



Archuleta County, Colorado

Financial Statements and Supplementary
Information
For the Year Ended December 31, 2013



ARCHULETA COUNTY, COLORADO
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Independent Auditor's Report

To the Board of County Commissioners of Archuleta County, Colorado
Pagosa Springs, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado as of December 31, 2013, 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.

Emphasis of Matter

As noted in Note 2, an error resulting in an understatement of net position in the Airport Fund and business-type activities as of December 31, 2012 was discovered by management of the County during the current year. Accordingly, adjustments have been made to the net position as of December 31, 2012, to correct this error.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through xi and the budgetary comparison information on pages 32 through 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information as listed in the table of contents, the Schedule of Expenditures and Transfers Out - All Non-Major Governmental Funds, and All Proprietary Funds - Budget and Actual, the Local Highway Finance Report, and the the Schedule of Expenditures of Federal Awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the financial statements.

The other supplementary information as listed in the table of contents, the Schedule of Expenditures and Transfers Out - All Non-Major Governmental Funds, and All Proprietary Funds - Budget and Actual, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Governmental Auditing Standards*, we have also issued our report dated September 30, 2014 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Anton Collins Mitchell LLP

Greeley, Colorado
September 30, 2014

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2013. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

FINANCIAL HIGHLIGHTS

- The assets of Archuleta County exceeded its liabilities and deferred inflows of resources at December 31, 2013 by \$44,423,454. Of this amount, \$11,299,475 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,625,945, including prior period adjustment, or 8.9% during 2013. The governmental net position increased by \$3,905,907 or 23.6% and the business-type net position decreased by (\$279,962) or (1.1%).
- The combined governmental fund balances at December 31, 2013 were \$13,745,003, an increase over 2012 of \$2,351,499. The unassigned combined fund balance is \$5,682,427 and is available for spending.
- The unassigned fund balance within the General Fund is \$5,682,427 and is 67.6% of the total General Fund expenditures.
- The County's total long term liabilities decreased \$724,414 or 12.5%.

USING THIS ANNUAL REPORT

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

Government-wide Financial Statements

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

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

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

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

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

government, public safety, highway & streets, health & welfare, economic development and recreation. The Business-type Activities of Archuleta County include Solid Waste and Airport.

Fund Financial Statements

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

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

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

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

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

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 can be found immediately after the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets exceeded liabilities and deferred inflows of resources by \$44,423,454 at December 31, 2013.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2013 and 2012.

	<u>Net Position</u>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 20,246,296	\$ 19,589,050	\$ (424,917)	\$ 172,822	\$19,821,379	\$19,761,872
Capital assets	11,676,014	10,447,301	25,243,493	25,408,051	36,919,507	\$35,855,352
Total assets	<u>31,922,310</u>	<u>30,036,351</u>	<u>24,818,576</u>	<u>25,580,873</u>	<u>56,740,886</u>	<u>55,617,224</u>
Current liabilities	1,644,690	2,702,894	408,205	583,844	2,052,895	3,286,738
Noncurrent liabilities	4,524,207	4,952,826	432,320	739,016	4,956,527	5,691,842
Total liabilities	<u>6,168,897</u>	<u>7,655,720</u>	<u>840,525</u>	<u>1,322,860</u>	<u>7,009,422</u>	<u>8,978,580</u>
Deferred inflows of resources	5,308,010	5,841,135	-	-	5,308,010	5,841,135
Net position:						
Net investment in capital assets	6,905,920	5,305,991	24,904,157	24,715,517	31,810,077	30,021,508
Restricted	1,313,902	1,436,460	-	-	1,313,902	1,436,460
Unrestricted	12,225,581	9,797,045	(926,106)	(457,504)	11,299,475	9,339,541
Total net position	<u>\$ 20,445,403</u>	<u>\$ 16,539,496</u>	<u>\$ 23,978,051</u>	<u>\$ 24,258,013</u>	<u>\$44,423,454</u>	<u>\$40,797,509</u>

The largest portion of Archuleta County's net position, 71.6%, reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 3.0% of the County's net positions are subject to restrictions on how they may be used. The remaining 25.4% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Note that "unrestricted" funds are not the same as "unassigned". Some of the "unrestricted" funding is assigned or committed to specific uses, or include internal working capital reserves.

Governmental Activities

The Governmental Activities total revenues of \$21,122,491 exceeded expenditures including transfers out of \$17,216,584, resulting in an increase in net position of \$3,905,907 during the year ended December 31, 2013.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2013.

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Changes in Net Position

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Program revenues:						
Charges for services	\$ 2,186,654	\$ 2,165,527	\$ 684,681	\$ 726,969	\$ 2,871,335	\$ 2,892,496
Operating grants	5,966,490	6,288,662	-	-	5,966,490	6,288,662
Capital grants/Contributions	1,823,432	1,854,645	322,939	229,444	2,146,371	2,084,089
General revenues:						
Property taxes	6,345,269	6,316,237	-	-	6,345,269	6,316,237
Sales and use taxes	3,430,223	3,261,353	-	-	3,430,223	3,261,353
Other taxes	1,064,992	1,028,900	31,179	-	1,096,171	1,028,900
Other general revenues	305,431	308,455	1,425	-	306,856	308,455
Total revenues	\$ 21,122,491	\$ 21,223,779	\$ 1,040,224	\$ 956,413	\$ 22,162,715	\$ 22,180,192
Program expenses:						
General Government	\$ 4,228,137	\$ 4,496,094	\$ -	\$ -	\$ 4,228,137	\$ 4,496,094
Public Safety	4,150,704	4,056,087	-	-	4,150,704	4,056,087
Health and Welfare	4,295,438	4,298,358	-	-	4,295,438	4,298,358
Highways and Streets	4,003,987	4,016,513	-	-	4,003,987	4,016,513
Economic Development	81,890	104,722	-	-	81,890	104,722
Recreation and Culture	206,066	181,126	-	-	206,066	181,126
Interest Expense	250,362	15,301	-	-	250,362	15,301
Airport	-	-	1,163,690	1,125,253	1,163,690	1,125,253
Solid Waste	-	-	578,697	635,038	578,697	635,038
Total expenses	\$ 17,216,584	\$ 17,168,201	\$ 1,742,387	\$ 1,760,291	\$ 18,958,971	\$ 18,928,492

Expenditures exceeded program revenues for Governmental Activities by \$7.2 million in 2013. In 2012 expenditures exceeded program revenues by \$6.9 million.

Total revenues for governmental activities are made up of 47.2% of program revenues and 52.8% general revenues. In 2012 program revenues were 48.6% of the total revenues and general revenues represented 51.4%.

Governmental Activities program revenues decreased \$332,258 or (3.2%) in 2013 compared to 2012. The decrease in program revenues is mostly due to a decrease in Operating Grants.

General revenues, primarily property taxes and sales taxes, were used to pay for \$7,240,009 of expenses that were not covered by program revenues.

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

ARCHULETA COUNTY, COLORADO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2013

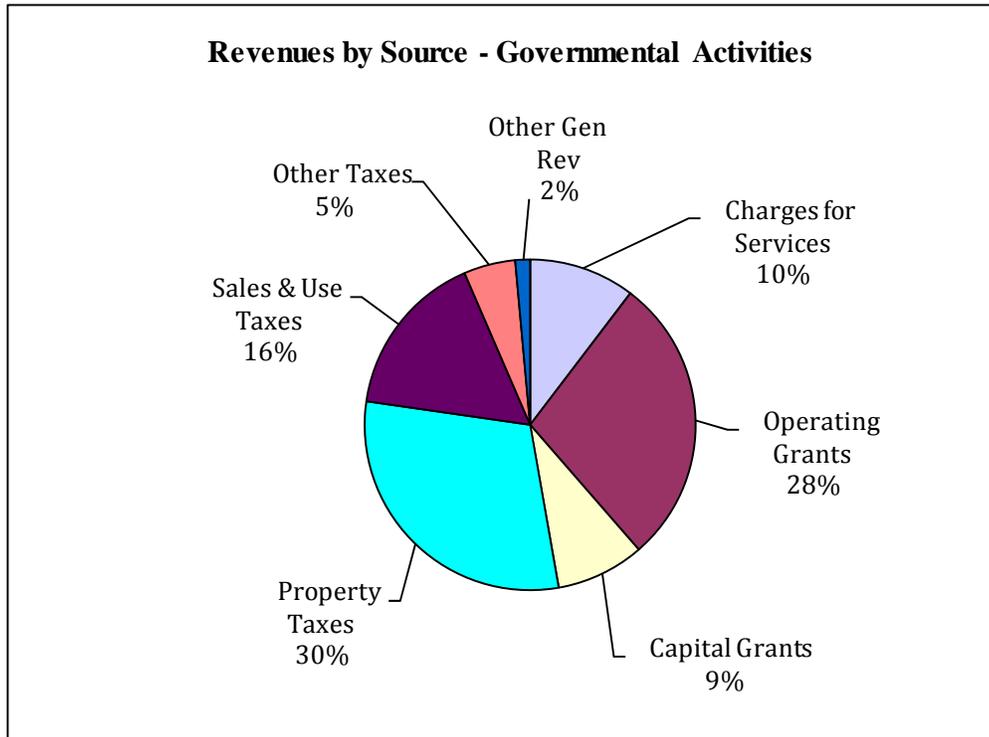
Net Program Cost to Taxpayers

Governmental Activities

	Program		Net (Expense)
	Revenues	Expenses	Revenue
General Gov't	\$ 1,830,139	\$ 4,228,137	\$ (2,397,998)
Public Safety	779,460	4,150,704	(3,371,244)
Health & Welfare	3,701,189	4,295,438	(594,249)
Highways & Streets	3,526,552	4,003,987	(477,435)
Economic Dev	-	81,890	(81,890)
Recreation & Cult	139,236	206,066	(66,830)
Interest Exp	-	250,362	(250,362)
Totals	\$ 9,976,576	\$ 17,216,584	\$ (7,240,008)

Governmental Activities total revenues decreased (\$101,288) or (0.5%) in 2013

The following illustrate revenues by sources:



ARCHULETA COUNTY, COLORADO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2013

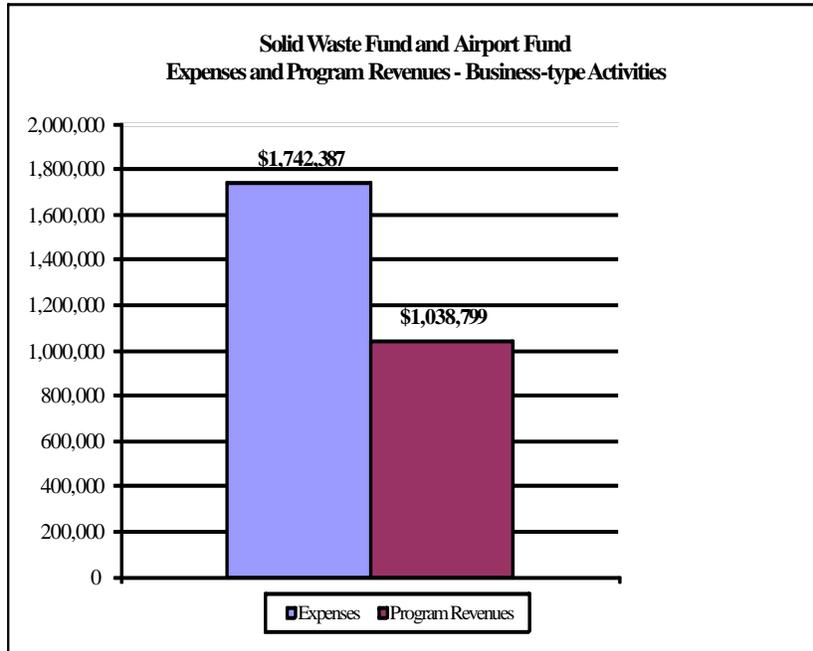
The percentages of total County expenses in each function are as follows:

	<u>2013</u>	<u>2012</u>
General Government	24.6%	26.2%
Public Safety	24.1%	23.6%
Health & Welfare	24.9%	25.0%
Highways & Streets	23.3%	23.4%
Economic Dev	0.5%	0.6%
Recreation & Cult	1.2%	1.1%
Interest Expense	1.4%	0.1%

Business-type Activities

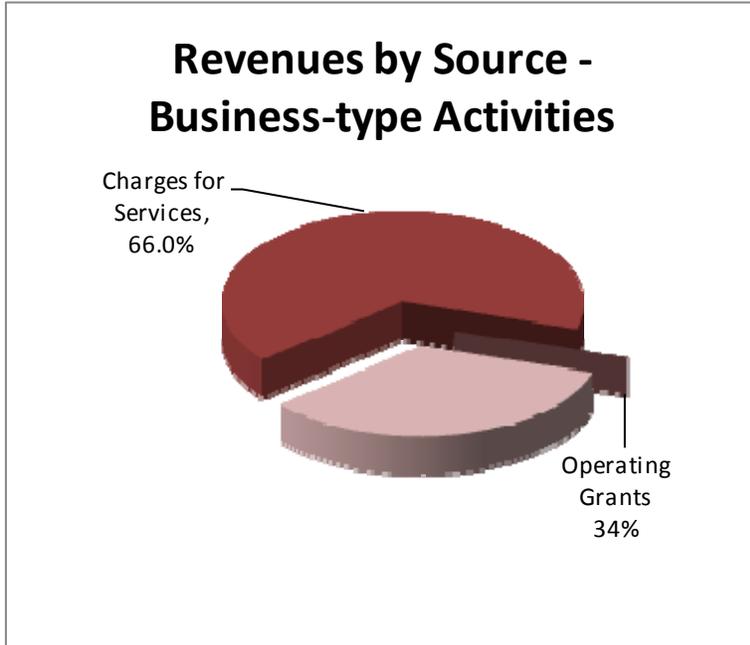
Net position in Business-type Activities decreased by \$279,962 in 2013. The operating decrease was \$702,163, but this was offset by a prior period adjustment to correct the accumulated depreciation in the Airport Fund.

The following illustrates the Business-type Activities revenues and expenses:



ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

Business-type activities Charges for Services for business-type activities represents 66% of revenues with the remaining 34% of operating grant revenue.



THE COUNTY'S FUNDS

At year end, the County's Governmental Funds reported a combined fund balance of \$13,745,003, an increase of \$2,351,499 compared to 2012. Fund balances in the Governmental Funds are as follows:

Governmental Fund Balances Comparison					
	2013	2012	2011	2010	2009
General Government Fund	\$ 8,880,189	\$ 7,188,345	\$ 5,353,684	\$ 3,409,926	\$ 1,231,710
Road & Bridge Fund	3,449,934	2,828,501	3,501,459	3,839,783	4,439,481
Dept. of Human Services Fund	391,179	366,262	317,350	193,810	86,289
Other Governmental Funds	1,023,701	1,010,396	1,155,038	1,029,755	941,204
Combined Governmental Fund Balance	\$ 13,745,003	\$ 11,393,504	\$ 10,327,531	\$ 8,473,274	\$ 6,698,684

The Proprietary Funds ended 2013 with total unrestricted net position of (\$813,134) a decrease of (\$401,947) from 2012. The total net position, including net invested in capital assets, was \$24,540,547, a decrease of (\$401,947).

Proprietary Funds Net Positions are as follows:

Solid Waste Fund	\$491,639
Airport Fund	\$23,374,424
Fleet Fund (Internal Service)	\$674,484

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

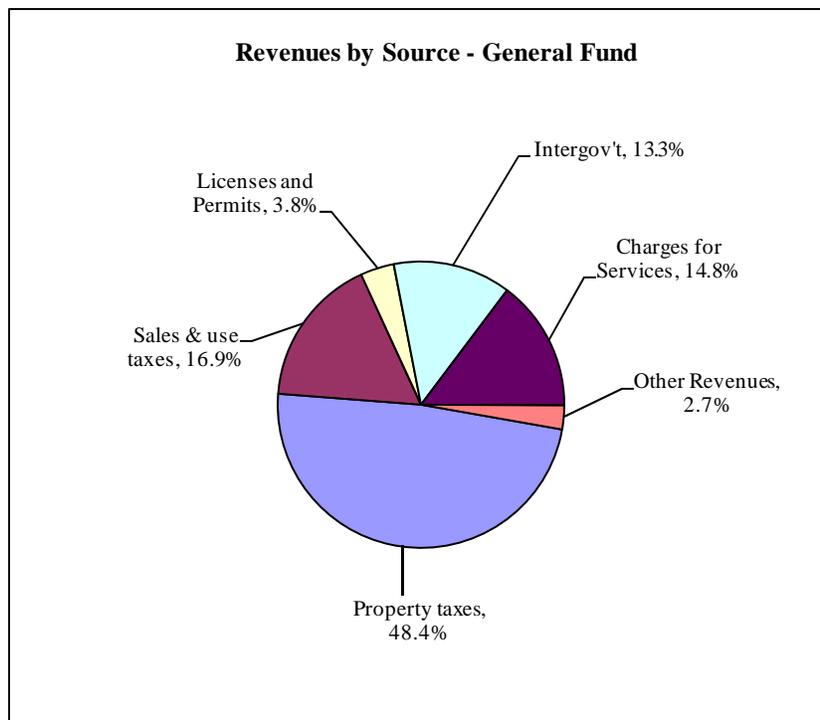
GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund accounts for all of the general services provided by Archuleta County. At the end of 2013, the General Fund's fund balance totaled \$8,880,189. This is an increase of \$1,691,844 compared to 2012.

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. At December 31, 2013 the unassigned fund balance in the General Fund represented 67.6% of the General Fund expenditures.

2013 General Fund revenues decreased (\$491,614) from 2012. Most of this decrease was in Intergovernmental Revenue, which declined (\$465,521).

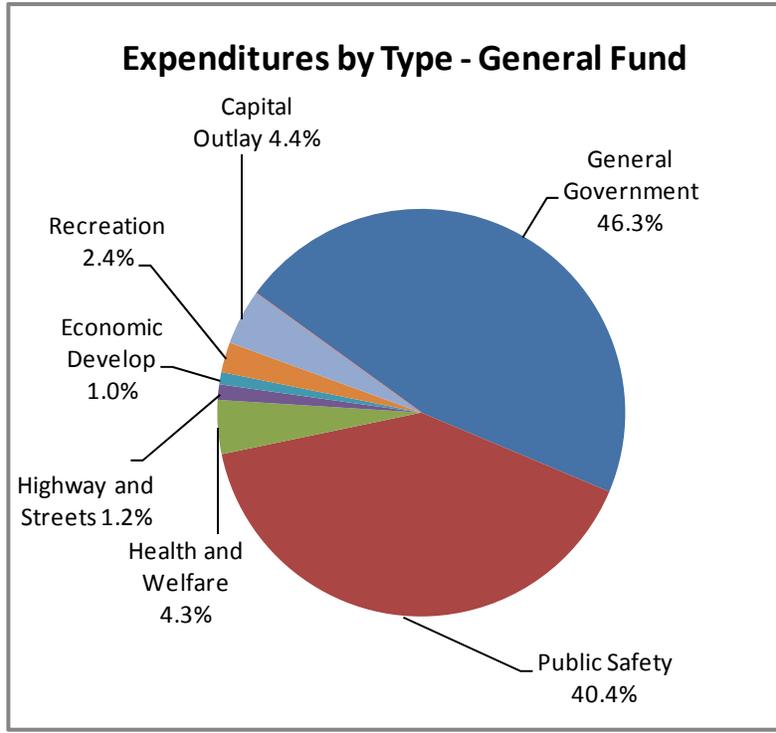
The following illustrates revenues by sources in the General Fund:



General Fund expenditures include all administrative functions of the County (i.e. Commissioners, Administrator, Finance, Attorney, Human Resources, IT/GIS, etc.); public safety; health and welfare; planning and development and outdoor recreation. Total General Fund expenditures decreased (\$69,095) from 2013.

ARCHULETA COUNTY, COLORADO
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 For the Year Ended December 31, 2013

The following illustrates expenditures by type for the General Fund:



During 2013, the County Commissioners approved budget amendments that included changes to the General Fund budget. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected in the General Fund was \$215,268 more than budgetary estimates (excluding other financing sources) and expenditures were \$1,297,691 less than the final budgetary estimates (excluding other financing uses).

The following illustrates General Fund Budget:

	Adopted		
	Budget	Amendments	Final Budget
Beginning Fund Balance	\$ 5,956,402	\$ -	\$ 5,956,402
Sources	10,135,851	63,988	10,199,839
Uses	9,957,966	62,988	10,020,954
Ending Fund Balance	\$ 6,134,287	\$ 1,000	\$ 6,135,287

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

CAPITAL ASSETS

In 2013, the County invested in a broad range of capital assets, including construction in progress on a bridge, vehicles, and equipment.

The table below provides a comparative summary of total capital assets at December 31, 2013 and 2012.

Capital Assets at Year-end
(Net of Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Land	\$1,433	\$1,396	\$3,574	\$3,374	\$5,007	\$4,770
Runway	0	0	18,852	19,249	18,852	\$19,249
Buildings and Improvements	1,513	1,556	1,988	2,008	3,501	\$3,564
Improvements nonbuilding	27	7	66	73	93	\$80
Vehicles	347	353	187	213	534	\$566
Machinery & Equipment	865	1,115	239	145	1,104	\$1,260
Computer Equipment	434	518	0	0	434	\$518
Infrastructure	3,811	3,977	316	346	4,127	\$4,323
Construction in progress	3,246	1,525	21	0	3,267	1,525
Totals	\$11,676	\$10,447	\$25,243	\$25,408	\$36,919	\$35,855

Major capital expenditures during 2013 included:

CIP	\$ 1,721,039
Land	237,421
Vehicles	166,515
Machinery	142,404
Computer & Office	107,556

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 7 to the financial statements.

ARCHULETA COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended December 31, 2013

DEBT

Note 8 of the financial statements provide a summary of the County's long-term debt. At the end of 2013, the County had total debt outstanding of \$5.1 million. The County's total debt decreased (\$724,414) in 2013.

	Outstanding Debt, at Year-end					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Notes Payable	\$ 357,107	\$ 400,353	\$ 339,336	\$ 665,620	\$ 696,443	\$ 1,065,973
Capital leases	4,412,987	4,740,957	-	26,914	4,412,987	4,767,871
Totals	<u>\$ 4,770,094</u>	<u>\$ 5,141,310</u>	<u>\$ 339,336</u>	<u>\$ 692,534</u>	<u>\$ 5,109,430</u>	<u>\$ 5,833,844</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

In recent years, the County significantly constrained spending; first to survive steep declines in core funding such as property tax, and later to build critical reserves in working capital. Revenue flows seem to have stabilized, and the County's austerity measures are paying off with increased fund balances. However, part of the austerity measures of the past was the deferring of maintenance and capital replacement. There is now a considerable need to begin spending in both areas. The 2015 budget will likely reflect the establishment of a strategic reserve, on top of the already established working capital reserve, in preparation for increased capital outlays, likely to be budgeted in 2016. In the meantime, management remains cautious with its operational spending.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

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

ARCHULETA COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

ARCHULETA COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2013

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 7,404,675	\$ -	\$ 7,404,675
Investments	3,921,970	-	3,921,970
Property Taxes Receivable	5,308,010	-	5,308,010
Other Receivables	774,125	168,025	942,150
Inventories	107,055	3,525	110,580
Prepaid Items	61,355	910	62,265
Due from Other Governments	2,071,729	-	2,071,729
Internal Balances	597,377	(597,377)	-
Total Current Assets	20,246,296	(424,917)	19,821,379
Noncurrent Assets:			
Capital Assets:			
Land	1,433,285	3,574,230	5,007,515
Construction in Progress	3,245,904	21,114	3,267,018
Runway Improvements, net	-	18,851,946	18,851,946
Buildings and Improvements, net	1,513,387	2,053,918	3,567,305
Machinery and Equipment, net	865,330	238,955	1,104,285
Vehicles, net	346,748	187,350	534,098
Improvements -Non-building, net	26,752	-	26,752
Computer Equipment, net	434,095	-	434,095
Infrastructure, net	3,810,513	315,980	4,126,493
Total Noncurrent Assets	11,676,014	25,243,493	36,919,507
TOTAL ASSETS	31,922,310	24,818,576	56,740,886
LIABILITIES			
Current Liabilities:			
Accounts Payable	853,398	44,322	897,720
Due to Other Governments	29,431	-	29,431
Accrued Interest Payable	19,754	13,494	33,248
Accrued Payroll and Liabilities	177,033	11,053	188,086
Deposits Payable	9,348	-	9,348
Accrued Compensated Absences, Current Portion	128,218	-	128,218
Notes and Capital Leases Payable, Due Within One Year	427,508	339,336	766,844
Total Current Liabilities	1,644,690	408,205	2,052,895
Noncurrent Liabilities:			
Closure and Post Closure Costs	-	418,270	418,270
Accrued Compensated Absences, Noncurrent	181,621	14,050	195,671
Notes and Capital Leases Payable, Due After One Year	4,342,586	-	4,342,586
Total Noncurrent Liabilities	4,524,207	432,320	4,956,527
TOTAL LIABILITIES	6,168,897	840,525	7,009,422
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue - Property Taxes	5,308,010	-	5,308,010
TOTAL DEFERRED INFLOWS OF RESOURCES	5,308,010	-	5,308,010
NET POSITION			
Net Investment in Capital Assets	6,905,920	24,904,157	31,810,077
Restricted for:			
TABOR	440,952	-	440,952
Capital Projects	496,337	-	496,337
Forest Reserve Title III	119,916	-	119,916
Parks and Recreation	256,697	-	256,697
Unrestricted	12,225,581	(926,106)	11,299,475
TOTAL NET POSITION	\$ 20,445,403	\$ 23,978,051	\$ 44,423,454

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

ARCHULETA COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position			
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government			
					Governmental Activities	Business-Type Activities	TOTAL	
Primary Government:								
Governmental Activities:								
General Government	\$ 4,228,137	\$ 1,458,813	\$ 333,397	\$ 37,929	\$ (2,397,998)		\$ (2,397,998)	
Public Safety	4,150,704	585,658	193,802	-	(3,371,244)		(3,371,244)	
Health and Welfare	4,295,438	71,825	3,629,364	-	(594,249)		(594,249)	
Highways and Streets	4,003,987	41,275	1,699,774	1,785,503	(477,435)		(477,435)	
Economic Development	81,890	-	-	-	(81,890)		(81,890)	
Recreation and Culture	206,066	29,083	110,153	-	(66,830)		(66,830)	
Interest Expense	250,362	-	-	-	(250,362)		(250,362)	
Total Governmental Activities	17,216,584	2,186,654	5,966,490	1,823,432	(7,240,008)		(7,240,008)	
Business-Type Activities:								
Airport	1,163,690	107,928	-	193,340		\$ (862,422)	(862,422)	
Solid Waste	578,697	576,753	-	129,599		127,655	127,655	
Total Business-Type Activities	1,742,387	684,681	-	322,939		(734,767)	(734,767)	
Total Primary Government	\$ 18,958,971	\$ 2,871,335	\$ 5,966,490	\$ 2,146,371	(7,240,008)	(734,767)	(7,974,775)	
General revenues:								
Taxes:								
					6,345,269	-	6,345,269	
					3,430,223	-	3,430,223	
					1,064,992	-	1,064,992	
					-	31,179	31,179	
					(17,180)	-	(17,180)	
					322,611	1,425	324,036	
					11,145,915	32,604	11,178,519	
					Change in Net Position	3,905,907	(702,163)	3,203,744
					Net Position - Beginning as previously stated	16,539,496	24,258,013	40,797,509
					Prior period adjustment - See note 2	-	422,201	422,201
					Net Position - Ending	\$ 20,445,403	\$ 23,978,051	\$ 44,423,454

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

ARCHULETA COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2013

	<u>GENERAL FUND</u>	<u>ROAD & BRIDGE FUND</u>	<u>HUMAN SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,249,505	\$ 1,386,306	\$ 369,932	\$ 999,947	\$ 7,005,690
Investments	3,921,970	-	-	-	3,921,970
Property Taxes Receivable	4,253,866	790,536	263,608	-	5,308,010
Other Receivable	427,426	304,365	5,211	35,132	772,134
Inventories, at Cost	2,390	40,561	-	-	42,951
Prepaid Items	45,640	12,780	412	2,523	61,355
Due From Other Funds	709,365	-	-	-	709,365
Due From Other Governments	39,542	1,906,717	125,470	-	2,071,729
TOTAL ASSETS	<u>\$ 13,649,704</u>	<u>\$ 4,441,265</u>	<u>\$ 764,633</u>	<u>\$ 1,037,602</u>	<u>\$ 19,893,204</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 380,824	\$ 170,919	\$ 80,415	\$ 513	\$ 632,671
Accrued Payroll and Liabilities	125,477	29,876	-	13,388	168,741
Due to Other Governments	-	-	29,431	-	29,431
Inmate Deposits	9,348	-	-	-	9,348
TOTAL LIABILITIES	<u>515,649</u>	<u>200,795</u>	<u>109,846</u>	<u>13,901</u>	<u>840,191</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred Revenue - Property Taxes	4,253,866	790,536	263,608	-	5,308,010
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>4,253,866</u>	<u>790,536</u>	<u>263,608</u>	<u>-</u>	<u>5,308,010</u>
FUND BALANCE					
Nonspendable for:					
Inventory and Prepaid Items	48,030	53,341	412	2,523	104,306
Restricted for:					
TABOR	262,030	132,533	34,160	12,229	440,952
Capital Projects	-	-	-	496,337	496,337
Title III	-	119,916	-	-	119,916
Parks and Recreation	-	-	-	256,697	256,697
Committed to:					
1A Projects - Parks & Recreation	557,702	-	-	-	557,702
1A Projects - Facilities & Technology	228,234	-	-	-	228,234
Fund Reserves Policy	2,101,766	-	-	-	2,101,766
Assigned to:					
Highways and Streets	-	3,144,144	-	-	3,144,144
Public Safety	-	-	-	255,915	255,915
Health and Welfare	-	-	356,607	-	356,607
Unassigned	5,682,427	-	-	-	5,682,427
TOTAL FUND BALANCE	<u>8,880,189</u>	<u>3,449,934</u>	<u>391,179</u>	<u>1,023,701</u>	<u>13,745,003</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 13,649,704</u>	<u>\$ 4,441,265</u>	<u>\$ 764,633</u>	<u>\$ 1,037,602</u>	<u>\$ 19,893,204</u>

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

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2013

Total governmental fund balances \$ 13,745,003

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund financial statements. 11,226,490

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

Capital Leases Payable	\$	(4,412,987)	
Notes Payable		(357,107)	
Compensated Absences		(298,738)	
Accrued Interest Payable		<u>(19,754)</u>	
			(5,088,586)

Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 562,496

Net position of governmental Activities \$ 20,445,403

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	<u>GENERAL FUND</u>	<u>ROAD & BRIDGE FUND</u>	<u>HUMAN SERVICES FUND</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Property and Specific Ownership Taxes	\$ 5,051,192	\$ 972,985	\$ 321,092	\$ -	\$ 6,345,269
Intergovernmental	1,401,618	3,485,277	3,629,364	303,955	8,820,214
Sales and Use Taxes	1,758,034	1,672,189	-	-	3,430,223
Charges for Services	1,542,629	23,025	-	213,825	1,779,479
Other	282,606	29,521	7,949	2,535	322,611
Net loss on Investments	(18,144)	-	-	964	(17,180)
Licenses and Permits	397,172	-	-	-	397,172
TOTAL REVENUES	<u>10,415,107</u>	<u>6,182,997</u>	<u>3,958,405</u>	<u>521,279</u>	<u>21,077,788</u>
EXPENDITURES					
General Government	3,895,175	-	-	-	3,895,175
Public Safety	3,395,809	-	-	665,617	4,061,426
Health and Welfare	359,719	-	3,933,488	-	4,293,207
Highway and Streets	102,571	3,366,428	-	30,000	3,498,999
Economic Development	81,890	-	-	-	81,890
Recreation	200,656	-	-	-	200,656
Capital Outlay	371,243	1,762,250	-	-	2,133,493
Debt Service					
Principal Retirement	-	280,806	-	90,410	371,216
Interest	-	152,080	-	38,147	190,227
TOTAL EXPENDITURES	<u>8,407,063</u>	<u>5,561,564</u>	<u>3,933,488</u>	<u>824,174</u>	<u>18,726,289</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,008,044</u>	<u>621,433</u>	<u>24,917</u>	<u>(302,895)</u>	<u>2,351,499</u>
OTHER FINANCING SOURCES (USES)					
Operating Transfers In	-	-	-	316,200	316,200
Operating Transfers Out	(316,200)	-	-	-	(316,200)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(316,200)</u>	<u>-</u>	<u>-</u>	<u>316,200</u>	<u>-</u>
Excess of Revenues Over Expenditures and Other Financing Sources (Uses)	1,691,844	621,433	24,917	13,305	2,351,499
Fund Balances - Beginning	<u>7,188,345</u>	<u>2,828,501</u>	<u>366,262</u>	<u>1,010,396</u>	<u>11,393,504</u>
Fund Balances - Ending	<u>\$ 8,880,189</u>	<u>\$ 3,449,934</u>	<u>\$ 391,179</u>	<u>\$ 1,023,701</u>	<u>\$ 13,745,003</u>

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

ARCHULETA COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2013

Net change in fund balances - total governmental funds \$ 2,351,499

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

Governmental funds report capital outlays as expenditures. However, in the statements of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital outlays in the current period.

Capital asset purchases	\$ 2,005,799	
Depreciation expense	(683,885)	1,321,914

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayment of principal include:

Loan and capital lease payments		371,216
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	\$ (76,872)	
Accrued Interest Payable	60,135	(16,737)

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

(121,985)

Change in net position of governmental activities **\$ 3,905,907**

ARCHULETA COUNTY, COLORADO
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
December 31, 2013

	<u>Business-type Activities</u>			<u>Governmental- Activities</u>
	<u>SOLID WASTE FUND</u>	<u>AIRPORT FUND</u>	<u>Total BUSINESS- TYPE ACTIVITIES</u>	<u>INTERNAL SERVICE FUND</u>
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 398,985
Accounts Receivable	165,945	2,080	168,025	1,991
Prepays	910	-	910	-
Inventories	-	3,525	3,525	64,104
Total Current Assets	<u>166,855</u>	<u>5,605</u>	<u>172,460</u>	<u>465,080</u>
Capital Assets				
Land	309,166	3,265,064	3,574,230	-
Construction in Progress	-	21,114	21,114	-
Runway, net	-	18,851,946	18,851,946	-
Buildings and Improvements, net	-	2,053,918	2,053,918	-
Machinery and Equipment, net	208,355	30,600	238,955	144,352
Vehicles, net	-	187,350	187,350	305,172
Infrastructure, net	315,980	-	315,980	-
Total Noncurrent Assets	<u>833,501</u>	<u>24,409,992</u>	<u>25,243,493</u>	<u>449,524</u>
TOTAL ASSETS	<u>1,000,356</u>	<u>24,415,597</u>	<u>25,415,953</u>	<u>914,604</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	29,912	14,410	44,322	220,727
Due to Other Funds	48,219	661,146	709,365	-
Accrued Interest Payable	-	13,494	13,494	-
Accrued Payroll and Liabilities	7,522	3,531	11,053	8,292
Accrued Compensated Absences	-	-	-	10,978
Notes Payable	-	339,336	339,336	-
Total Current Liabilities	<u>85,653</u>	<u>1,031,917</u>	<u>1,117,570</u>	<u>239,997</u>
Noncurrent Liabilities				
Accrued Compensated Absences	4,794	9,256	14,050	123
Closure and Post-Closure Costs	418,270	-	418,270	-
Total Noncurrent Liabilities	<u>423,064</u>	<u>9,256</u>	<u>432,320</u>	<u>123</u>
TOTAL LIABILITIES	<u>508,717</u>	<u>1,041,173</u>	<u>1,549,890</u>	<u>240,120</u>
NET POSITION				
Net Investment in Capital Assets	833,501	24,070,656	24,904,157	449,524
Unrestricted	(341,862)	(696,232)	(1,038,094)	224,960
TOTAL NET POSITION	<u>\$ 491,639</u>	<u>\$ 23,374,424</u>	<u>23,866,063</u>	<u>\$ 674,484</u>

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

Cumulative portion of internal services fund net operating income attributed to business-type activities	<u>111,988</u>
	<u>\$ 23,978,051</u>

ARCHULETA COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	<u>Business-type Activities</u>			<u>Governmental- Activities</u>
	<u>SOLID WASTE FUND</u>	<u>AIRPORT FUND</u>	<u>Total BUSINESS- TYPE ACTIVITIES</u>	<u>INTERNAL SERVICE FUND</u>
OPERATING REVENUES				
Charges for Services Intragovernment	\$ -	\$ -	\$ -	\$ 1,106,184
Charges for Services Outside	573,626	96,660	670,286	1,425
Other	3,127	11,268	14,395	10,003
Total Operating Revenues	<u>576,753</u>	<u>107,928</u>	<u>684,681</u>	<u>1,117,612</u>
OPERATING EXPENSES				
Salaries and Benefits	274,649	117,964	392,613	241,664
Materials and Supplies	53,205	90,221	143,426	788,894
Purchased Services	121,048	19,288	140,336	-
Other	50,294	7,246	57,540	-
Depreciation	64,043	899,405	963,448	258,266
Total Operating Expenses	<u>563,239</u>	<u>1,134,124</u>	<u>1,697,363</u>	<u>1,288,824</u>
Operating Income (Loss)	<u>13,514</u>	<u>(1,026,196)</u>	<u>(1,012,682)</u>	<u>(171,212)</u>
NONOPERATING REVENUES (EXPENSE)				
Taxes	-	31,179	31,179	-
Intergovernmental	129,599	193,340	322,939	-
Interest Expense	(638)	(28,434)	(29,072)	-
Total Nonoperating Revenues (Expenses)	<u>128,961</u>	<u>196,085</u>	<u>325,046</u>	<u>-</u>
Contributions	-	-	-	34,700
Change in Net Position	<u>142,475</u>	<u>(830,111)</u>	<u>(687,636)</u>	<u>(136,512)</u>
Net Position at Beginning of Year	349,164	23,782,334		810,996
Prior Period Adjustment - See Note 2	<u>-</u>	<u>422,201</u>		
Net Position at End of Year	<u>\$ 491,639</u>	<u>\$ 23,374,424</u>		<u>\$ 674,484</u>

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

Internal service fund increase in expenses for costs in excess of charges to the business-type activities	(14,527)
	<u>\$ (702,163)</u>

ARCHULETA COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2013

	Business-type Activities			Governmental- Activities
	SOLID WASTE FUND	AIRPORT FUND	Total BUSINESS- TYPE ACTIVITIES	INTERNAL SERVICE FUND
Cash Flows From Operating Activities:				
Cash Received From Customers	\$ 482,448	\$ 105,848	\$ 588,296	\$ 15,352
Cash Received From Interfund Service Provided	-	-	-	1,106,184
Cash Paid To Employees	(195,633)	(287,096)	(482,729)	(235,843)
Cash Paid To Suppliers	(273,657)	(109,023)	(382,680)	(664,677)
Net Cash Provided (Used) By Operating Activities	<u>13,158</u>	<u>(290,271)</u>	<u>(277,113)</u>	<u>221,016</u>
Cash Flows From Non-Capital Financing Activities:				
Change in interfund payable	(51,781)	661,146	609,365	-
Net Cash Provided (Used) By Non-Capital Financing Activities	<u>(51,781)</u>	<u>661,146</u>	<u>609,365</u>	<u>-</u>
Cash Flows From Capital and Related Financing Activities:				
Capital Acquisitions	(134,204)	(242,485)	(376,689)	(130,365)
Payment of Note and Capital Lease Principal and Interest	(28,615)	(352,909)	(381,524)	-
Taxes Received	-	31,179	31,179	-
Intergovernmental Revenue Received	129,599	193,340	322,939	-
Net Cash Used By Capital and Related Financing Activities	<u>(33,220)</u>	<u>(370,875)</u>	<u>(404,095)</u>	<u>(130,365)</u>
Increase (Decrease) in Cash and Cash Equivalents	(71,843)	-	(71,843)	90,651
Cash and Cash Equivalents, Beginning of the Year	<u>71,843</u>	<u>-</u>	<u>71,843</u>	<u>308,334</u>
Cash and Cash Equivalents, End of the Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 398,985</u>
Non-cash Capital and Related Financing Activities				
Contributed Capital Assets	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,700</u>
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities				
Operating Income (Loss)	\$ 13,514	\$(1,026,196)	\$(1,012,682)	\$ (171,212)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities				
Depreciation Expense	64,043	899,405	963,448	258,266
(Increase) Decrease in Accounts Receivables	(94,305)	(2,080)	(96,385)	3,924
(Increase) in Inventory	-	(701)	(701)	(343)
(Increase) in Prepaid Items	(910)	-	(910)	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	8,127	(169,640)	(161,513)	124,560
Increase (Decrease) in Accrued Employee Expense	992	8,941	9,933	5,821
Increase in Accrued Post Closure Liability	21,697	-	21,697	-
Total Adjustments	<u>(356)</u>	<u>735,925</u>	<u>735,569</u>	<u>392,228</u>
Net Cash Provided (Used) By Operating Activities	<u>\$ 13,158</u>	<u>\$ (290,271)</u>	<u>\$ (277,113)</u>	<u>\$ 221,016</u>

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

ARCHULETA COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
December 31, 2013

	TREASURER'S AGENCY FUND
ASSETS	
Cash and Cash Equivalents	<u>\$ 563,318</u>
TOTAL ASSETS	<u><u>\$ 563,318</u></u>
LIABILITIES	
Funds Held for Others	<u>\$ 563,318</u>
TOTAL LIABILITIES	<u><u>\$ 563,318</u></u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

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

Component Units

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

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

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

In the prior year, the County presented two entities as discretely presented component units: the Archuleta County Housing Authority (the “Housing Authority”) and Casa de los Arcos (the “Project”). These entities were presented as discretely presented component units because they had fiscal dependence on the County and the County acted as the project management agent of the Housing Authority and the Project. Effective September 1, 2013, the Housing Authority and the Project transferred the responsibility of the project management agent from the County to a separate entity. A member of the County Commissioners is designated as one of the Authority’s five Board members. As the County no longer serves as the project management agent, the County is not financially accountable to the Housing Authority or Project and the Housing Authority or Project is not fiscally dependent on the County. As such, the Housing Authority and Project are no longer considered component units of the County.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

The County reports the following major governmental funds:

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

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

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

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

The County reports the following major proprietary funds:

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

The County reports the following internal service fund type:

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

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

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

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

ASSETS, LIABILITIES, AND NET POSITION OR EQUITY

Cash, Cash Equivalents, and Investments

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition. All investments are recorded at fair market value.

Property Taxes

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

The 2013 property tax levy due January 1, 2014, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources in the financial statements.

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	15
Machinery and Equipment	5 - 7
Vehicles	5
Computer Equipment	5

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Long-Term Obligations

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

Compensated Absences

A maximum of 80 to 160 hours of vacation time, per year, may be accumulated by each employee (depending on length of service). Employees who have over five years of continued employment and are eligible for either 120 or 160 hours of earned vacation, have the option of either receiving payment or having accrued vacation time added to the employee's contribution to the retirement plan. Such contributions shall be the monetary equivalent of any vacation time earned over 80 hours in a given year.

Employees will be paid for up to the maximum accumulated unused vacation hours upon separation from County service after six months of continuous service.

Full-time employees may accumulate up to 480 hours of sick leave; Part time employees may accumulate a percentage of 480 hours, based on the hours approved for benefits. After the maximum accumulated sick leave is reached (480), an employee shall be eligible to be paid for 50% of any unused sick time over the 480 hours or a maximum of 48 hours, as calculated on December 31, of each year, at the hourly rate which the employee is receiving as of the December 31 date.

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

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

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

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

Unearned Revenue

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

Fund Equity

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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

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

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

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

Sales Tax Allocation

The County collects a 2% sales tax. The tax collected is allocated 50% to the General Fund and 50% to the Road and Bridge Fund for capital expenditures.

Use of Estimates

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

NOTE 2 RESTATEMENT

During 2013, management determined that depreciation for assets in the Airport Fund have been incorrectly calculated over several years. The beginning net position in the Airport Fund and business-type activities has been restated by \$422,201 to reflect the adjustment in accumulated depreciation.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level.
4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets for the General Fund, Special Revenue Funds, Capital Projects Funds, and Internal Service Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, proceeds from long-term debt is budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses.
7. Appropriations lapse at the end of each fiscal year.
8. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2013.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2013:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Governmental Funds:			
General Fund	\$ 9,957,966	\$ 62,988	\$ 10,020,954
Special Revenue Funds:			
Road and Bridge Fund	9,333,959	-	9,333,959
Human Services Fund	4,030,638	-	4,030,638
Conservation Trust Fund	245,847	-	245,847
Combined Dispatch Fund	730,002	-	730,002
Capital Project Fund:			
Fairfield Settlement Fund	300,000	-	300,000
Internal Service Fund			
Fleet Fund	1,781,323	-	1,781,323
Enterprise Funds:			
Solid Waste Fund	685,231	152,616	837,847
Airport Fund	924,943	184,201	1,109,144
Total Funds	<u>\$ 27,989,909</u>	<u>\$ 399,805</u>	<u>\$ 28,389,714</u>

NOTE 4 CASH, DEPOSITS AND INVESTMENTS

CASH AND DEPOSITS

At December 31, 2013 the financial statements reflected cash, cash equivalents and investments as follows:

Governmental Type Activities:	
Cash and Cash Equivalents	\$ 7,404,675
Investments	3,921,970
Fiduciary Fund:	
Cash and Cash Equivalents	563,318
	<u>\$ 11,889,963</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

The carrying amounts of deposits and investments are as follows:

	Moody Rating	S & P Rating	Fair Value	Concentration of Credit Risk	Weighted average Maturity Date (in days)
Cash on hand	-	-	\$ 2,166	N/A	-
Cash in financial institution	-	-	980,042	N/A	-
Certificates of deposit	-	-	1,072,149	9.83%	894
FFCB	Aaa	AA+	986,920	9.05%	1,357
FFCB	Aaa	AA+	1,949,900	17.88%	1,546
FHLB	Aaa	AA+	985,150	9.03%	1,350
COLOTRUST	N/A	AAAm	5,417,299	49.66%	N/A
CSAFE	N/A	AAAm	496,337	4.55%	N/A
Total			\$ 11,889,963		

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

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

INVESTMENTS

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

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

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Credit Risk

The County does not have a formal investment policy. The County has investments in local government investment pools. As of December 31, 2013, the local government investment pools (COLOTRUST and CSAFE) in which the County had invested, were rated AAAM by Standard & Poor's.

Interest Rate Risk

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

The Colorado Government Liquid Asset Trust ("COLOTRUST") and the Colorado Surplus Asset Fund Trust ("CSAFE") are investment vehicles established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, 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 fair value of the position in the pool is the same as the value of the pool shares. 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. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

NOTE 5 PROPERTY TAXES RECEIVABLE

At December 31, 2013, the County had an estimated property tax receivable divided among the funds as follows:

Property Taxes Receivable	
General Fund	\$ 4,253,866
Road and Bridge Fund	790,536
Human Services	263,608
	<u>\$ 5,308,010</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) the need to cover the temporary negative cash positions in individual funds. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2013 were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	Solid Waste Fund	\$ 48,219
General Fund	Airport Fund	661,416
		<u>\$ 709,635</u>

Interfund transfers during 2013 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Non-Major Fund	General Fund	\$ 316,200
		<u>\$ 316,200</u>

The General Fund transferred funds to the Combined Dispatch Fund to contribute the County's share of operating funds.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,396,085	\$ 37,200	\$ -	\$ 1,433,285
Construction in Progress	1,524,865	1,721,039	-	3,245,904
Total Capital Assets Not Being Depreciated	<u>2,920,950</u>	<u>1,758,239</u>	<u>-</u>	<u>4,679,189</u>
Capital Assets Being Depreciated				
Improvements Non-building	8,333	20,875	-	29,208
Building and Improvements	2,931,797	29,413	-	2,961,210
Machinery and Equipment	5,112,836	8,200	35,000	5,086,036
Vehicles	2,286,680	156,865	62,000	2,381,545
Computer Equipment	1,985,368	107,556	-	2,092,924
Infrastructure	5,140,768	89,716	-	5,230,484
Total Capital Assets Being Depreciated	<u>17,465,782</u>	<u>412,625</u>	<u>97,000</u>	<u>17,781,407</u>
Less Accumulated Depreciation for:				
Improvements Non-building	1,665	791	-	2,456
Building and Improvements	1,375,435	72,388	-	1,447,823
Machinery and Equipment	3,998,152	257,554	35,000	4,220,706
Vehicles	1,934,052	162,745	62,000	2,034,797
Computer Equipment	1,466,699	192,130	-	1,658,829
Infrastructure	1,163,428	256,543	-	1,419,971
	<u>9,939,431</u>	<u>942,151</u>	<u>97,000</u>	<u>10,784,582</u>
Total Capital Assets Being Depreciated, Net	<u>7,526,351</u>	<u>(529,526)</u>	<u>-</u>	<u>6,996,825</u>
Governmental Activities Capital Assets, Net	<u>\$ 10,447,301</u>	<u>\$ 1,228,713</u>	<u>\$ -</u>	<u>\$ 11,676,014</u>

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Business-Type Activities				
Capital Assets Not Being Depreciated				
Land	\$ 3,374,009	\$ 200,221	\$ -	3,574,230
Construction in Progress	-	21,114	-	21,114
Total Capital Assets Not Being Depreciated	3,374,009	221,335	-	3,595,344
Capital Assets Being Depreciated				
Infrastructure	451,399	-	-	451,399
Runway	25,037,584	11,500	-	25,049,084
Improvements Non-building	92,115	-	-	92,115
Building and Improvements	2,520,541	-	-	2,520,541
Machinery and Equipment	700,091	134,204	-	834,295
Vehicles	242,319	9,650	-	251,969
Total Capital Assets Being Depreciated	29,044,049	155,354	-	29,199,403
Less Accumulated Depreciation for:				
Infrastructure	105,326	30,093	-	135,419
Runway	5,408,845	788,293	-	6,197,138
Improvements Non-building	19,470	6,141	-	25,611
Building and Improvements	470,113	63,014	-	533,127
Machinery and Equipment	554,522	40,818	-	595,340
Vehicles	29,530	35,089	-	64,619
	6,587,806	963,448	-	7,551,254
Total Capital Assets Being Depreciated, Net	22,456,243	(808,094)	-	21,648,149
Business-Type activities Capital Assets, Net	\$ 25,830,252	\$ (586,759)	\$ -	\$ 25,243,493

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

Governmental activities:	
General Government	\$ 207,955
Public Safety	89,278
Highways and Streets	381,241
Recreation	5,411
Total Governmental Activities	683,885
Fleet Fund	258,266
Total Combined Depreciation	\$ 942,151

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital Leases Payable	\$ 4,740,957	\$ -	\$ 327,970	\$ 4,412,987	\$ 393,289
Notes Payable	400,353	-	43,246	357,107	34,219
Compensated Absences	227,145	233,984	151,290	309,839	128,218
Governmental activities long-term liabilities	<u>\$ 5,368,455</u>	<u>\$ 233,984</u>	<u>\$ 522,506</u>	<u>\$ 5,079,933</u>	<u>\$ 555,726</u>
Business-type activities:					
Notes Payable	\$ 665,620	\$ -	\$ 326,284	\$ 339,336	\$ 339,336
Capital Leases Payable	26,914	-	26,914	-	-
Compensated Absences	3,743	10,307	-	14,050	-
Business-type activities long-term liabilities	<u>\$ 696,277</u>	<u>\$ 10,307</u>	<u>\$ 353,198</u>	<u>\$ 353,386</u>	<u>\$ 339,336</u>

GOVERNMENTAL ACTIVITIES:

Capital Leases Payable

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

During 2008, the County entered into a \$91,452 capital lease payable with Caterpillar Financial Services Corporation, payable in monthly installments of \$1,747, beginning March 6, 2008, at 5.50% interest, for the purchase of a drum compactor. Payments are made from the Road and Bridge Fund. This asset is recorded in the capital assets of the government-wide financial statements at \$136,452, less accumulated depreciation of \$115,334 at December 31, 2013. Final payment was made in 2013.

During 2012, the County entered into a \$5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling \$5,132,543 (after payment of \$74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly the trust assets and liabilities for the defeased debt is not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank, is payable in annual installments of \$483,403, at 2.5% interest. Final payment is due in 2023. Collateral includes the county courthouse, road and bridge equipment, and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at \$3,504,166, less accumulated depreciation of \$1,404,476 at December 31, 2013. The lease payments will be made from the Road and Bridge and General Funds. At December 31, 2013, the balance outstanding was \$4,412,987.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Annual debt service for the capital lease is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2014	\$ 393,289	\$ 107,083	\$ 500,372
2015	403,253	97,119	500,372
2016	413,471	86,901	500,372
2017	423,947	76,425	500,372
2018	434,689	65,683	500,372
2019-2023	2,344,338	157,522	2,501,860
	<u>\$ 4,412,987</u>	<u>\$ 590,733</u>	<u>\$ 5,003,720</u>

Note Payable

During 2011, the County along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District jointly and severally entered into a \$475,000 promissory note payable to Wells Fargo Bank National Association, payable in 35 regular payments of \$4,652 and one irregular last payment estimated at \$354,548, beginning March 15, 2011, at 3.251% interest, for the purchase of 911 Equipment. Final payment was due in 2014; however, as noted in Footnote 16, this payable was refinanced in March 2014. These assets are recorded in the capital assets of the government-wide financial statements at \$394,432, less accumulated depreciation of \$145,841 at December 31, 2013. The lease payments will be made from the Combined Dispatch Fund. At December 31, 2013, the balance outstanding was \$357,107.

Annual Debt service for the note payable is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2014	\$ 34,219	\$ 9,028	\$ 43,247
2015	47,102	10,562	57,664
2016	48,751	8,913	57,664
2017	50,511	7,153	57,664
2018	52,308	5,356	57,664
2019-2023	124,216	5,157	129,373
	<u>\$ 357,107</u>	<u>\$ 46,169</u>	<u>\$ 403,276</u>

BUSINESS-TYPE ACTIVITIES:

Capital Lease Payable

During 2009, the County entered into a \$127,045 capital lease payable to Paccar Financial, payable in annual payments of \$28,616, beginning May 15, 2009, including interest at 6.32%, for the purchase of solid waste equipment. Payments were made from the Solid Waste Fund. The asset is recorded at \$127,045, less accumulated depreciation of \$81,672 at December 31, 2013. Final payment under this capital lease was made in 2013.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Note Payable

During 2004, the County entered into a note payable with the Colorado Department of Transportation, payable in annual payments of \$352,909, including interest at 4%. Final payment is due in 2014. The note is secured by a security interest in the County's Aviation Fuel Tax Refund revenue. This debt is being serviced in the Airport Fund and the balance at December 31, 2013 was \$339,336.

Annual Debt service for the note payable is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2014	\$ 339,336	\$ 13,573	\$ 352,909
	\$ 339,336	\$ 13,573	\$ 352,909

NOTE 9 OPERATING LEASES

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$113,275.

The future minimum lease payments are as follows:

2014	\$ 1,980
2015	1,980
2016	495
	\$ 4,455

NOTE 10 RETIREMENT PLANS

Defined Contribution Plan

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

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County's current contribution requirements. The County's total payroll in 2013 was \$5,930,937. Both the County and the covered employees made the required contributions, amounting to \$230,262 from the County and \$230,262 from employees. Information is not available to determine the base salary amount which determined the County's contribution. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado County Officials and Employee Retirement Association, 4949 South Syracuse, Suite 400, Denver, CO 80237 or by calling 1-800-352-0313.

Deferred Compensation Plan

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. The County has no other liability other than to make the required monthly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2013 and employees contributed \$74,276.

NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS

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

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

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of fiscal year spending. The County has restricted \$440,952 for this purpose. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The amendment also requires voter approval for any long-term financing entered into by the County.

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

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

NOTE 12 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool ("CAPP")

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

At December 31, 2013, CAPP had assets of \$26,414,251, liabilities of \$9,495,033 (including \$7,083,319 reserved for losses and claims), and members' surplus of \$16,919,218. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2013 amounted to \$6,784,711 and total expenses were \$5,663,444, resulting in net income before return of surplus of \$1,121,267.

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

Colorado Workers' Compensation Pool ("CWCP")

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

At December 31, 2013, CWCP had assets of \$38,837,642, liabilities of \$21,949,766 (including \$21,009,587 reserved for losses and claims) and members' surplus of \$16,887,876. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2013 amounted to \$11,043,303, total expenses were \$7,586,753, resulting in net income before return of surplus of \$3,456,550.

NOTE 13 COLORADO CONTRABAND FORFEITURE ACT

Management has reviewed financial activities in the Sheriff's Department for compliance with the Colorado Revised Statute 16-13-506. There were no sales of contraband during the year ended December 31, 2013.

NOTE 14 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS

State and Federal laws require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County completed the necessary engineering studies in 2008 to estimate the landfill's capacity and closure and post closure costs. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in the Solid Waste Fund based on the estimated future closure and post closure care costs that will be incurred near or after the date the landfill no longer will accept waste. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At December 31, 2013 the estimated liability for landfill closure and post closure care costs of \$418,270 is based on the use of 50% of capacity of all landfill cells. The estimated total current cost of the landfill closure and post closure is based on the amount that would be paid if all equipment facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2013. The County will recognize the estimated remaining costs of closure and post-closure care of \$425,225 as the remaining estimated capacity is filled. The County expects to close the landfill in 2026. Actual cost of closure and post closure care may change due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Those costs may need to be covered by charges to future landfill users, taxpayers or both.

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

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

ARCHULETA COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2013

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

Operating Leases – The County is committed under various leases for facilities and equipment. See Note 9 relating to the future minimum lease payments for the operating leases.

NOTE 16 SUBSEQUENT EVENTS

On March 21, 2014, the County refinanced the remaining balance of the note payable in the governmental activity in the amount of \$357,107 to be re-paid over seven years.

The County has evaluated events and transactions occurring subsequent to the end of the fiscal year through September 30, 2014, the date these financial statements were available to be issued. There were no subsequent events identified that required recognition or additional disclosure in the financial statements other than those noted above.

ARCHULETA COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

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

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE
	ORIGINAL	FINAL		WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
Property and Specific Ownership Taxes	\$ 4,916,725	\$ 4,916,725	\$ 5,051,192	\$ 134,467
Intergovernmental	1,684,140	1,706,773	1,401,618	(305,155)
Sales and Use Taxes	1,589,195	1,589,195	1,758,034	168,839
Licenses and Permits	315,130	315,130	397,172	82,042
Charges for Services	1,500,101	1,500,101	1,542,629	42,528
Other	80,560	121,915	282,606	160,691
Earnings on Investments	50,000	50,000	(18,144)	(68,144)
TOTAL REVENUES	10,135,851	10,199,839	10,415,107	215,268
EXPENDITURES				
Current:				
General Government	4,236,661	4,239,731	3,895,175	344,556
Public Safety	3,256,783	3,305,564	3,395,809	(90,245)
Health and Welfare	396,005	402,842	359,719	43,123
Economic Development	89,195	89,195	81,890	7,305
Highway and Streets	122,694	122,694	102,571	20,123
Culture and Recreation	1,104,104	1,108,404	200,656	907,748
Capital Outlay	436,324	436,324	371,243	65,081
TOTAL EXPENDITURES	9,641,766	9,704,754	8,407,063	1,297,691
Excess Revenues Over Expenditures	494,085	495,085	2,008,044	1,512,959
OTHER FINANCING USES				
Transfers Out	(316,200)	(316,200)	(316,200)	-
TOTAL OTHER FINANCING USES	(316,200)	(316,200)	(316,200)	-
Excess of Revenues Over Expenditures and Other Financing Uses	177,885	178,885	1,691,844	1,512,959
Fund Balance at Beginning of Year	5,956,402	5,956,402	7,188,345	1,231,943
Fund Balance at End of Year	\$ 6,134,287	\$ 6,135,287	\$ 8,880,189	\$ 2,744,902

Notes to Required Supplementary Information

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

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property and Specific Ownership Taxes	\$ 957,096	\$ 957,096	\$ 972,985	\$ 15,889
Sales and Use Taxes	1,500,000	1,500,000	1,672,189	172,189
Intergovernmental Revenues	5,945,700	5,945,700	3,485,277	(2,460,423)
Charges for Services	12,000	12,000	23,025	11,025
Miscellaneous	20,000	20,000	29,521	9,521
TOTAL REVENUES	8,434,796	8,434,796	6,182,997	(2,251,799)
EXPENDITURES				
Highway and Streets	5,082,820	5,082,820	3,366,428	1,716,392
Capital Outlay	3,820,000	3,820,000	1,762,250	2,057,750
Debt Service:				
Principal Retirement	280,817	280,817	280,806	11
Interest	150,322	150,322	152,080	(1,758)
TOTAL EXPENDITURES	9,333,959	9,333,959	5,561,564	3,772,395
Excess (Deficiency) of Revenues over	(899,163)	(899,163)	621,433	1,520,596
Fund Balance at Beginning of Year	2,648,767	2,648,767	2,828,501	179,734
Fund Balance at End of Year	\$ 1,749,604	\$ 1,749,604	\$ 3,449,934	\$ 1,700,330

Notes to Required Supplementary Information

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

ARCHULETA COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HUMAN SERVICES FUND
For the Year Ended December 31, 2013

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Property and Specific Ownership Taxes	\$ 316,357	\$ 316,357	\$ 321,092	\$ 4,735
Intergovernmental Revenues	3,726,613	3,726,613	3,629,364	(97,249)
Miscellaneous	420	420	7,949	7,529
TOTAL REVENUES	4,043,390	4,043,390	3,958,405	(84,985)
EXPENDITURES				
Health & Welfare	4,030,638	4,030,638	3,933,488	97,150
TOTAL EXPENDITURES	4,030,638	4,030,638	3,933,488	97,150
Excess of Revenues Over Expenditures	12,752	12,752	24,917	12,165
Fund Balance at Beginning of Year	163,729	163,729	366,262	202,533
Fund Balance at End of Year	\$ 176,481	\$ 176,481	\$ 391,179	\$ 214,698

Notes to Required Supplementary Information

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

ARCHULETA COUNTY, COLORADO

OTHER SUPPLEMENTARY INFORMATION

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

ARCHULETA COUNTY, COLORADO NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

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

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

CAPITAL PROJECT FUNDS

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

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

**ARCHULETA COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2013**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>TOTALS</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	
ASSETS				
Cash and Cash Equivalents	\$ 246,913	\$ 256,697	\$ 496,337	\$ 999,947
Other Receivables	35,132	-	-	35,132
Prepaid Items	2,523	-	-	2,523
TOTAL ASSETS	<u>\$ 284,568</u>	<u>\$ 256,697</u>	<u>\$ 496,337</u>	<u>\$ 1,037,602</u>
LIABILITIES AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 513	\$ -	\$ -	\$ 513
Accrued Payroll and Liabilities	13,388	-	-	13,388
TOTAL LIABILITIES	<u>13,901</u>	<u>-</u>	<u>-</u>	<u>13,901</u>
FUND BALANCE				
Nonspendable for:				
Prepaid Items	2,523	-	-	2,523
Restricted for:				
TABOR	12,229	-	-	12,229
Fairfield Capital Outlay	-	-	496,337	496,337
Parks and Recreation	-	256,697	-	256,697
Assigned to:				
Public Safety	255,915	-	-	255,915
TOTAL FUND BALANCE	<u>270,667</u>	<u>256,697</u>	<u>496,337</u>	<u>1,023,701</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 284,568</u>	<u>\$ 256,697</u>	<u>\$ 496,337</u>	<u>\$ 1,037,602</u>

ARCHULETA COUNTY, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2013

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>TOTALS</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	
REVENUES				
Charges for Services	\$ 213,825	\$ -	\$ -	\$ 213,825
Intergovernmental	193,802	110,153	-	303,955
Earnings on Investments	-	311	653	964
Other	2,406	129	-	2,535
TOTAL REVENUES	<u>410,033</u>	<u>110,593</u>	<u>653</u>	<u>521,279</u>
EXPENDITURES				
Public Safety	665,617	-	-	665,617
Highway and Streets	-	30,000	-	30,000
Debt Service				
Principal Retirement	43,250	47,160	-	90,410
Interest	12,579	25,568	-	38,147
TOTAL EXPENDITURES	<u>721,446</u>	<u>102,728</u>	<u>-</u>	<u>824,174</u>
Excess (Deficiency) of Revenues Over Expenditures	(311,413)	7,865	653	(302,895)
OTHER FINANCING SOURCES				
Transfers In	316,200	-	-	316,200
TOTAL OTHER FINANCING SOURCES	<u>316,200</u>	<u>-</u>	<u>-</u>	<u>316,200</u>
Excess of Revenues over Expenditures and Other Financing Sources	4,787	7,865	653	13,305
Fund Balance at Beginning of Year	<u>265,880</u>	<u>248,832</u>	<u>495,684</u>	<u>1,010,396</u>
Fund Balance at End of Year	<u>\$ 270,667</u>	<u>\$ 256,697</u>	<u>\$ 496,337</u>	<u>\$ 1,023,701</u>

ARCHULETA COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

ARCHULETA COUNTY, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
ALL NON-MAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL
For the Year Ended December 31, 2013

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES REPORTED ON THE GAAP BASIS</u>	<u>ADJUSTMENTS TO BUDGETARY BASIS</u>	<u>EXPENDITURES ON THE BUDGETARY BASIS</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
Governmental Funds						
Non-major Governmental Funds:						
Special Revenue Funds:						
Conservation Trust Fund	\$ 245,847	\$ 245,847	\$ 102,728	\$ -	\$ 102,728	\$ 143,119
Combined Dispatch Fund	730,002	730,002	721,446	-	721,446	8,556
Capital Projects Funds:						
Fairfield Settlement Fund	300,000	300,000	-	-	-	300,000
Total Non-major Governmental Funds	<u>\$ 1,275,849</u>	<u>\$ 1,275,849</u>	<u>\$ 824,174</u>	<u>\$ -</u>	<u>\$ 824,174</u>	<u>\$ 451,675</u>
Proprietary Funds						
Enterprise Funds:						
Solid Waste Fund	\$ 685,231	\$ 837,847	\$ 563,877	\$ 97,075	\$ 660,952	\$ 176,895
Airport Fund	924,943	1,109,144	1,162,558	(330,639)	831,919	277,225
Total Enterprise Funds	<u>1,610,174</u>	<u>1,946,991</u>	<u>1,726,435</u>	<u>(233,564)</u>	<u>1,492,871</u>	<u>454,120</u>
Internal Service Funds:						
Fleet Fund	<u>1,781,323</u>	<u>1,781,323</u>	<u>1,288,824</u>	<u>(150,200)</u>	<u>1,138,624</u>	<u>642,699</u>
Total Internal Service Funds	<u>1,781,323</u>	<u>1,781,323</u>	<u>1,288,824</u>	<u>(150,200)</u>	<u>1,138,624</u>	<u>642,699</u>
Total Proprietary Funds	<u>\$ 3,391,497</u>	<u>\$ 3,728,314</u>	<u>\$ 3,015,259</u>	<u>\$ (383,764)</u>	<u>\$ 2,631,495</u>	<u>\$ 1,096,819</u>

Adjustments to budgetary basis include principal reductions on long-term debt, costs of capitalized assets and depreciation expense.

ARCHULETA COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2013

FEDERAL GRANTOR /PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	FEDERAL EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE			
COLORADO DEPT. OF HUMAN SERVICES			
<i>SNAP Cluster</i>			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		\$ 92,972
Total for <i>SNAP Cluster</i>			<u>92,972</u>
COLORADO DEPT. OF TREASURY			
<i>Schools and Roads Cluster</i>			
Secure Payments for States and Counties Containing Federal Lands Title II Funds	10.665		48,557
Total for <i>Schools and Roads Cluster</i>			<u>48,557</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
SAN JUAN BASIN AREA AGENCY ON AGING			
<i>Aging Cluster</i>			
Special Programs for the Aging-Title III Part B	93.044		3,339
Nutrition Services Incentive Program	93.053		39,198
Total for <i>Aging Cluster</i>			<u>42,537</u>
COLORADO DEPT. OF HUMAN SERVICES			
Temporary Assistance for Needy Families	93.558		194,225
Child Support Enforcement	93.563		103,501
Low-Income Home Energy Assistance	93.568		143,957
<i>CCDF Cluster</i>			
Child Care and Development Block Grant	93.575		4,699
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		19,221
Total for <i>CCDF Cluster</i>			<u>23,920</u>
Child Welfare Services-State Grants	93.645		6,557
Foster Care-Title IV-E	93.658		205,073
Adoption Assistance	93.659		9,639
Social Services Block Grant	93.667		59,661
Medical Assistance Program (<i>Medicaid Cluster</i>)	93.778		61,515
Healthy Marriage Promotion and Responsible Fatherhood Grants	93.086		275,225
U.S. DEPARTMENT OF HOMELAND SECURITY			
COLORADO DEPT. OF LOCAL AFFAIRS			
Special Project	97.001		6,980
Emergency Management Performance Grant (EMPG/LEMS)	97.042		56,800
U.S. DEPARTMENT OF JUSTICE			
Bulletproof Vest Partnership Program	16.607		1,622
State Criminal Alien Assistance Program	16.606		3,229
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Airport Improvement Grants</i>			
Airport Improvement Program No.3-08-0066-20	20.106		13,340
COLORADO DEPT. OF TRANSPORTATION			
Highway Planning & Construction	20.205		1,751,262
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,100,572</u>

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Archuleta County, Colorado and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.



Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

To the Board of County Commissioners of Archuleta County, Colorado
Pagosa Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the "County") as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 30, 2014.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatement on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's basic financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs to be material weaknesses (2013-001, 2013-002, and 2013-003).

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs to be significant deficiencies (2013-004, and 2013-005).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the



determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The County's Response to Findings

The County's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

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

Anton Collins Mitchell LLP

Greeley, Colorado
September 30, 2014



Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

To the Board of County Commissioners of Archuleta County, Colorado
Pagosa Springs, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Archuleta County, Colorado's (the "County") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on the County's major federal program for the year ended December 31, 2013. The County's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the County's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2013.

Report on Internal Control Over Compliance

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that



could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Anton Collins Mitchell LLP

Greeley, Colorado
September 30, 2014

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? X yes no
- Significant deficiency(ies) identified? X yes none reported
- Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? yes X no
- Significant deficiency(ies) identified? yes X none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? yes X no

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? yes X No

Section II – Financial Statement Findings

2013-001: Financial Statement Close Process (Material Weakness)

Our testing identified significant audit adjustments that were proposed to accurately state investments, accounts payable, expenses, capital assets, receivables, and revenues in accordance with generally accepted accounting principles. We believe that the occurrence of these adjustments could have been reduced if account balances detailed on the trial balance had been analyzed, reviewed, and reconciled prior to providing to the auditors. The County experienced turnover in the Finance Director position,

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

which may have contributed to timeliness and accuracy of the year-end balances. We recommend that the Finance Department implement a closing checklist as part of the year-end procedures to ensure that all accounts are reconciled on a timely basis and that the trial balance is reviewed prior to providing to the auditor.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the finding and the recommendation of the auditors. A year end closing checklist has already been engineered and will be used to facilitate the 2014 year end procedures.

2013-002: Timeliness of Financial Reporting (Material Weakness)

Our procedures noted that monthly financial reporting had not been provided to the Board of County Commissioners during 2013 due to the turnover in the Finance Director position. In addition, It was noted that there is no review process for budget to actual variances nor a regular discussion of non-routine events and transactions, unusual fluctuations, or other relevant significant issues. Financial reporting includes budget to actual variance analysis which provides the Commissioners and management the opportunity to review the information to identify unusual items, nonroutine transactions, or other relevant accounting issues. Accounting tasks such as financial reporting play a key role in providing accurate and timely accounting information to those charged with governance of the County. This information is instrumental to the sound financial management of the County. Therefore, we recommend that interim financial statements be provided to the County Board of Commissioners at least quarterly.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the finding, as it relates to the lack of systematic reporting to the Board of County Commissioners. In particular, there was no quarterly reporting to the Commissioners or other systematic communication about non-routine events and transactions, unusual fluctuations, etc... However, there was significant, ongoing monitoring of expense against budget by Finance Department staff and good cooperation by Department Heads in controlling their expenses against budget. At year end, total expenses in every fund were within budget, some significantly less than budget, and relatively few budget adjustments were necessary. That said, management concurs that quarterly reporting, and other systematic communication to the Commissioners must be reestablished quickly. Finance Department staff are currently working on new reporting formats and expect quarterly reporting to be up to date by the end of 2014.

2013-003 Capital Assets (Material Weakness)

Our procedures over capital assets identified that accumulated depreciation over capital assets was not calculated correctly and a significant adjustment was required for the largest capital assets recorded in the airport fund. Through discussion with management, it was determined that the system had been calculating depreciation expense incorrectly on assets that were entered into the system on assets that were purchased prior to 2009 but were entered into the new system at the time of conversion. Therefore, we recommend that the County review all capital assets to ensure that the system is correctly calculating depreciation expense based on the original estimated useful life and asset value.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the finding and the recommendation of the auditors. Finance Department staff will review all capital assets to ensure that the depreciation expense and accumulated depreciation charges are being correctly generated and recorded and if necessary will make manual adjustments.

Archuleta County, Colorado
Schedule of Findings and Questioned Costs
Year Ended December 31, 2013

2013-004: Vendor/Employee File Maintenance (Significant Deficiency)

As part of our fraud procedures, we reviewed the list of vendors used by the County and found the accounting system contains vendors that were not used by the County for several years. We also noted several vendors that were included on the vendor listing that the County did not have an address listed in the system. Additionally, we noted that there is not a separate review and approval of the vendor change report that is generated from the system. We recommend that the County assign a staff member to review the entire listing and either eliminate, or place in an inactive status, vendors that are no longer used by the County. We also recommend that the Finance Director review the vendor change report on a regular basis. Finally, we noted that a separate review and approval over changes to the master payroll report is not completed and we identified one employee that had a pay rate change that occurred during the year where the employee file did not contain the proper payroll change status documentation. We recommend that the a separate review and approval be completed for all changes to the master payroll report and that all changes in payroll be retained in the appropriate employee file.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees that the accounting system contains many vendors who are no longer active in our system and we agree with the recommendation to make them inactive. Regarding the review of vendor changes, we can report that the Finance Director has already performed two quarterly reviews of the internal vendor change report, though not in a timely manner. The Finance Director will continue to perform these reviews and they will be more timely in the future.

Management agrees that a pay rate change form was missing from the affected employees file. Regarding the auditor's recommendation, we can report that it is already the policy of the County that every change in payroll status is reviewed at multiple levels prior to approval and processing and that it is already a requirement that the review/approval document be filed the appropriate employee file. We believe the missing file noted by the auditors is a rare anomaly.

2013-005: Solid Waste Revenue (Significant Deficiency)

During our audit procedures, we noted that standard rates that are input into the system from tickets to record Solid Waste revenue can be overridden by the person that inputs the rates into the system. Standard rates are included in the system as a verification that the amount of revenue received is accurate. While overriding these standard rates is often needed, currently the County does not have a separate review and approval process for these overrides. Therefore, we recommend that system overrides for solid waste revenue be reviewed and approved by someone other than the person that input the tickets into the system.

Views of Responsible Officials and Planned Corrective Actions:

Management agrees with the finding and the recommendation of the auditors. The Finance Department will create and execute a review procedure, to insure accurate and appropriate recording of Solid Waste revenue in the software system being used.

Section III – Federal Award Findings and Questioned Costs

No current year findings reported.

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

LOCAL HIGHWAY FINANCE REPORT	City or County:	ARCHULETA COUNTY
	YEAR ENDING :	December 2013

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	476,299
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	3,131,409
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	153,545
3. Other local imposts (from page 2)	2,668,199	c. Other	552,601
4. Miscellaneous local receipts (from page 2)	29,521	d. Total (a. through c.)	706,146
5. Transfers from toll facilities		4. General administration & miscellaneous	814,820
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	5,128,673
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,697,720	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,402,490	2. Notes:	
D. Receipts from Federal Government (from page 2)	82,787	a. Interest	150,322
E. Total receipts (A.7 + B + C + D)	6,182,997	b. Redemption	282,565
		c. Total (a. + b.)	432,887
		3. Total (1.c + 2.c)	432,887
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	5,561,560

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

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,828,501	6,182,997	5,561,560	3,449,938	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	901,157	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	1,672,189	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees		d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	0
4. Licences & Permits	23,025	f. Charges for Services	0
5. Specific Ownership &/or Other	71,827	g. Other Misc. Receipts	26,871
6. Total (1. through 5.)	1,767,041	h. Other	2,650
c. Total (a. + b.)	2,668,199	i. Total (a. through h.)	29,521
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,582,732	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	82,787
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	0
c. Motor Vehicle Registrations	58,330	d. Federal Transit Admin	0
d. Other - Bridges	310,343	e. U.S. Corps of Engineers	0
e. Other - Piedra Road	1,451,085	f. Other Federal	0
f. Total (a. through e.)	1,819,758	g. Total (a. through f.)	82,787
4. Total (1. + 2. + 3.f)	3,402,490	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs		37,200	37,200
b. Engineering Costs		256,193	256,193
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		182,906	182,906
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	182,906	182,906
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	476,299	476,299
			(Carry forward to page 1)

Notes and Comments: