of the State of Colorado intended solely for the use of Colorado local governments. Investments of the trust are limited to those allowed by State statutes. CSIP's sole purpose is to serve government entities in Colorado to meet their daily cash management needs with an emphasis on 1) safety, 2) liquidity, 3) transparency and 4) competitive yields. CSIP is a local government investment pool trust fund organized under C.R.S. § 24-75-701, et seq., registered as such with the Colorado Securities Commissioner pursuant to the Local Government Investment Pool Trust Fund Administration and Enforcement Act, C.R.S. § 11-51-901, et seq. As such a trust, CSIP pools and invests the funds of Colorado local government participants within the investment policies and limitations set forth in CSIP's Indenture of Trust and C.R.S. § 24-75-601, et seq. Participants include municipalities, counties, school districts and special districts.

CSIP offers two investment options, 1) CSIP Liquid Portfolio and 2) CSIP Term Portfolio. The CSIP Liquid Portfolio is a fully liquid, variable rate investment option, rated AAAM by Standard and Poor's. There are no unfunded commitments, the redemption frequency is daily and there is a one-day redemption notice. The CSIP Term Portfolio offers the ability for participants to invest in shares of fixed-rate, fixed-term investments, rated AAAs by Fitch Ratings. There are no unfunded commitments, the redemption period is planned at maturity, and redemption period is a sixty-day minimum and one-year maximum.

**Credit Risk**

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. It is the County's policy to limit its investments to U.S. Treasury obligations, repurchase agreements, government backed securities, money market mutual funds, local government investment pools, and corporate obligations.

The County's investment policy is to apply the "prudent investor" rule, which states, "investments shall be made with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of a plan of like character with like aims." Investments shall be diversified to minimize the risk of loss and to maximize the rate of return.

**Interest Rate Risk**

As a means of limiting its exposure to fair value losses arising from rising interest rates, the County's investment policy, along with Colorado statutes, does not allow investment maturities to exceed five years.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

**Concentration of Credit Risk**

Concentration of credit risk arises from the magnitude of an investment in a single issuer. As of December 31, 2022, no individual investments consisted of more than 5% of the County's investments.

**Fair Value**

The County categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

*Level 1* – Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

*Level 2* – Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

*Level 3* – Unobservable inputs for an asset or liability.

The County has the following fair value measurements as of December 31, 2022:

	<u>12/31/2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments by Fair Value Level:				
Negotiable CDs	\$ 4,883,257	\$ -	\$ 4,883,257	\$ -
Total Investments by Fair Value Level	<u>4,883,257</u>	<u>\$ -</u>	<u>\$ 4,883,257</u>	<u>\$ -</u>
Investments Measured at Amortized Cost:				
CSAFE	14,025,596			
Money Market Mutual Funds	<u>346,725</u>			
Total Investments Measured at Amortized Cost	14,372,321			
Investments Measured at Net Asset Value:				
Colotrust	37,629,256			
CSIP	<u>14,099,094</u>			
	<u>51,728,350</u>			
 Total Investments	 <u>\$ 70,983,928</u>			

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)**

For Level 2 inputs, the pricing methodology utilizes the services of firms that provide market standard pricing. These pricing service providers synthesize multiple market inputs to determine the fair value price. As such, the prices are derived from altered or indirectly observable prices to result in a fair value measure.

**NOTE 3 LEASE RECEIVABLES**

The Airport, acting as lessor, leases facilities and land to various airlines, concessionaires, and others under long-term, noncancelable lease agreements. The leases expire at various dates through 2052. During the year ended December 31, 2022, the County recognized \$263,782 and \$117,780 in lease revenue and interest revenue, respectively, pursuant to these contracts.

<u>Year Ending December 31,</u>	Business-Type Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 222,569	\$ 120,902	\$ 343,471
2024	227,733	115,434	343,167
2025	207,345	109,991	317,336
2026	185,201	105,150	290,351
2027	188,957	100,341	289,298
2028-2032	939,943	427,337	1,367,280
2033-2037	905,723	311,309	1,217,032
2038-2042	913,142	193,666	1,106,808
2043-2047	918,993	77,905	996,898
2048-2052	150,017	5,754	155,771
Total	<u>\$ 4,859,623</u>	<u>\$ 1,567,789</u>	<u>\$ 6,427,412</u>

**NOTE 4 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

Transfers to and from the various funds consist of the following:

<u>Transfers Out</u>	<u>Transfers In</u>			
	<u>Capital Expenditures</u>	<u>Public Safety Sales Tax</u>	<u>Social Services</u>	<u>Other Governmental</u>
Major Fund				
General	\$ 9,595,479	\$ 7,927,025	\$ -	\$ 1,128,000
Road and Bridge	-	-	-	828,604
Capital Expenditures	-	-	-	50,000
Other Governmental	-	72,168	27,802	481,442
Total	<u>\$ 9,595,479</u>	<u>\$ 7,999,193</u>	<u>\$ 27,802</u>	<u>\$ 2,488,046</u>

Interfund transfers to and from the various funds were to cover the costs of operations, capital, and debt service.

**MONTROSE COUNTY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 5 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital Assets Not Subject to Depreciation:					
Land	\$ 4,475,094	\$ -	\$ -	\$ -	\$ 4,475,094
Construction in Progress	2,428,711	7,608,667	(362,995)	(2,117,843)	7,556,540
Total Capital Assets Not Subject to Depreciation	6,903,805	7,608,667	(362,995)	(2,117,843)	12,031,634
Capital Assets Subject to Depreciation:					
Buildings and Improvements	54,511,797	754,880	(246,341)	80,691	55,101,027
Infrastructure	129,922,341	3,760,252	(2,553,735)	2,037,152	133,166,010
Equipment and Vehicles	23,930,777	2,165,365	(1,024,270)	-	25,071,872
Total Capital Assets Subject to Depreciation	208,364,915	6,680,497	(3,824,346)	2,117,843	213,338,909
Less Accumulated Depreciation for:					
Buildings and Improvements	19,874,259	1,381,857	(96,053)	-	21,160,063
Infrastructure	80,467,055	1,166,417	(1,888,808)	-	79,744,664
Equipment and Vehicles	10,995,707	1,796,786	(927,017)	-	11,865,476
Total Accumulated Depreciation	111,337,021	4,345,060	(2,911,878)	-	112,770,203
Capital Assets Subject to Depreciation, Net	97,027,894	2,335,437	(912,468)	2,117,843	100,568,706
Governmental Activities Capital Assets, Net	<u>\$ 103,931,699</u>	<u>\$ 9,944,104</u>	<u>\$ (1,275,463)</u>	<u>\$ -</u>	<u>\$ 112,600,340</u>
<b>Internal Service Fund Activities</b>					
<b>Governmental</b>					
Capital Assets Not Subject to Depreciation:					
Construction in Progress	\$ 140,393	\$ 318,425	\$ -	\$ (169,167)	\$ 289,651
Total Capital Assets Not Subject to Depreciation	140,393	318,425	-	(169,167)	289,651
Capital Assets Subject to Depreciation:					
Equipment and Vehicles	6,581,178	607,738	(351,641)	169,167	7,006,442
Less: Accumulated Depreciation:					
Equipment and Vehicles	4,271,287	544,232	(317,068)	-	4,498,451
Capital Assets Subject to Depreciation, Net	2,309,891	63,506	(34,573)	169,167	2,507,991
Internal Service Fund Activity Capital Assets, Net	<u>\$ 2,450,284</u>	<u>\$ 381,931</u>	<u>\$ (34,573)</u>	<u>\$ -</u>	<u>\$ 2,797,642</u>

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 5 CAPITAL ASSETS (CONTINUED)**

	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b><u>Business-Type Activities</u></b>					
<b><u>Airport</u></b>					
Capital Assets Not Subject to Depreciation:					
Land	\$ 2,778,507	\$ -	\$ -	\$ -	\$ 2,778,507
Construction in Progress	5,245,562	23,762,270	(4,778)	-	29,003,054
Total Capital Assets Not Subject to Depreciation	8,024,069	23,762,270	(4,778)	-	31,781,561
Capital Assets Subject to Depreciation:					
Runway Improvements	72,421,637	-	-	-	72,421,637
Buildings and Improvements	14,047,956	336,725	-	-	14,384,681
Equipment and Vehicles	3,971,954	219,265	(84,243)	-	4,106,976
Total Capital Assets Subject to Depreciation	90,441,547	555,990	(84,243)	-	90,913,294
Less Accumulated Depreciation for:					
Runway Improvements	47,508,238	2,826,811	-	-	50,335,049
Buildings and Improvements	6,941,031	437,592	-	-	7,378,623
Equipment and Vehicles	2,919,241	142,981	(75,819)	-	2,986,403
Total Accumulated Depreciation	57,368,510	3,407,384	(75,819)	-	60,700,075
Capital Assets Subject to Depreciation, Net	33,073,037	(2,851,394)	(8,424)	-	30,213,219
Business-Type Activity Capital Assets, Net	<u>\$ 41,097,106</u>	<u>\$ 20,910,876</u>	<u>\$ (13,202)</u>	<u>\$ -</u>	<u>\$ 61,994,780</u>

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

Governmental Activities:	
General Government	\$ 1,152,950
Public Safety and Protection	687,208
Road and Bridge Services	2,992,524
Health and Human Services	56,609
Total	<u>\$ 4,889,292</u>

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 LONG-TERM DEBT**

Following is a schedule of changes in long-term debt:

	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Amounts Due Within One Year
<b><u>Governmental Activities</u></b>					
<b>Direct Placement</b>					
Certificates of Participation Series 2012	\$ 380,000	\$ -	\$ (380,000)	\$ -	\$ -
Certificates of Participation Premium	5,627	-	(5,627)	-	-
Financed Purchase Agreement Facility Construction Loan 2017	10,823,190	-	(851,584)	9,971,606	875,855
Accrued Compensated Absences	1,512,302	163,719	(174,142)	1,501,879	203,004
Accrued Landfill Post-Closure Costs	935,354	33,366	-	968,720	-
Accrued Gravel Pit Remediation Costs	352,083	-	-	352,083	-
Total Governmental Activities Long-Term Debt	<u>\$ 14,008,556</u>	<u>\$ 197,085</u>	<u>\$ (1,411,353)</u>	<u>\$ 12,794,288</u>	<u>\$ 1,078,859</u>
<b><u>Business-Type Activity</u></b>					
<b>Direct Placement</b>					
Financed Purchase Agreement Terminal Expansion Loan 2022	\$ -	\$ 10,000,000	\$ -	\$ 10,000,000	\$ 910,000
Compensated Absences	53,844	32,364	(32,178)	54,030	51,418
Total Business-Type Activities Long-Term Debt	<u>\$ 53,844</u>	<u>\$ 10,032,364</u>	<u>\$ (32,178)</u>	<u>\$ 10,054,030</u>	<u>\$ 961,418</u>

Compensated absences within governmental activities will be primarily paid out of the general fund.

**Certificates of Participation**

Certificates of participation dated October 1, 2012, in the amount of \$3,395,000, with interest at 2-3%, were issued pursuant to a financed purchase agreement with a financial institution for the construction of a Justice Center. The land and the property are used as collateral for the loan, which has a net book value of \$6,330,681. The debt was paid off as of December 31, 2022.

**Financed Purchase Agreement – Facility Construction Loan 2017**

On August 30, 2017, the County entered into a financed purchase agreement with a financial institution in the amount of \$14,000,000 with interest at 2.85% to construct an events center at the Montrose County Fairgrounds, to construct a road and bridge facility, and for other necessary capital improvements of the County. Principal payments began in 2018 and are due each year through 2032. The land and the property are used as collateral for the loan, which has a net book value of \$9,450,644.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 6 LONG-TERM DEBT (CONTINUED)**

**Financed Purchase Agreement – Facility Construction Loan 2017 (Continued)**

Future minimum payments under the financed purchase agreement as of December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 875,854	\$ 284,191	\$ 1,160,045
2024	900,816	259,229	1,160,045
2025	926,490	233,556	1,160,046
2026	952,895	207,151	1,160,046
2027	980,052	179,993	1,160,045
2028 - 2032	<u>5,335,499</u>	<u>464,728</u>	<u>5,800,227</u>
Total	<u>\$ 9,971,606</u>	<u>\$ 1,628,848</u>	<u>\$ 11,600,454</u>

**Financed Purchase Agreement – Terminal Expansion Loan 2022**

On April 20, 2022, the County entered into a financed purchase agreement with a financial institution in the amount of \$10,000,000 with interest at 2.03% to construct certain capital improvements at the County airport. Principal payments begin in 2022 and are due each year through 2032. The land and the property are used as collateral for the loan, which has a net book value of \$22,086,588.

Future minimum payments under the lease purchase agreement as of December 31, 2022 are as follows:

<u>Year Ending December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 910,000	\$ 203,000	\$ 1,113,000
2024	930,000	184,527	1,114,527
2025	950,000	165,648	1,115,648
2026	970,000	146,363	1,116,363
2027	990,000	126,672	1,116,672
2028 - 2032	<u>5,250,000</u>	<u>323,785</u>	<u>5,573,785</u>
Total	<u>\$ 10,000,000</u>	<u>\$ 1,149,995</u>	<u>\$ 11,149,995</u>

**NOTE 7 PENSION PLAN**

**Retirement Plan**

The County participates in the Colorado County Officials and Employees Retirement Association Defined Contribution Plan (CCOERA), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Service Code Section 401(A) and CRS 24.54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Plan provisions and contribution requirements are established and may be amended by CCOERA and would have to be approved by the County.

**MONTROSE COUNTY, COLORADO**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

**NOTE 7 PENSION PLAN (CONTINUED)**

**Retirement Plan (Continued)**

There are no unfunded past service liabilities. All full-time employees are required to participate in the plan after six months of service. The County is required to contribute 4% of employee compensation, excluding overtime. The employee is required to contribute an amount equal to the County's contribution and may contribute up to an additional 10% of their compensation. Employees are immediately vested in their participant contributions and become vested in employer contributions to the plan over a five-year period.

During 2022, the County and employees each made their respectively required 4% contribution amounting to \$761,441, for a total of \$1,522,882. There were no forfeitures reflected in pension expense recognized by the County in 2022.

**NOTE 8 RISK MANAGEMENT**

**County Workers Compensation Pool**

The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other counties in the state of Colorado to form the County Workers Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

**Colorado Counties Casualty and Property Pool**

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

In the past three years, the amount of settlement for any claim has not exceeded the insurance coverage in any instance.

The County carries commercial insurance for all other risks of loss. The County has had no settlements in excess of insurance coverage for each of the past three fiscal years.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 9 COMMITMENTS AND CONTINGENCIES**

**Pending Litigation**

The County is involved in various lawsuits. Management does not believe the potential loss to the County from any of these lawsuits would have a material impact on the financial statements.

**TABOR Amendment**

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

In November 2006, Montrose County voters approved an exception to the TABOR limits for all revenues except property taxes.

**Federal Funding**

Under the terms of federal and state grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Such audits could lead to reimbursements to the grantor agencies. Management believes that any disallowances, if any, resulting from any such audits would not be material to the financial statements.

**NOTE 10 CLOSURE AND POST-CLOSURE CARE COST**

The County entered into a service agreement with the contractor for operation of the current landfill, which requires the contractor to pay the County based on incoming volumes, at \$0.10 per yard. The term of the agreement is 40 years. State and federal laws and regulations require the County to place a final cover on its landfill site within 6 months of the date it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The private contractor is responsible for closure costs and the County for post-closure costs. Although post-closure care costs will be paid only after the date that the landfill stops accepting waste, the County reports estimated post-closure care costs as a liability.

The County's estimate of the closure and post-closure care costs liability at December 31, 2022, based on landfill capacity used to date, is \$968,720. The County will recognize the remaining estimated costs of closure and post-closure as the remaining estimated landfill capacity is filled. The County estimates the remaining life of the East End landfill to be 65 years as of December 31, 2022. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations.

**MONTROSE COUNTY, COLORADO  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**NOTE 10 CLOSURE AND POST-CLOSURE CARE COST (CONTINUED)**

	<u>Total Costs</u>	<u>Approximate Used Amount</u>	<u>Liability</u>
East End Closure	\$ 924,554	44.00%	\$ 406,628
East End Post-Closure	586,481	44.00	257,940
West End Post-Closure	<u>304,152</u>	100.00	<u>304,152</u>
Total	<u>\$ 1,815,187</u>		<u>\$ 968,720</u>

The County is required by state and federal laws and regulations to provide financial assurance to demonstrate that adequate funds will be readily available for the costs of closure and post-closure care. In addition, the County has voluntarily designated \$856,296 of invested funds for post-closure care.

**MONTROSE COUNTY, COLORADO  
GENERAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 15,293,962	\$ 15,525,962	\$ 15,639,358	\$ 113,396
Licenses and Permits	532,500	641,100	616,925	(24,175)
Intergovernmental	10,237,720	14,263,202	12,227,772	(2,035,430)
Charges for Services	2,043,225	2,075,610	2,029,464	(46,146)
Charges to Other Governments	105,000	115,000	-	(115,000)
Internal Charges	2,052,026	2,056,026	2,095,969	39,943
Interest Earnings	325,000	325,000	430,762	105,762
Miscellaneous	4,550	264,707	292,874	28,167
Total Revenues	<u>30,593,983</u>	<u>35,266,607</u>	<u>33,333,124</u>	<u>(1,933,483)</u>
<b>EXPENDITURES</b>				
Current:				
General Government	12,899,284	14,099,284	13,886,275	213,009
Capital Outlay	264,966	264,966	216,140	48,826
Total Expenditures	<u>13,164,250</u>	<u>14,364,250</u>	<u>14,102,415</u>	<u>261,835</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	17,429,733	20,902,357	19,230,709	(1,671,648)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(18,650,504)	(18,650,504)	(18,650,504)	-
Total Other Financing Sources (Uses)	<u>(18,650,504)</u>	<u>(18,650,504)</u>	<u>(18,650,504)</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (1,220,771)</u>	<u>\$ 2,251,853</u>	<u>\$ 580,205</u>	<u>\$ (1,671,648)</u>

**MONTROSE COUNTY, COLORADO  
ROAD AND BRIDGE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 12,218,000	\$ 13,161,000	\$ 13,174,855	\$ 13,855
Licenses and Permits	250	250	50	(200)
Intergovernmental	6,583,000	6,674,139	6,286,182	(387,957)
Charges to Other Governments	650,000	654,259	-	(654,259)
Charges for Services	6,500	18,565	18,279	(286)
Internal Charges	-	-	87,041	87,041
Interest Earnings	150,000	150,000	421,409	271,409
Miscellaneous	256,000	214,209	32,851	(181,358)
Total Revenues	<u>19,863,750</u>	<u>20,872,422</u>	<u>20,020,667</u>	<u>(851,755)</u>
<b>EXPENDITURES</b>				
Current:				
Roads and Bridge Services	10,022,188	10,022,188	8,223,677	1,798,511
Capital Outlay	8,697,337	8,697,337	10,112,968	(1,415,631)
Total Expenditures	<u>18,719,525</u>	<u>18,719,525</u>	<u>18,336,645</u>	<u>382,880</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	1,144,225	2,152,897	1,684,022	(468,875)
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Sale of Capital Assets	250,000	250,000	307,850	57,850
Transfers Out	(828,604)	(828,604)	(828,604)	-
Total Other Financing Sources (Uses)	<u>(578,604)</u>	<u>(578,604)</u>	<u>(520,754)</u>	<u>57,850</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ 565,621</u>	<u>\$ 1,574,293</u>	<u>\$ 1,163,268</u>	<u>\$ (411,025)</u>

**MONTROSE COUNTY, COLORADO  
SOCIAL SERVICES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 2,029,359	\$ 2,004,151	\$ 2,025,555	\$ 21,404
Licenses and Permits	1,500	-	-	-
Intergovernmental	5,663,785	6,013,926	6,178,051	164,125
Charges to Other Governments	15,600	15,600	-	(15,600)
Charges for Services	30,000	20,551	17,346	(3,205)
Interest Earnings	9,050	9,050	-	(9,050)
Miscellaneous	25,500	52,852	35,219	(17,633)
Total Revenues	<u>7,774,794</u>	<u>8,116,130</u>	<u>8,256,171</u>	<u>140,041</u>
<b>EXPENDITURES</b>				
Current:				
Health and Human Services	7,990,345	7,990,345	7,536,992	453,353
Capital Outlay	95,286	95,286	119,200	(23,914)
Total Expenditures	<u>8,085,631</u>	<u>8,085,631</u>	<u>7,656,192</u>	<u>429,439</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>\$ (310,837)</u>	<u>\$ 30,499</u>	<u>\$ 599,979</u>	<u>\$ 569,480</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	27,802	27,802	27,802	-
Total Other Financing Sources (Uses)	<u>27,802</u>	<u>27,802</u>	<u>27,802</u>	<u>-</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>	<u>\$ (283,035)</u>	<u>\$ 58,301</u>	<u>\$ 627,781</u>	<u>\$ 569,480</u>

**MONTROSE COUNTY, COLORADO  
PUBLIC SAFETY SALES TAX FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Taxes	\$ 8,112,000	\$ 8,821,000	\$ 8,835,536	\$ 14,536
Licenses and Permits	15,000	13,000	10,295	(2,705)
Charges for Services	138,800	171,264	171,431	167
Intergovernmental	895,000	907,197	858,846	(48,351)
Interest Earnings	10,000	10,000	45,557	35,557
Miscellaneous Income	30,500	23,425	63,653	40,228
Total Revenues	<u>9,201,300</u>	<u>9,945,886</u>	<u>9,985,318</u>	<u>39,432</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety and Protection	15,580,963	15,580,963	14,768,168	812,795
Capital Outlay	1,295,565	1,295,565	805,542	490,023
Total Expenditures	<u>16,876,528</u>	<u>16,876,528</u>	<u>15,573,710</u>	<u>1,302,818</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(7,675,228)	(6,930,642)	(5,588,392)	1,342,250
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	7,529,526	7,529,526	7,999,193	469,667
Total Other Financing Sources (Uses)	<u>7,529,526</u>	<u>7,529,526</u>	<u>7,999,193</u>	<u>469,667</u>
<b>EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES</b>	<u>\$ (145,702)</u>	<u>\$ 598,884</u>	<u>\$ 2,410,801</u>	<u>\$ 1,811,917</u>

**MONTROSE COUNTY, COLORADO  
CAPITAL EXPENDITURES FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>				
Current:				
General Government	67,563	67,563	80,582	(13,019)
Capital Outlay	429,400	3,702,954	2,989,106	713,848
Total Expenditures	<u>496,963</u>	<u>3,770,517</u>	<u>3,069,688</u>	<u>700,829</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(496,963)	(3,770,517)	(3,069,688)	700,829
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers In	9,400,000	9,415,949	9,595,479	179,530
Transfers Out	(50,000)	(50,000)	(50,000)	-
Total Other Financing Sources (Uses)	<u>9,350,000</u>	<u>9,365,949</u>	<u>9,545,479</u>	<u>179,530</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 8,853,037</u>	<u>\$ 5,595,432</u>	<u>\$ 6,475,791</u>	<u>\$ 880,359</u>

**MONTROSE COUNTY, COLORADO  
NONMAJOR GOVERNMENTAL FUNDS**

**Special Revenue Funds**

Special revenue funds are used to account for revenues of the County, which finance specified activities as required, by law or administrative action.

*Conservation Trust Fund* accounts for revenue received from the state of Colorado to be used for the acquisition, development, and maintenance of new and existing parks and recreational sites. The funds are derived primarily from the Colorado State Lottery.

*County Clerk Technical Fund* accounts for a portion of fees to be used for technology advances in the Clerk and Recorder's office.

*Solid Waste Fund* formerly accounted for the operations of the County landfill and recycle activities. These activities were sold December 31, 1996. The fund now accounts for general government activities.

*Impact Fee Fund* accounts for impact fees to be used for future capital needs.

*Local Public Health Fund* accounts for revenue received to be used to provide for public health services for the citizens of Montrose County, Colorado.

*Event Center and Fairgrounds Fund* accounts for revenue received for events held at the Montrose County event center and fairgrounds.

**Debt Service Funds**

Debt service funds are used to account for the accumulation of resources and payment of principal and interest related to the County's long-term debt and special assessment bond principal and interest from special assessment levies when the County is obligated in some manner for payment.

*General Debt Service Fund* accounts for debt service payments on the County's 2012 certificates of participation issued to construct the Justice Center and the 2017 lease purchase agreement issued to construct the Events Center and road and bridge facility.

**MONTROSE COUNTY, COLORADO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2022**

	Special Revenue					Debt Service	Total Nonmajor Governmental Funds	
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Event Center and Fairgrounds Fund		General Debt Service Fund
<b>ASSETS</b>								
Equity in Pooled Cash and Investments	\$ 240,649	\$ 29,179	\$ 3,076,778	\$ -	\$ 439,742	\$ 411,162	\$ 6,805	\$ 4,204,315
Other Cash and Investments	-	-	-	-	300	251,502	-	251,802
Receivables								
Intergovernmental	-	-	-	-	249,576	-	-	249,576
Trade	-	-	38,929	-	168	-	3,643	42,740
Prepaid Items	-	-	-	-	473	-	-	473
<b>Total Assets</b>	<b><u>\$ 240,649</u></b>	<b><u>\$ 29,179</u></b>	<b><u>\$ 3,115,707</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 690,259</u></b>	<b><u>\$ 662,664</u></b>	<b><u>\$ 10,448</u></b>	<b><u>\$ 4,748,906</u></b>
<b>LIABILITIES AND FUND BALANCE</b>								
<b>LIABILITIES</b>								
Accounts Payable	\$ -	\$ -	\$ 1,534	\$ -	\$ 41,331	\$ 124,126	\$ -	\$ 166,991
Accrued Liabilities	-	-	-	-	58,270	40,655	-	98,925
Unearned Revenue	-	-	-	-	131,489	-	-	131,489
<b>Total Liabilities</b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>1,534</u></b>	<b><u>-</u></b>	<b><u>231,090</u></b>	<b><u>164,781</u></b>	<b><u>-</u></b>	<b><u>397,405</u></b>
<b>FUND BALANCES</b>								
Nonspendable	-	-	-	-	473	-	-	473
Restricted for:								
Landfill Financial Assurance	-	-	968,720	-	-	-	-	968,720
Parks and Recreation	240,649	-	-	-	-	-	-	240,649
Debt Service	-	-	-	-	-	-	10,448	10,448
Committed to:								
Solid Waste	-	-	2,145,453	-	-	-	-	2,145,453
Assigned	-	29,179	-	-	458,696	497,883	-	985,758
<b>Total Fund Balances</b>	<b><u>240,649</u></b>	<b><u>29,179</u></b>	<b><u>3,114,173</u></b>	<b><u>-</u></b>	<b><u>459,169</u></b>	<b><u>497,883</u></b>	<b><u>10,448</u></b>	<b><u>4,351,501</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>\$ 240,649</u></b>	<b><u>\$ 29,179</u></b>	<b><u>\$ 3,115,707</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 690,259</u></b>	<b><u>\$ 662,664</u></b>	<b><u>\$ 10,448</u></b>	<b><u>\$ 4,748,906</u></b>

**MONTROSE COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	Special Revenue					Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Event Center and Fairgrounds Fund	General Debt Service Fund	
<b>REVENUES</b>								
Licenses and Permits	\$ -	\$ -	\$ -	\$ -	\$ 120,850	\$ -	\$ -	\$ 120,850
Charges for Services	-	-	-	-	-	518,128	-	518,128
Intergovernmental	161,904	-	-	-	1,291,114	-	-	1,453,018
Interest Earnings	8,644	-	14,671	-	-	-	3,666	26,981
Miscellaneous	-	12,218	185,856	-	2,263	4,126	-	204,463
Total Revenues	<u>170,548</u>	<u>12,218</u>	<u>200,527</u>	<u>-</u>	<u>1,414,227</u>	<u>522,254</u>	<u>3,666</u>	<u>2,323,440</u>
<b>EXPENDITURES</b>								
Current:								
General Government	-	19,644	10,453	-	-	1,399,911	1,500	1,431,508
Health and Human Services	-	-	-	-	1,487,853	-	-	1,487,853
Capital Outlay	-	5,088	-	-	-	72,480	-	77,568
Debt Service:								
Principal	-	-	-	-	-	-	1,231,584	1,231,584
Interest	-	-	-	-	-	-	319,861	319,861
Total Expenditures	<u>-</u>	<u>24,732</u>	<u>10,453</u>	<u>-</u>	<u>1,487,853</u>	<u>1,472,391</u>	<u>1,552,945</u>	<u>4,548,374</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	170,548	(12,514)	190,074	-	(73,626)	(950,137)	(1,549,279)	(2,224,934)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	-	-	-	-	-	1,278,000	1,210,046	2,488,046
Transfers out	(150,000)	-	-	(99,970)	-	(331,442)	-	(581,412)
Total Other Financing Sources (Uses)	<u>(150,000)</u>	<u>-</u>	<u>-</u>	<u>(99,970)</u>	<u>-</u>	<u>946,558</u>	<u>1,210,046</u>	<u>1,906,634</u>
<b>NET CHANGE IN FUND BALANCES</b>	20,548	(12,514)	190,074	(99,970)	(73,626)	(3,579)	(339,233)	(318,300)
Fund Balances - Beginning of Year	<u>220,101</u>	<u>41,693</u>	<u>2,924,099</u>	<u>99,970</u>	<u>532,795</u>	<u>501,462</u>	<u>349,681</u>	<u>4,669,801</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 240,649</u>	<u>\$ 29,179</u>	<u>\$ 3,114,173</u>	<u>\$ -</u>	<u>\$ 459,169</u>	<u>\$ 497,883</u>	<u>\$ 10,448</u>	<u>\$ 4,351,501</u>

**MONTROSE COUNTY, COLORADO  
 CONSERVATION TRUST FUND  
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
 IN FUND BALANCE – BUDGET AND ACTUAL  
 YEAR ENDED DECEMBER 31, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
State of Colorado	\$ 156,000	\$ 161,904	\$ 5,904
Interest Earnings	3,000	8,644	5,644
Total Revenues	159,000	170,548	11,548
<b>EXPENDITURES</b>			
Culture - Recreation	-	-	-
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	159,000	170,548	11,548
<b>OTHER FINANCING USES</b>			
Transfers Out	(150,000)	(150,000)	-
<b>NET CHANGE IN FUND BALANCE</b>	\$ 9,000	\$ 20,548	\$ 11,548

**MONTROSE COUNTY, COLORADO  
COUNTY CLERK TECHNICAL FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Intergovernmental	\$ 6,105	\$ -	\$ (6,105)
Charges for Services	12,000	12,218	218
Total Revenues	<u>18,105</u>	<u>12,218</u>	<u>(5,887)</u>
<b>EXPENDITURES</b>			
Current:			
General Government	40,000	19,644	20,356
Capital Outlay	-	5,088	(5,088)
Total Expenditures	<u>40,000</u>	<u>24,732</u>	<u>15,268</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (21,895)</u>	<u>\$ (12,514)</u>	<u>\$ 9,381</u>

**MONTROSE COUNTY, COLORADO  
SOLID WASTE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Interest Earnings	\$ 6,000	\$ 14,671	\$ 8,671
Charges for Services	<u>187,000</u>	<u>185,856</u>	<u>(1,144)</u>
Total Revenues	193,000	200,527	7,527
 <b>EXPENDITURES</b>			
General Government	<u>49,998</u>	<u>10,453</u>	<u>39,545</u>
Total Expenditures	<u>49,998</u>	<u>10,453</u>	<u>39,545</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 <u><u>\$ 143,002</u></u>	 <u><u>\$ 190,074</u></u>	 <u><u>\$ 47,072</u></u>

**MONTROSE COUNTY, COLORADO  
IMPACT FEE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Interest Earnings	\$ -	\$ -	\$ -
Miscellaneous	-	-	-
Total Revenues	-	-	-
<b>EXPENDITURES</b>			
General Government	-	-	-
<b>OTHER FINANCING USES</b>			
Transfers Out	(99,970)	(99,970)	-
Total Other Financing Sources (Uses)	(99,970)	(99,970)	-
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (99,970)</u>	<u>\$ (99,970)</u>	<u>\$ -</u>

**MONTROSE COUNTY, COLORADO  
LOCAL PUBLIC HEALTH FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Other Revenues	\$ 7,382	\$ 2,263	\$ (5,119)
Intergovernmental	1,292,435	1,291,114	(1,321)
Licenses and Permits	126,100	120,850	(5,250)
Total Revenues	<u>1,425,917</u>	<u>1,414,227</u>	<u>(11,690)</u>
 <b>EXPENDITURES</b>			
Health and Human Services	<u>1,552,477</u>	<u>1,487,853</u>	<u>64,624</u>
 <b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	 <u>(126,560)</u>	 <u>(73,626)</u>	 <u>52,934</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 <u><u>\$ (126,560)</u></u>	 <u><u>\$ (73,626)</u></u>	 <u><u>\$ 52,934</u></u>

**MONTROSE COUNTY, COLORADO  
EVENT CENTER AND FAIRGROUNDS FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUES</b>			
Charges for Services	\$ 421,250	\$ 518,128	\$ 96,878
Miscellaneous	31,465	4,126	(27,339)
Total Revenues	<u>452,715</u>	<u>522,254</u>	<u>69,539</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,588,279	1,399,911	188,368
Capital Outlay	50,693	72,480	(21,787)
Total Expenditures	<u>1,638,972</u>	<u>1,472,391</u>	<u>166,581</u>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,186,257)	(950,137)	236,120
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers In	1,520,000	1,278,000	(242,000)
Transfers Out	(331,442)	(331,442)	-
Total Other Financing Sources (Uses)	<u>1,188,558</u>	<u>946,558</u>	<u>(242,000)</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 2,301</u>	<u>\$ (3,579)</u>	<u>\$ (5,880)</u>

**MONTROSE COUNTY, COLORADO  
GENERAL DEBT SERVICE FUND  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>REVENUES</b>			
Interest	\$ 50	\$ 3,666	\$ 3,616
Total Revenues	<u>50</u>	<u>3,666</u>	<u>3,616</u>
<b>EXPENDITURES</b>			
Current:			
General Government	1,500	1,500	-
Debt Service:			
Principal	1,231,585	1,231,584	1
Interest	319,861	319,861	-
Total Expenditures	<u>1,552,946</u>	<u>1,552,945</u>	<u>1</u>
<b>EXCESS OF EXPENDITURES OVER (UNDER) REVENUES</b>	(1,552,896)	(1,549,279)	3,617
<b>OTHER FINANCING SOURCES</b>			
Transfers In	<u>1,210,046</u>	<u>1,210,046</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ (342,850)</u>	<u>\$ (339,233)</u>	<u>\$ 3,617</u>

**MONTROSE COUNTY, COLORADO  
PROPRIETARY FUNDS**

Proprietary funds are used to account for activities of the County that are managed similarly to for-profit businesses whereby the user fees are intended to cover a majority of the fund's expenses.

*Montrose County Airport Fund* accounts for the County's airports at Montrose (Montrose Regional Airport) and Nucla (Hopkins Field Airport), which provide services for both commercial and general aviation.

*Fleet Management Internal Service Fund* accounts for the capital assets, liabilities, and operational management of the Montrose County Fleet. The fleet-related services are provided to other County departments on a cost-reimbursement basis.

**MONTROSE COUNTY, COLORADO**  
**MONTROSE COUNTY AIRPORT ENTERPRISE FUND**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –**  
**BUDGETARY BASIS – BUDGET AND ACTUAL**  
**YEAR ENDED DECEMBER 31, 2022**

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>OPERATING REVENUES</b>			
Charges for Service	\$ 6,519,625	\$ 6,496,520	\$ (23,105)
Total Operating Revenues	<u>6,519,625</u>	<u>6,496,520</u>	<u>(23,105)</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	1,644,178	1,501,590	142,588
Services and Supplies	1,510,521	1,493,136	17,385
Capital Outlay	26,561,123	24,318,260	2,242,863
Total Operating Expenses	<u>29,715,822</u>	<u>27,312,986</u>	<u>2,402,836</u>
<b>OPERATING LOSS</b>	(23,196,197)	(20,816,466)	2,379,731
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment Income	7,000	702	(6,298)
Interest Expense	-	(124,619)	(124,619)
Debt Issuance Costs	-	(103,780)	(103,780)
Contributions/Grants	27,000	39,588	12,588
Passenger Facility Charges	550,000	879,778	329,778
Intergovernmental	16,420,595	16,491,559	70,964
Other	263,500	333,934	70,434
Total Nonoperating Revenues (Expenses)	<u>17,268,095</u>	<u>17,517,162</u>	<u>249,067</u>
<b>NET INCOME (LOSS) - BUDGET BASIS</b>	<u>\$ (5,928,102)</u>	(3,299,304)	<u>\$ 2,628,798</u>
<b>ADJUSTMENTS FOR GAAP BASIS</b>			
Capital Outlay		24,318,260	
Depreciation		<u>(3,407,384)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>		<u>\$ 17,611,572</u>	

**MONTROSE COUNTY, COLORADO  
FLEET MANAGEMENT INTERNAL SERVICE FUND  
SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION –  
BUDGETARY BASIS – BUDGET AND ACTUAL  
YEAR ENDED DECEMBER 31, 2022**

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>OPERATING REVENUES</b>			
Charges for Service	\$ 2,735,090	\$ 2,749,376	\$ 14,286
Total Operating Revenues	<u>2,735,090</u>	<u>2,749,376</u>	<u>14,286</u>
<b>OPERATING EXPENSES</b>			
Salaries and Benefits	753,375	651,471	101,904
Services and Supplies	1,485,250	1,388,716	96,534
Capital Outlay	903,538	926,163	(22,625)
Total Operating Expenses	<u>3,142,163</u>	<u>2,966,350</u>	<u>175,813</u>
<b>OPERATING INCOME (LOSS)</b>	(407,073)	(216,974)	190,099
<b>NONOPERATING REVENUES</b>			
Other	110,171	183,175	73,004
Total Nonoperating Revenues	<u>110,171</u>	<u>183,175</u>	<u>73,004</u>
<b>NET INCOME (LOSS) - BUDGET BASIS</b>	<u>\$ (296,902)</u>	(33,799)	<u>\$ 263,103</u>
<b>ADJUSTMENTS FOR GAAP BASIS</b>			
Capital Outlay		926,163	
Depreciation		(544,232)	
Net Book Value of Capital Assets Sold		<u>(34,573)</u>	
<b>CHANGE IN NET POSITION - GAAP BASIS</b>		<u>\$ 313,559</u>	

## **MONTROSE COUNTY, COLORADO FIDUCIARY FUNDS**

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

*County Clerk Custodial Fund* accounts for the County's property tax collections on behalf of other local governments. The County Clerk Custodial Fund remits the property tax collections to the local governments.

*Opioid Settlement Custodial Fund* accounts for the opioid settlement funding that was disbursed by the State of Colorado to local governments. Montrose County is the fiscal agent for region 14 which contains Delta, Gunnison, Ouray, San Miguel, and Hinsdale counties in addition to Montrose County. The first disbursement to region 14 was made in 2022 for \$512,900. Additional payments over the next 18 years could provide an additional \$3.2 million in opioid settlement funding to be used towards opioid abatement programs.

**MONTROSE COUNTY, COLORADO  
 COMBINING STATEMENT OF FIDUCIARY NET POSITION  
 FIDUCIARY FUNDS  
 DECEMBER 31, 2022**

	<u>County Clerk Custodial Fund</u>	<u>Opioid Settlement Custodial Fund</u>	<u>Custodial Funds</u>
<b>ASSETS</b>			
Cash and Investments	\$ 1,536,176	\$ 512,900	\$ 2,049,076
Property Taxes Receivable	<u>30,899,302</u>	<u>-</u>	<u>30,899,302</u>
Total Assets	<u>32,435,478</u>	<u>512,900</u>	<u>32,948,378</u>
<b>LIABILITIES</b>			
Due to Other Governments	1,042,259	-	1,042,259
Deposits Held for Others	<u>493,917</u>	<u>-</u>	<u>493,917</u>
Total Liabilities	<u>1,536,176</u>	<u>-</u>	<u>1,536,176</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Tax Revenue	30,899,302	-	30,899,302
<b>NET POSITION</b>			
Restricted for Region 14 Opioid Settlement	<u>-</u>	<u>512,900</u>	<u>512,900</u>
Total Net Position	<u><u>\$ -</u></u>	<u><u>\$ 512,900</u></u>	<u><u>\$ 512,900</u></u>

**MONTROSE COUNTY, COLORADO**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2022**

	<u>County Clerk Custodial Fund</u>	<u>Opioid Settlement Custodial Fund</u>	<u>Custodial Funds</u>
<b>ADDITIONS</b>			
Property Tax Collections on Behalf of Others	\$ 44,836,630	\$ -	\$ 44,836,630
State Opioid Settlement	<u>-</u>	<u>512,900</u>	<u>512,900</u>
Total Additions	44,836,630	512,900	45,349,530
<b>DEDUCTIONS</b>			
Property Tax Distributions on Behalf of Others	<u>44,836,630</u>	<u>-</u>	<u>44,836,630</u>
Net Increase (Decrease) in Net Position	-	512,900	512,900
<b>NET POSITION</b>			
Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ 512,900</u>	<u>\$ 512,900</u>

**MONTROSE COUNTY, COLORADO**  
**MONTROSE COUNTY DEPARTMENT OF HUMAN SERVICES**  
**EBT AUTHORIZATION SCHEDULE**  
**FOR THE CALENDAR YEAR 2022**

	A	B	C	D	E
PROGRAMS	County EBT Authorizations	County Share of Authorizations	Expenditures by County Warrant	County EBT Authorizations and Expenditures By County Warrant (Col. A+Col. C)	Total Expenditures (Col. B+Col. C)
Administration			\$ 1,582,454	\$ 1,582,454	\$ 1,582,454
Adult Services			332,687	332,687	332,687
Aid to Needy Disabled	150,838	30,951		150,838	30,951
Chaffee Grant			70,620	70,620	70,620
Child Care Program	973,092	120,681	119,354	1,092,446	240,035
Child Support Services			790,841	790,841	790,841
Child Welfare	2,935,529	476,575	1,634,454	4,569,983	2,111,029
Colorado Works	259,537	69,508	876,852	1,136,389	946,360
CORE Services	470,838	63,822	711,346	1,182,184	775,168
Employment First	1,041	273	69,939	70,980	70,211
Food Assistance	17,148,319			17,148,319	-
LEAP	1,424,724		82,866	1,507,590	82,866
Medicaid Transportation				-	-
Old Age Pension	341,058		24,903	365,960	24,903
Parental Fees			22,040	22,040	22,040
Single Entry Point	13,559		576,045	589,604	576,045
Veterans Services				-	-
Other Grants & Programs				-	-
County Only Costs (Including General Assistance)				-	-
<b>Total Programs</b>	<b>\$ 23,718,533</b>	<b>\$ 761,808</b>	<b>\$ 6,894,402</b>	<b>\$ 30,612,935</b>	<b>\$ 7,656,210</b>

Explanation of columns:

- A County EBT Authorizations - Payments for human service programs authorized by the County, net of refunds. These County authorizations are paid by the Colorado Department of Human Services by electronic benefit cards (EBT) and by electronic funds transfers (EFT).
- B County Share of EBT Authorizations - Amounts are settled monthly by a reduction of State cash advances to the County and are net of any refunds.
- C Expenditures By County Warrant - Expenditures made by County warrants or other County payment methods.
- D Represents the total cost of the human service programs that are administered by the County.
- E Equals the expenditures on the statement of revenues, expenditures, and changes in the fund balances - governmental funds, social services fund column of this document.

**MONTROSE COUNTY, COLORADO  
LOCAL HIGHWAY FINANCE REPORT  
YEAR ENDED DECEMBER 31, 2022**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: COLORADO			
		YEAR ENDING (mm/yy): 12/22			
This Information From The Records Of: Montrose County		Prepared By: Rebecca Lewis			
<b>I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE</b>					
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					
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES</b>		<b>III. EXPENDITURES FOR ROAD AND STREET PURPOSES</b>			
ITEM	AMOUNT	ITEM	AMOUNT		
<b>A. Receipts from local sources:</b>		<b>A. Local highway expenditures:</b>			
1. Local highway-user taxes		1. Capital outlay (from page 2)	\$ 8,162,484.88		
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	\$ 5,090,953.26		
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:			
c. Total (a.+b.)		a. Traffic control operations	\$ 2,398.92		
2. General fund appropriations		b. Snow and ice removal	\$ 294,465.56		
3. Other local imposts (from page 2)	\$ 13,174,905.21	c. Other	\$ 217,409.37		
4. Miscellaneous local receipts (from page 2)	\$ 1,224,985.33	d. Total (a. through c.)	\$ 514,273.85		
5. Transfers from toll facilities		4. General administration & miscellaneous	\$ 4,568,932.86		
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety			
a. Bonds - Original Issues		6. Total (1 through 5)	\$ 18,336,644.85		
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>			
c. Notes		1. Bonds:			
d. Total (a. + b. + c.)	\$ -	a. Interest			
7. Total (1 through 6)	\$ 14,399,890.54	b. Redemption			
<b>3. Private Contributions</b>		c. Total (a. + b.)	\$ -		
<b>C. Receipts from State government</b> (from page 2)	\$ 5,669,988.08	2. Notes:			
<b>D. Receipts from Federal Government</b> (from page 2)	\$ 258,638.92	a. Interest	\$ 220,329.22		
<b>E. Total receipts (A.7 + B + C + D)</b>	\$ 20,328,517.54	b. Redemption	\$ 608,274.57		
		c. Total (a. + b.)	\$ 828,603.79		
		3. Total (1.c + 2.c)	\$ 828,603.79		
		<b>C. Payments to State for highways</b>			
		<b>D. Payments to toll facilities</b>			
		<b>E. Total expenditures (A.6 + B.3 + C + D)</b>	\$ 19,165,248.64		
<b>IV. LOCAL HIGHWAY DEBT STATUS</b> <i>(Show all entries at par)</i>					
	Opening Debt	Amount Issued	Redemptions	Closing Debt	
<b>A. Bonds (Total)</b>				\$ -	
1. Bonds (Refunding Portion)				\$ -	
<b>B. Notes (Total)</b>	\$ 7,730,851.00		\$ 608,274.57	\$ 7,122,576.43	
<b>V. LOCAL ROAD AND STREET FUND BALANCE (RECEIPTS AND DISBURSEMENTS ONLY)</b>					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	\$ 10,156,829.00	\$ 20,328,517.54	\$ 19,165,248.64	\$ 11,320,097.90	\$ -
<b>Notes and Comments:</b>					

**MONTROSE COUNTY, COLORADO  
LOCAL HIGHWAY FINANCE REPORT (CONTINUED)  
YEAR ENDED DECEMBER 31, 2022**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: COLORADO YEAR ENDING (mm/yy): 12/22	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	\$ 0.47	a. Interest on investments	\$ 421,408.70
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	\$ 11,480,485.80	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	\$ 307,850.00
4. Licenses	\$ 50.00	f. Charges for Services	\$ 87,040.71
5. Specific Ownership &/or Other	\$ 1,694,368.94	g. Other Misc. Receipts	\$ 51,130.95
6. Total (1. through 5.)	\$ 13,174,904.74	h. Other	\$ 357,554.97
c. Total (a. + b.)	\$ 13,174,905.21	i. Total (a. through h.)	\$ 1,224,985.33
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	
<b>C. Receipts from State Government</b>			
<b>D. Receipts from Federal Government</b>			
ITEM	AMOUNT	ITEM	AMOUNT
1. Highway-user taxes (from Item I.C.5.)	\$ 5,003,607.24	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	\$ 258,638.92
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	\$ 136,476.90	d. Federal Transit Administration	
d. DOLA Grant		e. U.S. Corps of Engineers	
e. Other	\$ 529,903.94	f. Other Federal	
f. Total (a. through e.)	\$ 666,380.84	g. Total (a. through f.)	\$ 258,638.92
4. Total (1. + 2. + 3.f)	\$ 5,669,988.08	3. Total (1. + 2.g)	\$ 258,638.92
<i>(Carry forward to page 1)</i>		<i>(Carry forward to page 1)</i>	
<b>III. EXPENDITURES FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			\$ -
b. Engineering Costs		\$ 418,977.69	\$ 418,977.69
c. Construction:			
(1). New Facilities		\$ 817,050.29	\$ 817,050.29
(2). Capacity Improvements			\$ -
(3). System Preservation		\$ 6,926,456.90	\$ 6,926,456.90
(4). System Enhancement And Operation			\$ -
(5). Total Construction (1)+(2)+(3)+(4)	\$ -	\$ 7,743,507.19	\$ 7,743,507.19
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.4)	\$ -	\$ 8,162,484.88	\$ 8,162,484.88
<i>(Carry forward to page 1)</i>			
<b>Notes and Comments:</b>			



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