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***MONTROSE COUNTY, COLORADO***

*FINANCIAL STATEMENTS*

*DECEMBER 31, 2013*

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## Independent Auditors' Report

Board of County Commissioners  
Montrose County, Colorado

### Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activity, each major fund and the aggregate remaining fund information of Montrose 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.

### *Auditors' Responsibility*

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the 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 activity, each major fund and the aggregate remaining fund information of Montrose 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 discussed in Note 1 to the financial statements, in 2013, the County adopted new accounting guidance from Governmental Accounting Standards Board Statement No. 65, which establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the budgetary comparison information on pages 4 through 15 and 51 through 54, respectively, 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, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund financial statements and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and the Local Highway Finance Report 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 combining and individual fund financial statements and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required By *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 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.

*RubinBrown LLP*

April 22, 2014, except for Note 10,  
as to which the date is June 3, 2014

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**MONTROSE COUNTY, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2013**

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As management of Montrose County (the County), we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2013. We encourage readers to consider the information presented here.

**Financial Highlights**

- The assets of the County exceeded its liabilities and deferred inflows of resources as of December 31, 2013 by \$148,424,969. Of this amount, \$31,920,235 may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$2,819,976.
- As of December 31, 2013, Montrose County's governmental funds reported combined ending fund balances of \$38,169,727, an increase of \$1,031,396 from 2012. Approximately 44% of this total amount, \$16,966,128 is available for discretionary spending for the benefit of county citizens.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$16,966,128, or 109% of total general fund expenditures (including transfers out).
- The County's total bonded debt decreased by \$305,000 or 9% during 2013 due primarily to debt payments for the Justice Center Annex.

**Overview Of The Financial Statements**

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

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

## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

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

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

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

The government-wide financial statements include not only the County itself, but also for the Montrose County Building Authority, which is a separate legal entity. Financial information for the Montrose County Building Authority is reported as a debt service fund, and therefore included as part of the primary government.

The government-wide financial statements can be found on pages 16 through 18 of this report.

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

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



## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

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

The County maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, social services fund, public safety sales tax fund, and capital expenditures fund, all of which are considered to be major funds. Data from the other 6 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found on pages 19 and 21 of this report.

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

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

The basic proprietary fund financial statements can be found on pages 23 through 26 of this report.

## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

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

The basic fiduciary fund financial statement can be found on page 27 of this report.

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

***Other Information:*** The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the notes to the financial statements. Combining and individual fund statements and schedules begin on page 56 of this report.

### **Governmentwide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities by \$148,424,969 at December 31, 2013.

By far the largest portion of the County's net position (77%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, and infrastructure); less any related debt used to acquire those assets that is still outstanding. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

## MONTROSE COUNTY, COLORADO

### Management's Discussion And Analysis (Continued)

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

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Assets</b>						
Current and other assets	\$ 51,558	\$ 52,496	\$ (896)	\$ (410)	\$ 50,662	\$ 52,086
Capital assets	72,466	70,440	44,369	45,123	116,835	115,563
<b>Total Assets</b>	<b>\$ 124,024</b>	<b>\$ 122,936</b>	<b>\$ 43,473</b>	<b>\$ 44,713</b>	<b>\$ 167,497</b>	<b>\$ 167,649</b>
<b>Liabilities</b>						
Long-term liabilities outstanding	\$ 5,832	\$ 3,588	\$ 70	\$ —	\$ 5,902	\$ 3,588
Other liabilities	2,462	17,216	1,012	1,240	3,474	18,456
<b>Total Liabilities</b>	<b>\$ 8,294</b>	<b>\$ 20,804</b>	<b>\$ 1,082</b>	<b>\$ 1,240</b>	<b>\$ 9,376</b>	<b>\$ 22,044</b>
<b>Deferred Inflows Of Resources</b>						
Property Tax Revenues	\$ 9,696	\$ —	\$ —	\$ —	\$ 9,696	\$ —
<b>Net Position</b>						
Invested in capital assets, net of related debt	\$ 69,256	\$ 66,852	\$ 44,369	\$ 45,123	\$ 113,625	\$ 111,975
Restricted	2,879	2,548	—	—	2,879	2,548
Unrestricted	33,899	32,732	(1,979)	(1,650)	31,920	31,082
<b>Total Net Position</b>	<b>\$ 106,034</b>	<b>\$ 102,132</b>	<b>\$ 42,390</b>	<b>\$ 43,473</b>	<b>\$ 148,424</b>	<b>\$ 145,605</b>

An additional portion of the County's net position (2%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$31,920,235) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2013, Montrose County is able to report positive balances in its governmental and business-type activities. The same situation held true for 2012.

The County's net position for the Montrose Regional Airport (its business-type activity) decreased by \$1,082,453.

**Governmental Activities:** Governmental activities increased the County's net position by \$3,902,429, thereby accounting for all of the total growth in the net position of the County. Key elements of the increase are as follows:

# MONTROSE COUNTY, COLORADO

## Management's Discussion And Analysis (Continued)

### Montrose County's Changes In Net Position (\$000)

	Governmental Activities		Business-Type Activities		Total	
	2013	2012	2013	2012	2013	2012
<b>Program Revenues</b>						
Charges for services	\$ 8,110	\$ 9,593	\$ 2,738	\$ 2,504	\$ 10,848	\$ 12,097
Operating grants and contributions	7,429	7,901	26	29	7,455	7,930
Capital grants and contributions	—	—	809	10,808	809	10,808
General revenue						
Property taxes	12,619	10,472	—	—	12,619	10,472
Sales and use taxes	10,103	9,661	—	—	10,103	9,661
Other taxes	5,966	5,994	—	—	5,966	5,994
Other revenue	(442)	76	7	163	(435)	239
<b>Total Revenues</b>	<b>43,785</b>	<b>43,697</b>	<b>3,580</b>	<b>13,504</b>	<b>47,365</b>	<b>57,201</b>
<b>Expenses</b>						
General government	11,397	14,209	—	—	11,397	14,209
Health and human services	7,972	7,771	—	—	7,972	7,771
Public safety and protection	11,232	7,710	—	—	11,232	7,710
Road and bridge services	9,194	10,624	—	—	9,194	10,624
Interest and fiscal charges	88	478	—	—	88	478
Airport	—	—	4,663	5,436	4,663	5,436
<b>Total Expenses</b>	<b>39,883</b>	<b>40,792</b>	<b>4,663</b>	<b>5,436</b>	<b>44,546</b>	<b>46,228</b>
<b>Increase (Decrease) In Net Position Before Transfers</b>	<b>3,902</b>	<b>2,905</b>	<b>(1,083)</b>	<b>8,068</b>	<b>2,819</b>	<b>10,973</b>
<b>Transfers</b>	<b>—</b>	<b>2,879</b>	<b>—</b>	<b>(2,879)</b>	<b>—</b>	<b>—</b>
<b>Increase (Decrease) In Net Position</b>	<b>3,902</b>	<b>5,784</b>	<b>(1,083)</b>	<b>5,189</b>	<b>2,819</b>	<b>10,973</b>
<b>Net Position - January 1</b>	<b>102,132</b>	<b>96,348</b>	<b>43,473</b>	<b>38,284</b>	<b>145,605</b>	<b>134,632</b>
<b>Net Position - December 31</b>	<b>\$ 106,034</b>	<b>\$ 102,132</b>	<b>\$ 42,390</b>	<b>\$ 43,473</b>	<b>\$ 148,424</b>	<b>\$ 145,605</b>

- Capital outlays exceeded depreciation by \$2,517,111
- Debt service decreases amounted to \$305,000

## MONTROSE COUNTY, COLORADO

### Management's Discussion And Analysis (*Continued*)

#### General Government Functions

The financial operations of the governmental funds - the County's general, special revenue, capital project, and debt service funds - are summarized here. The following schedule presents a summary of the governmental funds revenues from various sources for the fiscal year ended December 31, 2013 and the changes from the prior year.

Revenue Source	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Taxes	\$ 22,455	53.9	\$ 19,963	47.0	\$ 2,492	12.5
Licenses and permits	332	0.8	325	0.8	7	2.2
Intergovernmental	15,371	36.9	15,553	36.6	(182)	(1.2)
Charges for services	1,735	4.2	1,681	4.0	54	3.2
Charges to governments	19	0.0	4	0.0	15	375.0
Internal charges	1,423	3.4	1,370	3.2	53	3.9
Miscellaneous	337	0.8	3,605	8.5	(3,268)	(90.7)
<b>Total Revenues (\$000)</b>	<b>\$ 41,672</b>	<b>100.0</b>	<b>\$ 42,501</b>	<b>100.0</b>	<b>\$ (829)</b>	<b>(2.0)</b>

Overall revenue decreased by 2% or \$829,538 in 2013 over 2012.

The largest source of revenue for 2013 was derived from taxes, 53.9% of total revenues. Overall, tax revenue increased by 12.5% or \$2,492,459. Property tax revenue in 2013 increased by \$2,147,079 or 20.5% over 2012 due primarily to an decrease in the temporary credit mill levy for 2013. The County maintained its mill levy at 23.528 mills with a temporary mill levy reduction of 3.452 mills to remain within TABOR limits for a net mill levy of 20.125 for tax collection purposes.

Licenses and permits show a 2.2% increase from 2012 due primarily to increased number of building permits issued in 2013.

Intergovernmental revenue decreased in 2013 by \$181,758 or 1.2%, due primarily to decreases in federal and state funding.

Charges for services increased 3.2% due primarily to increased Treasurer and Clerk and Recorder fees. Charges to other governments were 375.0% or \$14,095 more than 2012 due to miscellaneous receipts from other governments in the Road and Bridge fund.

Internal charges are 3.9% or \$52,702 more in 2013. Miscellaneous revenue was less in 2013 than 2012 due primarily to a performance bond forfeiture that was received by the Road and Bridge fund in 2012.

## MONTROSE COUNTY, COLORADO

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### Management's Discussion And Analysis (*Continued*)

The following schedule presents a summary of the governmental funds expenditures for the fiscal year ended December 31, 2013 and the changes from the prior year.

	2013		2012		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
<b>Expenditures</b>						
General government	\$ 8,874	21.8	\$ 11,635	25.9	\$ (2,761)	(23.7)
Health and human services	8,011	19.7	7,803	17.4	208	2.7
Public safety and protection	11,279	27.7	10,545	23.5	734	7.0
Road and bridge services	12,118	29.7	11,372	25.3	746	6.6
Debt service	460	1.1	3,560	7.9	(3,100)	74.3
<b>Total Expenditures (\$000)</b>	<b>\$ 40,742</b>	<b>100.0</b>	<b>\$ 44,915</b>	<b>100.0</b>	<b>\$ (4,173)</b>	<b>(9.3)</b>

Overall expenditures for 2013 were \$4,173,704 or 9.3% less than 2012. Decreases in general government expenditures for 2013 include:

- Construction of a new Justice Center Annex Building completed in 2012
- Remodeling the existing Justice Center completed in 2012

Health and Human Services increased by \$208,195 or 2.7% due primarily to an increase in labor and overall operating expenses. Public Safety and Protection activities increased by \$733,887 or 7.0%. Road and Bridge services increased by \$745,821 or 6.6%, due to the purchase of heavy equipment and other expenditures.

**Business-type Activities:** The decrease in the net position for the Montrose Regional Airport was \$1,082,453. The primary reason for the decrease was due to an unanticipated liability resulting from an inferior product used during construction of a FAA sponsored runway construction project at the Airport.

### **Financial Analysis Of The Government's Funds**

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

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

## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

As of December 31, 2013, the County's governmental funds reported combined ending fund balances of \$38,169,727, an increase of \$1,031,396 over the prior year. Approximately 44% of this total amount constitutes unassigned fund balance, which is available for spending to meet the needs of county citizens. The remainder of fund balance is separated into three categories. (1) Non-spendable fund balance which includes amounts that cannot be spent because they are either not in spendable form or they are legally or contractually required to be maintained intact (\$3,162,224). (2) Assigned fund balance is constrained by the County's intent to be used for a specific purpose (\$15,161,797). (3) Restricted fund balance has constraints placed on the use of these resources either externally imposed by creditors, grantors, contributors, or have been imposed by law through constitutional provisions or enabling legislation, 1) to pay debt service (\$338,040), 2) to provide an emergency reserve as required by the TABOR amendment (\$1,208,673), or 3) other restricted fund balance (\$1,332,865).

The General Fund is the chief operating fund of the County. At December 31, 2013, unassigned fund balance of the General Fund was \$16,966,128 while total fund balance reached \$18,207,553. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures (including transfers). Unreserved fund balance represents 109% of total General Fund expenditures (including transfers out), while total fund balance represents 117% of that same amount.

The fund balance of the County's General Fund increased by \$2,217,783 during 2013 as there were increases in the amount of property tax revenue, grants, internal charges, and other revenue received.

The Road and Bridge Fund had a total fund balance of \$7,231,375 of which \$1,087,423 is non-spendable for inventories and prepaid expenses. The net decrease in fund balance in this fund during 2013 fund was \$1,254,715. The decrease resulted primarily from a construction project related to a performance bond forfeiture that was received by Road and Bridge in 2012.

Fund balance in the Social Services Fund decreased by \$53,732 to a level of \$886,190 by the end of 2013. The decrease was due primarily to the use of fund balance to support costs associated with increasing caseloads due to economic conditions.

The Public Safety Sales Tax Fund increased its fund balance by \$106,829 during 2013. Total fund balance for this fund was \$2,435,342 by the end of 2013.

Fund balance in the Capital Expenditures Fund decreased by \$110,303. Total fund balance for this fund was \$6,123,802 at the end of 2013.

Fund balances for all other governmental funds increased by \$125,534 during 2013.

## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

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

Unrestricted net position of the Montrose Regional Airport at December 31, 2013 amounted to (\$1,978,667).

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

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended appropriations budget were \$156,981. The changes included:

\$60,636	for costs associated Title-III funds to be returned to U.S. Treasury
\$96,345	for homeland security fiscal agent expenditures

### **Capital Asset And Debt Administration**

**Capital Assets.** The County's investment in capital assets for its governmental and business-type activities as of December 31, 2013 amounts to \$116,835,217 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, construction in progress, equipment, and infrastructure. The total increase in the County's investment in capital assets for the current fiscal year was \$1,271,963.

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

Construction in progress	1,635,622
Other purchases of furniture and equipment	1,636,180
Infrastructure	5,009,991
Disposal and retirement of assets, net	(948,991)
Depreciation	(7,330,835)





## **MONTROSE COUNTY, COLORADO**

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### Management's Discussion And Analysis (*Continued*)

- The Colorado Legislative Council reports that the 10-county western region's economy continues to struggle, recovering at a slower pace than other regions in the state. Western Colorado experienced its second consecutive year of modest employment growth in 2013. Retail sales in the western region reached their highest levels since late 2008, before trailing off in the last quarter. Spending in western Colorado has recovered from the recession less quickly than in other parts of the state. Consumer spending in the western region showed steady but modest improvement throughout 2013, as year-to-date growth in retail sales climbed 3.1% through November.
- Based on data from Montrose County Planning and Development, the number of housing permits increased 10% in the County in 2013 from 2012.

All of these factors were considered in preparing the County's budget for 2014.

### **Requests For Information**

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

# MONTROSE COUNTY, COLORADO

## STATEMENT OF NET POSITION

December 31, 2013

Page 1 Of 2

	Assets		
	Primary Government		Total
Governmental Activities	Business-Type Activities		
Cash and investments	\$ 35,074,212	\$ 272,673	\$ 35,346,885
Cash and investments, restricted	851,313	288,633	1,139,946
Taxes receivable, net of allowance	11,218,880	—	11,218,880
Other receivables, net of allowance	266,859	246,636	513,495
Intergovernmental receivable	765,566	206,247	971,813
Inventories and prepaid expenses	1,353,593	54,596	1,408,189
Internal balances	2,028,017	(2,025,873)	2,144
Noncurrent restricted assets	—	60,748	60,748
Capital assets			
Capital assets not subject to depreciation			
Land	3,154,842	2,538,599	5,693,441
Construction in progress	935,859	699,763	1,635,622
Capital assets subject to depreciation			
Buildings and improvements, net	17,145,403	8,542,379	25,687,782
Improvements other than buildings, net	—	31,836,272	31,836,272
Equipment, net	7,844,492	752,442	8,596,934
Infrastructure, net	43,385,166	—	43,385,166
<b>Total Assets</b>	<b>124,024,202</b>	<b>43,473,115</b>	<b>167,497,317</b>

# MONTROSE COUNTY, COLORADO

## STATEMENT OF NET POSITION

December 31, 2013

Page 2 Of 2

### Liabilities, Deferred Inflows Of Resources And Net Position

#### Liabilities

Accounts payable	\$	1,210,079	\$	987,571	\$	2,197,650
Accrued liabilities		560,125		24,532		584,657
Due to other governments		168,676		—		168,676
Unearned revenue		518,370		—		518,370
Funds held for others		4,866		—		4,866
Long-term liabilities						
Portion due or payable within one year						
Certificates of participation		315,000		—		315,000
Capital leases payable		69,402		—		69,402
Portion due or payable after one year						
Accrued compensated absences		1,617,845		70,224		1,688,069
Closure and post-closure costs		625,448		—		625,448
Accrued gravel pit remediation costs		378,724		—		378,724
Certificates of participation		2,825,659		—		2,825,659
<b>Total Liabilities</b>		<b>8,294,194</b>		<b>1,082,327</b>		<b>9,376,521</b>

#### Deferred Inflows Of Resources

Property Tax Revenues		9,695,827		—		9,695,827
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#### Net Position

Net investment in capital assets		69,255,701		44,369,455		113,625,156
Restricted for						
Emergencies		1,208,673		—		1,208,673
Landfill financial assurance		780,479		—		780,479
Parks and recreation		86,765		—		86,765
Capital expenses		465,621		—		465,621
Debt service		338,040		—		338,040
Unrestricted		33,898,902		(1,978,667)		31,920,235
<b>Total Net Position</b>	\$	<b>106,034,181</b>	\$	<b>42,390,788</b>	\$	<b>148,424,969</b>

# MONTROSE COUNTY, COLORADO

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

	Program Revenues				Net (Expense) Revenue And Changes In Net Position		
	Expenses	Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	Governmental Activities	Business- Type Activities	Total
<b>Governmental</b>							
General government	\$ 11,396,834	\$ 6,250,880	\$ 673,575	\$ —	\$ (4,472,379)	\$ —	\$ (4,472,379)
Health and human services	7,972,491	474,925	5,641,687	—	(1,855,879)	—	(1,855,879)
Public safety and protection	11,231,690	1,352,594	223,308	—	(9,655,788)	—	(9,655,788)
Road and bridge services	9,194,526	31,149	890,922	—	(8,272,455)	—	(8,272,455)
Interest and fiscal charges	87,614	—	—	—	(87,614)	—	(87,614)
<b>Total Governmental Activities</b>	<b>39,883,155</b>	<b>8,109,548</b>	<b>7,429,492</b>	<b>—</b>	<b>(24,344,115)</b>	<b>—</b>	<b>(24,344,115)</b>
<b>Business-Type</b>							
Montrose County Airport	4,662,975	2,738,313	25,820	808,878	—	(1,089,964)	(1,089,964)
<b>Total Montrose County, Colorado</b>	<b>\$ 44,546,130</b>	<b>\$ 10,847,861</b>	<b>\$ 7,455,312</b>	<b>\$ 808,878</b>	<b>(24,344,115)</b>	<b>(1,089,964)</b>	<b>(25,434,079)</b>
<b>General Revenues</b>							
					12,619,309	—	12,619,309
					10,103,461	—	10,103,461
					3,566,260	—	3,566,260
					2,399,364	—	2,399,364
					32,355	2,413	34,768
					(847,938)	—	(847,938)
					373,733	5,098	378,831
					<b>28,246,544</b>	<b>7,511</b>	<b>28,254,055</b>
<b>Change In Net Position</b>					3,902,429	(1,082,453)	2,819,976
<b>Net Position - Beginning</b>					102,131,752	43,473,241	145,604,993
<b>Net Position - Ending</b>					<b>\$ 106,034,181</b>	<b>\$ 42,390,788</b>	<b>\$ 148,424,969</b>

# MONTROSE COUNTY, COLORADO

## BALANCE SHEET - GOVERNMENTAL FUNDS December 31, 2013

### Assets

		General Fund	Road And Bridge Fund	Social Services Fund	Capital Expenditures Fund	Public Safety Sales Tax	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>								
Equity in pooled cash and investments	\$	18,454,603	\$ 5,508,110	\$ 1,410,564	\$ 4,099,493	\$ 2,134,882	\$ 3,137,043	\$ 34,744,695
Other cash and investments		70,634	50	150	—	—	—	70,834
Receivables								
Taxes		8,464,178	871,090	1,231,649	—	651,963	—	11,218,880
Intergovernmental		70,261	246,149	219,462	—	14,906	214,788	765,566
Due from other funds		38,816	—	—	—	—	—	38,816
Trade		6,508	1,384	35,279	—	185,827	29,406	258,404
Prepaid expenses and other assets		14,489	207	2,594	—	682	12,900	30,872
Inventories		18,263	1,087,216	—	—	—	—	1,105,479
Advances to other funds		—	—	—	2,025,873	—	—	2,025,873
<b>Total Assets</b>	\$	27,137,752	\$ 7,714,206	\$ 2,899,698	\$ 6,125,366	\$ 2,988,260	\$ 3,394,137	\$ 50,259,419

### Liabilities, Deferred Inflows Of Resources And Fund Balance

<b>Liabilities</b>								
Accounts payable	\$	274,101	\$ 397,535	\$ 48,549	\$ 1,564	\$ 367,013	\$ 31,711	\$ 1,120,473
Accrued liabilities		149,246	85,296	90,629	—	185,905	33,732	544,808
Due to other governments		20	—	168,656	—	—	—	168,676
Due to other funds		36,672	—	—	—	—	—	36,672
Funds held for others		4,866	—	—	—	—	—	4,866
Unearned revenue		1,116	—	474,025	—	—	43,229	518,370
<b>Total Liabilities</b>		466,021	482,831	781,859	1,564	552,918	108,672	2,393,865

### Deferred Inflows Of Resources

Property Tax Revenue		8,464,178	—	1,231,649	—	—	—	9,695,827
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### Fund Balance

Nonspendable		32,752	1,087,423	2,594	2,025,873	682	12,900	3,162,224
Assigned		—	6,143,952	883,596	4,097,929	2,434,660	1,601,660	15,161,797
Restricted for								
Emergencies		1,208,673	—	—	—	—	—	1,208,673
Landfill financial assurance		—	—	—	—	—	780,479	780,479
Parks and recreation		—	—	—	—	—	86,765	86,765
Capital expenditures		—	—	—	—	—	465,621	465,621
Debt service		—	—	—	—	—	338,040	338,040
Unassigned		16,966,128	—	—	—	—	—	16,966,128
<b>Total Fund Balance</b>		18,207,553	7,231,375	886,190	6,123,802	2,435,342	3,285,465	38,169,727

### Total Liabilities, Deferred Inflows Of Resources and Fund Balance

	\$	27,137,752	\$ 7,714,206	\$ 2,899,698	\$ 6,125,366	\$ 2,988,260	\$ 3,394,137	\$ 50,259,419
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# MONTROSE COUNTY, COLORADO

## RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION December 31, 2013

<b>Total Fund Balance - Governmental Funds</b>		\$ 38,169,727
Amounts reported for governmental activities on the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		71,070,733
Bond premiums are reported as other financing items in governmental funds; however, they are recorded as additions to debt obligations in the statement of net position and are generally amortized over the life of the bonds to which they are related.		
Bond premium, less accumulated amortization		(50,659)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		2,608,880
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (1,600,926)	
Landfill closure and post-closure liability	(625,448)	
Gravel pit remediation	(378,724)	
Certificates of participation	(3,090,000)	
Capital lease liability	\$ (69,402)	
		<u>(5,764,500)</u>
<b>Net Position - Governmental Activities</b>		<u><u>\$ 106,034,181</u></u>

# MONTROSE COUNTY, COLORADO

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	General Fund	Road And Bridge Fund	Social Services Fund	Capital Expenditures Fund	Public Safety Sales Tax Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>							
Taxes	\$ 11,603,722	\$ 5,487,789	\$ 1,332,264	\$ —	\$ 4,031,243	\$ —	\$ 22,455,018
Licenses and permits	197,045	—	2,580	—	—	132,737	332,362
Intergovernmental	2,734,446	5,026,589	4,594,928	59,744	1,484,697	1,470,761	15,371,165
Charges for services	1,650,684	—	—	—	84,043	—	1,734,727
Charges to other governments	—	18,669	—	—	—	—	18,669
Internal charges	1,417,573	5,140	—	—	—	—	1,422,713
Investment earnings	23,393	7,398	434	—	—	1,130	32,355
Miscellaneous	25,691	31,617	88,289	—	4,410	154,891	304,898
<b>Total Revenues</b>	<b>17,652,554</b>	<b>10,577,202</b>	<b>6,018,495</b>	<b>59,744</b>	<b>5,604,393</b>	<b>1,759,519</b>	<b>41,671,907</b>
<b>Expenditures</b>							
Current							
General government	8,485,427	—	—	282,209	—	24,830	8,792,466
Health and human services	—	—	6,072,227	—	—	1,939,155	8,011,382
Public safety and protection	—	—	—	—	10,749,697	—	10,749,697
Road and bridge services	263,213	5,607,503	—	—	—	—	5,870,716
Capital outlay	81,150	6,247,437	—	—	529,044	—	6,857,631
Debt service							
Principal	—	67,055	—	—	—	305,000	372,055
Interest and other charges	—	4,776	—	—	—	82,838	87,614
<b>Total Expenditures</b>	<b>8,829,790</b>	<b>11,926,771</b>	<b>6,072,227</b>	<b>282,209</b>	<b>11,278,741</b>	<b>2,351,823</b>	<b>40,741,561</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>8,822,764</b>	<b>(1,349,569)</b>	<b>(53,732)</b>	<b>(222,465)</b>	<b>(5,674,348)</b>	<b>(592,304)</b>	<b>930,346</b>
<b>Other Financing Sources (Uses)</b>							
Proceeds from sale of capital assets	6,196	94,854	—	—	—	—	101,050
Transfers in	120,000	—	—	500,000	5,781,177	837,838	7,239,015
Transfers out	(6,731,177)	—	—	(387,838)	—	(120,000)	(7,239,015)
<b>Total Other Financing Sources (Uses)</b>	<b>(6,604,981)</b>	<b>94,854</b>	<b>—</b>	<b>112,162</b>	<b>5,781,177</b>	<b>717,838</b>	<b>101,050</b>
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Sources (Uses)</b>	<b>2,217,783</b>	<b>(1,254,715)</b>	<b>(53,732)</b>	<b>(110,303)</b>	<b>106,829</b>	<b>125,534</b>	<b>1,031,396</b>
<b>Fund Balance - Beginning Of Year</b>	<b>15,989,770</b>	<b>8,486,090</b>	<b>939,922</b>	<b>6,234,105</b>	<b>2,328,513</b>	<b>3,159,931</b>	<b>37,138,331</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 18,207,553</b>	<b>\$ 7,231,375</b>	<b>\$ 886,190</b>	<b>\$ 6,123,802</b>	<b>\$ 2,435,342</b>	<b>\$ 3,285,465</b>	<b>\$ 38,169,727</b>



# MONTROSE 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

<b>Net Change In Fund Balances - Total Governmental Funds</b>		\$ 1,031,396
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		
Depreciation	\$ (4,340,520)	
Capital outlay	<u>6,857,631</u>	2,517,111
Governmental funds do not report gains or losses on disposal of capital assets. However, in the statement of activities, the difference between the book value of the asset and the proceeds received on disposal is recognized as a gain or loss.		
Loss on sale	(1,120,907)	
Proceeds on sale	<u>\$ (101,050)</u>	(1,221,957)
With the implementation of GASB 65, the balance of deferred issuance costs previously shown in the government-wide financial statements are now expensed. In the governmental fund financial statements, these costs were expensed when originally incurred.		
		(111,787)
Governmental funds report premiums on debt as other financing uses. However, in the statement of activities, premiums are allocated over the life of the debt and reported as amortization expense. This is the current year amortization expense.		
		5,628
Internal service funds are used by management to charge the costs of certain activities, such as fleet management to individual funds. The net revenue of the internal service funds is reported with governmental activities.		
		976,319
In the governmental funds, accruals for compensated absences are not recognized because they are not paid with expendable available financial resources. In the statement of activities, however, these accruals are reported regardless of when financial resources are available. This adjustment shows the change in the accrued compensated absences balance.		
		352,505
Long-term liabilities, including landfill post-closure costs and gravel pit, are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment shows the change in this liability.		
		(18,841)
Governmental funds report the repayment of principal on long-term debt as expenditures. However, these repayments are not reported in the statement of activities, but as a reduction of debt in the statement of net position. This amount is the effect of the difference in the treatment of these repayments.		
Payments on certificates of participation and capital lease		<u>372,055</u>
<b>Change In Net Position Of Governmental Activities</b>		<u>\$ 3,902,429</u>

# MONTROSE COUNTY, COLORADO

## STATEMENT OF NET POSITION - PROPRIETARY FUNDS December 31, 2013

Assets	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
<b>Current Assets</b>		
Cash	\$ 272,673	\$ —
Cash, restricted	288,633	1,109,996
Accounts receivable, net	246,636	8,455
Due from other governments	206,247	—
Inventories	23,044	217,242
Prepaid expenses	31,552	—
<b>Total Current Assets</b>	<b>1,068,785</b>	<b>1,335,693</b>
<b>Noncurrent Assets</b>		
Restricted assets	60,748	—
Capital assets		
Land	2,538,599	—
Construction in progress	699,763	—
Land improvements, net	31,836,272	—
Buildings and improvements, net	8,542,379	—
Equipment, net	752,442	1,395,029
<b>Total Noncurrent Assets</b>	<b>44,430,203</b>	<b>1,395,029</b>
<b>Total Assets</b>	<b>45,498,988</b>	<b>2,730,722</b>
<b>Liabilities And Net Position</b>		
<b>Current Liabilities</b>		
Accounts payable	987,571	89,606
Accrued liabilities	24,532	15,317
<b>Total Current Liabilities</b>	<b>1,012,103</b>	<b>104,923</b>
<b>Noncurrent Liabilities</b>		
Advances from other funds	2,025,873	—
Accrued compensated absences	70,224	16,919
<b>Total Noncurrent Liabilities</b>	<b>2,096,097</b>	<b>16,919</b>
<b>Total Liabilities</b>	<b>3,108,200</b>	<b>121,842</b>
<b>Net Position</b>		
Net investment in capital assets	44,369,455	1,395,029
Unrestricted	(1,978,667)	1,213,851
<b>Total Net Position</b>	<b>\$ 42,390,788</b>	<b>\$ 2,608,880</b>

**MONTROSE COUNTY, COLORADO**

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**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND NET POSITION -  
PROPRIETARY FUNDS**

**For The Year Ended December 31, 2013**

	<b>Proprietary Fund Types</b>	
	<b>Enterprise Fund</b>	<b>Governmental Activities</b>
	<b>Montrose County Airport</b>	<b>Internal Service Fund</b>
<b>Operating Revenue</b>		
Charges for services	\$ 2,278,650	\$ 2,861,509
<b>Operating Expenses</b>		
Salaries and benefits	965,168	529,498
Services and supplies	1,018,485	1,412,146
Depreciation and amortization	2,679,322	310,993
<b>Total Operating Expenses</b>	<b>4,662,975</b>	<b>2,252,637</b>
<b>Operating Profit (Loss)</b>	<b>(2,384,325)</b>	<b>608,872</b>
<b>Nonoperating Revenues (Expenses)</b>		
Investment income	2,413	—
Gain on transfer of assets	—	349,543
Loss on disposal of assets	—	(76,574)
Contributions/grants	834,698	—
Passenger facility charges	302,390	—
Other	162,371	94,478
<b>Total Nonoperating Revenues</b>	<b>1,301,872</b>	<b>367,447</b>
<b>Change In Net Position</b>	<b>(1,082,453)</b>	<b>976,319</b>
<b>Net Position - Beginning Of Year</b>	<b>43,473,241</b>	<b>1,632,561</b>
<b>Net Position - End Of Year</b>	<b>\$ 42,390,788</b>	<b>\$ 2,608,880</b>

# MONTROSE COUNTY, COLORADO

## STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS For The Year Ended December 31, 2013 Page 1 Of 2

	Business-Type Activity	
	Enterprise	Governmental
	Fund	Activities
	Montrose	Internal
	County	Service
	Airport	Fund
<b>Cash Flows From Operating Activities</b>		
Cash received from customers	\$ 2,327,222	\$ 2,857,123
Cash paid to suppliers	(1,179,095)	(1,428,327)
Cash paid to and for employees	(972,049)	(535,564)
<b>Net Cash Provided By Operating Activities</b>	<b>176,078</b>	<b>893,232</b>
<b>Cash Flows Provided By Noncapital Financing Activities</b>		
Other receipts	162,371	94,478
<b>Cash Flows From Capital And Related Financing Activities</b>		
Grants and contributions	1,788,280	—
Passenger facility charges	302,390	—
Payments on interfund loan	(374,127)	—
Acquisition of capital assets	(1,925,573)	(768,581)
<b>Net Cash Used In Capital And Related Financing Activities</b>	<b>(209,030)</b>	<b>(768,581)</b>
<b>Cash Flows Provided By Investing Activities</b>		
Investment income	2,413	—
<b>Net Increase In Cash And Cash Equivalents</b>	<b>131,832</b>	<b>219,129</b>
<b>Cash And Cash Equivalents - Beginning Of Year</b>	<b>429,474</b>	<b>890,867</b>
<b>Cash And Cash Equivalents - End Of Year</b>	<b>\$ 561,306</b>	<b>\$ 1,109,996</b>

**MONTROSE COUNTY, COLORADO**

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**STATEMENT OF CASH FLOWS -  
PROPRIETARY FUNDS  
For The Year Ended December 31, 2013  
Page 2 Of 2**

	<u>Business-Type Activity</u>	
	<u>Enterprise</u>	<u>Governmental</u>
	<u>Fund</u>	<u>Activities</u>
	<u>Montrose</u>	<u>Internal</u>
	<u>County</u>	<u>Service</u>
	<u>Airport</u>	<u>Fund</u>
<b>Reconciliation Of Operating Profit (Loss) To Net</b>		
<b>Cash Provided By (Used In) Operating Activities</b>		
Operating profit (loss)	\$ (2,384,325)	\$ 608,872
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	2,679,322	310,993
(Increase) decrease in accounts receivables	48,572	(4,386)
Increase in inventory	(10,938)	(29,705)
Decrease in prepaid expenses	600	—
Increase (decrease) in accounts payable and accrued expenses	(157,153)	7,458
<b>Net Cash Provided By Operating Activities</b>	<b>\$ 176,078</b>	<b>\$ 893,232</b>

**MONTROSE COUNTY, COLORADO**

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**STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES -  
FIDUCIARY FUNDS  
December 31, 2013**

	<u>Agency Funds</u>
<b>Assets</b>	
Cash and investments	\$ 1,463,733
Due from other funds	<u>36,722</u>
	<u>\$ 1,500,455</u>
<b>Liabilities</b>	
Due to other governments	\$ 747,371
Due to other funds	38,866
Deposits held for others	<u>714,218</u>
<b>Total Liabilities</b>	<u>\$ 1,500,455</u>

# MONTROSE COUNTY, COLORADO

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## NOTES TO FINANCIAL STATEMENTS

December 31, 2013

### 1. Summary Of Significant Accounting Policies

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

#### **Financial Reporting Entity**

The County was formed in 1883. The governing body of the County is a three-member Board of County Commissioners. The County provides the following services directly: general administration, sheriff, jail, coroner, roads and bridges, airport facilities and health and social services. The County provides several additional services through other governmental organizations, which are excluded or included in this report, as detailed below.

#### Related Entities

##### *Public Trustee*

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

##### *Jointly Funded Organization*

The County, in conjunction with other counties, shares in the financial support of the District Attorney of the Seventh Judicial District of the State of Colorado. In 2013, the County contributed \$628,421 for the operation of the District Attorney.

##### *Other*

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Government-Wide And Fund Financial Statements**

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

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

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

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

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.



## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Governmental Funds**

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

**General Fund:** is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund.

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

**Road and Bridge Fund:** This fund accounts for the maintenance and construction of County roads.

**Social Services Fund:** This fund accounts for the various public welfare programs administered by the County.

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

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

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

The County reports the following major enterprise fund:

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

The County reports the following internal service fund:

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

The County reports the following fiduciary fund type:

**Agency Funds:** This fund accounts for the monies held on behalf of other governments and agencies that use the County as a depository or for property taxes collected on behalf of the other governments or agencies and for monies held by the Sheriff's office for inmates.

### **Measurement Focus, Basis Of Accounting**

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the County gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Property taxes, sales taxes, licenses and interest are considered to be susceptible to accrual. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt and claims and judgments, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

When both restricted and unrestricted resources are available for use, it is the County's policy to use restricted assets first, then unrestricted resources as they are needed.

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Fund Equity**

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

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

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

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

*Assigned* - includes amounts the County intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. The Board of County Commissioners has designated the Director of Finance as the County employee with authority to assign fund equity.

*Unassigned* - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund. The General Fund is the only fund that would report a positive amount in unassigned fund balance. Negative fund balances in other governmental funds are reported as unassigned once other purposes of that fund were reduced. For the General Fund, a negative fund balance would be eliminated by reducing unassigned fund balance first.

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

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Budgets And Budgetary Accounting**

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

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

Original budget appropriations, inclusive of interfund transfers out, for the year ended December 31, 2013 were \$59,667,937. The County had a supplemental appropriation totaling \$4,112,244, which increased final budget appropriations, inclusive of interfund transfers out, to \$63,780,181.

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

During 2013, supplemental appropriations resulted in budget amendments as follows:

<b>Fund</b>	<b>Original Amount</b>	<b>Amended Amount</b>
<b>Governmental Activities</b>		
General Fund	\$ 16,801,975	\$ 16,958,956
Special Revenue Funds		
Road and Bridge	12,923,924	13,956,013
Public Safety Sales Tax	11,682,824	11,708,584
Social Services	6,055,238	6,431,575
Public Health	2,021,993	2,080,871
Capital Projects Funds		
Capital Expenditure	848,838	970,338
Debt Service Funds		
Justice Center	387,838	389,338
<b>Business-Type Activities</b>		
Airport Operations	5,733,947	8,073,146

### **Receivables And Payables**

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

### **Cash**

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

### **Investments**

In accordance with GASB Statement No. 31, investments are stated at fair value, determined from quoted market prices.

# **MONTROSE COUNTY, COLORADO**

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## Notes To Financial Statements (*Continued*)

### **Property Taxes**

#### Revenue Recognized in 2013

Local property taxes levied for 2012 and collected by December 31, 2013 are recognized as revenue in these financial statements as shown below:

	<u>Assessed</u>	<u>Mill</u>	<u>Amount Of Taxes</u>			<u>Percentage</u>	
	<u>Valuation</u>	<u>Levy</u>	<u>Levied</u>	<u>Budgeted</u>	<u>Collected</u>	<u>Collected Of</u>	
General Fund	\$ 565,008,730	17.772	\$ 10,041,335	\$ 10,051,490	\$ 10,019,553	99.78%	100.10%
Public Welfare	565,008,730	2.353	1,329,466	1,330,466	1,326,535	99.78%	99.70%

#### Assessed Valuation

The assessed valuation for property in the State of Colorado is determined using base year market values. The certified assessed valuation for 2012 property taxes remitted in 2013 increased to \$565,008,730 from \$563,242,320 for 2011 property taxes remitted in 2012.

#### Property Tax Calendar

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

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

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

### **Inventory**

Inventories of the General Fund and Road and Bridge Special Revenue Fund are valued at cost. The costs of the inventories are recorded as expenditures when used. The reported inventories are equally offset by nonspendable fund balance.

The inventories of the enterprise funds are stated at cost, using the first-in, first-out method, or market.

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

#### **Capital Assets**

Capital assets, which include land, buildings and improvements, furniture and equipment, construction in progress and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the government-wide financial statements. The County defines capital assets as equipment and fixtures with an initial, individual cost of more than \$5,000, land, land improvements and buildings with an initial cost of more than \$50,000 and infrastructure with an initial cost of more than \$250,000. Such assets are recorded at 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

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

Landfill disposal systems	25 years
Drainage systems	25 years
Water systems	25 years
Roads	20 - 50 years
Buildings and improvements	7 - 40 years
Runways and access roads	15 - 20 years
Vehicles	5 - 15 years
Furniture and equipment	3 - 20 years

#### **Long-Term Obligations**

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

In the fund financial statements, governmental fund types recognize debt premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

#### **Net Position Of The Airport**

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

#### **Accrued Vacation Payable**

It is the County's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. In the governmental fund financial statements, only the portion of vacation and sick pay that has been incurred but unpaid at December 31, 2013 is reported as a fund liability. In the proprietary funds and in the government-wide financial statements, all vacation and sick pay earned is accrued and reported as accrued compensated absences. Vacation and sick pay that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it.

#### **Cash And Cash Equivalents**

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

#### **New Accounting Pronouncements**

Effective January 1, 2013, the County implemented the provisions of GASB No. 65, *Items Previously Reported as Assets and Liabilities* (GASB No. 65).



# **MONTROSE COUNTY, COLORADO**

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## Notes To Financial Statements *(Continued)*

GASB No. 65 establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets or liabilities.

## **2. Deposits And Investments**

### **Deposits**

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

At December 31, 2013, the County's cash and investments consist of the following:

Cash and investments - statement of net position	\$ 35,346,885
Cash and investments, restricted - statement of net position	1,139,946
Cash and investments - fiduciary funds	<u>1,463,733</u>
	<u>\$ 37,950,564</u>

Cash and investments of the County are held as follows:

Cash on hand	\$ 2,333
Deposits	15,342,978
Investments	15,577,095
Investment trusts	<u>7,028,158</u>
	<u>\$ 37,950,564</u>

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

At December 31, 2013, the County's cash deposits had a bank balance as follows:

Insured deposits	\$ 3,568,322
Deposits collateralized in single institution pools	<u>11,777,577</u>
	<u>\$ 15,345,899</u>

### **Investments**

Colorado statutes specify in which instruments the units of local government may invest, which include:

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

Investments of the County at December 31, 2013 are as follows:

	Standard & Poors Rating	Fair Value	Maturity	
			Less Than 1 Year	1 - 5 Years
Public entity investment pool	AAAm	\$ 7,028,158	N/A	N/A
Certificates of deposit	Unrated	2,033,628	\$ 33,058	\$ 2,000,570
Money market funds	AAAm	5,976,951	N/A	N/A
Federal Home Loan Bank bonds	AA+/AAA	7,566,516	N/A	7,566,516
		<u>\$ 22,605,253</u>	<u>\$ 33,058</u>	<u>\$ 9,567,086</u>

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

As of December 31, 2013, the County has invested \$4,022,675 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes (CRS), to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The 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. Separately issued financial statements may be obtained at the following address:

COLOTRUST  
999 18<sup>th</sup> Street, Suite 1230  
Denver, Colorado 80202  
[www.colotrust.com](http://www.colotrust.com)

As of December 31, 2013, the County has invested \$3,005,483 in the Colorado Surplus Asset Fund Trust (CSAFE). CSAFE is a local government investment pool that operates similarly to COLOTRUST. Investments of the pool consist of securities of the United States Treasury, United States agencies, primary dealer repurchase agreements and Colorado depositories (with short term ratings of A1 or better) in which the deposits are collateralized at 102% of market value under the provisions of PDPA. The custodian's internal records identify the investments owned by the pool. Separately issued financial statements may be obtained at the following address:

CSAFE  
1600 Broadway, Suite 1100  
Denver, CO 80202  
[www.csafe.org](http://www.csafe.org)

### **Credit Risk**

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

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

#### **Interest Rate Risk**

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

### **3. Restricted Cash**

#### **Landfill Financial Assurance**

Pursuant to federal regulations, the County has set aside funds in the Solid Waste Fund to finance post-closure costs in the amount of \$780,479.

#### **Passenger Facility Charges**

Unspent passenger facility charge (PFCs) revenues are recorded in the financial statements as restricted cash.

### **4. Interfund Receivables, Payables And Transfers**

Interfund receivables and payables (due to/from and advances to/from) consist of the following:

<b>Fund</b>	<b>Interfund Receivable</b>	<b>Interfund Payable</b>
<b>Major Fund</b>		
General Fund	\$ 38,816	\$ 36,672
Capital Expenditure Fund	2,025,873	—
Airport Operations Fund	—	2,025,873
<b>Nonmajor Fund</b>		
Agency Fund	36,722	38,866

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

The \$2,025,873 interfund balance relates to funds temporarily moved between funds for debt retirement. This amount is not expected to be repaid within one year.

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

<b>Receiving Fund</b>	<b>Transferring Fund</b>	<b>Amount</b>
<b>Major Funds</b>		
General	Conservation Trust	\$ 120,000
Public Safety Sales Tax	General	5,781,177
Capital Expenditures	General	500,000
<b>Nonmajor Funds</b>		
Local Public Health	General	450,000
Justice Center	Capital Expenditure	387,838

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

# MONTROSE COUNTY, COLORADO

## Notes To Financial Statements (Continued)

### 5. Capital Assets

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

Primary Government	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Governmental Activities</b>					
Capital assets not subject to depreciation					
Land	\$ 3,154,842	\$ —	\$ —	\$ —	\$ 3,154,842
Construction in progress	1,089,552	1,012,202	(506,059)	(659,836)	935,859
<b>Total Capital Assets Not Subject To Depreciation</b>	<b>4,244,394</b>	<b>1,012,202</b>	<b>(506,059)</b>	<b>(659,836)</b>	<b>4,090,701</b>
Capital assets subject to depreciation					
Buildings and improvements	28,709,430	—	—	659,836	29,369,266
Infrastructure	117,268,859	5,009,991	(1,022,106)	—	121,256,744
Equipment	17,963,736	835,439	(427,021)	(1,853,831)	16,518,323
<b>Total Capital Assets Subject To Depreciation</b>	<b>163,942,025</b>	<b>5,845,430</b>	<b>(1,449,127)</b>	<b>(1,193,995)</b>	<b>167,144,333</b>
Less accumulated depreciation for					
Buildings and improvements	11,621,336	602,527	—	—	12,223,863
Infrastructure	75,791,895	2,821,216	(741,533)	—	77,871,578
Equipment	10,997,610	916,775	(341,236)	(1,504,289)	10,068,860
<b>Total Accumulated Depreciation</b>	<b>98,410,841</b>	<b>4,340,518</b>	<b>(1,082,769)</b>	<b>(1,504,289)</b>	<b>100,164,301</b>
Capital assets subject to depreciation, net	65,531,184	1,504,912	(366,358)	310,294	66,980,032
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 69,775,578</b>	<b>\$ 2,517,114</b>	<b>\$ (872,417)</b>	<b>\$ (349,542)</b>	<b>\$ 71,070,733</b>

# MONTROSE COUNTY, COLORADO

## Notes To Financial Statements (Continued)

Business-Type Activity	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Airport</b>					
Capital assets not subject to depreciation					
Land	\$ 2,538,599	\$ —	\$ —	\$ —	\$ 2,538,599
Construction in progress	11,458,095	1,893,413	—	(12,651,745)	699,763
<b>Total Capital Assets Not Subject To Depreciation</b>	<b>13,996,694</b>	<b>1,893,413</b>	<b>—</b>	<b>(12,651,745)</b>	<b>3,238,362</b>
Capital assets subject to depreciation					
Runway improvements	44,853,932	—	—	12,651,745	57,505,677
Buildings and improvements	12,455,588	—	—	—	12,455,588
Equipment	2,563,199	32,160	—	(13,985)	2,581,374
<b>Total Capital Assets Subject To Depreciation</b>	<b>59,872,719</b>	<b>32,160</b>	<b>—</b>	<b>12,637,760</b>	<b>72,542,639</b>
Less accumulated depreciation					
Runway improvements	23,590,231	2,079,174	—	—	25,669,405
Buildings and improvements	3,558,424	354,785	—	—	3,913,209
Equipment	1,597,554	245,363	—	(13,985)	1,828,932
<b>Total Accumulated Depreciation</b>	<b>28,746,209</b>	<b>2,679,322</b>	<b>—</b>	<b>(13,985)</b>	<b>31,411,546</b>
<b>Capital Assets Subject To Depreciation</b>	<b>31,126,510</b>	<b>(2,647,162)</b>	<b>—</b>	<b>12,651,745</b>	<b>41,131,093</b>
<b>Business-Type Activity</b>					
<b>Capital Assets, Net</b>	<b>\$ 45,123,204</b>	<b>\$ (753,749)</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ 44,369,455</b>
<b>Internal Service Fund Activity - Governmental Activities</b>					
	Beginning Balance	Increase	Decrease	Transfers	Ending Balance
<b>Fleet</b>					
Equipment	\$ 1,894,845	\$ 768,581	\$ (503,574)	\$ 1,867,816	\$ 4,027,668
Less accumulated depreciation					
Equipment	1,230,373	310,993	(427,000)	1,518,273	2,632,639
<b>Business-Type Activity</b>					
<b>Capital Assets, Net</b>	<b>\$ 664,472</b>	<b>\$ 457,588</b>	<b>\$ (76,574)</b>	<b>\$ 349,543</b>	<b>\$ 1,395,029</b>

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

<b>Governmental Activities</b>	
General government	\$ 665,367
Public safety and protection	557,590
Road and bridge services	3,391,713
Health and human services	36,843
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$ 4,651,513</b>

# MONTROSE COUNTY, COLORADO

## Notes To Financial Statements (Continued)

### 6. Long-Term Debt

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

	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities</b>					
Certificates of participation Series 2012	\$ 3,395,000	\$ —	\$ (305,000)	\$ 3,090,000	\$ 315,000
Certificates of participation premium	56,287	—	(5,628)	50,659	—
Certificates of participation issue costs and discounts	(111,787)	—	111,787	—	—
Capital lease	136,457	—	(67,055)	69,402	69,402
Accrued compensated absences	1,977,776	—	(359,931)	1,617,845	—
Accrued landfill post-closure costs	616,607	8,841	—	625,448	—
Accrued gravel pit remediation costs	368,724	10,000	—	378,724	—
<b>Total Governmental Activities</b>					
<b>Long-Term Debt</b>	\$ 6,439,064	\$ 18,841	\$ (625,827)	\$ 5,832,078	\$ 384,402
<b>Business -Type Activity</b>					
<b>Airport</b>					
Compensated absences	\$ 78,917	\$ —	\$ (8,693)	\$ 70,224	\$ —

### Certificates Of Participation

Certificates of participation dated October 1, 2012, in the amount of \$3,395,000, were issued pursuant to a lease purchase agreement with a financial institution for the construction of a Justice Center.

Future minimum payments under the lease purchase agreement as of December 31, 2013 are as follows:

Year	Principal	Interest	Total
2014	\$ 315,000	\$ 76,738	\$ 391,738
2015	320,000	70,438	390,438
2016	325,000	64,038	389,038
2017	335,000	57,538	392,538
2018	340,000	50,838	390,838
2019 - 2022	1,455,000	109,388	1,564,388
	\$ 3,090,000	\$ 428,978	\$ 3,518,978



## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

#### **Capital Lease**

As part of operations, the County leases equipment. Future minimum payments under the lease purchase agreement for equipment as of December 31, 2013 are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 69,402	\$ 2,430	\$ 71,832

#### **Conduit Debt**

During 2004, the County acted as bond issuer for a third-party development company. The bond issues were for two aggregate principal amounts totaling \$2,350,000 and \$2,250,000. The bonds for \$2,350,000 are Variable Rate Economic Development Revenue Bonds, Series 2004A, and the bonds for \$2,250,000 are Taxable Variable Rate Economic Development Revenue Bonds, Series 2004B. The Bonds mature on June 1, 2014 and do not constitute indebtedness of the County.

During 2007, the County acted as bond issuer for a third-party mental health facility. The bond issue was for a principal amount totaling \$1,600,000. The bonds are Revenue Bonds, Series 2007. The Bonds mature on June 28, 2017 and do not constitute indebtedness of the County.

## **8. Pension Plan**

#### **Retirement Plan**

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

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

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements (*Continued*)

The County's total payroll for 2013 was \$17,167,300 and covered payroll was \$16,003,470. During 2013, the County and employees each made their respective required 4% contribution amounting to \$614,009, for a total of \$1,228,018.

## **9. Risk Management**

### **Workers Compensation**

#### County Workers Compensation Pool

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

#### Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to casualty and property losses. The County has joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. In the past three years, the amount of settlement for any claim has not exceeded the insurance coverage in any instance.

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

## **10. Commitments And Contingencies**

### **Pending Litigation**

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

### **TABOR Amendment**

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

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

### **Federal Funding**

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

On May 12, 2014, the County received written notification, dated May 5, 2014, from the Federal Aviation Administration requesting reimbursement of Airport Improvement Grant funding in the amount of \$740,556 as a result of a contractor's use of certain ineligible construction materials. As the use of this material occurred during 2013, the County has accrued this liability in the accompanying financial statements. The degree to which the County will be successful in recovery of these funds from the contractor is uncertain at this time.

## MONTROSE COUNTY, COLORADO

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### Notes To Financial Statements (Continued)

#### 11. Closure And Post-Closure Care Cost

The County entered into a service agreement with the contractor for operation of the current landfill, which requires the contractor to pay the County based on incoming volumes, at \$0.10 per yard. The term of the agreement is 40 years. State and federal laws and regulations require the County to place a final cover on its landfill site within 6 months of the date it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. The private contractor is responsible for closure costs and the County for post-closure costs. Although post-closure care costs will be paid only after the date that the landfill stops accepting waste, the County reports estimated post-closure care costs as a liability. The County's estimate of the closure and post-closure care costs liability at December 31, 2013, based on landfill capacity used to date, is \$625,448. The County will recognize the remaining estimated costs of closure and post-closure as the remaining estimated landfill capacity is filled. The County estimates the remaining life of the East End landfill to be 26 years as of December 31, 2013. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations.

	<b>Total</b>	<b>Approximate</b>	
	<b>Costs</b>	<b>Used</b>	<b>Liability</b>
		<b>Amount</b>	
East End closure	\$ 486,332	34.95%	\$ 169,990
East End post-closure	304,446	34.95%	106,414
<u>West End post-closure</u>	<u>349,045</u>	<u>100.0%</u>	<u>349,045</u>
	<u>\$ 1,139,823</u>		<u>\$ 625,449</u>

The County is required by state and federal laws and regulations to provide financial assurance to demonstrate that adequate funds will be readily available for the costs of closure and post-closure care. In addition, the County is voluntarily designating certain invested funds for post-closure care. At December 31, 2013, the Solid Waste Fund had restricted cash and investments of \$780,479 for future post-closure care costs.

## **MONTROSE COUNTY, COLORADO**

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### Notes To Financial Statements *(Continued)*

#### **12. Leases**

The Airport leases facilities and land to various airlines, concessionaires and others. Substantially all of the leases are operating leases for land, building and terminal space. The leases contain provisions for cancellation by either party if certain conditions are met. The following is a schedule, by year, of minimum future rentals of the operating leases as of December 31, 2013:

<b>Year Ending December 31,</b>	<b>Amount</b>
2014	\$ 693,368
2015	439,064
2016	402,953
2017	286,750
2018	286,750
2019 - 2023	1,433,750
2024 - 2028	573,500
	<hr/>
	\$ 4,116,135

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**Required Supplementary Information**

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# MONTROSE COUNTY, COLORADO

## GENERAL FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 11,260,493	\$ 11,405,493	\$ 11,603,722	\$ 198,229
Licenses and permits	204,800	199,350	197,045	(2,305)
Intergovernmental	2,627,803	2,739,599	2,734,446	(5,153)
Charges for services	1,402,850	1,658,425	1,650,684	(7,741)
Internal charges	1,396,605	1,328,505	1,417,573	89,068
Interest	200,000	100,000	23,393	(76,607)
Miscellaneous	6,175	10,450	25,691	15,241
<b>Total Revenues</b>	<b>17,098,726</b>	<b>17,441,822</b>	<b>17,652,554</b>	<b>210,732</b>
<b>Expenditures</b>				
Current				
General government	9,390,985	9,546,967	8,485,427	1,061,540
Road and bridge services	49,719	630,098	263,213	366,885
Capital outlay	630,098	50,714	81,150	(30,436)
<b>Total Expenditures</b>	<b>10,070,802</b>	<b>10,227,779</b>	<b>8,829,790</b>	<b>1,397,989</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>7,027,924</b>	<b>7,214,043</b>	<b>8,822,764</b>	<b>1,608,721</b>
<b>Other Financing Sources (Uses)</b>				
Proceeds from sale of capital assets	—	6,200	6,196	(4)
Transfers in	120,000	120,000	120,000	—
Transfers out	(6,731,177)	(6,731,177)	(6,731,177)	—
<b>Total Other Financing Sources (Uses)</b>	<b>(6,611,177)</b>	<b>(6,604,977)</b>	<b>(6,604,981)</b>	<b>(4)</b>
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses</b>	<b>\$ 416,747</b>	<b>\$ 609,066</b>	<b>\$ 2,217,783</b>	<b>\$ 1,608,717</b>

# MONTROSE COUNTY, COLORADO

## ROAD AND BRIDGE FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 5,388,000	\$ 5,567,035	\$ 5,487,789	\$ (79,246)
Intergovernmental	5,595,000	4,944,000	5,026,589	82,589
Charges for services	10,000	8,800	—	(8,800)
Charges to other governments	5,000	16,900	18,669	1,769
Internal charges	—	800	5,140	4,340
Interest	50,000	30,000	7,398	(22,602)
Miscellaneous	20,300	20,550	31,617	11,067
<b>Total Revenues</b>	<b>11,068,300</b>	<b>10,588,085</b>	<b>10,577,202</b>	<b>(10,883)</b>
<b>Expenditures</b>				
Current				
Road and bridge services	12,851,924	13,234,013	5,607,503	7,626,510
Principal and interest payment on debt	72,000	72,000	71,831	169
Capital outlay	—	650,000	6,247,437	(5,597,437)
<b>Total Expenditures</b>	<b>12,923,924</b>	<b>13,956,013</b>	<b>11,926,771</b>	<b>2,029,242</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(1,855,624)</b>	<b>(3,367,928)</b>	<b>(1,349,569)</b>	<b>2,018,359</b>
<b>Other Financing Sources</b>				
Proceeds from sale of capital assets	10,000	95,000	94,854	(146)
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Uses</b>	<b>\$ (1,845,624)</b>	<b>\$ (3,272,928)</b>	<b>\$ (1,254,715)</b>	<b>\$ 2,018,213</b>



**MONTROSE COUNTY, COLORADO**

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**SOCIAL SERVICES FUND -  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<b>Original</b>	<b>Final</b>		
<b>Revenues</b>				
Taxes	\$ 1,331,466	\$ 1,331,966	\$ 1,332,264	\$ 298
Licenses and permits	2,500	2,500	2,580	80
Miscellaneous	121,375	94,417	88,289	(6,128)
Intergovernmental	4,725,407	4,932,131	4,594,928	(337,203)
Interest earnings	425	425	434	9
<b>Total Revenues</b>	<b>6,181,173</b>	<b>6,361,439</b>	<b>6,018,495</b>	<b>(342,944)</b>
<b>Expenditures</b>				
Current				
Health and human services	6,055,238	6,431,575	6,072,227	359,348
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>\$ 125,935</b>	<b>\$ (70,136)</b>	<b>\$ (53,732)</b>	<b>\$ 16,404</b>

# MONTROSE COUNTY, COLORADO

## PUBLIC SAFETY SALES TAX FUND - STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 4,023,000	\$ 4,088,000	\$ 4,031,243	\$ (56,757)
Charges for services	—	76,379	84,043	7,664
Intergovernmental	1,673,750	1,464,320	1,484,697	20,377
Interest earnings	2,000	2,000	—	(2,000)
Miscellaneous income	18,000	26,770	4,410	(22,360)
<b>Total Revenues</b>	<b>5,716,750</b>	<b>5,657,469</b>	<b>5,604,393</b>	<b>(53,076)</b>
<b>Expenditures</b>				
Current				
Public safety protection	11,187,824	11,213,584	10,749,697	463,887
Capital outlay	495,000	495,000	529,044	(34,044)
<b>Total Expenditures</b>	<b>11,682,824</b>	<b>11,708,584</b>	<b>11,278,741</b>	<b>429,843</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>(5,966,074)</b>	<b>(6,051,115)</b>	<b>(5,674,348)</b>	<b>376,767</b>
<b>Other Financing Sources</b>				
Transfers in	5,781,177	5,781,177	5,781,177	—
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<b>\$ (184,897)</b>	<b>\$ (269,938)</b>	<b>\$ 106,829</b>	<b>\$ 376,767</b>

# MONTROSE COUNTY, COLORADO

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## NONMAJOR GOVERNMENTAL FUNDS

### Special Revenue Funds

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

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

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

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

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

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

### Debt Service Funds

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

**Justice Center Fund** accounts for debt service payments on the County's 2012 certificates of participation issued to construct the Justice Center.

### Capital Project Fund

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

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

**MONTROSE COUNTY, COLORADO**

**COMBINING BALANCE SHEET -  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2013**

Assets

	Special Revenue					Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Justice Center		
<b>Assets</b>								
Equity in pooled cash and investments	\$ 86,765	\$ 4,686	\$ 1,731,696	\$ 465,621	\$ 510,235	\$ 338,040	\$ 3,137,043	
Receivables								
Intergovernmental	—	—	—	—	214,788	—	214,788	
Trade	—	—	25,292	—	4,114	—	29,406	
Prepaid expenses and other assets	—	8,085	—	—	4,815	—	12,900	
<b>Total Assets</b>	<b>\$ 86,765</b>	<b>\$ 12,771</b>	<b>\$ 1,756,988</b>	<b>\$ 465,621</b>	<b>\$ 733,952</b>	<b>\$ 338,040</b>	<b>\$ 3,394,137</b>	

Liabilities And Fund Balance

<b>Liabilities</b>							
Accounts payable	\$ —	\$ —	\$ 3,759	\$ —	\$ 27,952	\$ —	\$ 31,711
Accrued liabilities	—	—	108	—	33,624	—	33,732
Unearned revenue	—	—	—	—	43,229	—	43,229
<b>Total Liabilities</b>	<b>—</b>	<b>—</b>	<b>3,867</b>	<b>—</b>	<b>104,805</b>	<b>—</b>	<b>108,672</b>
<b>Fund Balance</b>							
Nonspendable	—	8,085	—	—	4,815	—	12,900
Assigned	—	4,686	972,642	—	624,332	—	1,601,660
Restricted for							
Landfill financial assurance	—	—	780,479	—	—	—	780,479
Parks and recreation	86,765	—	—	—	—	—	86,765
Capital expenditures	—	—	—	465,621	—	—	465,621
Debt service	—	—	—	—	—	338,040	338,040
<b>Total Fund Balance</b>	<b>86,765</b>	<b>12,771</b>	<b>1,753,121</b>	<b>465,621</b>	<b>629,147</b>	<b>338,040</b>	<b>3,285,465</b>
<b>Total Liabilities And Fund Balance</b>	<b>\$ 86,765</b>	<b>\$ 12,771</b>	<b>\$ 1,756,988</b>	<b>\$ 465,621</b>	<b>\$ 733,952</b>	<b>\$ 338,040</b>	<b>\$ 3,394,137</b>

## MONTROSE COUNTY, COLORADO

### COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS For The Year Ended December 31, 2013

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Justice Center	
<b>Revenues</b>							
Licenses and permits	\$ —	\$ —	\$ —	\$ —	\$ 132,737	\$ —	\$ 132,737
Intergovernmental	137,866	—	—	—	1,332,895	—	1,470,761
Interest earnings	82	—	1,013	—	—	35	1,130
Miscellaneous	—	9,799	101,444	—	43,648	—	154,891
<b>Total Revenues</b>	<b>137,948</b>	<b>9,799</b>	<b>102,457</b>	<b>—</b>	<b>1,509,280</b>	<b>35</b>	<b>1,759,519</b>
<b>Expenditures</b>							
Current							
General government	—	11,743	11,587	—	—	1,500	24,830
Health and human services	—	—	—	—	1,939,155	—	1,939,155
Debt service							
Principal	—	—	—	—	—	305,000	305,000
Interest	—	—	—	—	—	82,838	82,838
<b>Total Expenditures</b>	<b>—</b>	<b>11,743</b>	<b>11,587</b>	<b>—</b>	<b>1,939,155</b>	<b>389,338</b>	<b>2,351,823</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>137,948</b>	<b>(1,944)</b>	<b>90,870</b>	<b>—</b>	<b>(429,875)</b>	<b>(389,303)</b>	<b>(592,304)</b>
<b>Other Financing Sources (Uses)</b>							
Transfers in	—	—	—	—	450,000	387,838	837,838
Transfers out	(120,000)	—	—	—	—	—	(120,000)
<b>Total Other Financing Sources (Uses)</b>	<b>(120,000)</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>450,000</b>	<b>387,838</b>	<b>717,838</b>
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing (Uses)</b>	<b>17,948</b>	<b>(1,944)</b>	<b>90,870</b>	<b>—</b>	<b>20,125</b>	<b>(1,465)</b>	<b>125,534</b>
<b>Fund Balance - Beginning Of Year</b>	<b>68,817</b>	<b>14,715</b>	<b>1,662,251</b>	<b>465,621</b>	<b>609,022</b>	<b>339,505</b>	<b>3,159,931</b>
<b>Fund Balance - End Of Year</b>	<b>\$ 86,765</b>	<b>\$ 12,771</b>	<b>\$ 1,753,121</b>	<b>\$ 465,621</b>	<b>\$ 629,147</b>	<b>\$ 338,040</b>	<b>\$ 3,285,465</b>

**MONTROSE COUNTY, COLORADO**

**CONSERVATION TRUST FUND -  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Intergovernmental				
State of Colorado	\$ 125,000	\$ 125,000	\$ 137,866	\$ 12,866
Interest income	500	500	82	(418)
<b>Total Revenues</b>	<b>125,500</b>	<b>125,500</b>	<b>137,948</b>	<b>12,448</b>
<b>Expenditures</b>				
Culture - recreation	—	—	—	—
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>125,500</b>	<b>125,500</b>	<b>137,948</b>	<b>12,448</b>
<b>Other Financing Uses</b>				
Transfers out	(120,000)	(120,000)	(120,000)	—
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures And Other Financing Uses</b>	<b>\$ 5,500</b>	<b>\$ 5,500</b>	<b>\$ 17,948</b>	<b>\$ 12,448</b>

**MONTROSE COUNTY, COLORADO**

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**COUNTY CLERK TECHNICAL FUND -  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Miscellaneous	\$ 11,000	\$ 10,500	\$ 9,799	\$ (701)
<b>Expenditures</b>				
General government	16,500	16,500	11,743	4,757
<b>Excess (Deficiency) Of Expenditures Over (Under) Revenues</b>	<b>\$ (5,500)</b>	<b>\$ (6,000)</b>	<b>\$ (1,944)</b>	<b>\$ 4,056</b>

**MONTROSE COUNTY, COLORADO**

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**SOLID WASTE FUND -  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Interest income	\$ 1,000	\$ 1,000	\$ 1,013	\$ 13
Miscellaneous	101,500	101,000	101,444	444
<b>Total Revenues</b>	<b>102,500</b>	<b>102,000</b>	<b>102,457</b>	<b>457</b>
<b>Expenditures</b>				
Post-closure costs	15,000	15,000	7,514	7,486
Administration	30,517	30,517	4,073	26,444
<b>Total Expenditures</b>	<b>45,517</b>	<b>45,517</b>	<b>11,587</b>	<b>33,930</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>\$ 56,983</b>	<b>\$ 56,483</b>	<b>\$ 90,870</b>	<b>\$ 34,387</b>



**MONTROSE COUNTY, COLORADO**

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**LOCAL PUBLIC HEALTH FUND -  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Other revenues	\$ 43,450	\$ 41,760	\$ 43,648	\$ 1,888
Intergovernmental	1,229,230	1,344,746	1,332,895	(11,851)
Licenses and permits	130,500	130,500	132,737	2,237
<b>Total Revenues</b>	<b>1,403,180</b>	<b>1,517,006</b>	<b>1,509,280</b>	<b>(7,726)</b>
<b>Expenditures</b>				
Health and human services	2,021,993	2,080,871	1,939,155	141,716
<b>Excess (Deficiency) Of Expenditures Over (Under) Revenues</b>	<b>(618,813)</b>	<b>(563,865)</b>	<b>(429,875)</b>	<b>133,990</b>
<b>Other Financing Sources</b>				
Transfers in	450,000	450,000	450,000	—
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures</b>	<b>\$ (168,813)</b>	<b>\$ (113,865)</b>	<b>\$ 20,125</b>	<b>\$ 133,990</b>

**MONTROSE COUNTY, COLORADO**

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**JUSTICE CENTER FUND -  
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Interest	\$ —	\$ —	\$ 35	\$ 35
<b>Expenditures</b>				
General government	—	1,500	1,500	—
Debt service				
Principal	305,000	305,000	305,000	—
Interest	82,838	82,838	82,838	—
<b>Total Expenditures</b>	<b>387,838</b>	<b>389,338</b>	<b>389,338</b>	<b>—</b>
<b>Excess (Deficiency) Of Expenditures Over (Under) Revenues</b>	<b>(387,838)</b>	<b>(389,338)</b>	<b>(389,303)</b>	<b>35</b>
<b>Other Financing Sources</b>				
Transfers in	387,838	389,338	387,838	(1,500)
<b>Excess Of Expenditures Over Revenues And Other Financing Sources</b>	<b>\$ —</b>	<b>\$ —</b>	<b>\$ (1,465)</b>	<b>\$ (1,465)</b>

**MONTROSE COUNTY, COLORADO**

**CAPITAL EXPENDITURES FUND -  
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
For The Year Ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>	\$ —	\$ —	\$ 59,744	\$ 59,744
<b>Expenditures</b>				
General government	461,000	461,000	282,209	178,791
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	(461,000)	(461,000)	(222,465)	238,535
<b>Other Financing Sources (Uses)</b>				
Transfers in	933,871	933,871	500,000	(433,871)
Transfers out	(387,838)	(509,338)	(387,838)	121,500
<b>Total Other Financing Sources (Uses)</b>	546,033	424,533	112,162	(312,371)
<b>Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures And Other Financing Sources</b>	\$ 85,033	\$ (36,467)	\$ (110,303)	\$ (73,836)

## MONTROSE COUNTY, COLORADO

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### PROPRIETARY FUNDS

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

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

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

## MONTROSE COUNTY, COLORADO

### MONTROSE COUNTY AIRPORT ENTERPRISE FUND - SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Operating Revenues</b>				
Charges for services	\$ 2,213,500	\$ 2,307,000	\$ 2,278,650	\$ (28,350)
<b>Operating Expenses</b>				
Salaries and benefits	1,104,620	1,104,620	965,168	139,452
Services and supplies	1,532,164	1,532,164	1,018,485	513,679
Capital outlay	3,097,163	5,436,362	1,925,573	3,510,789
<b>Total Operating Expenses</b>	5,733,947	8,073,146	3,909,226	4,163,920
<b>Operating Loss</b>	(3,520,447)	(5,766,146)	(1,630,576)	4,135,570
<b>Nonoperating Revenues</b>				
Investment income	5,000	5,000	2,413	(2,587)
Contributions/grants	2,936,113	3,078,784	834,698	(2,244,086)
Passenger facility charges	325,000	300,000	302,390	2,390
Other	105,000	115,000	162,371	47,371
<b>Total Nonoperating Revenues</b>	3,371,113	3,498,784	1,301,872	(2,196,912)
<b>Income (Loss) Before Transfers</b>	(149,334)	(2,267,362)	(328,704)	1,938,658
<b>Other Financing Sources</b>				
Transfers in	—	120,000	—	(120,000)
<b>Net Income (Loss) - Budget Basis</b>	\$ (149,334)	\$ (2,147,362)	(328,704)	\$ 1,818,658
<b>Adjustments For GAAP Basis</b>				
Capital outlay			1,925,573	
Depreciation			(2,679,322)	
<b>Change In Net Position - GAAP Basis</b>			\$ (1,082,453)	

## MONTROSE COUNTY, COLORADO

### FLEET MANAGEMENT INTERNAL SERVICE FUND - SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION - BUDGET AND ACTUAL For The Year Ended December 31, 2013

	Budgeted Amounts		Actual	Variance With Final Budget Favorable (Unfavorable)
	Original	Final		
<b>Operating Revenues</b>				
Charges for services	\$ 2,850,660	\$ 2,850,660	\$ 2,861,509	\$ 10,849
<b>Operating Expenses</b>				
Salaries and benefits	635,482	635,482	529,498	105,984
Services and supplies	1,567,146	1,570,146	1,412,146	158,000
Capital outlay	826,715	823,715	768,581	55,134
<b>Total Operating Expenses</b>	3,029,343	3,029,343	2,710,225	319,118
<b>Operating Income (Loss)</b>	(178,683)	(178,683)	151,284	329,967
<b>Nonoperating Revenues</b>				
Gain on transfer of assets	—	—	349,543	349,543
Loss on disposal of assets	—	—	(76,574)	(76,574)
Other	45,000	45,000	94,478	49,478
<b>Total Nonoperating Revenues</b>	45,000	45,000	367,447	322,447
<b>Net Income (Loss) - Budget Basis</b>	\$ (133,683)	\$ (133,683)	518,731	\$ 652,414
<b>Adjustments For GAAP Basis</b>				
Capital outlay			768,581	
Depreciation			(310,993)	
<b>Change In Net Position - GAAP Basis</b>			\$ 976,319	

# MONTROSE COUNTY, COLORADO

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## FIDUCIARY FUNDS

### Agency Funds

Agency funds account for assets held by the County as an agency for individuals, private organizations, other governments and/or other funds.

**County Clerk Clearing** accounts for all monies collected (principally tax collections) by the Montrose County Clerk for various local government entities within the County.

**Deposits Held for Others** accounts for development fees collected and disbursed for the acquisition of real property needed for the expansion of school sites and/or facilities and parks, performance deposits and funds held for other organizations, including the Public Trustee.

**MONTROSE COUNTY, COLORADO**

**COMBINING SCHEDULE OF FIDUCIARY ASSETS AND LIABILITIES -  
FIDUCIARY FUNDS  
December 31, 2013**

	<u>Agency Funds</u>			<b>Total</b>
	<b>County Clerk Clearing</b>	<b>Deposits Held For Others</b>		
<b>Assets</b>				
Cash and investments	\$ 749,515	\$ 714,218	\$	1,463,733
Due from other funds	36,722	—		36,722
<b>Total Assets</b>	<b>\$ 786,237</b>	<b>\$ 714,218</b>	<b>\$</b>	<b>1,500,455</b>
<b>Liabilities</b>				
Due to other governments	\$ 747,371	\$ —	\$	747,371
Due to other funds	38,866	—		38,866
Deposits held for others	—	714,218		714,218
<b>Total Liabilities</b>	<b>\$ 786,237</b>	<b>\$ 714,218</b>	<b>\$</b>	<b>1,500,455</b>



# MONTROSE COUNTY, COLORADO

Financial Planning 02/01  
Form # 350-050-36

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: <b>Montrose County</b> YEAR ENDING : <b>December 2013</b>
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This Information From The Records Of County of Montrose:	Prepared By: Greg Jennings Phone: 970-252-5007
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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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	4,586,037
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,659,220
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,511
2. General fund appropriations		b. Snow and ice removal	242,312
3. Other local imposts (from page 2)	6,061,195	c. Other	307,396
4. Miscellaneous local receipts (from page 2)	152,123	d. Total (a. through c.)	567,219
5. Transfers from toll facilities		4. General administration & miscellaneous	1,011,940
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	3,890
a. Bonds - Original Issues		6. Total (1 through 5)	10,828,307
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	6,213,318	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	4,453,182	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	0	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	10,666,500	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	10,828,307

## IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

## V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	11,211,777	10,666,500	10,828,307	11,049,970	(0)

Notes and Comments:

# MONTROSE COUNTY, COLORADO

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: <b>Colorado</b>	
		YEAR ENDING (mm/yy): <b>December 2013</b>	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	94	a. Interest on investments	7,398
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	6,061,101	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	103,146
4. Licenses		f. Charges for Services	8,796
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	27,603
6. Total (1. through 5.)	6,061,101	h. Other	5,180
c. Total (a. + b.)	6,061,195	i. Total (a. through h.)	152,123
	(Carry forward to page 1)		(Carry forward to page 1)
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	3,566,260	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	886,922	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	0
f. Total (a. through e.)	886,922	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	4,453,182	3. Total (1. + 2.g)	
			(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		223,183	223,183
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		4,362,855	4,362,855
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	4,362,855	4,362,855
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	4,586,037	4,586,037
			(Carry forward to page 1)
<b>Notes and Comments:</b>			