

MONTROSE COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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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, 2014, 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, 2014, 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.

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 IV through XIII and 33 through 36, 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 schedules, the EBT Authorization Schedule, 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 schedules, the EBT Authorization Schedule, 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 schedules, the EBT Authorization Schedule, 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 September 28, 2015, 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

September 28, 2015
Greenwood Village, Colorado

MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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, 2014. 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, 2014 by \$152,514,168. Of this amount, \$32,250,704 is unrestricted and may be used to meet the government's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$4,089,199.
- As of December 31, 2014, Montrose County's governmental funds reported combined ending fund balances of \$37,031,365, a decrease of \$1,138,362 from 2013. Approximately 48% of this total amount, \$17,633,021 is unassigned and available for discretionary spending for the benefit of county citizens.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$17,633,021, or 105% of total general fund expenditures (including transfers out).
- The County's total bonded debt decreased by \$315,000 or 10% during 2014 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 the County's basic financial statements. The County's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

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.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

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 1 through 2 of this report.

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

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

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

The County maintains 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, capital expenditures fund, and public safety sales tax 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 3 and 5 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.

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December 31, 2014

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 7 through 10 of this report.

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

The basic fiduciary fund financial statement can be found on page 11 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 12 of this report.

Other Information: Required supplementary information consists of budgetary comparison statements for the General and major Special Revenue Funds, beginning on page 33 of this report. The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplementary information and begin on page 37 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the County, assets exceeded liabilities and deferred inflows by \$152,514,168 at December 31, 2014.

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
December 31, 2014**

Montrose County's Net Position (\$000)

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Assets						
Current and other assets	\$ 52,814	\$ 51,558	\$ (332)	\$ (897)	\$ 52,482	\$ 50,661
Capital assets	<u>73,545</u>	<u>72,466</u>	<u>47,024</u>	<u>44,369</u>	<u>120,569</u>	<u>116,835</u>
Total assets	<u>126,359</u>	<u>124,024</u>	<u>46,692</u>	<u>43,472</u>	<u>173,051</u>	<u>167,496</u>
Liabilities						
Long-term liabilities outstanding	5,822	5,832	58	70	5,880	5,902
Other liabilities	<u>2,607</u>	<u>2,462</u>	<u>418</u>	<u>1,012</u>	<u>3,025</u>	<u>3,474</u>
Total liabilities	<u>8,429</u>	<u>8,294</u>	<u>476</u>	<u>1,082</u>	<u>8,905</u>	<u>9,376</u>
Deferred inflows of resources						
Property tax revenues	<u>11,632</u>	<u>9,696</u>	<u>-</u>	<u>-</u>	<u>11,632</u>	<u>9,696</u>
Net position						
Invested in capital assets, net of related debt	70,725	69,256	47,024	44,369	117,749	113,625
Restricted	2,515	2,879	-	-	2,515	2,879
Unrestricted	<u>33,058</u>	<u>33,899</u>	<u>(808)</u>	<u>(1,979)</u>	<u>32,250</u>	<u>31,920</u>
Total net position	<u>\$ 106,298</u>	<u>\$ 106,034</u>	<u>\$ 46,216</u>	<u>\$ 42,390</u>	<u>\$ 152,514</u>	<u>\$ 148,424</u>

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 (\$32,250,704) may be used to meet the government's ongoing obligations to citizens and creditors.

At December 31, 2014, Montrose County is able to report positive balances in its governmental and business-type activities total net position. The same situation held true for 2013.

Governmental activities increased the County's net position by \$263,545.

The County's net position for the Montrose Regional Airport (its business-type activity) increased by \$3,825,654.

MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Montrose County's Changes in Net Position (\$000)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Program revenues						
Charges for services	\$ 2,483	\$ 8,110	\$ 2,689	\$ 2,738	\$ 5,172	\$ 10,848
Operating grants and contributions	8,379	7,429	422	26	8,801	7,455
Capital grants and contributions	-	-	5,691	809	5,691	809
General revenue						
Property taxes	10,923	12,619	-	-	10,923	12,619
Sales and use taxes	10,175	10,103	-	-	10,175	10,103
Other taxes	7,341	5,966	-	-	7,341	5,966
Other revenue	619	(442)	117	7	736	(435)
Total revenues	<u>39,920</u>	<u>43,785</u>	<u>8,919</u>	<u>3,580</u>	<u>48,839</u>	<u>47,365</u>
Expenses						
General government	10,686	11,397	-	-	10,686	11,397
Health and human services	7,111	7,972	-	-	7,111	7,972
Public safety and protection	11,229	11,232	-	-	11,229	11,232
Road and bridge services	10,413	9,194	-	-	10,413	9,194
Interest and fiscal charges	74	88	-	-	74	88
Airport	-	-	5,236	4,663	5,236	4,663
Total expenses	<u>39,513</u>	<u>39,883</u>	<u>5,236</u>	<u>4,663</u>	<u>44,749</u>	<u>44,546</u>
Increase (decrease in net position before transfers)	407	3,902	3,683	(1,083)	4,090	2,819
Transfers	(143)	-	143	-	-	-
Increase (decrease) in net position	264	3,902	3,826	(1,083)	4,090	2,819
Net position - January 1	<u>106,034</u>	<u>102,132</u>	<u>42,390</u>	<u>43,473</u>	<u>148,424</u>	<u>145,605</u>
Net position - December 31	<u>\$ 106,298</u>	<u>\$ 106,034</u>	<u>\$ 46,216</u>	<u>\$ 42,390</u>	<u>\$ 152,514</u>	<u>\$ 148,424</u>

**MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

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, 2014 and the changes from the prior year.

	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Revenue source						
Taxes	\$20,924	49.8	\$22,455	53.9	\$ (1,531)	(6.8)
Licenses and permits	398	0.9	332	0.8	66	19.9
Intergovernmental	15,894	37.9	15,371	36.9	523	3.4
Charges for services	1,548	3.7	1,735	4.2	(187)	(10.8)
Charges to governments	420	1.0	19	0.0	401	2,110.5
Internal charges	2,178	5.2	1,423	3.4	755	53.1
Miscellaneous	612	1.5	337	0.8	275	81.6
Total revenue (\$000)	<u>\$41,974</u>	<u>100.0</u>	<u>\$41,672</u>	<u>100.0</u>	<u>\$ 302</u>	<u>0.7</u>

Overall revenue increased by 0.7% or \$302,507 in 2014 over 2013.

The largest source of revenue for 2014 was derived from taxes, 53.9% of total revenues. Overall, tax revenue decreased by 6.8% or \$1,531,265. Property tax revenue in 2014 decreased by \$1,696,266 or 13% over 2013 due primarily to a decrease in assessed value and an increase in the temporary credit mill levy for 2014. The County maintained its mill levy at 23.528 mills with a temporary mill levy reduction of 3.917 mills to remain within TABOR limits for a net mill levy of 19.681 for tax collection purposes.

Licenses and permits show a 19.9% increase from 2013 due primarily to increased number of building permits issued in 2014.

Intergovernmental revenue increased in 2014 by \$522,428 or 3.4%, due primarily to increases in federal and state funding.

Charges for services decreased 10.8% due primarily to decreased Treasurer and Clerk and Recorder fees. Charges to other governments were 2,110.5% or \$400,878 more than 2013 due to increased receipts from other governments related to prisoner housing, useful public service and Montrose Emergency Telephone Service Authority (METSA).

Miscellaneous revenue was greater in 2014 than 2013 due primarily to a slight increase in investment income.

**MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

The following schedule presents a summary of the governmental funds expenditures for the fiscal year ended December 31, 2014 and the changes from the prior year.

	2014		2013		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Expenditures						
General government	\$ 9,918	22.8	\$ 8,874	21.8	\$ 1,044	11.8
Health and human service	8,119	18.7	8,011	19.7	108	1.3
Public safety and protectic	12,149	28.0	11,279	27.7	870	7.7
Road and bridge services	12,763	29.4	12,118	29.7	645	5.3
Debt service	464	1.1	460	1.1	4	0.9
Total expenditures (\$000)	<u>\$43,413</u>	<u>100.0</u>	<u>\$40,742</u>	<u>100.0</u>	<u>\$ 2,671</u>	<u>6.6</u>

Overall expenditures for 2014 were \$2,671,118 or 6.5% more than 2013. Increases in general government expenditures for 2014 include:

- Increase in labor and non-personnel operating expenses
- Heavy Equipment replacements at the Fairgrounds
- Computer hardware replacement for Clerk and Recorder
- Building renovations for the Clerk and Recorder

Health and Human Services increased by \$107,745 or 1.3% due primarily to an increase in labor and overall operating expenses. Public Safety and Protection activities increased by \$870,063 or 7.7%. Road and Bridge services increased by \$644,934 or 5.3%, due to the purchase of heavy equipment and other expenditures.

Business-type Activities: The increase in the net position for the Montrose Regional Airport was \$3,552,887. The primary reason for the increase was the funding and completion of a commercial apron expansion and new terminal and runway improvements at the Hopkins Field Airport in Nucla, CO.

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
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014

As of December 31, 2014, the County's governmental funds reported combined ending fund balances of \$37,031,365, a decrease of \$1,138,362 over the prior year. Approximately 48% 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 (\$2,700,516). (2) Assigned fund balance is constrained by the County's intent to be used for a specific purpose (\$14,182,649). (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 (\$338,074), 2) to provide an emergency reserve as required by the TABOR amendment (\$984,149), or 3) other restricted fund balance (\$1,192,520).

The General Fund is the chief operating fund of the County. At December 31, 2014, unassigned fund balance of the General Fund was \$17,633,021 while total fund balance reached \$18,670,991. 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). Unassigned fund balance represents 104% of total General Fund expenditures (including transfers out), while total fund balance represents 111% of that same amount.

The fund balance of the County's General Fund increased by \$463,438 during 2014 as there were increases in the amount of grants, internal charges, and other revenue received.

The Road and Bridge Fund had a total fund balance of \$6,665,316 of which \$996,802 is non-spendable for inventories. The net decrease in fund balance in this fund during 2014 fund was \$566,059. The decrease resulted primarily from the replacement of existing heavy equipment.

Fund balance in the Social Services Fund increased by \$15,777 to a level of \$901,967 by the end of 2014. The increase was due primarily to reductions in overall operating costs.

The Public Safety Sales Tax Fund increased its fund balance by \$487,804 during 2014. Total fund balance for this fund was \$2,923,146 by the end of 2014.

Fund balance in the Capital Expenditures Fund decreased by \$1,531,518. Total fund balance for this fund was \$4,592,284 at the end of 2014.

Fund balances for all other governmental funds decreased by \$7,804 during 2014.

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, 2014 amounted to (\$807,297).

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

**MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

General Fund Budgetary Highlights

Differences between the original budget and the final amended appropriations budget were \$352,215. The changes included:

- \$87,965 for costs associated with Title-III funds to be returned to U.S. Treasury
- \$250,000 to fund legal expenses incurred against the County Airport.
- \$ 14,250 to fund Windows XP computer replacements

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, 2014 amounts to \$120,568,751 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, machinery, construction in progress, equipment, and infrastructure. The total net increase in the County's investment in capital assets for the current fiscal year was \$3,733,534.

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

Heavy equipment purchases	1,076,259
Other vehicles	804,502
Other purchases of furniture and equipment	273,130
Future public works building and property	674,807
Road construction	2,725,132
Nucla terminal construction	444,444
Runway improvements	5,388,410

	Governmental		Business-Type		Total	
	Activities		Activities			
	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>	<u>2014</u>	<u>2013</u>
Capital assets						
Land and improvements	\$ 3,658	\$ 3,155	\$ 2,539	\$ 2,539	\$ 6,197	\$ 5,694
Construction in progress	234	936	170	700	404	1,636
Buildings and improvements	18,220	17,145	8,761	8,542	26,981	25,687
Equipment	8,392	6,449	698	2,147	9,090	8,596
Infrastructure	43,041	43,385	34,856	31,836	77,897	75,221
Total capital assets (\$000)	<u>\$73,545</u>	<u>\$71,070</u>	<u>\$47,024</u>	<u>\$45,764</u>	<u>\$120,569</u>	<u>\$116,834</u>

Additional information on the County's capital assets can be found in Note 5 on pages 24 and 25 of the financial statements.

Long-term Debt: At the end of 2014, the County had total bonded debt outstanding of \$2,775,000. The County has no general obligation debt.

**MONTROSE COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2014**

The County's debt consists of the following:

	Governmental		Business-Type		Total	
	Activities		Activities			
	2014	2013	2014	2013	2014	2013
Certificates of participation	<u>\$ 2,775</u>	<u>\$ 3,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,775</u>	<u>\$ 3,090</u>

Additional information on the County's long-term debt can be found in Note 6 on pages 26 through 27 of the financial statements.

Economic Factors and Next Year's Budgets And Rates

- According to the Colorado Department of Labor and Employment, the unemployment rate for the County is currently 5.1%, which is a decrease from a rate of 8.6% a year ago. The County rate is higher than the state's average unemployment rate of 4.2% which is lower than the national average rate of 5.1%.
- The Colorado Legislative Council reports that economic indicators were mixed for the western region across industries and geographic areas. Although the regional unemployment rate is at its lowest point since 2008, regional job growth varied significantly across different areas within the region. The positive trend of accelerating growth in the number of housing permits were offset by the fact that regional consumer spending continues to lag behind other areas of the state. A decline in natural gas production appears to have accelerated through the first quarter of 2015, and production from the region's coal mines continues to fall, as mining operations face a diverse set of economic and legal challenges.
- Based on data from Montrose County Planning and Development, the number of housing permits increased 24% in the County in 2014 from 2013.

All of these factors were considered in preparing the County's budget for 2015.

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, 2014

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and investments	\$ 34,989,941	\$ -	\$ 34,989,941
Cash and investments, restricted	-	270,475	270,475
Taxes receivable, net of allowance	13,195,636	-	13,195,636
Other receivables, net of allowance	165,893	230,195	396,088
Intergovernmental receivable	1,273,711	984,714	2,258,425
Inventories and prepaid expenses	1,248,061	51,613	1,299,674
Internal balances	1,940,630	(1,940,630)	-
Noncurrent restricted assets	-	72,214	72,214
Capital assets			
Capital assets not subject to depreciation			
Land	3,657,927	2,538,599	6,196,526
Construction in progress	234,126	170,445	404,571
Capital assets subject to depreciation			
Buildings and improvements, net	18,219,771	8,760,946	26,980,717
Improvements other than buildings, net	-	34,856,011	34,856,011
Equipment, net	8,392,436	697,738	9,090,174
Infrastructure, net	<u>43,040,752</u>	<u>-</u>	<u>43,040,752</u>
TOTAL ASSETS	<u>126,358,884</u>	<u>46,692,320</u>	<u>173,051,204</u>
LIABILITIES			
Accounts payable	1,268,246	387,981	1,656,227
Accrued liabilities	636,664	29,775	666,439
Due to other governments	196,700	-	196,700
Unearned revenue	501,313	-	501,313
Funds held for others	4,866	-	4,866
Long-term liabilities			
Portion due or payable within one year	2,350,676	58,122	2,408,798
Portion due or payable after one year	<u>3,470,896</u>	<u>-</u>	<u>3,470,896</u>
TOTAL LIABILITIES	<u>8,429,361</u>	<u>475,878</u>	<u>8,905,239</u>
DEFERRED INFLOWS OF RESOURCES			
Property tax revenues	<u>11,631,797</u>	<u>-</u>	<u>11,631,797</u>
NET POSITION			
Net investment in capital assets	70,724,982	47,023,739	117,748,721
Restricted for			
Emergencies	984,149	-	984,149
Landfill financial assurance	637,141	-	637,141
Parks and recreation	89,758	-	89,758
Capital expenses	465,621	-	465,621
Debt service	338,074	-	338,074
Unrestricted	<u>33,058,001</u>	<u>(807,297)</u>	<u>32,250,704</u>
TOTAL NET POSITION	<u>\$ 106,297,726</u>	<u>\$ 46,216,442</u>	<u>\$ 152,514,168</u>

See the accompanying notes to financial statements

MONTROSE COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2014

	<u>General Fund</u>	<u>Road and Bridge Fund</u>	<u>Social Services Fund</u>	<u>Public Safety Sales Tax Fund</u>	<u>Capital Expenditures Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental funds</u>
ASSETS							
Equity in pooled cash investments	\$ 18,600,055	\$ 4,864,961	\$ 1,243,586	\$ 2,541,213	\$ 2,997,621	\$ 3,174,026	\$ 33,421,462
Other cash and investments	96,008	50	200	-	-	100	96,358
Receivables							
Taxes	10,274,689	919,118	1,357,108	644,721	-	-	13,195,636
Intergovernmental	234,155	373,926	391,061	87,776	-	175,400	1,262,318
Trade	10,442	10	78,231	53,273	-	23,937	165,893
Prepaid expenses and other assets	27,675	-	3,635	1,097	-	3,837	36,244
Inventories	26,146	996,802	-	-	-	-	1,022,948
Due from other funds	298,870	-	-	-	-	-	298,870
Advances to other funds	-	-	-	-	1,641,760	-	1,641,760
Total assets	<u>\$ 29,568,040</u>	<u>\$ 7,154,867</u>	<u>\$ 3,073,821</u>	<u>\$ 3,328,080</u>	<u>\$ 4,639,381</u>	<u>\$ 3,377,300</u>	<u>\$ 51,141,489</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
FUND BALANCE							
Accounts payable	\$ 449,027	\$ 360,731	78,475	\$ 196,916	\$ 47,097	23,276	\$ 1,155,522
Accrued liabilities	167,351	99,776	105,538	208,018	-	39,243	619,926
Due to other governments	-	29,044	167,656	-	-	-	196,700
Funds held for others	4,866	-	-	-	-	-	4,866
Unearned revenue	1,116	-	463,077	-	-	37,120	501,313
Total liabilities	<u>622,360</u>	<u>489,551</u>	<u>814,746</u>	<u>404,934</u>	<u>47,097</u>	<u>99,639</u>	<u>2,478,327</u>
DEFERRED INFLOWS OF RESOURCES							
Property tax revenue	10,274,689	-	1,357,108	-	-	-	11,631,797
FUND BALANCE							
Nonspendable	53,821	996,802	3,635	1,097	1,641,760	3,837	2,700,952
Restricted for							
Emergencies	984,149	-	-	-	-	-	984,149
Landfill financial assurance	-	-	-	-	-	637,141	637,141
Parks and recreation	-	-	-	-	-	89,758	89,758
Capital expenditures	-	-	-	-	-	465,621	465,621
Debt service	-	-	-	-	-	338,074	338,074
Assigned	-	5,668,514	898,332	2,922,049	2,950,524	1,743,230	14,182,649
Unassigned	17,633,021	-	-	-	-	-	17,633,021
Total fund balance	<u>18,670,991</u>	<u>6,665,316</u>	<u>901,967</u>	<u>2,923,146</u>	<u>4,592,284</u>	<u>3,277,661</u>	<u>37,031,365</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 29,568,040</u>	<u>\$ 7,154,867</u>	<u>\$ 3,073,821</u>	<u>\$ 3,328,080</u>	<u>\$ 4,639,381</u>	<u>\$ 3,377,300</u>	<u>\$ 51,141,489</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total Fund Balance - Governmental Funds		\$ 37,031,365
<p>Amounts reported for governmental activities on the statement of net position are different because:</p>		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		71,762,462
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 amortized over the life of the bonds to which they are related.		
Bond premium, less accumulated amortization		(45,030)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service fund are included in the governmental activities in the statement of net position.		3,303,684
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated absences	\$ (1,273,878)	
Landfill closure and post-closure liability	(637,141)	
Gravel pit remediation	(333,725)	
Claims	(735,011)	
Certificates of participation	<u>(2,775,000)</u>	
		<u>(5,754,755)</u>
Net Position - Governmental Activities		<u>\$ 106,297,726</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For The Year Ended December 31, 2014

	General Fund	Road And Bridge Fund	Social Services Fund	Public Safety Sales Tax Fund	Capital Expenditures Fund	Other Governmental Funds	Total Governmental Funds
REVENUES							
Taxes	\$ 10,180,794	\$ 5,425,472	\$ 1,230,915	\$ 4,086,572	\$ -	\$ -	\$ 20,923,753
Licenses and permits	258,500	-	2,160	-	-	137,725	398,385
Intergovernmental	2,919,736	5,237,234	4,751,326	1,603,550	-	1,381,747	15,893,593
Charges for services	1,470,509	-	-	77,261	-	-	1,547,770
Charges to other governments	20,000	399,547	-	-	-	-	419,547
Internal charges	2,175,155	167	1,313	1,248	-	-	2,177,883
Investment earnings	115,452	29,618	438	-	49,758	1,439	196,705
Miscellaneous	47,001	64,727	118,797	21,962	13,832	150,459	416,778
Total revenues	<u>17,187,147</u>	<u>11,156,765</u>	<u>6,104,949</u>	<u>5,790,593</u>	<u>63,590</u>	<u>1,671,370</u>	<u>41,974,414</u>
EXPENDITURES							
Current							
General government	9,417,604	-	-	-	354,870	23,718	9,796,192
Health and human services	-	-	6,089,172	-	-	2,029,955	8,119,127
Public safety and protection	-	-	-	11,660,901	-	-	11,660,901
Road and bridge services	191	7,637,516	-	-	-	-	7,637,707
Capital outlay	121,899	5,125,380	-	487,903	-	-	5,735,182
Debt service							
Principal	-	69,402	-	-	-	315,000	384,402
Interest and other charges	-	2,429	-	-	-	76,739	79,168
Total expenditures	<u>9,539,694</u>	<u>12,834,727</u>	<u>6,089,172</u>	<u>12,148,804</u>	<u>354,870</u>	<u>2,445,412</u>	<u>43,412,679</u>
EXCESS OF REVENUE OVER (UNDER)							
EXPENDITURES	<u>7,647,453</u>	<u>(1,677,962)</u>	<u>15,777</u>	<u>(6,358,211)</u>	<u>(291,280)</u>	<u>(774,042)</u>	<u>(1,438,265)</u>
OTHER FINANCING SOURCES (USES)							
Proceeds from sale of capital assets	-	434,903	-	-	-	-	434,903
Transfers in	120,000	677,000	-	6,846,015	250,000	886,238	8,779,253
Transfers out	(7,304,015)	-	-	-	(1,490,238)	(120,000)	(8,914,253)
Total other financing sources (uses)	<u>(7,184,015)</u>	<u>1,111,903</u>	<u>-</u>	<u>6,846,015</u>	<u>(1,240,238)</u>	<u>766,238</u>	<u>299,903</u>
NET CHANGE IN FUND BALANCES	463,438	(566,059)	15,777	487,804	(1,531,518)	(7,804)	(1,138,362)
FUND BALANCES - BEGINNING OF YEAR	<u>18,207,553</u>	<u>7,231,375</u>	<u>886,190</u>	<u>2,435,342</u>	<u>6,123,802</u>	<u>3,285,465</u>	<u>38,169,727</u>
FUND BALANCES - END OF YEAR	<u>\$ 18,670,991</u>	<u>\$ 6,665,316</u>	<u>\$ 901,967</u>	<u>\$ 2,923,146</u>	<u>\$ 4,592,284</u>	<u>\$ 3,277,661</u>	<u>\$ 37,031,365</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2014

Net change in fund balances - Total governmental funds	\$ (1,138,362)
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	\$ (4,476,173)
Capital outlay	<u>5,769,283</u>
	1,293,110
Governmental funds do not report gains or losses on disposal of capital assets. However, in the statement of activities, the difference between the book value of the asset and the proceeds received on disposal is recognized as a gain or loss.	
Net book value of disposed capital assets	(586,605)
Governmental funds do not report capital assets donated from other entities or from business type activities	
Net book value of donated assets	(14,776)
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.	
	5,629
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 fund is reported with governmental activities.	
	694,804
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.	
	327,048
Long-term liabilities, including landfill post-closure costs, gravel pit, and claims are not due and payable in the current period and, therefore, are not reported in the funds. This adjustment shows the change in this liability.	
	(701,705)
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>384,402</u>
Change in net position of governmental activities	<u>\$ 263,545</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF NET POSITION -
PROPRIETARY FUNDS
December 31, 2014

	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
CURRENT ASSETS		
Cash	\$ -	\$ 1,472,121
Cash, restricted	270,475	-
Accounts receivable, net	230,195	-
Due from other governments	984,714	11,393
Inventories	19,010	188,869
Prepaid expenses	32,603	-
Total current assets	<u>1,536,997</u>	<u>1,672,383</u>
NONCURRENT ASSETS		
Restricted assets	72,214	-
Capital assets		
Land	2,538,599	-
Construction in progress	170,445	-
Land improvements, net	34,856,011	-
Buildings, net	8,760,946	-
Equipment, net	<u>697,738</u>	<u>1,782,550</u>
Total noncurrent assets	<u>47,095,953</u>	<u>1,782,550</u>
TOTAL ASSETS	<u>48,632,950</u>	<u>3,454,933</u>
CURRENT LIABILITIES		
Accounts payable	387,981	112,724
Due to other funds	298,870	-
Accrued liabilities	29,775	16,738
Accrued compensated absences	<u>58,122</u>	<u>21,787</u>
Total current liabilities	<u>774,748</u>	<u>151,249</u>
NONCURRENT LIABILITIES		
Advances from other funds	<u>1,641,760</u>	<u>-</u>
Total noncurrent liabilities	<u>1,641,760</u>	<u>-</u>
Total liabilities	<u>2,416,508</u>	<u>151,249</u>
NET POSITION		
Net investment in capital assets	47,023,739	1,782,550
Unrestricted	<u>(807,297)</u>	<u>1,521,134</u>
TOTAL NET POSITION	<u>\$ 46,216,442</u>	<u>\$ 3,303,684</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Proprietary Fund Types	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
OPERATING REVENUE		
Charges for services	\$ 2,345,482	\$ 2,875,629
OPERATING EXPENSES		
Salaries and benefits	1,063,132	533,702
Services and supplies	1,298,078	1,384,396
Depreciation and amortization	2,875,335	376,062
Total operating expenses	5,236,545	2,294,160
OPERATING PROFIT (LOSS)	(2,891,063)	581,469
NONOPERATING REVENUES (EXPENSES)		
Investment income	2,441	-
Gain on transfer of assets	8,425	6,351
Gain on sale of assets	-	101,035
Grants and contributions	422,273	-
Passenger facility charges	343,316	-
Other	114,340	5,949
Total nonoperating revenues	890,795	113,335
Income before capital grants and transfers	(2,000,268)	694,804
Capital grants	5,690,922	-
Transfers in	135,000	-
CHANGE IN NET POSITION	3,825,654	694,804
NET POSITION - BEGINNING OF YEAR	42,390,788	2,608,880
NET POSITION - END OF YEAR	\$ 46,216,442	\$ 3,303,684

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	Business-Type Activity	
	Enterprise Fund	Governmental Activities
	Montrose County Airport	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 2,361,923	\$ 2,872,691
Cash paid to suppliers	(940,885)	(1,332,905)
Cash paid to and for employees	(1,069,991)	(527,413)
Net cash provided by operating activities	<u>351,047</u>	<u>1,012,373</u>
CASH FLOWS PROVIDED BY NONCAPITAL FINANCING ACTIVITIES		
Grants and contributions	620,301	-
Other receipts	114,340	5,949
Net cash provided by noncapital financing activities	<u>734,641</u>	<u>5,949</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Grants	3,973,871	-
Passenger facility charges	331,850	-
Payments on interfund loan	(384,113)	-
Sale of capital assets	-	148,305
Acquisition of capital assets	(5,300,568)	(804,502)
Net cash used in capital and related financing activities	<u>(1,378,960)</u>	<u>(656,197)</u>
CASH FLOWS PROVIDED BY INVESTING ACTIVITIES		
Investment income	<u>2,441</u>	<u>-</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(290,831)	362,125
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>561,306</u>	<u>1,109,996</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 270,475</u>	<u>\$ 1,472,121</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended December 31, 2014

	<u>Business-Type Activity</u>	
	<u>Enterprise Fund</u>	<u>Governmental Activities</u>
	<u>Montrose County Airport</u>	<u>Internal Service Fund</u>
Reconciliation of operating profit (loss) to net cash provided by operating activities		
Operating profit (loss)	\$ (2,891,063)	\$ 581,469
Adjustments to reconcile operating profit (loss) to net cash provided by (used in) operating activities		
Depreciation and amortization	2,875,335	376,062
(Increase) decrease Accounts receivables	16,441	(2,938)
(Increase) decrease Inventory	4,034	28,373
(Increase) decrease Prepaid expenses	(1,051)	-
Increase (decrease) Accounts payable	(79,660)	23,118
Increase (decrease) Due to other funds	433,870	-
Increase (decrease) Accrued expenses	(6,859)	6,289
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 351,047</u>	<u>\$ 1,012,373</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
FIDUCIARY FUNDS
December 31, 2014

	<u>Agency Funds</u>
ASSETS	
Cash and investments	\$ 1,432,194
TOTAL ASSETS	<u>\$ 1,432,194</u>
LIABILITIES	
Due to other governments	\$ 916,801
Deposits held for others	<u>515,393</u>
TOTAL LIABILITIES	<u>\$ 1,432,194</u>

See the accompanying notes to financial statements.

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Financial Reporting Entity

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

Related Entities

Public Trustee

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

Jointly Funded Organization

The County, in conjunction with other counties, shares in the financial support of the District Attorney of the Seventh Judicial District of the State of Colorado. In 2014, the County contributed \$671, 935 for the operation of the District Attorney.

Other

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

Government-Wide and Fund Financial Statements

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

Governmental Funds

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

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

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

Road and Bridge Fund: This fund accounts for the 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 major 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
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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. Property taxes are reported as revenue in the fiscal year for which the taxes are levied. Revenue from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. The agency funds also use the accrual basis of accounting.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. 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.

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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.

Appropriations are at the total fund expenditure level and lapse at year end. Original budget appropriations, inclusive of interfund transfers out, for the year ended December 31, 2014 were \$62,933,312. The County had a supplemental appropriation totaling \$4,169,724, which increased final budget appropriations, inclusive of interfund transfers out, to \$67,103,036.

During 2014, supplemental appropriations resulted in budget amendments as follows:

Fund	Original Amount	Amended Amount
Governmental activities		
General Fund	\$ 18,030,689	\$ 18,382,904
Special Revenue Funds		
Road and bridge	11,539,872	12,838,317
Social services	6,013,880	6,089,323
Public safety sales tax	12,496,910	12,529,160
Local public health	2,077,818	2,115,166
Capital Projects Funds		
Capital expenditures	1,429,238	2,226,238
Business-Type Activities		
Airport operations	7,662,732	9,239,755

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.

**MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value.

Cash and Cash Equivalents

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

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.”

Property Taxes

Revenue Recognized in 2014

Local property taxes levied for 2013 and collected by December 31, 2014 are recognized as revenue in these financial statements as shown below:

	<u>Assessed Valuation</u>	<u>Mill Levy</u>	<u>Amount of Taxes</u>			<u>Percentage Collected of</u>	
			<u>Levied</u>	<u>Budgeted</u>	<u>Collected</u>	<u>Levied</u>	<u>Budgeted</u>
General Fund	\$ 492,659,450	17.181	\$ 8,464,382	8,454,323	8,404,627	99.29%	99.41%
Social Services	\$ 492,659,450	2.500	1,231,649	1,231,649	1,223,061	99.30%	99.30%

Assessed Valuation

The assessed valuation for property in the State of Colorado is determined using base year market values. The certified assessed valuation for 2013 property taxes remitted in 2014 decreased to \$492,659,450 from \$565,008,730 for 2012 property taxes remitted in 2013.

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.

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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

Accrued Vacation Payable

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

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

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

Net Position

Net position is classified in 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 net position is noncapital assets that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the County. Unrestricted net position is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Fund Equity

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

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

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

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

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

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

**MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014**

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

NOTE 2 – DEPOSITS AND INVESTMENTS

At December 31, 2014, the County’s cash and investments consist of the following:

Cash and investments – statement of net position	\$ 34,989,941
Cash and investments, restricted – statement of net position	270,475
Cash and investments – fiduciary funds	<u>1,432,194</u>
	<u>\$ 36,692,610</u>

At December 31, 2014, cash and investments of the County are held as follows:

Cash on hand	\$ 4,087
Cash deposits	14,597,401
Investments	<u>22,091,122</u>
	<u>\$ 36,692,610</u>

Cash 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.

Investments

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

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (CONTINUED)

Investments of the County at December 31, 2014 are as follows:

	Standard & Poor's Rating	Fair Fair Value	Maturity	
			Less than 1 Year	1-5 Years
Local government investment pools	AAAm	\$ 10,537,669	\$ 10,537,669	\$ -
Money market mutual funds	Unrated	447,321	4,456,862	-
Money market mutual fund	AAAm	4,009,541	-	-
U.S. Agency Bonds	AA+	7,096,591	2,369,490	4,727,101
		<u>\$ 22,091,122</u>	<u>\$ 17,364,021</u>	<u>\$ 4,727,101</u>

As of December 31, 2014, the County has invested \$6,528,175 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 18th Street, Suite 1230
Denver, Colorado 80202 www.colotrust.com

As of December 31, 2014, the County has invested \$4,009,494 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

Credit Risk

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 2 – DEPOSITS AND INVESTMENTS (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.

NOTE 3 – RESTRICTED CASH

Passenger Facility Charges

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

NOTE 4 – INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

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

Fund	Interfund Receivable	Interfund Payable
Major Fund		
General Fund due from other fund	\$ 298,870	\$ -
Capital Expenditure Fund advance to other fund	1,641,760	-
Airport Operations Fund advance from other fund	-	1,641,760
Airport Operations Fund due to other fund		298,870

The \$1,641,760 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:

Transfers Out	Transfers In						
	General	Road and Bridge	Capital Expend- itures	Public Safety Sales Tax	Other Govern- mental	Airport	
Major Fund							
General	\$ -	\$ -	\$ 250,000	\$ 6,546,015	\$ 493,000	\$ 15,000	\$ 7,304,015
Capital Expenditures	-	677,000	-	300,000	393,238	120,000	1,490,238
Other Governmental	120,000	-	-	-	-	-	120,000
	<u>\$ 120,000</u>	<u>\$ 677,000</u>	<u>\$ 250,000</u>	<u>\$ 6,846,015</u>	<u>\$ 886,238</u>	<u>\$ 135,000</u>	<u>\$ 8,914,253</u>

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

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2014 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Governmental activities					
Capital asset not subject to depreciation					
Land	\$ 3,154,842	\$ -	\$ -	\$ 503,085	\$ 3,657,927
Construction in progress	935,859	1,312,584	(2,334)	(2,011,983)	234,126
	<u>4,090,701</u>	<u>1,312,584</u>	<u>(2,334)</u>	<u>(1,508,898)</u>	<u>3,892,053</u>
Total capital assets not subject to depreciation					
Capital assets subject to depreciation					
Buildings and improvements	29,369,266	479,838		1,228,377	31,077,481
Infrastructure	121,256,744	2,725,132	(1,616,006)	280,521	122,646,391
Equipment	16,518,323	1,251,729	(885,243)	(139,757)	16,745,052
	<u>167,144,333</u>	<u>4,456,699</u>	<u>(2,501,249)</u>	<u>1,369,141</u>	<u>170,468,924</u>
Total capital assets subject to depreciation					
Less accumulated depreciation for					
Buildings and improvements	12,223,863	633,847			12,857,710
Infrastructure	77,871,578	2,864,039	(1,129,978)		79,605,639
Equipment	10,068,860	978,287	(787,000)	(124,981)	10,135,166
	<u>100,164,301</u>	<u>4,476,173</u>	<u>(1,916,978)</u>	<u>(124,981)</u>	<u>102,598,515</u>
Total accumulated depreciation					
Capital assets subject to depreciation, net	<u>66,980,032</u>	<u>(19,474)</u>	<u>(584,271)</u>	<u>1,494,122</u>	<u>67,870,409</u>
Governmental activities capital assets, net	<u>\$71,070,733</u>	<u>\$1,293,110</u>	<u>\$ (586,605)</u>	<u>\$ (14,776)</u>	<u>\$71,762,462</u>
Internal Service Fund Activity - Governmental Activities	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Fleet					
Equipment	\$ 4,027,668	\$ 804,502	\$ (528,450)	\$ 63,514	\$ 4,367,234
Less accumulated depreciation					
Equipment	<u>2,632,639</u>	<u>376,062</u>	<u>(481,180)</u>	<u>57,163</u>	<u>2,584,684</u>
Internal service fund activity capital assets, net	<u>\$ 1,395,029</u>	<u>\$ 428,440</u>	<u>\$ (47,270)</u>	<u>\$ 6,351</u>	<u>\$ 1,782,550</u>

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 5 – CAPITAL ASSETS (CONTINUED)

Business-Type Activities

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfers</u>	<u>Ending Balance</u>
Airport					
Capital asset not subject to depreciation					
Land	\$ 2,538,599	\$ -	\$ -	\$ -	\$ 2,538,599
Construction in progress	<u>699,763</u>	<u>5,303,535</u>	<u>-</u>	<u>(5,832,853)</u>	<u>170,445</u>
Total capital assets not subject to depreciation	<u>3,238,362</u>	<u>5,303,535</u>	<u>-</u>	<u>(5,832,853)</u>	<u>2,709,044</u>
Capital assets subject to depreciation					
Runway improvements	57,505,677	-	-	5,388,410	62,894,087
Buildings and improvements	12,455,588	119,999	-	444,444	13,020,031
Equipment	<u>2,581,374</u>	<u>97,660</u>	<u>-</u>	<u>76,243</u>	<u>2,755,277</u>
Total capital assets subject to depreciation	<u>72,542,639</u>	<u>217,659</u>	<u>-</u>	<u>5,909,097</u>	<u>78,669,395</u>
Less accumulated depreciation for					
Runway improvements	25,669,405	2,368,671	-	-	28,038,076
Buildings and improvements	3,913,209	345,876	-	-	4,259,085
Equipment	<u>1,828,932</u>	<u>160,788</u>	<u>-</u>	<u>67,819</u>	<u>2,057,539</u>
Total accumulated depreciation	<u>31,411,546</u>	<u>2,875,335</u>	<u>-</u>	<u>67,819</u>	<u>34,354,700</u>
Capital assets subject to depreciation, net	<u>41,131,093</u>	<u>(2,657,676)</u>	<u>-</u>	<u>5,841,278</u>	<u>44,314,695</u>
Business-type activity capital assets, net	<u>\$44,369,455</u>	<u>\$2,645,859</u>	<u>\$ -</u>	<u>\$ 8,425</u>	<u>\$47,023,739</u>

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

Governmental Activities

General government	\$ 360,885
Public safety and protection	703,842
Road and bridge services	3,735,623
Health and human services	<u>51,885</u>
	<u>\$4,852,235</u>

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 6 – LONG-TERM DEBT

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

	Beginning Balance	Additions	Reductions/ Adjustments	Ending Balance	Amounts Due Within One Year
Governmental activities					
Certificates of participation Series 2012	\$ 3,090,000	\$ -	\$ (315,000)	\$ 2,775,000	\$ 320,000
Certificates of participation premium	50,659		(5,629)	45,030	-
Capital lease	69,402		(69,402)	-	-
Accrued compensated absences	1,617,845	2,066,535	(2,388,715)	1,295,665	1,295,665
Accrued landfill post-closure costs	625,448	11,693	-	637,141	-
Accrued gravel pit remediation costs	378,724	-	(44,999)	333,725	-
Claims	-	735,011	-	735,011	735,011
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total governmental activities long-term debt	<u>\$ 5,832,078</u>	<u>\$ 2,813,239</u>	<u>\$ (2,823,745)</u>	<u>\$ 5,821,572</u>	<u>\$ 2,350,676</u>
Business-type activity					
Airport					
Compensated absences	<u>\$ 70,224</u>	<u>\$ 52,952</u>	<u>\$ (65,054)</u>	<u>\$ 58,122</u>	<u>\$ 58,122</u>

Certificates of Participation

Certificates of participation dated October 1, 2012, in the amount of \$3,395,000, with interest at 2% - 3%, were issued pursuant to a 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, 2014 are as follows:

Year	Principal	Interest	Total
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	350,000	42,338	392,338
2020 - 2022	1,105,000	67,050	1,172,050
	<u>\$2,775,000</u>	<u>\$ 352,240</u>	<u>\$3,127,240</u>

Capital Lease

As part of operations, the County leased equipment. The lease was paid off in 2014.

Conduit Debt

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.

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 7 – PENSION PLAN

Retirement Plan

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

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

During 2014, the County and employees each made their respectively required 4% contribution amounting to \$627,390, for a total of \$1,254,780.

NOTE 8 – 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.

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 9 – COMMITMENTS AND CONTINGENCIES

Pending Litigation

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

TABOR Amendment

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

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

Federal Funding

Under the terms of federal and state grants, periodic audits are required and certain costs may be questioned as not being appropriate expenditures under the terms of the 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 accrued this liability in the financial statements as of December 31, 2013. On June 19, 2015, the County received notice that the reimbursement request was rescinded, subject to certain warranty and bond requirements. As a result, the County has reversed this accrual as of December 31, 2014.

NOTE 10 – CLOSURE AND POST-CLOSURE CARE COST

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

The County's estimate of the closure and post-closure care costs liability at December 31, 2014, based on landfill capacity used to date, is \$637,141. 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, 2014. Actual costs may be higher or lower due to inflation, changes in technology or changes in regulations.

MONTROSE COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

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

	<u>Total Costs</u>	<u>Approximate Used Amount</u>	<u>Liability</u>
East End closure	\$ 493,140	36.50%	\$ 180,010
East End post-closure	308,708	36.50%	112,687
West End post-closure	<u>344,444</u>	100.0%	<u>344,444</u>
	<u>\$ 1,146,292</u>		<u>\$ 637,141</u>

The County is required by state and federal laws and regulations to provide financial assurance to demonstrate that adequate funds will be readily available for the costs of closure and post-closure care. In addition, the County has voluntarily designated \$783,868 of invested funds for post-closure care.

NOTE 11 – 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, 2014:

Year ending December 31,	<u>Amount</u>
2015	\$ 72,297
2016	72,309
2017	71,337
2018	54,936
2019	40,744
2020-2024	158,948
2025-2029	104,595
2030-2034	46,012
2035-2039	23,589
2040	4,718
	<u>\$ 649,485</u>

NOTE 12 – SUBSEQUENT EVENT

On July 17, 2015, a jury found the County liable in a discrimination case related to an incident which occurred in 2013. The County has estimated the probable damages for back pay at \$270,000 and front pay at \$465,011 and has recorded an estimated claims liability for the total amount of \$735,011 as of December 31, 2014. The plaintiff has requested up to a total of \$2,649,550 in front pay damages. The County is awaiting the final decision from the judge regarding the actual amount due.

REQUIRED SUPPLEMENTARY INFORMATION

MONTROSE COUNTY, COLORADO
GENERAL FUND -
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 9,651,249	\$ 9,763,780	\$ 10,180,794	\$ 417,014
Licenses and permits	205,750	190,500	258,500	68,000
Intergovernmental	2,958,302	3,543,276	2,919,736	(623,540)
Charges for services	1,566,950	1,436,008	1,470,509	34,501
Charges to other governments	32,000	52,000	20,000	(32,000)
Internal charges	2,197,717	2,197,667	2,175,155	(22,512)
Interest	108,700	128,550	115,452	(13,098)
Miscellaneous	-	-	47,001	47,001
Total revenues	<u>16,720,668</u>	<u>17,311,781</u>	<u>17,187,147</u>	<u>(124,634)</u>
EXPENDITURES				
Current				
General government	10,602,253	10,965,959	9,417,604	1,548,355
Road and bridge services	200	200	191	9
Capital outlay	<u>139,221</u>	<u>127,730</u>	<u>121,899</u>	<u>5,831</u>
Total expenditures	<u>10,741,674</u>	<u>11,093,889</u>	<u>9,539,694</u>	<u>1,554,195</u>
EXCESS OF REVENUES OVER EXPENDITUR	<u>5,978,994</u>	<u>6,217,892</u>	<u>7,647,453</u>	<u>1,429,561</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	120,000	120,000	120,000	-
Transfers out	<u>(7,289,015)</u>	<u>(7,289,015)</u>	<u>(7,304,015)</u>	<u>(15,000)</u>
Total other financing sources (uses)	<u>(7,169,015)</u>	<u>(7,169,015)</u>	<u>(7,184,015)</u>	<u>(15,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (1,190,021)</u>	<u>\$ (951,123)</u>	<u>\$ 463,438</u>	<u>\$ 1,414,561</u>

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 6,442,000	\$ 6,117,500	\$ 5,425,472	\$ (692,028)
Intergovernmental	4,395,000	4,812,062	5,237,234	425,172
Charges for services	-	34,083	-	(34,083)
Charges to other governments	12,000	30,375	399,547	369,172
Internal charges	-	-	167	167
Interest	32,000	33,000	29,618	(3,382)
Miscellaneous	16,100	-	64,727	64,727
Total revenues	<u>10,897,100</u>	<u>11,027,020</u>	<u>11,156,765</u>	<u>129,745</u>
EXPENDITURES				
Current				
Roads and bridge services	8,829,502	8,474,061	7,637,516	836,545
Principal and interest payment on debt	72,000	71,831	71,831	-
Capital outlay	<u>2,638,370</u>	<u>4,292,425</u>	<u>5,125,380</u>	<u>(832,955)</u>
Total expenditures	<u>11,539,872</u>	<u>12,838,317</u>	<u>12,834,727</u>	<u>3,590</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(642,772)</u>	<u>(1,811,297)</u>	<u>(1,677,962)</u>	<u>133,335</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	40,000	422,878	434,903	12,025
Transfers in	<u>-</u>	<u>677,000</u>	<u>677,000</u>	<u>-</u>
Total other financing sources (uses)	<u>40,000</u>	<u>1,099,878</u>	<u>1,111,903</u>	<u>12,025</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ (602,772)</u>	<u>\$ (711,419)</u>	<u>\$ (566,059)</u>	<u>\$ 145,360</u>

MONTROSE COUNTY, COLORADO
SOCIAL SERVICES FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 1,241,649	\$ 1,241,649	\$ 1,230,915	\$ (10,734)
Licenses and permits	2,500	2,250	2,160	(90)
Miscellaneous	106,580	108,125	118,797	10,672
Intergovernmental	4,719,237	4,733,596	4,751,326	17,730
Internal Charges	-	1,800	1,313	(487)
Interest earnings	-	-	438	438
	<u>6,069,966</u>	<u>6,087,420</u>	<u>6,104,949</u>	<u>17,529</u>
Total revenues				
EXPENDITURES				
Current				
Health and human services	<u>6,013,880</u>	<u>6,089,323</u>	<u>6,089,172</u>	<u>151</u>
Total expenditures	<u>6,013,880</u>	<u>6,089,323</u>	<u>6,089,172</u>	<u>151</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	<u>\$ 56,086</u>	<u>\$ (1,903)</u>	<u>\$ 15,777</u>	<u>\$ 17,680</u>

**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, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Taxes	\$ 4,282,000	\$ 4,153,000	\$ 4,086,572	\$ (66,428)
Charges for services	284,300	296,760	77,261	(219,499)
Intergovernmental	1,075,293	1,145,711	1,603,550	457,839
Internal Charges	-	-	1,248	1,248
Interest earnings	-	-	-	-
Miscellaneous income	<u>7,700</u>	<u>12,306</u>	<u>21,962</u>	<u>9,656</u>
Total revenues	<u>5,649,293</u>	<u>5,607,777</u>	<u>5,790,593</u>	<u>182,816</u>
EXPENDITURES				
Current				
Public safety protection	12,115,877	12,127,902	11,660,901	467,001
Capital outlay	<u>381,033</u>	<u>401,258</u>	<u>487,903</u>	<u>(86,645)</u>
Total expenditures	<u>12,496,910</u>	<u>12,529,160</u>	<u>12,148,804</u>	<u>380,356</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(6,847,617)	(6,921,383)	(6,358,211)	563,172
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>6,846,015</u>	<u>6,846,015</u>	<u>6,846,015</u>	<u>-</u>
Excess of revenues and other financing sources over expenditures	<u>\$ (1,602)</u>	<u>\$ (75,368)</u>	<u>\$ 487,804</u>	<u>\$ 563,172</u>

SUPPLEMENTARY INFORMATION

MONTROSE COUNTY, COLORADO NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

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

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.

**MONTROSE COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2014**

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Justice Center	
ASSETS							
Equity in pooled cash and investments	\$ 89,758	\$ 3,401	\$ 1,823,815	\$ 465,621	\$ 453,373	\$ 338,058	\$ 3,174,026
Other cash and investments	-	-	-	-	100	-	100
Receivables							
Intergovernmental	-	-	2,646	-	172,754	-	175,400
Trade	-	-	21,646	-	2,275	16	23,937
Prepaid expenses and other assets	-	3,837	-	-	-	-	3,837
TOTAL ASSETS	\$ 89,758	\$ 7,238	\$ 1,848,107	\$ 465,621	\$ 628,502	\$ 338,074	\$ 3,377,300
LIABILITIES AND FUND BALANCE							
LIABILITIES							
Accounts payable	\$ -	\$ -	\$ 4,600	\$ -	18,676	\$ -	\$ 23,276
Accrued liabilities	-	-	47	-	39,196	-	39,243
Unearned revenue	-	-	-	-	37,120	-	37,120
Total liabilities	-	-	4,647	-	94,992	-	99,639
FUND BALANCE							
Nonspendable	-	3,837	-	-	-	-	3,837
Restricted for							
Landfill financial assurance	-	-	637,141	-	-	-	637,141
Parks and recreation	89,758	-	-	-	-	-	89,758
Capital expenditures	-	-	-	465,621	-	-	465,621
Debt service	-	-	-	-	-	338,074	338,074
Assigned	-	3,401	1,206,319	-	533,510	-	1,743,230
Total fund balance	89,758	7,238	1,843,460	465,621	533,510	338,074	3,277,661
TOTAL LIABILITIES AND FUND BALANCE	\$ 89,758	\$ 7,238	\$ 1,848,107	\$ 465,621	\$ 628,502	\$ 338,074	\$ 3,377,300

MONTROSE COUNTY, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AN CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	Special Revenue				Debt Service		Total Nonmajor Governmental Funds
	Conservation Trust	County Clerk Technical	Solid Waste	Impact Fee	Local Public Health Fund	Justice Center	
REVENUES							
Licenses and permits	\$ -	\$ -	\$ -	\$ -	\$ 137,725	\$ -	\$ 137,725
Intergovernmental	122,499	-	-	-	1,259,248	-	1,381,747
Interest earnings	494	-	910	-	-	35	1,439
Miscellaneous	-	8,015	98,099	-	44,345	-	150,459
Total revenues	<u>122,993</u>	<u>8,015</u>	<u>99,009</u>	<u>-</u>	<u>1,441,318</u>	<u>35</u>	<u>1,671,370</u>
EXPENDITURES							
Current							
General government	-	13,548	8,670	-	-	1,500	23,718
Health and human services	-	-	-	-	2,029,955	-	2,029,955
Debt service							
Principal	-	-	-	-	-	315,000	315,000
Interest	-	-	-	-	-	76,739	76,739
Total expenditures	<u>-</u>	<u>13,548</u>	<u>8,670</u>	<u>-</u>	<u>2,029,955</u>	<u>393,239</u>	<u>2,445,412</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>122,993</u>	<u>(5,533)</u>	<u>90,339</u>	<u>-</u>	<u>(588,637)</u>	<u>(393,204)</u>	<u>(774,042)</u>
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	-	-	493,000	393,238	886,238
Transfers out	(120,000)	-	-	-	-	-	(120,000)
Total other financing sources (uses)	<u>(120,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>493,000</u>	<u>393,238</u>	<u>766,238</u>
NET CHANGE IN FUND BALANCES	2,993	(5,533)	90,339	-	(95,637)	34	(7,804)
FUND BALANCES - BEGINNING OF YEAR	<u>86,765</u>	<u>12,771</u>	<u>1,753,121</u>	<u>465,621</u>	<u>629,147</u>	<u>338,040</u>	<u>3,285,465</u>
FUND BALANCES - END OF YEAR	<u>\$ 89,758</u>	<u>\$ 7,238</u>	<u>\$ 1,843,460</u>	<u>\$ 465,621</u>	<u>\$ 533,510</u>	<u>\$ 338,074</u>	<u>\$ 3,277,661</u>

MONTROSE COUNTY, COLORADO
CAPITAL EXPENDITURES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES	\$ 433,871	\$ 447,703	\$ 63,590	\$ (384,113)
EXPENDITURES				
General government	<u>736,000</u>	<u>736,000</u>	<u>354,870</u>	<u>381,130</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(302,129)</u>	<u>(288,297)</u>	<u>(291,280)</u>	<u>(2,983)</u>
OTHER FINANCING USES				
Transfers in	250,000	250,000	250,000	-
Transfers out	<u>(693,238)</u>	<u>(1,490,238)</u>	<u>(1,490,238)</u>	<u>-</u>
Total other financing sources (uses)	<u>(443,238)</u>	<u>(1,240,238)</u>	<u>(1,240,238)</u>	<u>-</u>
Excess of revenues and other financing sources over (under) expenditures and other financing sources	<u>\$ (745,367)</u>	<u>\$ (1,528,535)</u>	<u>\$ (1,531,518)</u>	<u>\$ (2,983)</u>

**MONTROSE COUNTY, COLORADO
 CONSERVATION TRUST FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL
 For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Intergovernmental				
State of Colorado	\$ 125,000	\$ 123,000	\$ 122,499	\$ (501)
Interest income	<u>500</u>	<u>100</u>	<u>494</u>	<u>394</u>
Total revenues	<u>125,500</u>	<u>123,100</u>	<u>122,993</u>	<u>(107)</u>
EXPENDITURES				
Culture - recreation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES				
	125,500	123,100	122,993	(107)
OTHER FINANCING USES				
Transfers out	<u>(120,000)</u>	<u>(120,000)</u>	<u>(120,000)</u>	<u>-</u>
Excess of revenues over (under) expenditures and other financing uses	<u>\$ 5,500</u>	<u>\$ 3,100</u>	<u>\$ 2,993</u>	<u>\$ (107)</u>

**MONTROSE COUNTY, COLORADO
COUNTY CLERK TECHNICAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Miscellaneous	\$ 10,500	\$ 8,000	\$ 8,015	\$ 15
EXPENDITURES				
General government	<u>15,000</u>	<u>15,000</u>	<u>13,548</u>	<u>1,452</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ (4,500)</u>	<u>\$ (7,000)</u>	<u>\$ (5,533)</u>	<u>\$ 1,467</u>

MONTROSE COUNTY, COLORADO
SOLID WASTE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
REVENUES				
Interest income	\$ 5,000	\$ 1,000	910	\$ (90)
Miscellaneous	<u>97,000</u>	<u>97,000</u>	<u>98,099</u>	<u>1,099</u>
Total revenues	<u>102,000</u>	<u>98,000</u>	<u>99,009</u>	<u>1,009</u>
EXPENDITURES				
Post-closure costs	26,500	26,500	8,670	17,830
Administration	<u>11,619</u>	<u>11,619</u>	<u>-</u>	<u>11,619</u>
Total expenditures	<u>38,119</u>	<u>38,119</u>	<u>8,670</u>	<u>29,449</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 63,881</u>	<u>\$ 59,881</u>	<u>\$ 90,339</u>	<u>\$ 30,458</u>

MONTROSE COUNTY, COLORADO
LOCAL PUBLIC HEALTH FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
REVENUES				
Other revenues	\$ 265,700	\$ 269,699	\$ 44,345	\$ (225,354)
Intergovernmental	1,102,296	1,111,065	1,259,248	148,183
Licenses and permits	<u>103,000</u>	<u>106,000</u>	<u>137,725</u>	<u>31,725</u>
Total revenues	<u>1,470,996</u>	<u>1,486,764</u>	<u>1,441,318</u>	<u>(45,446)</u>
EXPENDITURES				
Health and human services	<u>2,077,818</u>	<u>2,115,166</u>	<u>2,029,955</u>	<u>85,211</u>
EXCESS OF REVENUE OVER (UNDER) EXPENDITURES				
	(606,822)	(628,402)	(588,637)	39,765
OTHER FINANCING USES				
Transfers in	<u>493,000</u>	<u>493,000</u>	<u>493,000</u>	<u>-</u>
Excess of revenue and other financing sources over (under) expenditures				
	<u>\$ (113,822)</u>	<u>\$ (135,402)</u>	<u>\$ (95,637)</u>	<u>\$ 39,765</u>

MONTROSE COUNTY, COLORADO
JUSTICE CENTER FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
REVENUES				
Interest	\$ -	\$ -	\$ 35	\$ 35
EXPENDITURES				
General government	1,500	1,500	1,500	-
Debt service				
Principal	315,000	315,000	315,000	-
Interest	<u>76,739</u>	<u>76,739</u>	<u>76,739</u>	<u>-</u>
Total expenditures	<u>393,239</u>	<u>393,239</u>	<u>393,239</u>	<u>-</u>
EXCESS OF EXPENDITURES OVER (UNDER) REVENUES	(393,239)	(393,239)	(393,204)	35
OTHER FINANCING USES				
Transfers in	<u>393,239</u>	<u>393,239</u>	<u>393,238</u>	<u>(1)</u>
Excess of revenues and other financing sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34</u>	<u>\$ 34</u>

**MONTROSE COUNTY, COLORADO
PROPRIETARY FUNDS**

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

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

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

MONTROSE COUNTY, COLORADO
MONTROSE COUNTY AIRPORT ENTERPRISE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for service	\$ 2,605,100	\$ 2,628,000	\$ 2,345,482	\$ (282,518)
OPERATING EXPENSES				
Salaries and benefits	1,150,129	1,150,129	1,063,132	86,997
Services and supplies	1,408,579	1,666,829	1,298,078	368,751
Capital outlay	5,104,024	6,422,797	5,521,194	901,603
Total operating expenses	<u>7,662,732</u>	<u>9,239,755</u>	<u>7,882,404</u>	<u>1,357,351</u>
Operating loss	<u>(5,057,632)</u>	<u>(6,611,755)</u>	<u>(5,536,922)</u>	<u>1,074,833</u>
NONOPERATING REVENUES				
Investment income	-	-	2,441	2,441
Contributions/grants	4,779,436	5,856,117	6,113,195	257,078
Passenger facility charges	-	-	343,316	343,316
Other	164,800	157,000	122,765	(34,235)
Total nonoperating revenues	<u>4,944,236</u>	<u>6,013,117</u>	<u>6,581,717</u>	<u>568,600</u>
INCOME (LOSS) BEFORE TRANSFERS	(113,396)	(598,638)	1,044,795	1,643,433
OTHER FINANCING SOURCES				
Transfers in	-	370,000	135,000	(235,000)
NET INCOME (LOSS) - BUDGET BASIS	<u>\$ (113,396)</u>	<u>\$ (228,638)</u>	1,179,795	<u>\$ 1,408,433</u>
Adjustments for GAAP basis				
Capital outlay			5,521,194	
Depreciation			<u>(2,875,335)</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 3,825,654</u>	

MONTROSE COUNTY, COLORADO
FLEET MANAGEMENT INTERNAL SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND NET POSITION - BUDGET AND ACTUAL
For the Year Ended December 31, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>		
OPERATING REVENUES				
Charges for service	\$ 2,867,079	\$ 2,874,059	\$ 2,875,629	\$ 1,570
OPERATING EXPENSES				
Salaries and benefits	676,961	676,961	533,702	143,259
Services and supplies	1,524,620	1,524,620	1,384,396	140,224
Capital outlay	914,235	914,235	804,502	109,733
Total operating expenses	<u>3,115,816</u>	<u>3,115,816</u>	<u>2,722,600</u>	<u>393,216</u>
Operating income (loss)	<u>(248,737)</u>	<u>(241,757)</u>	<u>153,029</u>	<u>394,786</u>
NONOPERATING REVENUES				
Other	<u>-</u>	<u>64,264</u>	<u>113,335</u>	<u>49,071</u>
Total nonoperating revenues	<u>-</u>	<u>64,264</u>	<u>113,335</u>	<u>49,071</u>
NET INCOME (LOSS) - BUDGET BASIS	<u>\$ (248,737)</u>	<u>\$ (177,493)</u>	266,364	<u>\$ 443,857</u>
Adjustments for GAAP basis				
Capital outlay			804,502	
Depreciation			<u>(376,062)</u>	
CHANGE IN NET POSITION - GAAP BASIS			<u>\$ 694,804</u>	

MONTROSE COUNTY, COLORADO
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, 2014

	Agency Funds		
	County Clerk Clearing	Deposits Held for Others	Total
ASSETS			
Cash and investments	\$ 916,801	\$ 515,393	\$ 1,432,194
TOTAL ASSETS	<u>\$ 916,801</u>	<u>\$ 515,393</u>	<u>\$ 1,432,194</u>
LIABILITIES			
Due to other governments	\$ 916,801	\$ -	\$ 916,801
Deposits held for others	<u>-</u>	<u>515,393</u>	<u>515,393</u>
TOTAL LIABILITIES	<u>\$ 916,801</u>	<u>\$ 515,393</u>	<u>\$ 1,432,194</u>

**Montrose County Department of Human Services
EBT Authorization Schedule
For the Calendar Year 2014**

	A	B	C	D	E
PROGRAMS	County EBT Authorizations	County Share of Authorizations	Expenditures by County Warrant	County EBT Authorizations and Expenditures By County Warrant (Col. A+Col. C)	Total Expenditures (Col. B+Col. C)
Administration			1,135,454	1,135,454	1,135,454
Adult Services			262,156	262,156	262,156
Aid to Needy Disabled	177,706	36,724	150	177,856	36,874
Chaffee Grant			8,595	8,595	8,595
Child Care Program	695,961	79,107	147,798	843,759	226,905
Child Support Enforcement			583,128	583,128	583,128
Child Welfare	2,427,446	502,115	1,110,760	3,538,206	1,612,875
Colorado Works	743,524	107,816	515,165	1,258,689	622,981
CORE Services	212,175	9,100	378,830	591,005	387,930
Employment First			107,021	107,021	107,021
Fatherhood Grant			417,826	417,826	417,826
Food Assistance	7,689,872			7,689,872	-
HB1414 / IV-E Reserves			123,902	123,902	123,902
LEAP	711,419		70,470	781,889	70,470
Medicaid Transportation			93,056	93,056	93,056
Old Age Pension	594,409	172	11,552	605,961	11,724
Parental Fees			28,220	28,220	28,220
Single Entry Point	27,111		337,572	364,683	337,572
Veterans Services			22,483	22,483	22,483
Other Grants & Programs				-	-
County Only Costs (Including General Assistance)				-	-
Total Programs	13,279,623	735,034	5,354,138	18,633,761	6,089,172

Explanation of columns:

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

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Montrose County
		YEAR ENDING : December 2014
This Information From The Records Of: Montrose County		Prepared By: Greg Jennings Phone: 970-252-5007

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,946,807
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,795,646
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	486
2. General fund appropriations		b. Snow and ice removal	138,078
3. Other local imposts (from page 2)	6,088,092	c. Other	348,856
4. Miscellaneous local receipts (from page 2)	539,024	d. Total (a. through c.)	487,420
5. Transfers from toll facilities		4. General administration & miscellaneous	1,284,446
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	16,872
a. Bonds - Original Issues		6. Total (1 through 5)	10,531,191
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	6,627,116	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	4,574,615	2. Notes:	
D. Receipts from Federal Government (from page 2)	389,939	a. Interest	
E. Total receipts (A.7 + B + C + D)	11,591,670	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	10,531,191

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	11,049,970	11,591,670	10,531,191	12,110,449	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	123	a. Interest on investments	29,618
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	6,087,969	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	462,479
4. Licenses		f. Charges for Services	28,140
5. Specific Ownership &/or Other		g. Other Misc. Receipts	18,113
6. Total (1. through 5.)	6,087,969	h. Other	674
c. Total (a. + b.)	6,088,092	i. Total (a. through h.)	539,024
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,656,942	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	389,939
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	917,673	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	917,673	g. Total (a. through f.)	389,939
4. Total (1. + 2. + 3.f)	4,574,615	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		120,609	120,609
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		2,826,199	2,826,199
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	2,826,199	2,826,199
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,946,807	2,946,807
			(Carry forward to page 1)

Notes and Comments: