

**CUSTER COUNTY, COLORADO**  
**WESTCLIFFE, COLORADO**  
**BASIC FINANCIAL STATEMENTS**  
**WITH INDEPENDENT AUDITOR'S REPORT**  
**AND CERTAIN SUPPLEMENTAL INFORMATION**

December 31, 2014

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# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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July 20, 2015

Board of Commissioners  
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## **Independent Auditor's Report on Basic Financial Statements Accompanied by Required Supplementary Information and Supplementary Information**

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Custer County, Colorado 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.

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the County'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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Custer 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 State of America require that the management's discussion and analysis and budgetary comparison information for the General Fund and major special revenue funds on pages i - vii and 29-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the management's discussion and analysis 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. The budgetary comparison information for the General Fund and the major special revenue funds have been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Custer County, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and the budgetary comparison schedules for nonmajor funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. The accompanying Annual Statement of Revenues and Expenditures for Roads, Bridges and Streets, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, the nonmajor budgetary comparison schedules, the schedule of expenditures of federal awards, and the Annual Statement of Revenues and Expenditures for Road, Bridges and Streets, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued or report dated July 20, 2015, on our consideration of Custer 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 Custer County's internal control over financial reporting and compliance.

Harren, Ross & DeHardo, Inc.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CUSTER COUNTY, COLORADO  
December 31, 2014 and 2013**

This section of the report provides readers with a narrative overview and analysis of the financial activities of Custer County for the fiscal year ended December 31, 2014. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the County's financial performance.

**Financial Highlights**

Custer County's assets exceeded liabilities by \$6,681,992 at the end of 2014. Of this amount, \$2,200,872 may be used to meet the government's ongoing obligations to citizens and creditors. The remaining \$4,481,120 is invested in capital assets or restricted by law.

The County's General Fund balance was \$856,662 as of December 31, 2014. Of this amount, \$77,890 is reserved for emergencies.

The 2014 General Fund balance is \$102,840 more than the previous year. The total fund balance is 28% of 2014 General Fund operating expenditures plus net operating transfers. The County Commissioners' goal is to keep fund balance at no less than 5%. The Board budgeted expenditures from fund balance in 2014 of \$170,054.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the County's basic financial statements. The basic financial statements contain three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. In addition to the basic statements, this report also contains other supplementary information including combining statements for non-major funds.

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

The statement of activities presents information showing how the government's net position changed during the 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 periods (e.g., uncollected taxes.)

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 cost through user fees and charges (business-type activities). Custer County's governmental activities include general government, public safety, roads and bridges, auxiliary, culture and recreation, and health and human services.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2014 and 2013**

**Overview of the Financial Statements (Continued)**

The government-wide financial statements include not only Custer County itself (known as the primary government), but also legally separate entities which have a significant operational or financial relationship with the County. These entities, if any, are known as component units. The discreetly presented component unit is the E-911 Emergency Telephone Authority. In 2007, for the first time, the County began accounting for all transactions of the Custer County Airport Authority on its behalf, and, as such, it is now treated as a blended component unit for financial reporting purposes. More information on the functions of these activities can be found in Note 1 to the financial statements.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Custer 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 Custer 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 balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Custer County maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Road & Bridge Fund, Public Welfare Fund, Capital Improvements Fund, Emergency Services Fund and the Lodging and Tourism Fund. The Custer County Airport Authority is also included as a blended component unit. The General Fund, Road & Bridge Fund, Capital Improvement Fund and the Public Welfare Fund are the only funds that are considered major. Data from the other funds are combined into a single aggregated presentation. Individual fund data for each of these non-major funds is provided in the form of combining statements elsewhere in this report. The basic governmental fund financial statements can be found on pages 5 through 8 of this report.

**Proprietary Funds.** There are two common types of Proprietary Funds commonly used in governmental activities. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements and Internal Service Funds are an accounting device used to accumulate and allocate costs internally among the County's various functions. During the fiscal year 2014, Custer County utilized one internal service fund, the Insurance Fund, for governmental activities.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CUSTER COUNTY, COLORADO  
December 31, 2014 and 2013**

**Overview of the Financial Statements (Continued)**

**Fiduciary Funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support Custer County's own operations. The accounting used for fiduciary funds is much like that used for proprietary funds. The basic fiduciary fund statement of net assets can be found on page 12.

**Budgetary Comparisons.** Custer County adopts an annual appropriated budget for all of its funds. A budgetary comparison statement has been provided for all major funds on pages 29 to 32 of this report. Budget to actual comparisons for each of the non-major funds are provided in other schedules elsewhere in this report.

**Notes to the Financial Statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 13 through 28 of this report.

**Other Information.** The combining statements referred to earlier in connection with the internal service fund and the non-major governmental funds can be found on pages 9 through 11 and 33 through 39, respectively.

**County-Wide Financial Analysis**

**Net Position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2014, assets exceeded liabilities by \$6,681,992.

The following table provides a summary of the County's governmental and business-type net position for 2014 and 2013.

	<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets		\$ 5,426,559	\$ 5,004,311
Non-current assets		4,320,976	4,528,919
	<b>Total Assets</b>	<u>9,747,535</u>	<u>9,533,230</u>
	<u>Liabilities</u>		
Current liabilities		474,527	461,890
Non-current liabilities		705,016	798,164
	<b>Total Liabilities</b>	<u>1,179,543</u>	<u>1,260,054</u>
Deferred Inflow – property taxes		<u>1,886,000</u>	<u>1,875,000</u>
	<u>Net Position</u>		
Invested in capital assets, net of related debt		4,276,164	4,232,392
Restricted for emergency / grants		204,956	168,412
Unrestricted		<u>2,200,872</u>	<u>1,997,372</u>
	<b>Total Net Position</b>	<u>\$ 6,681,992</u>	<u>\$ 6,398,176</u>

The portion of Custer County's net position (33%) represents unrestricted net position of \$2,200,872, which may be used to meet the County's ongoing obligations to citizens and creditors.

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
CUSTER COUNTY, COLORADO  
December 31, 2014 and 2013**

**County-Wide Financial Analysis (Continued)**

A significant portion of Custer County's net position (64%) reflects its investment in capital assets. These assets include land, buildings, machinery, equipment and infrastructure. These capital assets are used to provide services to citizens; consequently, they are not available for future spending. Although the investment in 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.

An additional \$204,956 of the County's net position (3%) represents resources that are subject to external restriction on how they may be used. The amount reserved for TABOR is \$162,720, the remaining \$42,236 is grant restricted.

At the end of 2014, Custer County had positive balances in all net position categories.

**Changes in Net Position.** Governmental activities increased the County's net position by \$283,816 in 2014 and \$293,424 in 2013. The following table summarizes the changes in Custer County's net position for governmental activities for the years ended December 31, 2014 and 2013.

<b>Revenue</b>		<b>2014</b>	<b>2013</b>
Program Revenue			
Charges for services	\$	755,713	\$ 702,809
Operating grants and contributions		2,225,872	2,191,387
Capital grants and contributions		155,402	48,373
General Revenue			
Taxes		2,971,636	2,807,731
Gain (Loss) on sale of assets		100	2,989
Investment earnings		6,658	6,609
	<b>Total Revenue</b>	<u>6,115,381</u>	<u>5,759,898</u>
<b>Program Expenses</b>			
General government		1,919,245	1,841,086
Public safety		1,300,701	1,244,341
Streets and highways		1,709,228	1,449,309
Health and welfare		608,169	612,109
Auxiliary		265,384	266,631
Miscellaneous		22,014	40,247
Interest expense, unallocated		6,824	12,751
	<b>Total Expenses</b>	<u>5,831,565</u>	<u>5,466,474</u>
	<b>Change in Net Position</b>	283,816	293,424
<b>Net position beginning of year</b>		<u>6,398,176</u>	<u>6,104,752</u>
<b>Net position end of year</b>	\$	<u>6,681,992</u>	\$ <u>6,398,176</u>

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2014 and 2013**

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

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

**Governmental Funds Overview.** The focus of County 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 governments' net resources available for spending at the end of the fiscal year.

As of the end of 2014, the combined ending fund balances of County governmental funds were \$3,008,455. Approximately 25% of this consists of unassigned fund balance which is available as working capital, and 62% is assigned fund balance, which is available for current spending in accordance with the purposes of the specific funds. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: 1) a state constitution mandated emergency reserve (\$157,480); 2) grant requirements (\$42,235); and 3) inventory (\$199,727).

The County has six governmental funds. They are 1) General Fund; 2) Road & Bridge Fund; 3) Public Welfare Fund; 4) Capital Improvements Fund; 5) Emergency Service Fund; and 6) Lodging and Tourism Fund.

1. **General Fund.** This is the primary operating fund of the Custer County Government. It accounts for many of the County's core services, such as law enforcement, County General Fund activities, personnel costs, planning, and elections. The General Fund balance was \$856,662 as of December 31, 2014. Of this amount, \$77,890 was reserved for emergencies. The 2014 fund balance is \$102,840 more than the previous year. 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. Unreserved fund balance represents about 25% of total 2014 expenditures, while total fund balance is 28% of the same amount. 2014 expenditures for general fund activities were less than budgeted by \$98,889.
2. **Road & Bridge Fund.** The Road & Bridge fund is also state mandated. The fund records costs related to County road and bridge construction and maintenance. The Road & Bridge fund had \$1,294,358 in fund balance at the end of 2014. This amount is \$75,253 less than the previous year. 2014 expenditures for road projects were less than budgeted by \$133,211.
3. **Public Welfare Fund.** The Public Welfare Fund is mandated by state statute. This fund accounts for the local share of many federal and state public welfare programs, plus various federal and state human services grants. The fund carried a \$117,274 balance at the end of 2014, which was \$86,955 more than the previous year. State and federal grant funding was \$18,952 more than the previous year.
4. **Capital Improvements Fund.** The Capital Improvements Fund accounts for the acquisition of major capital facilities and equipment. These are the purchases of the Sheriff's vehicles, office and jail facility and several heavy equipment purchases for the Road and Bridge Department and the Landfill Operation.
5. **Emergency Service Fund.** The primary function of the Emergency Service Fund is to account for expenditures relating to auxiliary rural and County-wide health and medical services. This fund receives property tax revenues which help finance these services. This fund also accounts for monies received as grant funds through the Colorado Regional Trauma Advisory Council for the support of rural emergency medical services.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2014 and 2013**

**Financial Analysis of the County's Funds (Continued)**

6. Lodging and Tourism Fund. The function of this fund is to account for lodging tourism tax revenue collected. The residents of Custer County approved a ballot issue in 2008 to implement a 2% tourism lodging tax assessed on persons renting a motel/hotel room or a campground space. The revenues from this tax will be used exclusively for advertising and marketing of local tourism.
7. Custer County Airport Authority. The primary function of the Airport Authority is to account for expenditures of the airport and related operating and grant revenues. It is a separate government included in the County's financial statements as a blended component unit due to its financial dependence.
8. Insurance Fund. (An internal service fund) This fund was established to account for County funds dedicated to general property loss and liability insurance, County official's errors and omissions insurance, and workers compensation insurance coverage.

**General Fund Budgetary Highlights**

The County's budget is prepared according to Colorado statutes. The most significant budgeted fund is the General Fund.

For 2014, the Board of County Commissioners appropriated \$3,106,096 for general fund expenditures and other financing uses. The budget was not amended.

<b>2014 General Fund Budget</b>			
	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>
Revenues	\$ 2,936,042	\$ 2,936,042	\$ 3,110,047
Expenditures	\$ 3,106,096	\$ 3,106,096	\$ 3,007,207

Actual expenditures were less than the anticipated budget and less than revenues, which caused the ending fund balance to increase \$102,840, over the prior year.

**Capital Asset and Debt Administration**

**Capital Assets.** Custer County's investment in capital assets for its governmental activities as of December 31, 2014 totals \$4,320,976 (net of accumulated depreciation). This investment includes all land, buildings, machinery, equipment, and infrastructure. The total decrease in net capital assets for the current fiscal year was \$202,943.

- Additional information on the County's capital assets can be found in Note 7 of this report.

**Long-term Debt.** At December 31, 2014, Custer County had no bonded debt. There are capital leases outstanding of \$44,812 and other noncurrent liabilities for post disclosure landfill costs and compensated absences. Additional information can be found in note 11.

**Other Matters.** The following factors are expected to have a significant effect on the County's financial position or results of operations and were taken into account in developing the 2014 budgets.

- Continued growth in Custer County caused increased demand in all service areas of the County, especially in public safety and road and bridge infrastructure.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2014 and 2013**

**Other Matters (Continued)**

- The State of Colorado's budget crisis has led to reduction in the number of grant programs available to provide direct services and/or cost shifting responsibility back to the County budget. The program areas impacted included Community Health related programs, and Human Services.
- Custer County is continuing the establishment of a GIS (Geographical Information System) to improve the County's ability to respond quickly to emergency services and increase the capability to provide a variety of accurate maps. Better maps also help in making growth projections for developing the next Master Plan.
- The Road and Bridge Department has identified two primary challenges facing the County in the near future; replacing outdated and worn out bridges and developing a systematic long term equipment schedule. A number of bridges within the County are in dire need of repair and /or replacement. It is anticipated that new funding in the form of grants will be required to address the bridge issues. The County is also actively developing an equipment upgrade and replacement program protocol that will allow the County to access State and Federal grants to replace aging and worn out road and bridge equipment.
- Population growth has impacted the County's ability to provide public safety within our judicial system. The County courthouse combined courts system needs more physical space and a more secure facility for our citizens, victims, courthouse personnel and those accused of wrong doing. New State funds are being accessed to provide better courthouse security. The County needs a better designed, more functional jail that would complement the court facilities. The County is presently looking into a planning grant from the Colorado Department of Local Affairs (DOLA) to improve the jail and justice facilities.
- Through funds from a DOLA Community Development Block Grant program Custer County has acquired property to the north of the current courthouse to expand the County's ability to provide local and regional human services programs as well as increase our ability to securely store files.
- Custer County has changed the Airport Authority Board to an Advisory Board.

**Requests for Information**

This financial report is designed to provide a general overview of Custer County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in the report or for additional financial information should be addressed to the County HR/Finance Director, 205 South Sixth Street, Westcliffe, CO 81252.

**BASIC FINANCIAL STATEMENTS**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**CUSTER COUNTY, COLORADO**  
December 31, 2014

	<b>Primary Government Governmental Activities</b>	<b>Component Unit E-911 Authority</b>
<b><u>Assets</u></b>		
<b><u>Current Assets</u></b>		
Cash and investments held by County Treasurer	\$ 3,035,333	\$ -
Cash held by County Clerk	55	-
Cash held by County Assessor	478	-
Cash held by Sheriff	50	-
Cash held by Extension Office	19,475	-
Cash in bank	-	168,103
Accounts receivable	85,288	14,016
Taxes receivable	2,060,519	-
Note receivable - current maturities	5,000	-
Accrued state revenue	9,027	-
Accrued federal revenue	11,606	-
Inventories	199,728	-
<b>Total Current Assets</b>	<b>5,426,559</b>	<b>182,119</b>
<b><u>Non-current Assets</u></b>		
Capital assets, net of depreciation	4,320,976	161,281
<b>Total Assets</b>	<b>9,747,535</b>	<b>343,400</b>
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts payable	19,024	-
Warrants payable	289,971	-
Accrued interest	1,199	-
Due to State of Colorado	53,537	-
Unearned revenue	94,419	-
Current maturities - capital leases	16,377	-
<b>Total Current Liabilities</b>	<b>474,527</b>	<b>-</b>
<b><u>Non-current Liabilities</u></b>		
Landfill closure costs	442,276	-
Capital leases non-current	28,435	-
Compensated absences	234,305	-
<b>Total Non-Current Liabilities</b>	<b>705,016</b>	<b>-</b>
<b>Total Liabilities</b>	<b>1,179,543</b>	<b>-</b>
<b>Deferred Inflow - property taxes</b>	<b>1,886,000</b>	<b>-</b>
<b><u>Net Position</u></b>		
Investment in capital assets, net of related debt	4,276,164	161,281
Temporarily restricted	42,236	-
Restricted for emergency	162,720	2,070
Unrestricted	2,200,872	180,049
<b>Total Net Position</b>	<b>\$ 6,681,992</b>	<b>\$ 343,400</b>

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

**STATEMENT OF ACTIVITIES**  
**CUSTER COUNTY, COLORADO**  
For the year ended December 31, 2014

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Governmental	E-911
					Activities	Authority
<b>Governmental Activities</b>						
General government	\$ 1,919,245	\$ 585,147	\$ 481,510	\$ -	\$ (852,588)	\$ -
Public safety	1,300,701	89,063	144,770	64,249	(1,002,619)	-
Streets and highways	1,709,228	45,469	1,203,903	-	(459,856)	-
Health and welfare	608,169	-	68,935	-	(539,234)	-
Auxiliary	265,384	36,034	326,754	91,153	188,557	-
Miscellaneous	22,014	-	-	-	(22,014)	-
Interest expense, unallocated	6,824	-	-	-	(6,824)	-
<b>Total Governmental Activities</b>	<b>\$ 5,831,565</b>	<b>\$ 755,713</b>	<b>\$ 2,225,872</b>	<b>\$ 155,402</b>	<b>(2,694,578)</b>	<b>-</b>
<b>Component Unit</b>						
E-911 Authority	\$ 54,438	\$ 68,718	\$ -	\$ -		14,280
<b>General Revenues</b>						
					1,881,884	-
					258,165	-
					802,884	-
					28,703	-
					100	-
					6,658	202
					<u>2,978,394</u>	<u>202</u>
					<b>Total General Revenues and Transfers</b>	
					283,816	14,482
					<u>6,398,176</u>	<u>328,918</u>
					<b>Changes in Net Position</b>	
					<u>6,398,176</u>	<u>328,918</u>
					<b>Net Position - January 1</b>	
					<u>6,681,992</u>	<u>343,400</u>
					<b>Net Position - December 31</b>	

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

**GOVERNMENTAL FUND FINANCIAL STATEMENTS**

**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
CUSTER COUNTY, COLORADO  
December 31, 2014

<u>Assets</u>	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Public Welfare Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Cash and investments held by County						
Treasurer	\$ 930,209	\$ 1,100,921	\$ 208,827	\$ 349,587	\$ 330,041	\$ 2,919,585
Cash held by County Clerk	55	-	-	-	-	55
Cash held by County Assessor	478	-	-	-	-	478
Cash held by Sheriff	50	-	-	-	-	50
Cash held by Extension Office	19,475	-	-	-	-	19,475
Accounts receivable	49,232	172	3,295	-	32,589	85,288
Taxes receivable	1,168,145	587,868	77,137	17,977	207,255	2,058,382
Due from other funds	4,910	3,437	3,393	18,502	-	30,242
Accrued state revenue	-	-	9,027	-	-	9,027
Accrued federal revenue	-	-	11,606	-	-	11,606
Inventories	-	187,535	-	-	12,193	199,728
<b>Total Assets</b>	<u>2,172,554</u>	<u>1,879,933</u>	<u>313,285</u>	<u>386,066</u>	<u>582,078</u>	<u>5,333,916</u>
 <b>Liabilities</b>						
Accounts payable	9,832	4,728	1,263	692	2,509	19,024
Warrants payable	175,165	77,847	19,524	890	16,545	289,971
Due to other funds	23,895	-	-	-	6,347	30,242
Due to State of Colorado	-	-	53,537	-	-	53,537
Unearned revenue	-	-	46,687	-	-	46,687
<b>Total Liabilities</b>	<u>208,892</u>	<u>82,575</u>	<u>121,011</u>	<u>1,582</u>	<u>25,401</u>	<u>439,461</u>
Deferred Inflow - property taxes	<u>1,107,000</u>	<u>503,000</u>	<u>75,000</u>	<u>-</u>	<u>201,000</u>	<u>1,886,000</u>
 <b>Fund Balances</b>						
Nonspendable	-	187,534	-	-	12,193	199,727
Restricted	112,849	52,460	13,052	8,590	12,765	199,716
Assigned	-	1,054,364	104,222	375,894	331,465	1,865,945
Unassigned	743,813	-	-	-	(746)	743,067
<b>Total Fund Balances (Deficit)</b>	<u>\$ 856,662</u>	<u>\$ 1,294,358</u>	<u>\$ 117,274</u>	<u>\$ 384,484</u>	<u>\$ 355,677</u>	<u>\$ 3,008,455</u>

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

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

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<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$ 3,008,455
Revenue receivable that does not provide current financial resources is not recorded in the governmental funds.	5,000
Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the governmental funds.	4,320,976
Certain revenue is earned over a period years, the portion of unearned income is reported as unearned revenue in the statement of net position.	(47,732)
Long-term liabilities for capital leases (\$44,812), compensated absences (\$234,305), and landfill closure costs (\$442,276) are not due and payable in the current period and, therefore, are not reported in the governmental funds.	(721,393)
Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements since the liability is to be paid in the near term.	(1,199)
Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities.	<u>117,885</u>
<b>Total Net Position - Governmental Activities</b>	<b>\$ <u>6,681,992</u></b>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 CUSTER COUNTY, COLORADO  
 December 31, 2014

	<u>General Fund</u>	<u>Road &amp; Bridge Fund</u>	<u>Public Welfare Fund</u>	<u>Capital Improvements Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues</b>						
Taxes	\$ 1,771,014	\$ 570,467	\$ 171,140	\$ 195,088	\$ 256,889	\$ 2,964,598
Penalties	3,847	1,877	563	-	751	7,038
Federal Sources	449,529	27,753	167,339	-	113,736	758,357
State Sources	162,019	1,172,332	126,067	91,153	-	1,551,571
Local Sources	34,500	-	10,225	-	16,000	60,725
Licenses permits	104,147	-	-	-	-	104,147
Charges for services	539,139	45,469	-	-	30,624	615,232
Miscellaneous	13,990	8,231	15,805	-	-	38,026
Reimbursed expenses	31,862	587	1,470	-	264	34,183
<b>Total Revenues</b>	<u>3,110,047</u>	<u>1,826,716</u>	<u>492,609</u>	<u>286,241</u>	<u>418,264</u>	<u>6,133,877</u>
<b>Expenditures</b>						
General Government	1,710,450	124,950	-	12,473	-	1,847,873
Public Safety	957,311	4,408	-	1,867	198,304	1,161,890
Streets and Highways	-	1,494,819	-	-	-	1,494,819
Health and welfare	191,542	-	405,654	-	-	597,196
Auxiliary services	101,417	-	-	-	131,705	233,122
Capital outlay	11,973	90,485	-	134,238	52,102	288,798
Miscellaneous	22,014	-	-	-	-	22,014
Debt service - principal	-	182,094	-	10,786	-	192,880
Debt service - interest	-	5,213	-	1,831	-	7,044
<b>Total Expenditures</b>	<u>2,994,707</u>	<u>1,901,969</u>	<u>405,654</u>	<u>161,195</u>	<u>382,111</u>	<u>5,845,636</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>115,340</u>	<u>(75,253)</u>	<u>86,955</u>	<u>125,046</u>	<u>36,153</u>	<u>288,241</u>
<b>Other Financing Sources (Uses)</b>						
Transfers from (to) other funds	(12,500)	-	-	-	12,500	-
Proceeds from capital leases	-	-	-	21,473	-	21,473
<b>Total Other Financing Sources (Uses)</b>	<u>(12,500)</u>	<u>-</u>	<u>-</u>	<u>21,473</u>	<u>12,500</u>	<u>21,473</u>
<b>Net Change in Fund Balance</b>	102,840	(75,253)	86,955	146,519	48,653	309,714
<b>Fund Balances - January 1</b>	<u>753,822</u>	<u>1,369,611</u>	<u>30,319</u>	<u>237,965</u>	<u>307,024</u>	<u>2,698,741</u>
<b>Fund Balances - December 31</b>	<u>\$ 856,662</u>	<u>\$ 1,294,358</u>	<u>\$ 117,274</u>	<u>\$ 384,484</u>	<u>\$ 355,677</u>	<u>\$ 3,008,455</u>

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

**RECONCILIATION OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION**

CUSTER COUNTY, COLORADO  
For the year ended December 31, 2014

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<b>Total Change in Fund Balances - Governmental Funds</b>	\$ 309,714
Current year revenue recorded in the fund financial statements was recorded as revenue in the government wide for the year ended December 31, 2013.	(15,330)
Current year note receivable payment received provides current financial resources to the governmental funds, but in the Statement of Net Position it reduces the receivable balance.	(5,000)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense (\$491,741) exceeds capital outlay (\$288,798).	(202,943)
Principle retirements - Retirements of principle outstanding on the County's debt result in a reduction of accumulated resources on the fund financial statement. The government wide statements show these reductions against the long-term liabilities.	192,880
The change in revenues that are allocated for future periods are not recognized in the Statement of Activities, but are recognized in the governmental funds.	1,834
Internal service fund is used by management to account for health insurance and workers' compensation activities. The net activity of the internal service fund is reported with governmental activities.	43,242
Interest payable on capital leases is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized.	220
In the government-wide statements, accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absences is recognized.	(19,328)
Current lease proceeds provide current financial resources to the governmental funds but in the Statement of Net Position the lease is reported as long term debt.	<u>(21,473)</u>
<b>Total change in Net Position - Governmental Activities</b>	<b><u>\$ 283,816</u></b>

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

**INTERNAL SERVICE FUND FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION**  
**INTERNAL SERVICE FUND**  
**CUSTER COUNTY, COLORADO**  
**December 31, 2014**

		<b><u>Internal Service Insurance Fund</u></b>
	<b><u>Assets</u></b>	
<b>Current Assets</b>		
Cash held by County Treasurer		\$ 115,748
Accounts receivable		-
Taxes receivable		153,137
	<b>Total Current Assets</b>	<u>268,885</u>
	<b><u>Liabilities</u></b>	
<b>Current Liabilities</b>		
Warrants payable		-
Accounts payable		-
	<b>Total Current Liabilities</b>	<u>-</u>
Deferred Inflow - property taxes		<u>151,000</u>
	<b><u>Net Position</u></b>	
Reserved for emergency		5,240
Unrestricted		<u>112,645</u>
	<b>Total Net Position</b>	<u>\$ 117,885</u>

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

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUND**  
**CUSTER COUNTY, COLORADO**  
December 31, 2014

	<b><u>Internal Service Insurance Fund</u></b>
<b>Operating Revenues</b>	
Charges for services	\$ -
Reimbursed expenses	<u>2,701</u>
<b>Total Operating Revenues</b>	<u>2,701</u>
<b>Operating Expenses</b>	
General government	123,705
Auxiliary	<u>7,457</u>
<b>Total Expenditures</b>	<u>131,162</u>
<b>Operating Income (Loss)</b>	(128,461)
<b>Nonoperating Revenues (Expenses)</b>	
Property taxes	149,834
Specific ownership taxes	21,306
Penalties and Interest	<u>563</u>
<b>Net Income (Loss) Before Other Financing Sources (Uses)</b>	43,242
Operating transfers in (out)	<u>-</u>
<b>Change in Net Position</b>	43,242
<b>Net Position - January 1</b>	<u>74,643</u>
<b>Net Position - December 31</b>	<u>\$ 117,885</u>

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

**STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUND**  
 CUSTER COUNTY, COLORADO  
 For the year ended December 31, 2014

	<b><u>Internal Service Insurance Fund</u></b>
<b>Cash Flows From Operating Activities</b>	
Cash received for reimbursed expenses	\$ 3,201
Payments for services	<u>(131,162)</u>
<b>Net Cash Used for Operating Activities</b>	<u>(127,961)</u>
 <b>Cash Flows From Noncapital Financing Activities</b>	
Cash received for property taxes	169,967
Transfers from other funds	<u>-</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<u>169,967</u>
<b>Net Increase (Decrease) in Cash</b>	42,006
 <b>Cash - January 1</b>	<u>73,742</u>
 <b>Cash - December 31</b>	<u>\$ 115,748</u>
 <b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Operating Income (Loss)	\$ (128,461)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
(Increase) decrease in accounts receivable	500
Increase (decrease) in warrants / accounts payable	<u>-</u>
 <b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ (127,961)</u>

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

**FIDUCIARY FUND FINANCIAL STATEMENTS**

**STATEMENT OF FIDUCIARY NET POSITION**  
CUSTER COUNTY, COLORADO  
December 31, 2014

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	<b><u>Agency Funds</u></b>
<b><u>Assets</u></b>	
Cash in bank and on hand	\$ 154,694
	<u>                    </u>
<b>Total Assets</b>	<b>\$ 154,694</b>
	<u>                    </u>
<b><u>Liabilities</u></b>	
Due to other taxing units	\$ 64,314
Due to other agencies and departments	90,380
	<u>                    </u>
<b>Total Liabilities</b>	<b>\$ 154,694</b>
	<u>                    </u>

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

**NOTES TO FINANCIAL STATEMENTS**

**NOTES TO FINANCIAL STATEMENTS**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies**

Custer County, Colorado ("County") was established in 1877 and operates under an elected commissioner form of government. The County provides a full range of services which include general government functions, public protection and safety, health, social services, public improvements, road and bridge operations, planning and zoning, and general administrative services.

The financial statements of the County have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governments. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

**A. Financial Reporting Entity**

Custer County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. There are also four other elected officials of Custer County (Assessor, Clerk and Recorder, Sheriff, and Treasurer).

The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

**Discretely presented component units:**

The E911 Emergency Telephone Service Authority Board was created by intergovernmental agreements under Colorado statutes that authorizes the County, municipalities within the County, and special districts within the County to enter into an agreement for the purpose of providing 911 emergency telephone services. According to Colorado statute the agreement creates a separate legal entity which is responsible for administering the operations of the 911 emergency telephone service program in Custer County.

**Blended component units:**

Custer County Airport Authority - The County Commissioners appoint two of the five Airport Authority Board members. The Authority has full autonomy under Colorado State law, can incur debt, and funds its operations from user fees and other revenue it can generate. However, due to its financial dependence it is reported as a blended component unit and included in nonmajor special revenue funds.

**Other related organizations**

The following organizations are excluded from the accompanying financial statements because the County's accountability for these organizations does not extend beyond various appointments:

Custer County Library District - The County Commissioners appoint the seven-member Library District Board. The Library District Board has total autonomy under the State Library Act to incur debt, establish budgets, and levy property taxes to support the District's library system.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Other related organizations (Continued)**

Colorado Counties Casualty and Property Pool (hereinafter referred to as "CAPP") - CAPP was formed by intergovernmental agreement by member counties as a separate and independent governmental and legal entity pursuant to provisions of the Colorado Constitution and Colorado Revised Statutes. Each member county in this governmental agreement has the power under Colorado law to make provision for the property and casualty coverage which constitute the functions and services jointly provided by means of the CAPP. The Insurance Commissioner of the State of Colorado has such authority with respect to the CAPP as is provided by applicable Colorado statutes.

The purposes of the CAPP are to provide a risk management fund for defined property and casualty coverage and to assist members in controlling costs by providing specialized governmental risk management services and systems. It is the intent of the members to use member contributions to defend and indemnify, in accordance with its bylaws, any member against states liability or loss to the limit of the financial resources of the risk management fund. It is also the intent of the members to have CAPP provide needed coverage at reasonable costs. All income and assets of CAPP shall be at all times dedicated to the exclusive benefit of its members. Custer County, through its Insurance Internal Service Fund, recognizes an expense for any amounts paid to CAPP annually for these coverages.

Custer County is a member of CAPP.

**B. Government-wide Financial Statements**

The County's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the County as an entity and the change in aggregate financial position resulting from activities of the fiscal period.

The statement of net position and the statement of activities display information about the County as a whole. In the government-wide statement of net position, the governmental activities are presented on a consolidated basis. These statements include the activities of the primary government, except for fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The government-wide statement of activities reflect both the direct expenses and net cost of each function of the County's governmental activities. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges paid by the recipient for the goods and services offered by the program. Grants and contributions that are restricted to meeting the operational and capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program are included in operating grants and contributions, or capital grants and contributions. Revenues which are not classified as program revenues are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each government function or business segment is self-financing or draws from the general revenues of the County.

**Fund Financial Statements**

The financial transactions of the County are recorded in individual funds. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Separate statements for each fund category - governmental and fiduciary are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and presented as non-major funds.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus**

**Government-wide and Fiduciary Fund Financial Statements**

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

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there may be both restricted and unrestricted net assets available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants if any, and then general revenues.

All governmental activities of the County follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

The County reports the following major government funds:

The General Fund is the general operating fund of the County which accounts for all financial resources that are not accounted for in other funds. Operations of the County such as public safety, planning and zoning, property valuation, tax collection and distribution, vehicle licensing, County administration and other activities financed from taxes and general revenues are reflected in this fund.

The Road and Bridge Fund records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.

The Public Welfare Fund is used to administer human services programs under state and federal regulations. Colorado counties are required by state law to maintain a human services fund.

The Capital Improvement Fund is used to account for funds expended for the purpose of improving, equipping and furnishing the County's buildings and other property.

The County also reports the following fund types:

The Internal Service Funds account for the financing of goods or services provided by one department or agency to departments or agencies of the County on a cost reimbursement basis. The County's internal service fund report on self-insurance programs for employee health, risk management, unemployment, and other insurance used by County departments.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus (Continued)**

The Agency Funds account for assets held by the County as an agent for individuals, private organizations and other governments. These funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**D. Assets and liabilities**

**1. Deposits and Investments**

The Custer County Treasurer maintains a cash and investment pool that is available for use by all County funds except for some agency funds. Each fund's portion of this pool is displayed as "cash and cash equivalents". Accrued interest receivable is displayed separately. The amount of interest gained through secured investments is credited to the County's general fund per Colorado State Statutes, with the exception of the Conservation Trust and the E-911 Authority. Cash and cash equivalents are stated at fair value.

The County considers cash and cash equivalents to be cash on hand and demand deposits. In addition, because the treasury pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

Cash equivalents are short term, liquid investments that are quickly converted to known cash amounts and that have maturities of three months or less so as to minimize the risk of value changes.

**2. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes were levied on December 15 and are payable either in two installments due on February 28 and June 15, or in full on April 30. Delinquent taxes may be assessed penalties and interest by the County. The County, through the Custer County Treasurer, bills and collects its own property taxes, as well as property taxes for all other taxing authorities within the County.

**3. Interfund Transactions**

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expenses in the fund that is reimbursed. At year end, outstanding balances between funds are reported as "due to/from other funds". Interfund balances are generally expected to be repaid within one year of the financial statement date. Any residual balances outstanding between the governmental funds are eliminated in the government-wide statement of net assets.

**4. Inventories and Prepaid Items**

Inventories of governmental funds, which consist of expendable materials held for consumption, are stated at cost using weighted average cost method. Quantities on hand are determined by physical count.

Expendable supplies are charged directly to expenditures or expenses when purchased.

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in the government-wide financial statements if significant, and are charged directly to expenditures or expenses when paid in the fund financial statements.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**5. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges and similar items), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$1,000 and a useful life of more than one year. All fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of the donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. All reported capital assets are depreciated, except for land and land improvements. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings	20 - 50 years
Improvements	20 years
Infrastructure - bridges	50 years
Infrastructure - roads	20 years
Equipment	3 - 5 years
Heavy equipment	10 - 20 years

GASB Statement 34 allows small governments to begin reporting infrastructure assets in the year of implementation. The County has not elected to retroactively report infrastructure assets as permitted by GASB Statement 34.

**6. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expenses/expenditure) until then. The County does not have an item that qualifies for reporting in this category.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The County has one item, property taxes. This item is deferred and recognized as an inflow of resources in the period that the amounts become available.

**7. Compensated Absences**

County employees are entitled to certain compensated absences based on their length of employment. Full time employees earn five days vacation during their first year of employment, twelve days vacation beginning with their second year of employment, and seventeen days vacation beginning with their sixth year of employment. Accumulated vacation can be carried forward for two years.

Sick leave is earned at the rate of one day per month (or 8 hours) for each month of employment. A maximum of sixty working days (or 480 hours) may be accumulated for actual illness.

A maximum of twenty days sick leave (or 160 hours) and days of vacation, depending on the length of employment, are paid to terminating employees.

Ultimate payment of these benefits, or liability of the County to the employee, if any, is payable only in conjunction with the employee's termination. Any such payments of vested benefits are made in a lump sum at termination.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 1 - Summary of Significant Accounting Policies (Continued)**

**7. Compensated Absences (Continued)**

The unpaid sick leave, vacation pay and related benefits at the end of the period will generally not be paid with expendable and available resources and, as such, the liability is generally not reflected in the governmental fund financial statements. The entire liability for compensated absences is reported on the government-wide financial statements.

**8. Long-term obligations**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position.

**9. Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Note 2 - Stewardship, Compliance, and Accountability**

**A. Budgetary Information**

An annual budget and appropriation ordinance is adopted by the Board of County Commissioners in accordance with Colorado State Budget Act. The budget is prepared on a basis consistent with generally accepted accounting principles.

Budgets are established for all governmental funds and internal service funds. Formal budgetary accounting is employed as a management control device during the year to monitor the individual departments. The fund level is the level of classification at which expenditures may not legally exceed appropriations. During the year, several supplemental appropriations were necessary. All annual appropriations lapse at year end. The County does not recognize encumbrances.

**B. Tax, Spending, and Debt Limitations**

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

**C. Grant Funding**

The County receives funding from Federal, State and foundation grants which may be subject to regulatory or other oversight by granting agencies. Such oversight may include audit or other compliance procedures. Any adjustments made by a granting agency would become a liability to the County. There are no such proceedings presently in progress.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CUSTER COUNTY, COLORADO**

December 31, 2014

**Note 3 - Cash Deposits and Investments**

**Deposits**

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized.

The eligible collateral is determined by the 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 equal to 102% of the aggregate uninsured deposits. As of December 31, 2014, all of the County deposits were either insured by the Federal Deposit Insurance Corporation or held in eligible public depositories as required by PDPA.

Custodial credit risk is the risk that, in the event of a bank failure, the County's deposits may not be returned to it. The County's policy for custodial credit risk parallels Colorado statutes.

A summary of cash and deposits held at year-end follows:

<u>Cash and Deposits</u>	<u>Carrying Amounts</u>	<u>Less Than One Year</u>	<u>Less Than Five Years</u>
<b>Deposits:</b>			
Cash on hand	\$ 4,432	\$ 4,432	\$ -
Checking	175,809	175,809	-
Savings	160,835	160,835	-
<b>Investments:</b>			
State investment pool (Colo Trust)	3,037,113	3,037,113	-
<b>Total</b>	<u>\$ 3,378,189</u>	<u>\$ 3,378,189</u>	<u>\$ -</u>
 Governmental Activities	 \$ 3,055,391		
Component Unit	168,104		
Fiduciary Fund	154,694		
	<u>\$ 3,378,189</u>		

**Investments**

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The law outlines the types of securities that public entities in Colorado may acquire and hold as investments. These include U.S. government agency securities, certain bonds of political subdivisions, bankers' acceptances, commercial paper, local government investment pools, repurchase agreements, money market funds and guaranteed insurance contracts. The statute also includes a provision limiting any investment to a five year maturity unless the governing body authorizes a longer period.

The County has invested \$3,037,113 in the Colorado Government Liquid Asset Trust (ColoTrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1. Investments of ColoTrust consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to ColoTrust in connection with the direct investment and withdrawal functions of ColoTrust. Substantially all securities owned by ColoTrust 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 ColoTrust.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CUSTER COUNTY, COLORADO**

December 31, 2014

**Note 3 - Cash Deposits and Investments (Continued)**

**Investments (Continued)**

Interest Rate Risk - The County's policy of limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates parallels Colorado statutes. Specifically all securities are limited to a maximum maturity of five years from date of purchase unless the governing body authorizes a longer period.

Credit Risk - The County does not have a policy which would further limit its investment choices beyond the requirements of Colorado statutes. As of December 31, 2014 the County's investment in Colo Trust rates AAAM by Standard and Poor's and Aaa by Moody's.

**Note 4 - Property Tax Accrual**

Property taxes which have been levied for 2014 which will not be collected until 2015 have been accrued as a receivable at December 31, 2014. An offsetting liability for deferred inflows of resources - unearned property tax revenue has been recorded on the statement of net position.

**Note 5 - Interfund Transactions**

**Due to/from other funds:**

The County reports interfund balances between some of its funds. The sum of all the balances in the table agrees with the sum of the interfund balances presented in the balance sheet for the governmental funds. The balances result from the time lag between the dates when interfund goods or services are provided, transactions are recorded in the accounting system and the payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

As of December 31, 2014, interfund receivables and payables that resulted from various interfund transactions were as follows:

	<u>Due from Other funds</u>	<u>Due to Other funds</u>
General Fund	\$ 4,910	\$ 23,895
Road and Bridge	3,437	-
Public Welfare	3,393	-
Capital Improvements	18,502	-
Emergency Services	-	6,347
<b>TOTAL</b>	<u>\$ 30,242</u>	<u>\$ 30,242</u>

**Transfers between Funds:**

Transfers between funds are generally indicative of funding for capital projects or subsidies of various County operations and re-allocation of special revenues. The following schedule briefly summarized the County's transfer activity:

<b>Transfers from</b>	<u>Transfers to</u>		
	<u>Major Funds</u>	<u>Other Funds</u>	<u>Total</u>
Major funds	\$ -	\$ 12,500	\$ 12,500

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

**Note 6 - Note Receivable**

The County sold a water truck to the Town of Silver Cliff. The selling price was \$25,000 payable in annual installments of \$5,000, beginning in 2011 and the final payment will be due in 2015. The note is non interest bearing. Due to immateriality to the financial statements, imputed interest has not been recognized.

**Note 7 - Capital Assets**

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

	<u>Balances</u> <u>January 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>December 31</u>
<b>Governmental Activities</b>				
Non Depreciable Assets				
Land	\$ 317,874	\$ -	\$ -	\$ 317,874
Assets in progress	16,694	11,550	-	28,244
Total Non Depreciable Assets	<u>334,568</u>	<u>11,550</u>	<u>-</u>	<u>346,118</u>
Depreciable Assets				
Buildings and improvements	3,472,783	94,865	-	3,567,648
Vehicles and heavy equipment	6,163,566	182,383	-	6,345,949
Office equipment	1,063,411	-	6,180	1,057,231
Infrastructure	252,303	-	-	252,303
Total Depreciable Assets	<u>10,952,063</u>	<u>277,248</u>	<u>6,180</u>	<u>11,223,131</u>
Less Accumulated Depreciation				
Buildings and improvements	1,583,770	92,599	-	1,676,369
Vehicles and heavy equipment	4,207,117	330,555	-	4,537,672
Office equipment	864,887	56,733	6,180	915,440
Infrastructure	106,938	11,854	-	118,792
Total Accumulated Depreciation	<u>6,762,712</u>	<u>491,741</u>	<u>6,180</u>	<u>7,248,273</u>
<b>Total Capital Assets, Net</b>	<u>\$ 4,523,919</u>	<u>\$ (202,943)</u>	<u>\$ -</u>	<u>\$ 4,320,976</u>
 <b>Component Unit E 911</b>				
Non Depreciable Assets				
Assets in progress	\$ -	\$ -	\$ -	\$ -
Depreciable Assets				
Equipment	393,366	-	-	393,366
Less Accumulated Depreciation				
Equipment	195,798	36,287	-	232,085
<b>Total Capital Assets, Net</b>	<u>\$ 197,568</u>	<u>\$ (36,287)</u>	<u>\$ -</u>	<u>\$ 161,281</u>

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

General government	\$ 73,487
Public safety	155,823
Streets and highways	224,415
Health and welfare	5,246
Auxiliary	32,770
<b>Total - Governmental Activities</b>	<u>491,741</u>
Component Unit - E 911	36,287
<b>Total Depreciation Expense</b>	<u>\$ 528,028</u>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 8 - Risk Management**

County Worker's Compensation Pool - The County is exposed to various risks of loss related to injuries of employees while on the job. The County participates, with other counties in the State of Colorado, in a County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The County pays an annual contribution to CWCP for its worker's compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insurance retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool - The County is exposed to various risks of loss to property and casualty losses. The County participates, with other counties in the State of Colorado, in a 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 county pays an annual contribution to Colorado Counties, Inc. for its property and casualty insurance coverage. 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 the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**Note 9 - Defined Contribution Plan**

The County provides pension benefits for all of its officials and employees through a defined contribution plan administered by the Colorado County Officials and Employees Retirement Association.

In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings and forfeitures, if any. Officials are eligible to participate immediately upon taking office. Employees are eligible to participate upon the completion of six months of service and attaining age twenty-one (21). As required by the terms of the plan, the County must contribute 4% of compensation to the plan and officials and employees must match employer contributions. In addition, officials and employees may make additional voluntary contributions not to exceed 10% of compensation. Officials are immediately vested 100% in employer contributions and earnings. Employees are vested at 10% per year, becoming fully vested after ten years, in employer contributions and earnings. Employer contributions forfeited by an employee before becoming fully vested are returned to the County.

The County's total payroll for the year ended December 31, 2014 was \$2,626,919. The County's contributions were calculated using the base earnings of eligible, participating employees of \$2,359,772. The County's required 4% contribution for 2014 was \$94,392 officials and employees required 4% contribution was \$94,392, for a total of \$188,784.

The plan held no securities of the County or other related parties during the year or as of the end of the year.

**Note 10 - Deferred Compensation Plan**

The County offers its officials and employees two deferred compensation plans created in accordance with Internal Revenue Code Section 457.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

**Note 10 - Deferred Compensation Plan (Continued)**

The plans, available to all County officials and employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to officials and employees until termination or retirement. All amounts of compensation deferred under the Colorado County Officials and Employees Retirement Association plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights remain (until paid or made available to the official, employee, or other beneficiary) vested with the County. Effective January 1, 1997, the County no longer has a fiduciary responsibility to the plan administered by Public Employees Benefit Services Corporation. The County implemented the Governmental Accounting Standard Board (GASB) Statement #32.

All amounts of compensation deferred under the plans are deposited with the Colorado County Officials and Employees Retirement Association and the Public Employees Benefit Services Corporation. During 2014 there were fourteen participants in the plans. Deferred compensation for the year ended December 31, 2014 was \$41,654.

**Note 11 - Long-Term Debt**

The following is a summary of the County's long-term debt transactions for the year ended December 31, 2014:

	<b>Debt Outstanding January 1</b>	<b>Additions of New Debt</b>	<b>Retirements and Repayments</b>	<b>Debt Outstanding December 31</b>	<b>Due Within One Year</b>
Capital lease obligations	\$ 216,219	\$ 21,473	\$ 192,880	\$ 44,812	\$ 16,377
Compensated absences	214,977	19,328	-	234,305	-
Other obligations	442,276	-	-	442,276	-
<b>Totals</b>	<b>\$ 873,472</b>	<b>\$ 40,801</b>	<b>\$ 192,880</b>	<b>\$ 721,393</b>	<b>\$ 16,377</b>

Debt outstanding as of December 31, 2014, consisted of the following:

Kansas State Bank

2014 Dodge Ram 1500 Truck, \$5,999.75 per year for four years, dated April 22, 2014, with an effective interest rate of 4.6% \$ 21,473

Kansas State Bank

Two 2012 Dodge Ram 1500 Trucks with equipment, \$12,617.50 per year for four years, dated January 30, 2012 with an effective interest rate of 5.367% 23,339

Compensated Absences

Accumulated vacation and sick leave benefits for eligible employees. 234,305

Other Obligations:

Estimated closure and postclosure costs of solid waste landfill 442,276

**Total General Long Term Debt** **\$ 721,393**

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CUSTER COUNTY, COLORADO**

December 31, 2014

**Note 11 - Long-Term Debt (Continued)**

The assets acquired through capital leases total \$85,153 less accumulated depreciation of \$30,187. These assets are used in governmental activities.

Future minimum lease payments for all leases are as follows:

<u>Year Ending December 31</u>		
2015		\$ 18,617
2016		18,617
2017		6,000
2018		<u>6,000</u>
	Minimum lease payments for all capital leases	49,234
	Less: imputed interest	<u>4,422</u>
	<b>Present Value of Minimum Lease Payments</b>	<b><u>\$ 44,812</u></b>

The annual requirements to retire all general long-term debt as of December 31, 2014 are as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2015	\$ 16,377	\$ 2,240	\$ 18,617
2016	17,217	1,400	18,617
2017	5,482	518	6,000
2018	<u>5,736</u>	<u>264</u>	<u>6,000</u>
	44,812	4,422	49,234
Compensated absences	234,305	-	234,305
Closure and postclosure costs	<u>442,276</u>	-	<u>442,276</u>
<b>Total</b>	<b><u>\$ 721,393</u></b>	<b><u>\$ 4,422</u></b>	<b><u>\$ 725,815</u></b>

**Note 12 - Operating Leases**

The County is obligated under certain leases accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the County's account groups.

The following is a schedule, by years, of future minimum rental payments required under operating leases that have initial or remaining noncancellable lease terms in excess of one year as of December 31, 2014:

<u>Year Ending December 31</u>	<u>Amounts</u>
2015	\$ 90,540
2016	86,442
2017	89,432
2018	6,321
2019	<u>2,990</u>
<b>Total Minimum Payments Required</b>	<b><u>\$ 275,725</u></b>

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CUSTER COUNTY, COLORADO**

December 31, 2014

**Note 12 - Operating Leases (Continued)**

The following schedule shows the composition of current and future rental expenditures for all operating leases except those with terms of one month or less that were not renewed:

	<u>2014</u>	<u>Future Years</u>
Minimum rentals	\$ 85,862	\$ 275,725
Contingent rentals	-	-
Less: Sublease rentals	-	-
<b>Total Rental Expenditures</b>	<u>\$ 85,862</u>	<u>\$ 275,725</u>

**Note 13 - Closure and Postclosure Care Cost**

The County began operating a solid waste landfill in April of 1994. State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and postclosure care costs will be paid only near or after the date the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs in its financial statements in each year based on landfill capacity used as of each balance sheet date. These costs are measured on the accrual basis and reported in the general long-term debt account group until they become current liabilities expected to be liquidated with expendable available resources of the County.

The most recent engineering report available was completed in March 2015. Estimates of closure costs were \$187,986 and thirty year postclosure maintenance costs of \$405,184 for a total of \$593,170. The \$442,276 reported as landfill closure and postclosure liability at December 31, 2014 in the government-wide financial statements represents the cumulative amount reported to date based on the use of approximately 70% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and postclosure care of \$150,894 as the remaining estimated capacity is filled. The estimated remaining landfill life is approximately nine years based on current use estimates. The estimated dollar amounts are based on what it would cost to perform all closure and postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

At December 31, 2014, there are no assets restricted for payment of closure and postclosure care costs. The County paid \$0 of costs in 2014. Current regulations permit local governments to meet financial assurance requirements by satisfying certain financial tests as defined in the Regulations. The County believes it is in compliance with and satisfies these tests as of December 31, 2014.

**Note 14 - Fund Balances**

**Government-wide Net Position:**

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
- Restricted net position - consist of net position that is restricted by the County's creditors (for example, through debt covenants), by state enabling legislation (through restricts on shared revenues), by grantors (both federal and state), and by other contributors.
- Unrestricted - all other net position is reported in this category.

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 14 - Fund Balances (Continued)**

**Governmental Fund Balances**

Beginning with year December 31, 2011 the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definition." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purpose according to limitations imposed by the County's highest level of decision making authority, Board of Commissioners, prior to the end of the current year. The constraint may be removed or changed only through formal action of the Board of Commissioners.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of the particular fund.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is County policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

**NOTES TO FINANCIAL STATEMENTS (Continued)**

**CUSTER COUNTY, COLORADO**

December 31, 2014

**Note 14 - Fund Balances (Continued)**

<b>Fund Balances</b>	<b>General Fund</b>	<b>Road &amp; Bridge Fund</b>	<b>Public Welfare Fund</b>	<b>Capital Improvement Fund</b>	<b>Other Governmental Funds</b>	<b>Total</b>
<b>Nonspendable</b>						
Inventory	\$ -	\$ 187,534	\$ -	\$ -	\$ 12,193	\$ 199,727
<b>Restricted</b>						
Tabor reserve	77,890	52,460	9,760	8,590	8,780	157,480
Grants	34,959	-	3,292	-	3,985	42,236
<b>Total Restricted</b>	<u>112,849</u>	<u>52,460</u>	<u>13,052</u>	<u>8,590</u>	<u>12,765</u>	<u>199,716</u>
<b>Assigned</b>						
Special Revenue Funds	-	1,054,364	104,222	375,894	331,465	1,865,945
<b>Unassigned</b>						
General	743,813	-	-	-	(746)	743,067
<b>Total Fund</b>	<u>\$ 856,662</u>	<u>\$ 1,294,358</u>	<u>\$ 117,274</u>	<u>\$ 384,484</u>	<u>\$ 355,677</u>	<u>\$ 3,008,455</u>

**Note 15 - EBT Authorizations, Warrant Expenditures and Total Expenditures**

<b>Program</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>
	<b>County EBT Authorizations</b>	<b>County Share of Authorizations</b>	<b>Expenditures By County Warrant</b>	<b>County EBT Authorizations Plus Expenditures by County Warrant</b>	<b>Total Expenditures</b>
Old Age Pension	\$ 80,945	\$ -	\$ -	\$ 80,945	\$ -
Low-Income Energy Assistance Program	177,917	-	-	177,917	-
Colorado Works	70,986	9,539	-	70,986	9,539
Regular Administration	-	962	325,705	325,705	326,667
Child Welfare	27,768	6,942	-	27,768	6,942
IV-E and parental fees	-	-	-	-	-
Aid to the Needy					
Disabled	8,493	2,123	-	8,493	2,123
Child Care	3,799	5,542	-	3,799	5,542
Core Services	-	255	-	0	255
Home Care Allowance	5,415	285	-	5,415	285
Medicaid Transportation	-	-	16,287	16,287	16,287
General Assistance	-	-	38,014	38,014	38,014
<b>Subtotal</b>	<u>375,323</u>	<u>25,648</u>	<u>380,006</u>	<u>755,329</u>	<u>405,654</u>
Food Assistance	565,195	-	-	565,195	-
<b>Grand Total</b>	<u>\$ 940,518</u>	<u>\$ 25,648</u>	<u>\$ 380,006</u>	<u>\$ 1,320,524</u>	<u>\$ 405,654</u>

A. Welfare payments authorized by the Custer County Department of Public Welfare. These County authorizations are paid by the Colorado Department of Human Services by QUEST debit cards or by electronic funds transfer (EFT).

**NOTES TO FINANCIAL STATEMENTS (Continued)**

CUSTER COUNTY, COLORADO

December 31, 2014

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**Note 15 - EBT Authorizations, Warrant Expenditures and Total Expenditures (Continued)**

- B. County share of EBT authorizations. These amounts are settled monthly by a reduction of State cash advances to the County.
- C. Expenditures made by County warrants or other County payment methods.
- D. This represents the total cost of the welfare programs that are administered by Custer County.
- E. This total matches the expenditures on the Public Welfare Fund - Statement of Revenues, Expenditures and Changes in Fund Balance.

**REQUIRED SUPPLEMENTARY INFORMATION**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**GENERAL FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

	<u>Budgeted Amount</u>			<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$ 1,664,859	\$ 1,664,859	\$ 1,771,014	\$ 106,155
Penalties	4,500	4,500	3,847	(653)
Federal Sources	409,751	409,751	449,529	39,778
State Sources	134,214	134,214	162,019	27,805
Local Sources	34,918	34,918	34,500	(418)
Licenses and permits	111,700	111,700	104,147	(7,553)
Charges for services	554,100	554,100	539,139	(14,961)
Reimbursed expenses	9,000	9,000	31,862	22,862
Miscellaneous	13,000	13,000	13,990	990
<b>Total Revenues</b>	<u>2,936,042</u>	<u>2,936,042</u>	<u>3,110,047</u>	<u>174,005</u>
<b>Expenditures</b>				
General Government	1,799,638	1,799,638	1,710,450	89,188
Public Safety	957,064	957,064	957,311	(247)
Health and welfare	209,812	209,812	191,542	18,270
Auxiliary services	118,705	118,705	101,417	17,288
Capital outlay	-	-	11,973	(11,973)
Miscellaneous	17,877	17,877	22,014	(4,137)
<b>Total Expenditures</b>	<u>3,103,096</u>	<u>3,103,096</u>	<u>2,994,707</u>	<u>108,389</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(167,054)	(167,054)	115,340	282,394
<b>Other Financing Sources (Uses)</b>				
Transfers to other funds	(3,000)	(3,000)	(12,500)	(9,500)
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(170,054)	(170,054)	102,840	272,894
<b>Fund Balances - January 1</b>	<u>639,148</u>	<u>639,148</u>	<u>753,822</u>	<u>114,674</u>
<b>Fund Balances - December 31</b>	<u>\$ 469,094</u>	<u>\$ 469,094</u>	<u>\$ 856,662</u>	<u>\$ 387,568</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**ROAD AND BRIDGE FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final Budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 549,663	\$ 549,663	\$ 570,467	\$ 20,804
Penalties	2,000	2,000	1,877	(123)
Federal Sources	-	-	27,753	27,753
State Sources	1,130,000	1,130,000	1,172,332	42,332
Charges for services	54,000	54,000	45,469	(8,531)
Miscellaneous	6,000	6,000	8,231	2,231
Reimbursed expenses	-	-	587	587
	<u>1,741,663</u>	<u>1,741,663</u>	<u>1,826,716</u>	<u>85,053</u>
<b>Total Revenues</b>				
<b>Expenditures</b>				
General Government	122,989	122,989	124,950	(1,961)
Public Safety	5,000	5,000	4,408	592
Streets and Highways	1,634,341	1,634,341	1,494,819	139,522
Capital outlay	-	86,250	90,485	(4,235)
Debt service - principal	66,204	182,094	182,094	-
Debt service - interest	4,506	4,506	5,213	(707)
	<u>1,833,040</u>	<u>2,035,180</u>	<u>1,901,969</u>	<u>133,211</u>
<b>Total Expenditures</b>				
<b>Excess of Revenues Over (Under) Expenditures</b>	(91,377)	(293,517)	(75,253)	218,264
<b>Other Financing Sources (Uses)</b>				
Proceeds from Capital Lease	-	-	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(91,377)	(293,517)	(75,253)	218,264
<b>Fund Balances - January 1</b>	<u>1,145,589</u>	<u>1,347,729</u>	<u>1,369,611</u>	<u>21,882</u>
<b>Fund Balances - December 31</b>	<u>\$ 1,054,212</u>	<u>\$ 1,054,212</u>	<u>\$ 1,294,358</u>	<u>\$ 240,146</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**PUBLIC WELFARE FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<b>Variance With Final Budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 165,199	\$ 165,199	\$ 171,140	\$ 5,941
Penalties	500	500	563	63
Federal Sources	257,643	257,643	167,339	(90,304)
State Sources	163,857	163,857	126,067	(37,790)
Local Sources	20,000	20,000	10,225	(9,775)
Miscellaneous	10,600	10,600	17,275	6,675
<b>Total Revenues</b>	<u>617,799</u>	<u>617,799</u>	<u>492,609</u>	<u>(125,190)</u>
<b>Expenditures</b>				
Health and welfare	541,377	541,377	405,654	135,723
Capital outlay	<u>2,000</u>	<u>2,000</u>	-	<u>2,000</u>
<b>Total Expenditures</b>	<u>543,377</u>	<u>543,377</u>	<u>405,654</u>	<u>137,723</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	74,422	74,422	86,955	12,533
<b>Fund Balance - January 1</b>	<u>14,190</u>	<u>14,190</u>	<u>30,319</u>	<u>16,129</u>
<b>Fund Balance - December 31</b>	<u>\$ 88,612</u>	<u>\$ 88,612</u>	<u>\$ 117,274</u>	<u>\$ 28,662</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CAPITAL IMPROVEMENT FUND**  
**CUSTER COUNTY, COLORADO**  
For the year ended December 31, 2014

	<u>Budgeted Amount</u>			<b>Variance With Final budget Favorable (Unfavorable)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues</b>				
Taxes	\$ 150,000	\$ 150,000	\$ 195,088	\$ 45,088
State Sources	-	-	91,153	91,153
Reimbursed expenses	-	-	-	-
<b>Total Revenues</b>	<u>150,000</u>	<u>150,000</u>	<u>286,241</u>	<u>136,241</u>
<b>Expenditures</b>				
General government	-	-	12,473	(12,473)
Public Safety	-	-	1,867	(1,867)
Capital outlay	75,703	170,568	134,238	36,330
Debt service - principal	-	-	10,786	(10,786)
Debt service - interest	-	-	1,831	(1,831)
<b>Total Expenditures</b>	<u>75,703</u>	<u>170,568</u>	<u>161,195</u>	<u>9,373</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	74,297	(20,568)	125,046	145,614
<b>Other Financing Sources (Uses)</b>				
Proceeds from capital lease	-	-	21,473	21,473
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	74,297	(20,568)	146,519	167,087
<b>Fund Balance - January 1</b>	<u>247,980</u>	<u>342,845</u>	<u>237,965</u>	<u>(104,880)</u>
<b>Fund Balance - December 31</b>	<u>\$ 322,277</u>	<u>\$ 322,277</u>	<u>\$ 384,484</u>	<u>\$ 62,207</u>

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

**OTHER SUPPLEMENTARY INFORMATION**

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

	<u>Contingent Fund</u>	<u>Emergency Services Fund</u>	<u>Custer County Airport Authority</u>	<u>Custer County Lodging and Tourism</u>	<u>Totals</u>
<b>Assets</b>					
Cash held by County Treasurer	\$ 63,341	\$ 230,679	\$ 743	\$ 35,278	\$ 330,041
Accounts receivable	-	32,589	-	-	32,589
Taxes receivable	-	203,848	-	3,407	207,255
Due from other funds	-	-	-	-	-
Accrued state revenue	-	-	-	-	-
Accrued federal revenue	-	-	-	-	-
Inventories	-	-	12,193	-	12,193
<b>Total Assets</b>	<u>63,341</u>	<u>467,116</u>	<u>12,936</u>	<u>38,685</u>	<u>582,078</u>
<b>Liabilities</b>					
<b>Liabilities</b>					
Accounts payable	-	624	335	1,550	2,509
Warrants payable	-	14,954	604	987	16,545
Due to other funds	-	6,347	-	-	6,347
Due to State of Colorado	-	-	-	-	-
Unearned revenue	-	-	-	-	-
<b>Total Liabilities</b>	<u>-</u>	<u>21,925</u>	<u>939</u>	<u>2,537</u>	<u>25,401</u>
Deferred Inflow - property taxes	<u>-</u>	<u>201,000</u>	<u>-</u>	<u>-</u>	<u>201,000</u>
<b>Fund Balances</b>					
Nonspendable	-	-	12,193	-	12,193
Restricted	-	11,345	550	870	12,765
Assigned	63,341	232,846	-	35,278	331,465
Unassigned	<u>-</u>	<u>-</u>	<u>(746)</u>	<u>-</u>	<u>(746)</u>
<b>Total Fund Balances</b>	<u>\$ 63,341</u>	<u>\$ 244,191</u>	<u>\$ 11,997</u>	<u>\$ 36,148</u>	<u>\$ 355,677</u>

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

**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
 CUSTER COUNTY, COLORADO  
 December 31, 2014

	<u>Contingent Fund</u>	<u>Emergency Services Fund</u>	<u>Custer County Airport Authority</u>	<u>Custer County Lodging and Tourism</u>	<u>Totals</u>
<b>Revenues</b>					
Taxes	\$ -	\$ 228,186	\$ -	\$ 28,703	\$ 256,889
Penalties and interest	-	751	-	-	751
Federal sources	-	113,736	-	-	113,736
State sources	-	-	-	-	-
Local sources	-	16,000	-	-	16,000
Charges for services	-	-	30,624	-	30,624
Reimbursed expenses	-	264	-	-	264
Other income	-	-	-	-	-
<b>Total Revenues</b>	<u>-</u>	<u>358,937</u>	<u>30,624</u>	<u>28,703</u>	<u>418,264</u>
<b>Expenditures</b>					
General government	-	-	-	-	-
Public safety	-	198,304	-	-	198,304
Auxiliary	-	66,490	42,513	22,702	131,705
Capital outlay	-	52,102	-	-	52,102
Debt service - principal	-	-	-	-	-
Debt service - interest	-	-	-	-	-
<b>Total Expenditures</b>	<u>-</u>	<u>316,896</u>	<u>42,513</u>	<u>22,702</u>	<u>382,111</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	<u>-</u>	<u>42,041</u>	<u>(11,889)</u>	<u>6,001</u>	<u>36,153</u>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in (out)	-	-	12,500	-	12,500
Proceeds from capital lease	-	-	-	-	-
<b>Total Other Financing Sources</b>	<u>-</u>	<u>-</u>	<u>12,500</u>	<u>-</u>	<u>12,500</u>
<b>Net Change in Fund Balance</b>	<u>-</u>	<u>42,041</u>	<u>611</u>	<u>6,001</u>	<u>48,653</u>
<b>Fund Balance - January 1</b>	<u>63,341</u>	<u>202,150</u>	<u>11,386</u>	<u>30,147</u>	<u>307,024</u>
<b>Fund Balance - December 31</b>	<u>\$ 63,341</u>	<u>\$ 244,191</u>	<u>\$ 11,997</u>	<u>\$ 36,148</u>	<u>\$ 355,677</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**

**BUDGET AND ACTUAL**

**CONTINGENT FUND**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
<b>Expenditures</b>				
General government	-	-	-	-
<b>Excess of Revenues Over (Under) Expenditures</b>	-	-	-	-
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	-	-	-	-
<b>Fund Balance - January 1</b>	<u>63,540</u>	<u>63,540</u>	<u>63,341</u>	<u>(199)</u>
<b>Fund Balance - December 31</b>	<u>\$ 63,540</u>	<u>\$ 63,540</u>	<u>\$ 63,341</u>	<u>\$ (199)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**EMERGENCY SERVICES FUND**  
**CUSTER COUNTY, COLORADO**  
For the year ended December 31, 2014

	Budgeted Amount		Actual	Variance With Final budget Favorable (Unfavorable)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 219,265	\$ 219,265	\$ 228,186	\$ 8,921
Penalties and interest	800	800	751	(49)
Federal sources	93,700	93,700	113,736	20,036
Local sources	20,000	20,000	16,000	(4,000)
Reimbursed expenses	-	-	264	264
<b>Total Revenues</b>	<u>333,765</u>	<u>333,765</u>	<u>358,937</u>	<u>25,172</u>
<b>Expenditures</b>				
Public Safety	200,732	200,732	198,304	2,428
Auxiliary services	94,960	94,960	66,490	28,470
Capital outlay	31,900	31,900	52,102	(20,202)
<b>Total Expenditures</b>	<u>327,592</u>	<u>327,592</u>	<u>316,896</u>	<u>10,696</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	6,173	6,173	42,041	35,868
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	6,173	6,173	42,041	35,868
<b>Fund Balance - January 1</b>	<u>222,819</u>	<u>222,819</u>	<u>202,150</u>	<u>(20,669)</u>
<b>Fund Balance - December 31</b>	<u>\$ 228,992</u>	<u>\$ 228,992</u>	<u>\$ 244,191</u>	<u>\$ 15,199</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CUSTER COUNTY AIRPORT AUTHORITY**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
State sources	\$ -	\$ -	\$ -	\$ -
Charges for services	51,575	51,575	30,624	(20,951)
Other income	-	-	-	-
Reimbursed expenses	-	-	-	-
<b>Total Revenues</b>	<u>51,575</u>	<u>51,575</u>	<u>30,624</u>	<u>(20,951)</u>
<b>Expenditures</b>				
Auxiliary services	56,345	56,345	42,513	13,832
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>56,345</u>	<u>56,345</u>	<u>42,513</u>	<u>13,832</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(4,770)	(4,770)	(11,889)	(7,119)
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	<u>3,000</u>	<u>3,000</u>	<u>12,500</u>	<u>9,500</u>
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(1,770)	(1,770)	611	2,381
<b>Fund Balance - January 1</b>	<u>18,880</u>	<u>18,880</u>	<u>11,386</u>	<u>(7,494)</u>
<b>Fund Balance - December 31</b>	<u>\$ 17,110</u>	<u>\$ 17,110</u>	<u>\$ 11,997</u>	<u>\$ (5,113)</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**CUSTER COUNTY LODGING AND TOURISM FUND**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues</b>				
Taxes	\$ 21,000	\$ 21,000	\$ 28,703	\$ 7,703
Penalties and interest	-	-	-	-
State sources	-	-	-	-
Other income	350	350	-	(350)
<b>Total Revenues</b>	<u>21,350</u>	<u>21,350</u>	<u>28,703</u>	<u>7,353</u>
<b>Expenditures</b>				
Auxiliary services	27,150	27,150	22,702	4,448
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>27,150</u>	<u>27,150</u>	<u>22,702</u>	<u>4,448</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(5,800)	(5,800)	6,001	11,801
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses</b>	(5,800)	(5,800)	6,001	11,801
<b>Fund Balance - January 1</b>	<u>25,159</u>	<u>25,159</u>	<u>30,147</u>	<u>4,988</u>
<b>Fund Balance - December 31</b>	<u>\$ 19,359</u>	<u>\$ 19,359</u>	<u>\$ 36,148</u>	<u>\$ 16,789</u>

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL**  
**INSURANCE FUND**  
CUSTER COUNTY, COLORADO  
For the year ended December 31, 2014

	<u>Budgeted Amount</u>		<u>Actual</u>	<u>Variance With Final budget Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
<b>Operating Revenues</b>				
Charges for services	\$ -	\$ -	\$ -	\$ -
Reimbursed Expenses	1,000	1,000	2,701	1,701
<b>Total Operating Revenues</b>	<u>1,000</u>	<u>1,000</u>	<u>2,701</u>	<u>1,701</u>
<b>Operating Expenditures</b>				
General government	144,600	144,600	123,705	20,895
Auxiliary	7,510	7,510	7,457	53
<b>Total Expenditures</b>	<u>152,110</u>	<u>152,110</u>	<u>131,162</u>	<u>20,948</u>
<b>Operating Income (Loss)</b>	<u>(151,110)</u>	<u>(151,110)</u>	<u>(128,461)</u>	<u>22,649</u>
<b>Nonoperating Revenues (Expenses)</b>				
Property taxes	150,199	150,199	149,834	(365)
Specific ownership taxes	14,000	14,000	21,306	7,306
Penalties and interest	500	500	563	63
<b>Total Nonoperating Revenues (Expenses)</b>	<u>164,699</u>	<u>164,699</u>	<u>171,703</u>	<u>7,004</u>
<b>Net Income (Loss) Before Other Financing Sources (Uses)</b>	13,589	13,589	43,242	29,653
<b>Other Financing Sources (Uses)</b>				
Operating transfers in (out)	-	-	-	-
<b>Change in Net Assets</b>	13,589	13,589	43,242	29,653
<b>Fund Balance - January 1</b>	<u>64,888</u>	<u>64,888</u>	<u>74,643</u>	<u>9,755</u>
<b>Fund Balance - December 31</b>	<u>\$ 78,477</u>	<u>\$ 78,477</u>	<u>\$ 117,885</u>	<u>\$ 39,408</u>

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

**ADDITIONAL REPORTS AND SCHEDULES**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

	<b>Federal CFDA</b>	<b>Federal</b>
	<b><u>Number</u></b>	<b><u>Expenditures</u></b>
<b><u>U.S. Department of Agriculture</u></b>		
<b>Passed through State Department of Human Services:</b>		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	\$ 20,502
Emergency Food Assistance Program (Food Commodities)	10.569	11,457
<b>Total Department of Agriculture</b>		<b><u>\$ 31,959</u></b>
<b><u>U.S. Department of Health and Human Services</u></b>		
<b>Passed through State Department of Human Services</b>		
Medical Reserve Corps Small Grant Program	93.008	\$ 3,500
Temporary Assistance for Needy Families	93.558	110,295
Child Support Enforcement	93.563	28,336
Low-Income Home Energy Assistance	93.568	169,801
Child Care and Development Block Grant	93.575	10,450
Stephanie Tubbs Jones Child Welfare Services Program	93.645	1,944
Foster Care - Title IV - E	93.658	27,312
Adoption Assistance - Title IV-E	93.659	6,954
Social Services Block Grant	93.667	10,301
Medical Assistance Program	93.778	18,418
<b>Passed through Upper Arkansas Area Council of Governments</b>		
Community Service Block Grant	93.569	10,826
<b>Total Department of Health and Human Services</b>		<b><u>\$ 398,137</u></b>
<b>Passed through State Department of Public Health and Environment</b>		
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	\$ 21,896
Immunization Grants	93.268	2,675
Maternal and Child Health Services Block Grant	93.994	3,687
<b>Total Department of Public Health and Environment</b>		<b><u>\$ 28,258</u></b>
<b><u>U.S. Department of Homeland Security</u></b>		
<b>Passed through State Department of Public Safety, Division of Homeland Security and Emergency Management</b>		
Emergency Management Program Grant	97.042	\$ 30,582
<b>Passed through Pueblo County</b>		
Homeland Security Grant Program	97.067	65,275
<b>Total Department of Homeland Security</b>		<b><u>\$ 95,857</u></b>
<b>TOTAL FEDERAL ASSISTANCE</b>		<b><u>\$ 554,211</u></b>

The accompanying notes are an integral part of this schedule.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

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**Note A - Basis of Accounting**

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

**Note B - Pass-Through Entities**

Pass-through entity identifying numbers are presented where available.

**Note C - Food Donation**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Assistance reported at December 31, 2014 included:

10.569 Food commodities - \$11,457

# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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July 20, 2015

Board of Commissioners  
Custer County, Colorado  
Westcliffe, Colorado

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Custer County, Colorado as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Custer County's basic financial statements and have issued our report thereon dated July 20, 2015.

### **Internal Control Over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. (2014-1 through 2014-3)

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Custer County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as items (2014-1 through 2014-3).

**Custer County's Response to Findings**

Custer County's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

**Purpose of this Report**

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

Harren, Ross & DeNardo, Inc.

# Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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July 20, 2015

Board of Commissioners  
Custer County, Colorado  
Westcliffe, Colorado

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

### **Report on Compliance for Each Major Federal Program**

We have audited Custer County's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Custer County's major federal programs for the year ended December 31, 2014. Custer County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

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

### **Auditor's Responsibility**

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

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

### **Opinion on Each Major Federal Program**

In our opinion, Custer County, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### **Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2014-1. Our opinion on each major federal program is not modified with respect to these matters.

Custer County's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Custer County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

**Report on Internal Control Over Compliance**

Management of Custer County, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Custer County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Custer County's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2014-1, that we consider to be significant deficiencies.

Custer County's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Custer County's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

*Harvey, Ross & DeNardo, Inc.*

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**CUSTER COUNTY, COLORADO**  
For the year ended December 31, 2014

**SECTION I - SUMMARY OF AUDITOR'S RESULTS**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes    x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? x yes    \_\_\_no

Noncompliance material to financial statements noted? \_\_\_yes    x no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes    x no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? x yes    \_\_\_no

Type of auditor's reported issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to reported in accordance with section 510(a) of OMB Circular A-133? x yes    \_\_\_no

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance For Needy Families
93.568	Low Income Home Energy Assistance

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

Auditee qualified as low-risk auditee? \_\_\_yes    x no

**SECTION II - FINANCIAL STATEMENT FINDINGS**

**2014-1 Posting Public Welfare Fund**  
**(Repeat finding 2012-1)**

Condition and Context:

The posting of the general ledger transactions are not always posted consistently or correctly for CFMS transactions and warrants paid out for assistance. When the County encounters discrepancies or unknown transactions within the CFMS reports and their records, research of those items should be handled in a timely manner and accounted for properly.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2014-1 Posting Public Welfare Fund (Continued)**

Criteria:

Questions arising from activity within the CFMS system should be addressed at the time of discovery. A discrepancy is easier to identify when handled in a timely manner. The County's internal controls should be in place to ensure that transactions are coded properly and procedures in place to seek assistance when needed.

Cause:

The County continues to make improvements in accounting for the transactions from prior years, the established controls and procedures are not consistently followed to ensure proper coding and accounting.

Effect:

Possible misstatement of revenues and expenditures by program. Failure to identify and address discrepancies between the County and the CFMS system could affect the accuracy the reimbursements .

Recommendation:

The Department Head and accounting personnel should continue to improve the accuracy of coding the revenue and expenditures to the general ledger from the CFMS reports and the warrants. The expenditures reported in CFMS should be reconciled to the general ledger on a monthly basis. The established controls should be followed to ensure that CFMS activity is properly reconciled and all discrepancies have been addressed in a timely manner. The warrants paid out for assistance should also be coded consistently to correct expenditure.

Response:

The staff is continuing to improve their procedures to eliminate this finding. The department head and the accounting personnel are making an effort to improve the accuracy of their reconciliation process and general ledger postings for both the CFMS activity and the warrants paid out. They agree with the recommendations and feel that they have made improvements from prior years. The department continues to address this issue.

**2014-2 Consistency of recording expenditures.**

**(Repeat finding - 2012-2)**

Condition and Context:

During the audit, various expenditures were tested to determine if the coding was proper. Although improved from prior years, we noted expenditures of the same type were recorded in several different accounts or not recorded in the correct account at all.

Criteria:

Controls established by the County should be followed to ensure that expenditures are being coded to the correct expenditure account.

Cause:

The existing procedures and controls are not consistently followed.

Effect:

Possible misstatement of expenditures by line item.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

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**SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)**

**2014-2 Consistency of recording expenditures. (Continued)**

**Recommendation:**

It may be helpful for individuals who prepare vouchers to review the standardized chart of accounts published by the Division of Local Governments. Implement additional procedures and controls to ensure that expenditures are being coded correctly.

**Response:**

The accounting personnel continues to review the chart of accounts with the supporting staff that codes vouchers in an effort to correct this problem.

**2014-3 Maintaining records of federal and other grants**  
**(Repeat finding 2012-3)**

**Condition and Context:**

Different County departments receive grant funding and maintain the documentation within their department. We reviewed and tested various grant records and supporting documentation. A supporting file for each grant should be maintained with necessary documentation and standardized procedures and practices should be implemented throughout the various County departments.

**Criteria:**

Standardized practices and controls should be implemented throughout the County departments to ensure that responsible employees are maintaining the proper documentation and complying with the requirements of the grant.

**Cause:**

The grants are administered within different departments and employees. Procedures to ensure that all departments are consistently following the existing controls of the County are not always followed.

**Effect:**

Possible compliance issues if controls are not followed to ensure that all the necessary documentation is maintained to validate activity.

**Recommendation:**

Internal control procedures implemented should be followed to ensure proper documentation for grants are maintained. Responsibility should be assigned to maintain files containing the grant document or contract, all correspondence including reimbursement claim forms, and supporting documentation for all receipts and expenditures. Further, financial reports required by the granting agencies should be reconciled to the amounts recorded in the general ledger.

**Response:**

The County did make improvements regarding this condition. A few departments have implemented the recommendation and their grant file and supporting documents are adequate. We will continue to work with the remaining County departments and the employees to improve this deficiency.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

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**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**2014-1 Data entry errors when posting program expenses into the CFMS system**

**Condition and Criteria:**

Salaries and related expenses were duplicated in the July 2014 data entry. A few other discrepancies were noted in other months. This information is used by the State to calculate monthly reimbursements.

**Effect:**

The County's reimbursements for July and other months of program expenses were incorrect and reimbursements were calculated on expenditures that were duplicated.

**Cause:**

This discrepancy was an error. Procedures to cross reference expenditures reported in CFMS and the general ledger would have identified the error in the current month.

**Population and Items Tested:**

We compared total salaries paid from the County's payroll journals and operating expenditures posted to the general ledger with reimbursements from CFMS reports and discovered a discrepancy. These procedures indicated errors. The estimated expenditures reported in CFMS were overstated by approximately \$21,036.54. The overstatement resulted in an overpayment from the State of approximately \$16,799.

**Auditor's Recommendation:**

Reconciliations should be completed monthly to ensure the accuracy of data entry between the general ledger and the State's CFMS system.

**Response:**

The County intends to repay the State for the overpayment. The recommended procedures will be reviewed and considered.

**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**2014-1 Posting Public Welfare Fund**

**Condition:**

The posting of the general ledger transactions are not always posted consistently or correctly for CFMS transaction and warrants paid out for assistance. When the County encounters discrepancies or unknown transactions within the CFMS reports and their records, research of those items should be handled in a timely manner and accounted for properly. Discrepancies within the CFMS reports are not always questioned and verified in a timely manner. In some instances the CFMS entries can be verified by reviewing the general ledger detail. However, this procedure is not performed consistently. Although improved from prior years, the revenues and expenditures are sometimes not posted to the correct general ledger accounts consistently.

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)**

CUSTER COUNTY, COLORADO

For the year ended December 31, 2014

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**SECTION IV - SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS (Continued)**

**2014-1 Posting Public Welfare Fund (Continued)**

Current Status:

Partially implemented. See finding 2014-01

The Department has made improvements in their efforts of the reconciliation process over prior years. The area of focus for improvement remains with the consistency of posting to the general ledger for CFMS transactions as well as warrants paid out for assistance. They also need to be able to identify during the reconciling process between the general ledger and the CFMS reports when discrepancies exist and to address them timely.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>	City or County: Custer County
This Information From The Records Of (example - City of _ or County of _) County of Custer	Prepared By: John V. Piquette Phone: (719) 783-9067
YEAR ENDING : December 2014	

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	90,485
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,090,799
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	4,408
2. General fund appropriations		b. Snow and ice removal	404,020
3. Other local imposts (from page 2)	572,344	c. Other	
4. Miscellaneous local receipts (from page 2)	54,287	d. Total (a. through c.)	408,428
5. Transfers from toll facilities		4. General administration & miscellaneous	124,950
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,714,662
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	626,631	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	1,172,332	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	27,753	a. Interest	5,213
<b>E. Total receipts (A.7 + B + C + D)</b>	1,826,716	b. Redemption	182,094
		c. Total (a. + b.)	187,307
		3. Total (1.c + 2.c)	187,307
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,901,969

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	182,094	0	182,094	0

**V. LOCAL ROAD AND STREET FUND BALANCE**

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,369,611	1,826,716	1,901,969	1,294,358	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
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	497,140	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	5,097
4. Licenses		f. Charges for Services	45,469
5. Specific Ownership &/or Other	75,204	g. Other Misc. Receipts - County Gov't	3,721
6. Total (1. through 5.)	75,204	h. Other	
c. Total (a. + b.)	572,344	i. Total (a. through h.)	54,287
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	1,147,876	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	27,753
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	23,895	d. Federal Transit Admin	
d. Other Mineral Lease	561	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	24,456	g. Total (a. through f.)	27,753
4. Total (1. + 2. + 3.f)	1,172,332	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation Equip. Purchases		90,485	90,485
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	90,485	90,485
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	90,485	90,485
			(Carry forward to page 1)

Notes and Comments: