

**Phillips County, Colorado**

**Financial Statements**

**December 31, 2013**

**Phillips County, Colorado  
Annual Financial Report  
December 31, 2013**

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***Independent Auditor's Report***

The Governing Body  
Phillips County, Colorado

***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Phillips County, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Phillips County, Colorado'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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Phillips County, Colorado, as of December 31, 2013, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii – ix and pages 25 - 28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Phillips County, Colorado's financial statements. The supplementary information as listed in the Table of Contents and the Schedule of Expenditures of Federal Awards, required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the financial statements. The supplementary information as listed in the Table of Contents and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the Table of Contents and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

### ***Report on Other Legal and Regulatory Requirements***

In accordance with *Government Auditing Standards*, we have also issued our report dated July 23, 2014 on our consideration of Phillips County, Colorado'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

***rfarmer, llc***

July 23, 2014

## **Phillips County, Colorado Management's Discussion and Analysis**

December 31, 2013

As management of Phillips County, Colorado (the "County"), we offer readers of the county's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2013.

### **County Profile**

Phillips County is a small, agriculturally based county in the northeast corner of Colorado. It was established in 1889 and encompasses 680 square miles. The 2010 Census showed a countywide population of 4,442 people. The county has three incorporated municipalities – Paoli – 34; Haxtun – 946; and Holyoke, the County Seat – 2,313. The County also has a small unincorporated community of Amherst. The total unincorporated population is 1,149.

### **Financial Highlights**

- The assets of Phillips County exceeded existing liabilities at the close of 2013 by \$10,013,143. \$2,011,859 may be used to meet the government's ongoing obligations to citizens and creditors.
- At the close of the 2013 fiscal year, Phillips County's governmental funds reported combining end of year fund balances of \$2,127,752. This increased \$41,039 from 2012.
- The County has two (2) outstanding lease-purchase agreements. The County lease-purchased one (1) 2011 Caterpillar 950H wheel loader. The lease-purchase amount was \$150,000 and runs until 2015. The other lease-purchase agreement is for three (3) 2011 Caterpillar 140M motor graders. The current balance is \$189,932 and also runs through 2015.

### **Overview of the Financial Statements**

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

**Basic 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 Assets presents information on all of the County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the County's finances, in a manner similar to a private-sector business.

The Statement of Activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets 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 this statement for some items that will only result in cash flows in future fiscal periods.

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (governmental activities). The governmental activities of the County include general government, judicial, public safety, health and welfare, highways and streets, sanitation, economic development, and culture and recreation.

The government-wide fund financial statements can be found on pages 3 and 4 of this report.

**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. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into two categories: 1) governmental funds; and 2) 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. The County's major governmental funds include the General Fund, Road and Bridge Fund, Social Services Fund, and Capital Expenditure Fund. The County also reports a number of minor governmental funds.

**General Fund:** Administration of general County operations is accomplished through various departments within the General Fund. At the beginning of 2013, the fund balance was \$1,079,099 and at the end of 2013 the fund balance increased by \$37,233 resulting in a fund balance of \$1,116,332. \$100,000 of sales tax revenue which normally goes to General Fund was again diverted to the Road and Bridge Fund because of its low fund balance.

**Special Revenue Funds:** The County's special revenue funds account for specific revenues that are legally restricted to expenditure for a particular purpose. The County's Special Revenue funds include the Road and Bridge Fund, Social Services Fund, Contingent Fund, Conservation Trust Fund, Capital Expenditure Fund, Economic Development Fund, and Fair Fund.

The special revenue funds contained a fund balance of \$798,825 at the beginning of 2013 and ended the year with a fund balance of \$784,524, a decrease of \$14,301.

**Fiduciary Funds:**

**Agency Funds:** The County has assets held by the County as an agent for other governments and/or other funds. Agency funds held by the County Treasurer, on behalf of other governments, are the highest dollar amount \$1,387,005. The Sheriff's Seizure Fund and the Unemployment Fund are held by the Treasurer. The Ambulance Replacement Fund, the Jr. Livestock Sale Fund, the E911 Fund, are all held and budgeted by the County, but expenditures are made by an independent board.

**Schedules and 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 10 through 22 of this report.

**Schedules:**

- The *Annual Statement of Receipts and Expenditures for Roads, Bridges and Streets* is part of the Local Highway Finance Report sent to the State of Colorado (the "State").
- Schedule of County Department of Social Services Programs shows individual program costs, delineated between County and State share.

**Financial Analysis:** The County uses fund accounting to ensure compliance with finance-related legal requirements. The County adopts an annual appropriated budget for each department within its funds. Budgetary comparison statements have been provided to demonstrate compliance.

**Government wide Financial Analysis:** As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of the county's finances, in a manner similar to a private-sector business. The following chart shows the county's net assets for 2012 and 2013.



**Phillips County's Net Assets:**

	<b>Governmental Activities Totals</b>	
	<b>2013</b>	<b>2012</b>
<b>Assets:</b>		
Current and other assets	4,331,904	3,933,558
Capital Assets (minus depreciation)	8,311,924	8,363,450
<b>Total Assets</b>	<b>12,643,828</b>	<b>12,297,008</b>
<b>Liabilities:</b>		
Other liabilities	121,821	1,846,855
Long-term liabilities	426,532	669,919
<b>Total Liabilities</b>	<b>548,353</b>	<b>2,516,774</b>
<b>Deferred Revenues:</b>		
Property Taxes	<b>2,082,352</b>	<b>1,705,679</b>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	8,001,284	7,817,986
Restricted for other purposes	264,170	264,392
Unrestricted	1,747,689	1,697,865
<b>Total Net Assets</b>	<b>10,013,143</b>	<b>9,780,243</b>

Traditionally, the largest portion of any county investments is in its capital assets: land, building, equipment, machinery, and specialized tools are necessary to deliver and/or provide services to the residents of Phillips County. Capital assets of the county account for 65.7% of its total assets; these assets are not an available source of payment of future spending.

The County's net assets increased \$232,900 during the current fiscal year. This increase can be attributed to additional equipment purchases.

As of the end of the current fiscal year, the County's net assets reported total fund equity of \$10,013,143. Restricted net assets totaling \$264,170 or approximately 3% of budgeted fiscal spending, has been reserved for emergencies in accordance with the Taxpayer's Bill of Rights ("TABOR") requirements for local governments.

## Phillips County's Governmental Activities

	<b>Governmental Activities</b>	
	<b>2013</b>	<b>2012</b>
<b>Revenues:</b>		
<b>Program Revenues:</b>		
Charges for services	575,835	575,248
Grants & contributions	1,968,223	2,083,160
<b>General Revenues:</b>		
Property taxes	1,665,991	1,557,585
Specific ownership taxes	265,310	233,524
Interest & other revenue	840,949	887,322
<b>Total Revenues</b>	<b>5,316,308</b>	<b>5,336,839</b>
<b>Expenses:</b>		
General government	1,338,048	1,375,394
Public safety	733,146	727,621
Highway & Streets	1,547,076	1,568,606
Health and human services	600,602	631,745
Culture and recreation	456,727	485,978
Sanitation	284,995	315,803
Economic Development	25,500	25,500
Judicial	81,615	75,562
Interest on Long Term Debt	15,691	21,817
<b>Total Expenses</b>	<b>5,083,400</b>	<b>5,228,026</b>
<b>Change in Net Assets</b>	<b>232,908</b>	<b>108,813</b>
<b>Net Assets, January 1</b>	<b>9,780,235</b>	<b>9,671,430</b>
<b>Net Assets, December 31</b>	<b>10,013,143</b>	<b>9,780,234</b>

## Fund Financial Analysis:

	<b>Fund Balances</b>				
	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
General	\$1,015,320	\$1,168,334	\$1,184,798	\$1,079,099	1,116,332
Road & Bridge	601,478	555,804	545,760	462,346	513,701
Social Services	86,510	71,619	50,859	40,032	53,420
Capital Expenditures	457,248	74,566	208,659	99,823	8,986
Other	452,222	360,549	397,401	405,413	435,313
	<b>\$2,612,778</b>	<b>\$2,230,872</b>	<b>\$2,387,477</b>	<b>\$2,086,713</b>	<b>\$2,127,752</b>

The fund balance comparison shows an increase overall. The current funds of most concern are Social Services and Road and Bridge. Each is on the upswing but each still needs to be closely monitored. The low fund balance in Road and Bridge greatly affects the purchase of new

equipment. The Capital Expenditure Fund has decreased over time as anticipated during construction of large projects.

The county's economy is substantially dependent on agriculture. The county's assessed value, as shown, generally indicates stability. The assessed value increased \$13,318,696 between 2012 and 2013, a 22.1% increase.

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
\$58,329,710	\$52,397,200	\$56,488,770	\$60,314,002	\$73,632,698

Most classifications remained fairly stable. The major increase came in the increased value of agricultural land.

**Next Year's Budget and Rates:** The County's General Fund balance at the end of fiscal year 2013 was \$1,116,332. A reserve is necessary to start the year and provide basic services to the residents and visitors of Phillips County. An adequate reserve at the year-end on which to operate a minimum of three months or 25% is considered necessary, for the majority of the property tax revenue is received in April of each year. The County had a General Fund balance of 38.2% of the 2014 budgeted expenditures.

**Budget Variances:** The County is required to amend the budgets of various funds for the current fiscal year. General Fund departments received a budgetary increase totaling \$23,258 to cover general operating expenditures over the budget amount. Departments receiving budgetary increases were: Other Administrative Expenses, Communications Center, Local Victims' Assistance, District Attorney, County Fair donation, Event Center, Fairgrounds Capital Improvements, and Health and Regional Organizations. These increases were covered by fund carryovers which were higher than anticipated from 2013.

The VOCA (Victims Assistance) Fund budget was amended by an additional \$951 to cover unanticipated expenditures.

The Fairgrounds Related Projects Fund budget was amended by an additional \$6,395 to cover unanticipated expenditures.

The CSU Extension Service Fund budget was amended by an additional \$374 to cover unanticipated expenditures.

The Phillips County Event Center Fund budget was amended by an additional \$13,343 to cover unanticipated expenditures.

The Fairground Capital Improvements Fund budget was amended by an additional \$1,690 to cover unanticipated expenditures.

The Health and Regional Organizations Fund budget was amended by an additional \$505 to cover unanticipated expenditures.

**Capital Assets and Debt Administration:**

The County's major purchases for capital assets in 2013 were:

Parking garage building	General	\$ 105,924
2013 CIH Scout with Meyer blade	Main/EC/Fairgrounds	14,622
2005 Honda Fourtrax ATV	Maintenance	4,000
2013 Ford Expedition	Sheriff	33,013
Gateway repeater system	Comm Center	11,546
2.93 acre Fairgrounds expansion	Fairgrounds	13,185
Bike/Pedestrian path, sod, sprinkler system	Fairgrounds	234,015
Swirl chimes	Homesteaders'	4,960
2013 CIH Scout	Landfill	9,500
Pressurize ion chamber	Landfill	2,845
1994 Ford backhoe with extensions	Road & Bridge	22,000
14' LP cutter	Road & Bridge	9,253
2010 Flex Nitro mower	Road & Bridge	15,000
Tractor mount retriever	Road & Bridge	7,000
Fuel tank project	Road & Bridge	5,789
<b>Total</b>		<b>\$ 492,652</b>

The County has two (2) lease-purchase agreements in 2013 as referenced in the Financial Highlights section.

**Request for information:** This financial report is designed to provide a general overview of the County's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Phillips County Administration Office, 221 S. Interocean Ave., Holyoke, CO 80734.

**Phillips County, Colorado**  
**Statement of Net Position**  
**December 31, 2013**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,976,049	\$ 1,976,049
Receivables	2,186,293	2,186,293
Due from other governmental agencies	30,659	30,659
Inventories	138,903	138,903
Capital assets		
Land	137,203	137,203
Infrastructure	2,063,724	2,063,724
Buildings	6,708,813	6,708,813
Equipment and furniture	5,430,978	5,430,978
Vehicles	1,304,885	1,304,885
Less: accumulated depreciation	(7,333,679)	(7,333,679)
Total Capital Assets	<u>8,311,924</u>	<u>8,311,924</u>
Total Assets	<u>12,643,828</u>	<u>12,643,828</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	106,504	106,504
Due to other governmental agencies	15,317	15,317
Long-term liabilities		
Due within one year		
Capital leases	122,946	122,946
Due in more than one year		
Capital leases	187,694	187,694
Compensated absences	115,892	115,892
Total Liabilities	<u>548,353</u>	<u>548,353</u>
<b>DEFERRED CASH IN-FLOW OF RESOURCES</b>		
Deferred revenues-property taxes	<u>2,082,332</u>	<u>2,082,332</u>
<b>NET POSITION</b>		
Net investment in capital assets	8,001,284	8,001,284
Restricted for:		
TABOR and enabling legislation	264,170	264,170
Unrestricted	1,747,689	1,747,689
Total Net Position	<u>\$ 10,013,143</u>	<u>\$ 10,013,143</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

Phillips County, Colorado  
Statement of Activities  
For the Year Ended December 31, 2013

Functions/Programs Primary government	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Total
Governmental Activities						
General Government	\$ 1,338,048	\$ 297,081	\$ 291,980	\$ -	\$ (748,987)	\$ (748,987)
Public Safety	733,146	97,422	99,241	24,919	(511,564)	(511,564)
Highways and Streets	1,547,076	8,411	1,133,476	-	(405,189)	(405,189)
Health & Welfare	600,602	1,185	401,305	8,000	(190,112)	(190,112)
Culture and Recreation	456,727	22,714	9,302	-	(424,711)	(424,711)
Sanitation	284,995	149,022	-	-	(135,973)	(135,973)
Interest on Long-term debt	15,691	-	-	-	(15,691)	(15,691)
Economic Development	25,500	-	-	-	(25,500)	(25,500)
Judicial	81,615	-	-	-	(81,615)	(81,615)
Total governmental activities	5,083,400	575,835	1,935,304	32,919	(2,539,342)	(2,539,342)
Total primary government	5,083,400	575,835	1,935,304	32,919	(2,539,342)	(2,539,342)
General revenues:						
Taxes:						
Property taxes, levied for general purposes					\$ 1,665,991	\$ 1,665,991
Sales & use taxes					601,115	601,115
Specific Ownership taxes					265,310	265,310
Unrestricted investment earnings					8,066	8,066
Miscellaneous					213,055	213,055
Special item - gain (loss) on sale of assets					16,743	16,743
Special item - adjustment					1,970	1,970
Total general revenues, special items, and transfers					2,772,250	2,772,250
Change in net position					232,908	232,908
Net position - beginning					9,780,235	9,780,235
Net position - ending					\$ 10,013,143	\$ 10,013,143

The accompanying notes to the financial statements  
are an integral part of these statements.

**Phillips County, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2013**

	General	Road & Bridge	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,109,178	\$ 392,665	\$ 29,600	\$ 12,654	\$ 431,952	\$ 1,976,049
Taxes receivable, net	1,579,421	311,466	117,812	73,633	-	2,082,332
Due from State	-	-	30,659	-	-	30,659
Other receivables	56,449	28,911	8,478	5,753	4,371	103,962
Inventories	10,424	128,479	-	-	-	138,903
Total assets	<u>2,755,472</u>	<u>861,521</u>	<u>186,549</u>	<u>92,040</u>	<u>436,323</u>	<u>4,331,905</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	59,719	36,354	-	9,421	1,010	106,504
Payable to other governments	-	-	15,317	-	-	15,317
Total liabilities	<u>59,719</u>	<u>36,354</u>	<u>15,317</u>	<u>9,421</u>	<u>1,010</u>	<u>121,821</u>

Deferred Cash In-flow of Resources:

Deferred revenue-property taxes	<u>1,579,421</u>	<u>311,466</u>	<u>117,812</u>	<u>73,633</u>	<u>-</u>	<u>2,082,332</u>
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Fund balances:

TABOR and enabling legislation	112,564	-	2,917	-	148,689	264,170
Committed-Inventory	10,424	128,429	-	-	-	138,853
Unassigned	993,344	-	-	-	-	993,344
Assigned, reported in:						
Special revenue funds	-	385,272	50,503	8,986	286,624	731,385
Total fund balances	<u>1,116,332</u>	<u>513,701</u>	<u>53,420</u>	<u>8,986</u>	<u>435,313</u>	<u>2,127,752</u>
Total liabilities and fund balances	<u>\$ 2,755,472</u>	<u>\$ 861,521</u>	<u>\$ 186,549</u>	<u>\$ 92,040</u>	<u>\$ 436,323</u>	<u>\$ 4,331,905</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

**Phillips County, Colorado**  
**Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position**  
**December 31, 2013**

Total fund balance, governmental funds	\$ 2,127,752
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.	8,311,924
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable ), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(426,533)</u>
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Net Assets of Governmental Activities in the Statement of Net Position	<u><u>\$ 10,013,143</u></u>
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The accompanying notes to the financial statements  
are an integral part of these statements.



**Phillips County, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

	<b>General</b>	<b>Road &amp; Bridge</b>	<b>Human Services</b>	<b>Capital Expenditures</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>						
Property Taxes	\$ 1,297,547	\$ 211,253	\$ 96,734	\$ 60,457	\$ -	\$ 1,665,991
SO Tax	201,234	39,684	15,011	9,382	-	265,311
Sales, Use and miscellaneous taxes	501,115	112,800	-	-	-	613,915
Fees and fines	431	-	-	-	-	431
Licenses and permits	1,155	6,374	-	-	-	7,529
Intergovernmental	129,280	1,120,676	395,205	310,265	9,302	1,964,728
Charges for services	279,915	1,060	-	138,140	83,557	502,672
Investment earnings	7,046	-	-	2	1,010	8,058
Miscellaneous	70,317	14,418	-	57,284	87,021	229,040
Rent and Contributions	55,703	-	-	-	-	55,703
Total revenues	<u>2,543,743</u>	<u>1,506,265</u>	<u>506,950</u>	<u>575,530</u>	<u>180,890</u>	<u>5,313,378</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,096,653	7,760	-	184,905	23	1,289,341
Public Safety	607,831	-	-	-	70,059	677,890
Streets & Highways	-	1,295,821	-	-	-	1,295,821
Health and Welfare	66,158	-	523,562	-	-	589,720
Culture and recreation	293,010	-	-	-	58,101	351,111
Judicial	81,615	-	-	-	-	81,615
Sanitation	237,763	-	-	-	-	237,763
Economic Development	-	-	-	-	44,761	44,761
Debt Service:						
Principal	-	119,695	-	115,129	-	234,824
Interest and other charges	-	11,443	-	4,249	-	15,692
Capital Outlay	59,980	59,042	-	362,084	11,546	492,652
Total Expenditures	<u>2,443,010</u>	<u>1,493,761</u>	<u>523,562</u>	<u>666,367</u>	<u>184,490</u>	<u>5,311,190</u>
Excess (deficiency) of revenues over expenditures	<u>100,733</u>	<u>12,504</u>	<u>(16,612)</u>	<u>(90,837)</u>	<u>(3,600)</u>	<u>2,188</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Transfers in	-	-	30,000	-	33,500	63,500
Transfers out	(63,500)	-	-	-	-	(63,500)
Total other financing sources and uses	<u>(63,500)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>33,500</u>	<u>-</u>
<b>SPECIAL ITEM</b>						
Proceeds from sale of assets	-	38,850	-	-	-	38,850
Net change in fund balances	37,233	51,354	13,388	(90,837)	29,900	41,038
Fund balances - beginning	1,079,099	462,347	40,032	99,823	405,413	2,086,714
Fund balances - ending	<u>\$ 1,116,332</u>	<u>\$ 513,701</u>	<u>\$ 53,420</u>	<u>\$ 8,986</u>	<u>\$ 435,313</u>	<u>\$ 2,127,752</u>

The accompanying notes to the financial statements  
are an integral part of these statements.

**Phillips County, Colorado**  
**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**For the Year Ended December 31, 2013**

Net change in fund balances - total governmental funds: \$ 41,038

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$492,652 was less than depreciation of \$522,072 in the current period. (29,420)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (22,107)

Governmental funds report capital lease payments as current financial resources. In contrast, the Statement of Activities treats such debt as a liability. Governmental funds report repayment of capital lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which repayments exceeded proceeds. 234,824

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

Change in Compensated Absences 8,564

Adjustment 9

Change in net position of governmental activities \$ 232,908

The notes to the financial statements  
are an integral part of these statements.

**Phillips County, Colorado**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**December 31, 2013**

<b>ASSETS:</b>		<b>TOTAL AGENCY</b>
		<b>FUNDS</b>
Cash and cash equivalents		<u>\$ 1,687,005</u>
Total assets		<u>1,687,005</u>
<b>LIABILITIES:</b>		
Due to other governmental units		<u>1,687,005</u>
Total Liabilities		<u>\$ 1,687,005</u>

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

**Phillips County, Colorado**  
**Notes to Financial Statements**  
**December 31, 2013**

**Note 1            Reporting Entity**

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

All financial transactions of the offices of elected officials of the County are included in the General Fund of the County's financial statements. The Board of County Commissioners has budgetary authority over the elected officials and is accountable for all fiscal matters. County property taxes fund a significant portion of the costs of operating the elected officials' offices. Services provided by the elected officials are of the benefit of Phillips County residents and are conducted within the boundaries of the County.

The basic financial statements present the financial statements of the County (the primary government) and its component units in accordance with Statements of the Governmental Accounting Standards Board, "The Financial Reporting Entity", as amended.

The County has examined other entities and there are no other entities that should be included.

The County is within the 13th Judicial District and participates with other counties in receiving services from the District Attorney. The District Attorney - 13th Judicial District is not a component unit of Phillips County.

**Note 2            Summary of Significant Accounting Policies**

The accounting and reporting policies of the County conform to accounting principles generally accepted in the United States of America (USGAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

## Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements The County government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by the total column. Fiduciary activities of the County are not included in these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customer or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segments and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead of *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements. Major individual funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the County's assets and liabilities, including capital assets, as well as infrastructure assets when capitalized, and long-term liabilities, are included in the accompanying Statement of Net Assets. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within sixty days of the end

of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

General Fund This is the County's primary operating fund. It accounts for all activities of the general government, except those required to be accounted for in another fund.

Road & Bridge Fund This fund accounts for maintenance of all County roads and bridges.

Department of Human Services (Public Welfare) This fund accounts for public welfare costs paid to qualifying clients. The majority of federal funds expended are expenses through this fund.

Capital Expenditure Fund This fund accounts for the majority of capital expenditures not budgeted by the General and Road & Bridge funds.

The County has one Fiduciary Fund which consists of the cash with county treasurer. The fund is not included with any other fund.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated however; those transactions between governmental and business-type activities have not been eliminated.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

The County follows the policy of capitalizing all assets, other than infrastructure, that cost more than \$2,000 with an estimated useful life of more than one year. Infrastructure assets that cost more than the following amounts will be capitalized:

Gravel roads	\$ 500,000
Bridges	\$ 75,000
Other Infrastructure	\$ 250,000

The useful lives of the assets are:

Buildings & Improvements	50-75 years
Furniture & Fixtures	7-10 years
Machinery, Equipment, & Vehicles	5-10 years
Infrastructure	75 years

The County has capitalized infrastructure purchased after July 1, 1980, that have exceeded the above costs.

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities reports separately three categories of program revenues: (a) charges for services, (b) program-specific *operating* grants and contributions, and (c) program-specific *capital* grants and contributions.

*Charges for services* include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use, or directly benefit from the goods, services, or privileges provided. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses, and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients.

*Program-specific grants and contributions (operating and capital)* include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations, or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes- to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government. Multipurpose grants (those that provide financing for more than one

program) are reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multipurpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

### Net Position

Net Position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements of those assets. Net positions are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

### 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 or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expended in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year-end, outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

### Budgets and Budgetary Accounting

Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.



The budget calendar is as follows:

August 25 Assessors must submit abstract of assessments, reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.

Assessors must certify to all taxing entities and the Division of Local Government of the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.

October 15 Statutory deadline for submission of proposed budget to the local governing body. "Notice of Budget" to be published when budget received.

December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County. Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuring fiscal period.

December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to assessor and the Division of Property Taxation.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end.

Supplemental budgets were adopted due to unanticipated revenues and expenditures.

#### Property Taxes

Annual property taxes are levied and assessed on January 1, and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits collections on a monthly basis to the County. County property tax revenues are recognized, as they become current receivables from the County Treasurer. One-half of the property taxes are due by February 28 and one-half due by June 15 or all may be paid by April 30 to avoid penalties and interest.

### Vacation Days and Sick Leave

All full-time County employees are entitled to ten working days of paid vacation per year after one year of full employment. After the tenth year of employment, an additional five days of vacation are allowed per calendar year. Vacation time accrues for one year, and any amounts not used by December 31, of the following year are lost, except amounts approved by the Commissioners to carry to the subsequent year.

Every employee may accrue sick leave at a rate of one day per month of service. Such leave is allowed only to the extent of actual illness or death of an immediate family member. Employees hired after November 1, 2005, with 10 years or more of service may be compensated for a portion of unused sick leave upon leaving the County.

Employees hired prior to November 1, 2005, upon retirement after the age of 62 or upon becoming disabled, shall be compensated based on regular pay for a maximum of ninety days of accrued sick leave.

The accrual amount as of year-end is \$115,892.

### Contraband

Per Colorado Contraband Forfeiture Act (CRS 16-13-501 to 511), proceeds received from the seizure of contraband must be used for the specific purpose of law enforcement activities. These proceeds are exempt from the appropriation process. Phillips County received no material proceeds from contraband during 2013.

### Inventories

Inventory of construction and maintenance supplies and weed control chemicals are reflected in the Road and Bridge Fund and General Fund, respectively, as an asset. Inventory is recorded at cost using the first-in, first-out (FIFO) method.

## **Note 3      Deposits and Investments**

### Deposits

Colorado State Statutes, specifically the Public Deposit Protection Act of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the Federal Reserve System, and

which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado.

#### Custodial Credit Risk

Deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are:

- a. Uncollateralized,
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

As of year-end, the County was not exposed to custodial risk in that all funds held by the county are deposited in various financial institutions that are covered by FDIC insurance or meet the requirements of the Public Deposit Protection Act as amended per Colorado Revised Statutes. The county is not exposed to any other risk as defined by GASB 40.

#### **Note 4      Changes in Fixed Assets**

Capital asset activity for the year ended December 31, 2013 is shown below:

	Beginning Balance	Additions	Deletions	Ending Balances
<b>Governmental Activities:</b>				
Land	\$ 137,203	\$ -	\$ -	\$ 137,203
<b>Total Capital Assets, Not Being Depreciated</b>	<b>137,203</b>	<b>-</b>	<b>-</b>	<b>137,203</b>
<b>Capital Assets Being Depreciated:</b>				
Infrastructure	2,063,724	-	-	2,063,724
Buildings	6,708,813	-	-	6,708,813
Equipment	5,048,869	492,653	(110,544)	5,430,978
Vehicles	1,304,885	-	-	1,304,885
<b>Total Capital Assets Being Depreciated</b>	<b>15,126,291</b>	<b>492,653</b>	<b>(110,544)</b>	<b>15,508,400</b>
<b>Less Accumulated Depreciation</b>	<b>(6,900,044)</b>	<b>(522,072)</b>	<b>88,437</b>	<b>(7,333,679)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>8,226,247</b>	<b>(29,419)</b>	<b>(22,107)</b>	<b>8,174,721</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 8,363,450</b>	<b>\$ (29,419)</b>	<b>\$ (22,107)</b>	<b>\$ 8,311,924</b>

Depreciation expense was charged to functions/programs of the primary government as shown on the following page:

Governmental activities:

General government	\$ 51,829
Public safety	55,257
Public Works	251,255
Sanitation	49,234
Health & Welfare	8,881
Culture & Recreation	<u>105,616</u>
Total depreciation expense-governmental activities	<u>\$ 522,072</u>

**Note 5      Joint Ventures**

The County participates in the County Technical Services, Inc. (CTSI) Insurance Pool. This joint venture does not meet the criteria for inclusion within the reporting entity because the County Health Pool has the following characteristics:

- is financially independent and responsible for its own financial deficits and entitled to its own surpluses,
- is a separate governing board from that of the County, which is comprised of 1 voting member from each participating County/entity.
- the governing board and management have the ability to significantly influence operations by approving budgetary requests and adjustments, signing contracts, hiring personnel, exercising control over facilities and determining the outcome or disposition of matters affecting the recipients of services provided, and
- has absolute authority over all funds and fiscal responsibility including budgetary responsibility and reporting to state agencies and controls fiscal management.

Financial information is available from CTSI.

**Note 6      Pension Plan**

Defined Contribution Plan

The County is participating in a Defined Contribution Pension Plan through Colorado Counties Officials and Employees Retirement Association (CCOERA). The Plan is funded by employee's contributions at 4 percent of gross salary with the County matching another 4 percent. After one year of service participation by County employees is mandatory. The amount paid into CCOERA by the County in 2013 was \$61,819 regarding eligible salaries of \$1,545,475 and total salaries of \$1,903,889.

Mandatory employee contributions in 2013 were \$61,819. The County employees are also covered by social security benefits.

**Note 7       Leases**

The County has various operating leases and maintenance contracts for copiers, faxes, and computer equipment that are entered into during the normal course of business. These costs are charged to expense as incurred based on terms and renewals.

**Note 8       Transfers**

The transfers made during 2013 were from the General Fund to the Economic Development Fund, Ambulance Replacement Fund and Department of Human Services in the amounts of \$25,500, \$8,000, and \$30,000, respectively.

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 reimbursement of a fund for expenditures or expenses 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 expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of Governmental Funds. Transfers of equity to Proprietary Funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

**Note 9       Risk Management**

**County Workers' Compensation Pool**

The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other Counties in the State of Colorado to form the County Workers' Compensations 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 workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

#### Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other Counties in the State of Colorado to form the 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 CAPP 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, 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.

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible. Claims have not exceeded coverages during the past three years.

#### **Note 10      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 entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

On November 7, 1995, the voters of Phillips County approved a ballot initiative allowing the County to retain funds over the limitations imposed by the amendment in 1995 and all subsequent years. It is the opinion of the County that the revenue and spending limitation imposed by the amendment no longer applies to the County.

**Note 11      Reserved and Designated Fund Balances**

With the passage of Amendment One to the Colorado State Constitution, the County has reserved at least 3 percent of its spending limitation for emergencies. For 2013, \$261,253 has been reflected as the emergency reserve.

**Note 12      Landfill**

State and federal laws and regulations require the County to place a final cover on its landfill 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 that the landfill stops accepting waste, the County reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. At December 31, 2013, the County has closed 25.3% of the estimated capacity of the landfill. The County expects the closure and post-closure liability to be \$332,085 to cover the last cell open at the time of closure. The amount is based on what it would cost to perform all closure and post-closure care in 2013. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

The County expects to close the landfill in the year 2061. The County has completed the financial assurance report, however no contributions have been made to a trust to finance closure and post-closure care. As of year-end, the county has not restricted any assets for the payment of the closure and post-closure care costs.

**Note 13      Lease Purchase**

During 2010, the County entered into a lease purchase on a building. The agreement calls for annual payments of \$100,000 which includes principal and interest. There is a stated interest rate of 3.65%. The lease purchase was paid in full in 2013.

During 2011, the County entered into a lease purchase of motor graders. The lease calls for annual payments beginning April 30, 2012, of \$99,045. There is a stated interest rate of 2.85%. The payments are made by the Road & Bridge Fund.

Due Date	Interest	Principal
April 30, 2014	\$ 5,413	\$ 93,632
April 30, 2015	2,745	96,300
	<u>\$ 8,158</u>	<u>\$ 189,932</u>

During 2012, the County entered into a lease purchase of \$182,000. The lease calls for a down payment and annual payments beginning February 2013 of \$32,093. There is a stated interest rate of 2.29%. The payments are made from the Road & Bridge Fund.

Due Date	Interest	Principal
February 21, 2014	\$ 2,779	\$ 29,314
February 21, 2015	2,107	29,986
February 21, 2016	1,421	30,672
February 21, 2017	723	30,736
	<u>\$ 7,030</u>	<u>\$ 120,708</u>

Changes in long term debt:

	Beginning Balance	Additions	Deletions	Ending Balances	Current Portion
Building Lease	\$ 114,492	\$ -	\$ (114,492)	\$ -	\$ -
Equipment Lease	280,969	-	(91,037)	189,932	93,632
Equipment Lease	150,000	-	(29,292)	120,708	29,314
Compensated Absences	124,456	-	(8,564)	115,892	-
	<u>\$ 669,917</u>	<u>\$ -</u>	<u>\$ (243,385)</u>	<u>\$ 426,532</u>	<u>\$ 122,946</u>

#### Note 14 Fund Balance

Beginning in 2011 the County implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." In the fund financial statements the following classifications describe the relative strength of spending constraints.

- *Non-spendable balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) 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 purposes according to the limitations imposed by the County's highest level of decision making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.



- *Assigned fund balance* – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the County 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 that 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.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

#### **Note 15      Schedule of EBT Authorizations**

Refer to the following page for EBT authorizations during 2013.

**Note 15**

**Phillips County Department of Social Services**

**Human Services Fund**

**Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures  
For the Year Ended December 31, 2013**

<b>Program</b>	<b>County EBT Authorizations</b>	<b>County Share of Authorizations</b>	<b>Expenditures By County Warrant</b>	<b>County EBT Authorizations and Expenditures by County Warrant</b>	<b>Total Expenditures</b>
Regular County Administration	\$ -	\$ -	\$ 145,738	\$ 145,738	\$ 145,738
HCA EBT	3,384	169	-	3,384	169
LEAP EBT Admin.	63,272	-	4,386	67,658	4,386
AND EBT	2,206	441	-	2,206	441
Child Support - Admin	-	-	44,669	44,669	44,669
Colo Works - Administration	-	-	40,606	40,606	40,606
Colo Works - EBT	62,839	8,069	-	62,839	8,069
General Assistance	-	-	2,460	2,460	2,460
Adult Protective Serv - Administration	-	-	6,932	6,932	6,932
Old Age Pension - EBT & Admin	130,213	-	2,212	132,425	2,212
Child Care - Admin	-	-	21,177	21,177	21,177
Child Care - EBT	24,052	5,032	-	24,052	5,032
Child Welfare - 100% Admin	-	-	20,095	20,095	20,095
Child Welfare - 80% Admin	-	-	152,089	152,089	152,089
Child Welfare - Rel Child Care Admin	-	-	696	696	696
Child Welfare - Res Mental Health	13,791	2,758	-	13,791	2,758
Child Welfare - Sub Adopt	12,165	2,433	-	12,165	2,433
Child Welfare - Case Services	2,678	536	-	2,678	536
Child Welfare - OOH	107,164	21,683	-	107,164	21,683
Child Welfare - Rel Child Care EBT	7,494	1,499	-	7,494	1,499
Child Welfare - Transfer	-	-	1,721	1,721	1,721
Core Services - Admin	5,220	-	29,413	34,633	29,413
County Only	-	-	1,060	1,060	1,060
County Only Pass Thru	-	-	3,951	3,951	3,951
<b>Sub-Total</b>	<b>434,478</b>	<b>42,620</b>	<b>477,205</b>	<b>911,683</b>	<b>519,825</b>
Food Assistance	572,466	-	(645)	571,821	(645)
<b>Grand Total</b>	<b>\$ 1,006,944</b>	<b>\$ 42,620</b>	<b>\$ 476,560</b>	<b>\$ 1,483,504</b>	<b>\$ 519,180</b>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**General**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 1,294,435	\$ 1,294,435	\$ 1,297,547	\$ 3,112
SO Tax	160,000	160,000	201,234	41,234
Sales and miscellaneous taxes	340,000	340,000	501,115	161,115
Fees and fines	1,500	1,500	431	(1,069)
Licenses and permits	1,075	1,075	1,155	80
Intergovernmental	92,493	92,493	129,280	36,787
Charges for services	184,400	184,400	279,915	95,515
Investment earnings	13,500	13,500	7,046	(6,454)
Rent	43,000	43,000	55,703	12,703
Miscellaneous	41,200	41,200	70,317	29,117
Total revenues	<u>2,171,603</u>	<u>2,171,603</u>	<u>2,543,743</u>	<u>372,140</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,184,741	1,184,741	1,096,654	88,087
Public Safety	725,842	726,793	607,831	118,962
Health and sanitation	379,825	379,825	303,920	75,905
Culture and recreation	290,214	310,326	293,010	17,316
Judicial	81,615	81,615	81,615	-
Capital Outlay	123,500	125,695	59,980	65,715
Total Expenditures	<u>2,785,737</u>	<u>2,808,995</u>	<u>2,443,010</u>	<u>365,985</u>
Excess (deficiency) of revenues over expenditures	<u>(614,134)</u>	<u>(637,392)</u>	<u>100,733</u>	<u>738,125</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	<u>(33,500)</u>	<u>(33,500)</u>	<u>(63,500)</u>	<u>(30,000)</u>
Total other financing sources and uses	<u>(33,500)</u>	<u>(33,500)</u>	<u>(63,500)</u>	<u>(30,000)</u>
Net change in fund balances	(647,634)	(670,892)	37,233	708,125
Fund balances - beginning	1,107,266	1,107,266	1,079,099	(28,167)
Fund balances - ending	<u>\$ 459,632</u>	<u>\$ 436,374</u>	<u>\$ 1,116,332</u>	<u>\$ 679,958</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Road & Bridge**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 255,128	\$ 255,128	\$ 211,253	\$ (43,875)
SO Taxes	28,200	28,200	39,684	11,484
Sales and miscellaneous taxes	111,000	111,000	112,800	1,800
Licenses and permits	-	-	6,374	6,374
Intergovernmental	1,114,269	1,114,269	1,120,676	6,407
Charges for services	-	-	1,060	1,060
Miscellaneous	-	-	14,418	14,418
Total revenues	<u>1,508,597</u>	<u>1,508,597</u>	<u>1,506,265</u>	<u>(2,332)</u>
<b>EXPENDITURES</b>				
Current:				
General government	9,000	9,000	7,760	1,240
Highways and roads	1,517,504	1,517,504	1,295,821	221,683
Debt Service:				
Principal	119,696	119,696	119,695	1
Interest and other charges	11,439	11,439	11,443	(4)
Capital Outlay	<u>271,354</u>	<u>271,354</u>	<u>59,042</u>	<u>212,312</u>
Total Expenditures	<u>1,928,993</u>	<u>1,928,993</u>	<u>1,493,761</u>	<u>435,232</u>
Excess (deficiency) of revenues over expenditures	<u>(420,396)</u>	<u>(420,396)</u>	<u>12,504</u>	<u>432,900</u>
Net change in fund balances	(420,396)	(420,396)	51,354	471,750
Fund balances - beginning	443,057	443,057	462,347	19,290
Fund balances - ending	<u>\$ 22,661</u>	<u>\$ 22,661</u>	<u>\$ 513,701</u>	<u>\$ 491,040</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Human Services**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 87,197	\$ 87,197	\$ 96,734	\$ 9,537
SO Taxes	12,000	12,000	15,011	3,011
Intergovernmental	615,959	615,959	395,205	(220,754)
Total revenues	715,156	715,156	506,950	(208,206)
<b>EXPENDITURES</b>				
Current:				
Health and human services	765,077	765,077	523,562	241,515
Total Expenditures	765,077	765,077	523,562	241,515
Excess (deficiency) of revenues over expenditures	(49,921)	(49,921)	(16,612)	33,309
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	30,000	-
Total other financing sources and uses	30,000	30,000	30,000	-
Net change in fund balances	(19,921)	(19,921)	13,388	33,309
Fund balances - beginning	48,973	48,973	40,032	(8,941)
Fund balances - ending	\$ 29,052	\$ 29,052	\$ 53,420	\$ 24,368

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Capital Expenditures**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Property Taxes	\$ 60,314	\$ 60,314	\$ 60,457	\$ 143
SO Taxes	6,500	6,500	9,382	2,882
Intergovernmental	2,208,984	2,208,984	310,265	(1,898,719)
Charges for services	107,000	107,000	138,140	31,140
Miscellaneous	15,000	15,000	57,286	42,286
Total revenues	<u>2,397,798</u>	<u>2,397,798</u>	<u>575,530</u>	<u>(1,822,268)</u>
<b>EXPENDITURES</b>				
Current:				
General government	2,002,197	2,002,197	184,905	1,817,292
Debt Service:				
Principal	89,216	89,216	115,129	(25,913)
Interest and other charges	10,784	10,784	4,249	6,535
Capital Outlay	<u>295,617</u>	<u>295,617</u>	<u>362,084</u>	<u>(66,467)</u>
Total Expenditures	<u>2,397,814</u>	<u>2,397,814</u>	<u>666,367</u>	<u>1,731,447</u>
Excess (deficiency) of revenues over expenditures	<u>(16)</u>	<u>(16)</u>	<u>(90,837)</u>	<u>(90,821)</u>
Net change in fund balances	(16)	(16)	(90,837)	(90,821)
Fund balances - beginning	120,417	120,417	99,823	(20,594)
Fund balances - ending	<u>\$ 120,401</u>	<u>\$ 120,401</u>	<u>\$ 8,986</u>	<u>\$ (111,415)</u>

Phillips County, Colorado  
Balance Sheet  
Other Governmental Funds  
December 31, 2013

	Ambulance Replacement	Conservation Trust	Contingent	E911	Fair	Jr. Livestock Sale	Economic Development	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 61,418	\$ 27,639	\$ 166,296	\$ 156,964	\$ 10,939	\$ 5,153	\$ 3,543	\$ 431,952
Other receivables	-	-	-	4,371	-	-	-	4,371
Total assets	<u>61,418</u>	<u>27,639</u>	<u>166,296</u>	<u>161,335</u>	<u>10,939</u>	<u>5,153</u>	<u>3,543</u>	<u>436,323</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>								
Accounts payable	-	-	-	1,010	-	-	-	1,010
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,010</u>

**Fund balances:**

Restricted for:								
TABOR	-	-	148,689	-	-	-	-	148,689
Unassigned	61,418	27,639	17,607	160,325	10,939	5,153	3,543	286,624
Total fund balances	<u>61,418</u>	<u>27,639</u>	<u>166,296</u>	<u>160,325</u>	<u>10,939</u>	<u>5,153</u>	<u>3,543</u>	<u>435,313</u>
Total liabilities and fund balances	<u>\$ 61,418</u>	<u>\$ 27,639</u>	<u>\$ 166,296</u>	<u>\$ 161,335</u>	<u>\$ 10,939</u>	<u>\$ 5,153</u>	<u>\$ 3,543</u>	<u>\$ 436,323</u>

**Phillips County, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2013**

	Ambulance Replacement	Conservation Trust	Contingent	E911	Fair	Jr. Livestock Sale	Economic Development	Total-Other Governmental Funds
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 9,302	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,302
Charges for services	-	-	-	83,557	-	-	-	83,557
Investment earnings	137	25	830	-	-	18	-	1,010
Miscellaneous	8,000	-	-	-	64,739	-	14,282	87,021
Total revenues	<u>8,137</u>	<u>9,327</u>	<u>830</u>	<u>83,557</u>	<u>64,739</u>	<u>18</u>	<u>14,282</u>	<u>180,890</u>
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	23	23
Public Safety	-	-	-	70,059	-	-	-	70,059
Culture and recreation	-	232	-	-	57,869	-	-	58,101
Economic Development	-	-	-	-	-	-	44,761	44,761
Capital Outlay	-	-	-	11,546	-	-	-	11,546
Total Expenditures	<u>-</u>	<u>232</u>	<u>-</u>	<u>81,605</u>	<u>57,869</u>	<u>-</u>	<u>44,784</u>	<u>184,490</u>
Excess (deficiency) of revenues over expenditures	<u>8,137</u>	<u>9,095</u>	<u>830</u>	<u>1,952</u>	<u>6,870</u>	<u>18</u>	<u>(30,502)</u>	<u>(3,600)</u>
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	8,000	-	-	-	-	-	25,500	33,500
Total other financing sources and uses	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,500</u>	<u>33,500</u>
Net change in fund balances	16,137	9,095	830	1,952	6,870	18	(5,002)	29,900
Fund balances - beginning	45,281	18,544	165,466	158,373	4,069	5,135	8,545	405,413
Fund balances - ending	<u>\$ 61,418</u>	<u>\$ 27,639</u>	<u>\$ 166,296</u>	<u>\$ 160,325</u>	<u>\$ 10,939</u>	<u>\$ 5,153</u>	<u>\$ 3,543</u>	<u>\$ 435,313</u>



**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Ambulance Replacement**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 75	\$ 75	\$ 137	62
Miscellaneous	8,000	8,000	8,000	-
Total revenues	8,075	8,075	8,137	62
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	61,354	61,354	-	61,354
Total Expenditures	61,354	61,354	-	61,354
Excess (deficiency) of revenues over expenditures	(53,279)	(53,279)	8,137	61,416
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	8,000	8,000	8,000	-
Total other financing sources and uses	8,000	8,000	8,000	-
Net change in fund balances	(45,279)	(45,279)	16,137	61,416
Fund balances - beginning	45,279	45,279	45,281	2
Fund balances - ending	\$ -	\$ -	\$ 61,418	\$ 61,418

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Conservation Trust**  
**For the year ended December 31, 2013**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>REVENUES</b>				
Intergovernmental	\$ 11,500	\$ 11,500	\$ 9,302	\$ (2,198)
Investment earnings	50	50	25	(25)
Total revenues	<u>11,550</u>	<u>11,550</u>	<u>9,327</u>	<u>(2,223)</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	28,164	28,164	232	27,932
Total Expenditures	<u>28,164</u>	<u>28,164</u>	<u>232</u>	<u>27,932</u>
Excess (deficiency) of revenues over expenditures	<u>(16,614)</u>	<u>(16,614)</u>	<u>9,095</u>	<u>25,709</u>
Net change in fund balances	(16,614)	(16,614)	9,095	25,709
Fund balances - beginning	16,614	16,614	18,544	1,930
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,639</u>	<u>\$ 27,639</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Contingent**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 1,400	\$ 1,400	\$ 830	\$ (570)
Total revenues	1,400	1,400	830	(570)
<b>EXPENDITURES</b>				
Contingency	166,847	166,847	-	166,847
Total Expenditures	166,847	166,847	-	166,847
Excess (deficiency) of revenues over expenditures	(165,447)	(165,447)	830	166,277
Net change in fund balances	(165,447)	(165,447)	830	166,277
Fund balances - beginning	165,447	165,447	165,466	19
Fund balances - ending	\$ -	\$ -	\$ 166,296	\$ 166,296

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**E911**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 73,900	\$ 73,900	\$ 83,557	\$ 9,657
Total revenues	<u>73,900</u>	<u>73,900</u>	<u>83,557</u>	<u>9,657</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	83,100	83,100	70,059	13,041
Capital Outlay	<u>40,000</u>	<u>40,000</u>	<u>11,546</u>	<u>28,454</u>
Total Expenditures	<u>123,100</u>	<u>123,100</u>	<u>81,605</u>	<u>41,495</u>
Excess (deficiency) of revenues over expenditures	<u>(49,200)</u>	<u>(49,200)</u>	<u>1,952</u>	<u>51,152</u>
Net change in fund balances	(49,200)	(49,200)	1,952	51,152
Fund balances - beginning	<u>130,800</u>	<u>130,800</u>	<u>158,373</u>	<u>27,573</u>
Fund balances - ending	<u>\$ 81,600</u>	<u>\$ 81,600</u>	<u>\$ 160,325</u>	<u>\$ 78,725</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Fair**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charges for services	\$ 1,500	\$ 1,500	\$ -	\$ (1,500)
Miscellaneous	60,900	60,900	64,739	3,839
Total revenues	62,400	62,400	64,739	2,339
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	54,150	54,150	57,869	(3,719)
Total Expenditures	54,150	54,150	57,869	(3,719)
Excess (deficiency) of revenues over expenditures	8,250	8,250	6,870	(1,380)
Net change in fund balances	8,250	8,250	6,870	(1,380)
Fund balances - beginning	10,503	10,503	4,069	(6,434)
Fund balances - ending	<u>\$ 18,753</u>	<u>\$ 18,753</u>	<u>\$ 10,939</u>	<u>\$ (7,814)</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Jr. Livestock Sale**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Investment earnings	\$ 45	\$ 45	\$ 18	\$ (27)
Total revenues	45	45	18	(27)
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	5,189	5,189	-	5,189
Total Expenditures	5,189	5,189	-	5,189
Excess (deficiency) of revenues over expenditures	(5,144)	(5,144)	18	5,162
Net change in fund balances	(5,144)	(5,144)	18	5,162
Fund balances - beginning	5,144	5,144	5,135	9
Fund balances - ending	\$ -	\$ -	\$ 5,153	\$ 5,171

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Economic Development**  
**For the year ended December 31, 2013**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Miscellaneous	\$ 37,278	\$ 37,278	\$ 14,282	\$ (22,996)
Total revenues	<u>37,278</u>	<u>37,278</u>	<u>14,282</u>	<u>(22,996)</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	62,778	62,778	44,761	18,017
Public Safety	-	-	23	(23)
Total Expenditures	<u>62,778</u>	<u>62,778</u>	<u>44,784</u>	<u>17,994</u>
Excess (deficiency) of revenues over expenditures	<u>(25,500)</u>	<u>(25,500)</u>	<u>(30,502)</u>	<u>(5,002)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	25,500	25,500	25,500	-
Total other financing sources and uses	<u>25,500</u>	<u>25,500</u>	<u>25,500</u>	<u>-</u>
Net change in fund balances	-	-	(5,002)	5,002
Fund balances - beginning	8,580	8,580	8,545	(35)
Fund balances - ending	<u>\$ 8,580</u>	<u>\$ 8,580</u>	<u>\$ 3,543</u>	<u>\$ 4,967</u>

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Phillips County, Colorado	
		YEAR ENDING : Dec-13	
This Information From The Records Of Phillips County, Colorado:		Prepared By: Randy Schafer Phone: 970-854-3778	

  

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)	59,042
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,295,821
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	0
2. General fund appropriations		b. Snow and ice removal	0
3. Other local imposts (from page 2)	357,311	c. Other	
4. Miscellaneous local receipts (from page 2)	54,319	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	7,760
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,362,623
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	411,630	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	1,133,476	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	9	a. Interest	11,443
<b>E. Total receipts (A.7 + B + C + D)</b>	1,545,115	b. Redemption	119,695
		c. Total (a. + b.)	131,138
		3. Total (1.c + 2.c)	131,138
		<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>	1,493,761

  

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)				
	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	0	0		0

  

V. LOCAL ROAD AND STREET FUND BALANCE					
	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	462,347	1,545,115	1,493,761	513,701	0
Notes and Comments:					



# LOCAL HIGHWAY FINANCE REPORT

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
Dec-13

## 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	211,253	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	100,000	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	43,382
4. Licenses	6,374	f. Charges for Services	1,060
5. Specific Ownership &/or Other	39,684	g. Other Misc. Receipts	9,877
6. Total (1. through 5.)	146,058	h. Other	0
c. Total (a. + b.)	357,311	i. Total (a. through h.)	54,319
(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	1,120,676	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	12,800	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	9
f. Total (a. through e.)	12,800	g. Total (a. through f.)	9
4. Total (1. + 2. + 3.f)	1,133,476	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		59,042	59,042
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	59,042	59,042
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	59,042	59,042
			(Carry forward to page 1)

Notes and Comments:

**Phillips County, Colorado**  
**Schedule of Due From/ Due to the State of Colorado**  
**Human Services Fund**  
**December 31, 2013**

	<u>Due From</u>	<u>Due To</u>
County Administration- State	\$ 7,183	\$ -
County Administration- HCPF	501	-
Child Support	2,918	-
Child Care	951	-
Child Welfare- State	12,872	-
Child Welfare - State Grant	344	-
Child Welfare- HCPF	2	-
Colorado Works	1,986	-
LEAP	789	-
AND	-	35
APS	849	-
HCA	-	14
OAP	179	-
TANF	78	-
State Incentives	360	-
CORE- State	1,697	-
CORE- HCPF	-	1
	<u>\$ 30,709</u>	<u>\$ 50</u>
Due From (Net)	<u>\$ 30,659</u>	

**Phillips County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2013**

**Section I: Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Are any material weaknesses identified?	xx_ No
Are any significant deficiencies identified not considered to be material weaknesses?	xx_ None Reported
Is any noncompliance material to financial statements noted?	xx_ No

***Federal Awards***

Type of auditor's report issued on compliance for major programs: The auditor's report on compliance with requirements applicable to major federal award programs expressed an unqualified opinion.

Internal control over major program compliance:

Are any material weaknesses identified?	xx_ No
Are any significant deficiencies identified not considered to be material weaknesses?	xx_ None Reported
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, <i>Audits of State, Local Governments, and Non-Profit Organizations</i> , Section .510(a)?	xx_ No

Identification of major programs:

CFDA Number(s) and Name of Federal Program or Cluster

16.575	Division of Criminal Justice
81.087	Department of Energy

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ 300,000
Is the auditee qualified as a low-risk auditee?	xx_ Yes

**Section II: Financial Statement Findings**

There were not any material weaknesses, fraud or illegal acts, or violations of provisions of contracts or grants agreements or abuse that could have a material effect on the financial statements.

**Section III: Federal Awards Findings**

There are not any findings that are required to be reported.

**Phillips County, Colorado**  
**Schedule of Expenditures of Federal Awards**  
**For Year Ended December 31, 2013**

<b>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>AGENCY OR PASS-THROUGH NUMBER</b>	<b>FEDERAL DISBURSEMENTS/ EXPENDITURES</b>
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>			
TANF - Colo Works	93.558	Dept. of Human Services	\$ 90,315
Child Support Enforcement	93.563	Dept. of Human Services	39,298
LEAP	93.568	Dept. of Human Services	63,639
CCDF	93.596	Dept. of Human Services	23,300
Title IV-B Child Care	93.645	Dept. of Human Services	5,758
Title IV-E - Foster Care	93.658	Dept. of Human Services	48,868
Adoption IV - E	93.659	Dept. of Human Services	1,956
CCDF Discretion	93.575	Dept. of Human Services	1,784
Title XX Block Grant	93.667	Dept. of Human Services	26,952
Title XIX Medicaid	93.778	Dept. of Human Services	33,628
Subtotal Department of Health & Human Services			<u>335,498</u>
<b>DEPARTMENT OF JUSTICE</b>			
Crime Victim Assistance	16.575	Div. Of Criminal Justice	49,266 *
Subtotal Department of Justice			<u>49,266</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
TEFAP Commodities	10.569	Dept. of Human Services	5,592
Food Stamp Administration	10.561	Dept. of Human Services	45,534
TEFAP Administration	10.568	Dept. of Human Services	92
Subtotal Department of Agriculture			<u>51,218</u>
<b>DEPARTMENT OF ENERGY</b>			
Dept. of Energy	81.087	Dept. of Energy	172,733 *
Subtotal Department of Energy			<u>172,733</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Colorado Dept. of Transportation	20.205	Colo. Dept. of Transportation	112,612
Subtotal Department of Transportation			<u>112,612</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 721,327</u>

\* Major Programs

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

**NOTE 1: BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Phillips County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**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**

*Independent Auditor's Report*

The Governing Body  
Phillips County, Colorado

We have audited, 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, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Phillips County, Colorado as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Phillips County, Colorado's basic financial statements, and have issued our report thereon dated July 23, 2014.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Phillips County, Colorado'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 Phillips County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of Phillips County, Colorado'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 a 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 over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

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

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

#### **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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*rfarmer, llc*

July 23, 2014

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

*Independent Auditor's Report*

The Governing Body  
Phillips County, Colorado

***Compliance***

We have audited the compliance of Phillips County, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. Phillips County, Colorado'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***

Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the entity's management.

***Auditor's Responsibility***

Our responsibility is to express an opinion on Phillips County, Colorado's compliance with the applicable compliance requirements based on our compliance audit.

We conducted our compliance audit 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and Circular A-133 require that we plan and perform the compliance 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. A compliance audit includes examining, on a test basis, evidence about Phillips County, Colorado's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our compliance audit provides a reasonable basis for our opinion. Our compliance audit does not provide a legal determination on Phillips County, Colorado's compliance with those requirements.

***Opinion on Major Programs***

In our opinion, Phillips County, Colorado complied, in all material respects, with the 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, 2013.

### ***Internal Control over Compliance***

The management of Phillips County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered Phillips County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with 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 Phillips County, Colorado'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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, Material weaknesses may exist that have not been identified.

### ***Restricted Use***

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

*rfarmer, llc*

July 23, 2014