

**Phillips County, Colorado**  
**Financial Statements**  
**December 31, 2014**

**Phillips County, Colorado  
Annual Financial Report  
December 31, 2014**

Table of Contents

Financial Section

	Page
Report of Independent Certified Public Accountant	1
Management's Discussion and Analysis (RSI)	iii
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	3
Statement of Activities	4
Governmental Fund Financial Statements:	
Balance Sheet	5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	6
Statement of Revenues, Expenditures, and Changes in Fund Balances	7
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	8
Fiduciary Fund Financial Statements:	
Statement of Net Assets	9
Notes to the Financial Statements	10
Required Supplementary Information Other Than MD&A:	
Schedules of Revenues, Expenditures and Changes in Fund Balance-Actual and Budget	
Major Funds:	
General Fund	25
Road & Bridge	26
Human Services	27
Capital Expenditures	28
Supplementary Information:	
Combining Statements of Non-major Governmental Funds:	
Combining Balance Sheet	29
Combining Statements of Revenues, Expenditures and Changes in Fund Balances	30

**Phillips County, Colorado  
Annual Financial Report  
December 31, 2014**

Table of Contents  
(Continued)

	Page
Schedules of Revenues, Expenditures and Changes in Fund Balance- Actual and Budget	
Non-Major Governmental Funds:	
Special Revenue Funds:	
Ambulance Replacement	31
Conservation Trust	32
Contingent	33
E-911	34
Fair	35
Jr. Livestock Sale	36
Economic Development	37
Local Highway Finance Report	38
Schedule of Due From/To the State of Colorado-Human Services Fund	40
Single Audit	
Schedule of Findings and Questioned Costs	41
Schedule of Expenditures of Federal Awards	42
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	43
Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with Circular A-133	45

***rfarmer, llc***  
***a certified public accounting and consulting firm***

---

*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, 2014, 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***

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

***Auditor's Responsibility***

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

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

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

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of Phillips County, Colorado, as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

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

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages iii-v and 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 sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Phillips County, Colorado's basic financial statements. The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated July 24, 2015 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Phillips County, Colorado's internal control over financial reporting and compliance.

*rfarmer, llc*

July 24, 2015

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

December 31, 2014

As management of Phillips County, Colorado (the "County"), we offer readers of the county's financial statements a brief overview and analysis of some key financial factors of the County for the fiscal year ended December 31, 2014.

### **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.

### **Key Financial Factors**

Healthy annual end-of-year fund balances and stable or increased assessed values are key components of the county's financial health.

### **Fund Balance Review:**

#### **Fund Balances**

	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
General	\$1,168,334	\$1,184,798	\$1,079,099	\$1,116,332	\$1,059,119
Road & Bridge	\$555,804	\$545,760	\$462,346	\$513,701	\$526,840
Human Services	\$71,619	\$50,859	\$40,032,	\$53,420	\$82,792
Capital Expenditures	\$74,566	\$208,659	\$99823	\$8,986	\$221,882
Other	\$360,549	\$397,401	\$405,413	\$435,313	\$382354
	<b>\$2,230,872</b>	<b>\$2,387,477</b>	<b>\$2,086,713</b>	<b>\$2,127,752</b>	<b>\$2,272,987</b>

The fund balance comparison shows an increase overall. The current funds of most concern are Human 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 ability to purchase new equipment. The Capital Expenditure Fund has rebounded primarily because of grant payments covering previous expenditures.

**Assessed Value of the County**

2010	2011	2012	2013	2014
\$52,397,200	\$56,488,770	\$73,632,698	\$73,632,698	\$77,496,957

In five years the county's assessed value has increased \$25,099,757, a 47.9 % increase. The substantial increase reflects positive overall growth in the county. The county's economy is primarily dependent on agriculture. Agriculture values have increased substantially because of high commodity prices in past years. Management must recognize that when those high commodity prices fall out of the assessment formula, the county will experience declines in assessed value.

Most assessment classifications remained fairly stable. The major increases have been in agricultural land and increases in natural gas production.

**Next Year's Budget and Rates:** The County's General Fund balance at the end of fiscal year 2014 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 34.3% of the 2014 budgeted expenditures.

**Capital Assets and Debt Administration:**

The County's major purchases for capital assets in 2014 were:

2014 CIH 4x4 Scout (With Trade)	Maintenance	\$ 2,250
1991 Ford 4x4	Maintenance	2,500
2014 Ford Explorer	Sheriff	21,905
Ecoflex Scrubber	Event Center	9,753
Ticket Booth	Fairgrounds	4,486
Parking Lot Lighting	Fairgrounds	27,758
Kid's Climbing Boulder	Fairgrounds	18,535
2015 John Deere 7726 Motor Grader (with trade)	Road & Bridge	20,000
2014 Diamond Flatbed Trailer	Road & Bridge	5,125
Aggregate Blending Trailer	Road & Bridge	83,904
2001 IHC 4700 Truck	Road & Bridge	20,895
Walk n' Roll Packer	Road & Bridge	20,240
Walk n' Roll Packer	Road & Bridge	20,240
1974 Fruehauf Water Trailer	Road & Bridge	10,500
2014 GMS ½ Ton Pickup	Road & Bridge	32,626
Load King Bottom Dump Trailer	Road & Bridge	43,743
911 Hardware	Road & Bridge	44,860
<b>Total</b>		<b><u>\$389,320</u></b>

The County has two (2) lease-purchase agreements in 2014 as referenced in Note 13 of the Audit Information.

**Request for information:** This brief financial overview is designed to highlight key components of the County's finances for all those with an interest. Questions concerning any of the information provided in this overview 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, 2014**

	<b>Governmental Activities</b>	<b>Total</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,174,591	\$ 2,174,591
Receivables	2,318,798	2,318,798
Due from other governmental agencies	42,703	42,703
Inventories	137,233	137,233
Capital assets		
Land	137,203	137,203
Infrastructure	2,063,724	2,063,724
Buildings	6,708,813	6,708,813
Equipment and furniture	5,391,416	5,391,416
Vehicles	1,298,552	1,298,552
Less: accumulated depreciation	(7,553,272)	(7,553,272)
Total Capital Assets	<u>8,046,436</u>	<u>8,046,436</u>
Total Assets	<u>12,719,761</u>	<u>12,719,761</u>
<b>LIABILITIES</b>		
Accounts payable and accrued expenses	193,409	193,409
Due to other governmental agencies	15,317	15,317
Long-term liabilities		
Due within one year		
Capital leases	126,286	126,286
Due in more than one year		
Capital leases	61,408	61,408
Compensated absences	189,863	189,863
Total Liabilities	<u>586,283</u>	<u>586,283</u>
<b>DEFERRED CASH IN-FLOW OF RESOURCES</b>		
Deferred revenues-property taxes	<u>2,191,614</u>	<u>2,191,614</u>
<b>NET POSITION</b>		
Net investment in capital assets	7,858,742	7,858,742
Restricted for:		
TABOR and enabling legislation	163,777	163,777
Unrestricted	1,919,345	1,919,345
Total Net Position	<u>\$ 9,941,864</u>	<u>\$ 9,941,864</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, 2014

Functions/Programs Primary government	Net (Expense) Revenue and Changes in Net Position		
	Expenses	Program Revenue Charges for Services	Primary Government Governmental Activities
Governmental Activities			
General Government	\$ 1,856,980	\$ 419,297	\$ (1,091,381)
Public Safety	787,395	123,461	(558,650)
Highways and Streets	1,661,567	1,175,554	(473,816)
Health & Welfare	662,615	(1,185)	(195,110)
Culture and Recreation	646,657	468,690	(469,546)
Sanitation	283,801	11,413	(120,713)
Interest on Long-term debt	8,191	-	(8,191)
Economic Development	25,500	-	(25,500)
Judicial	85,155	-	(85,155)
Total governmental activities	6,017,861	2,198,415	(3,028,062)
Total primary government	6,017,861	2,198,415	(3,028,062)
<b>General revenues:</b>			
Taxes:			
Property taxes, levied for general purposes			\$ 2,024,788
Sales & use taxes			584,879
Specific Ownership taxes			266,916
Unrestricted investment earnings			6,576
Miscellaneous			205,812
Special item - gain (loss) on sale of assets			(274,348)
Special item - undepreciated basis of assets traded			142,158
Total general revenues, special items, and transfers			2,956,781
Change in net position			(71,281)
Net position - beginning			10,013,145
Net position - ending			\$ 9,941,864

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

Phillips County, Colorado  
Balance Sheet  
Governmental Funds  
December 31, 2014

	General	Road & Bridge	Human Services	Capital Expenditures	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>						
Cash and cash equivalents	\$ 1,085,704	\$ 399,759	\$ 46,405	\$ 232,766	\$ 409,958	\$ 2,174,592
Taxes receivable, net	1,662,310	327,812	123,995	77,497	-	2,191,614
Due from State	-	-	42,703	-	-	42,703
Other receivables	53,588	48,455	9,001	7,841	8,299	127,184
Inventories	8,754	128,479	-	-	-	137,233
Total assets	<u>2,810,356</u>	<u>904,505</u>	<u>222,104</u>	<u>318,104</u>	<u>418,257</u>	<u>4,673,326</u>

**LIABILITIES AND FUND BALANCES**

Liabilities:

Accounts payable	88,935	49,853	-	18,725	35,903	193,416
Payable to other governments	-	-	15,317	-	-	15,317
Other payables	(8)	-	-	-	-	(8)
Total liabilities	<u>88,927</u>	<u>49,853</u>	<u>15,317</u>	<u>18,725</u>	<u>35,903</u>	<u>208,725</u>

Deferred Cash In-flow of Resources:

Deferred revenue-property taxes	<u>1,662,310</u>	<u>327,812</u>	<u>123,995</u>	<u>77,497</u>	<u>-</u>	<u>2,191,614</u>
---------------------------------	------------------	----------------	----------------	---------------	----------	------------------

Fund balances:

Restricted for:

TABOR and enabling legislation	-	-	2,651	-	161,126	163,777
Committed-Inventry	8,754	128,479	-	-	-	137,233
Unassigned	1,050,365	-	-	-	-	1,050,365

Assigned, reported in:

Special revenue funds	-	398,361	80,141	221,882	221,228	921,612
Total fund balances	<u>1,059,119</u>	<u>526,840</u>	<u>82,792</u>	<u>221,882</u>	<u>382,354</u>	<u>2,272,987</u>
Total liabilities and fund balances	<u>\$ 2,810,356</u>	<u>\$ 904,505</u>	<u>\$ 222,104</u>	<u>\$ 318,104</u>	<u>\$ 418,257</u>	<u>\$ 4,673,326</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, 2014**

Total fund balance, governmental funds	\$ 2,272,987
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.	8,046,434
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.	(377,558)
Rounding	<u>1</u>
Net Assets of Governmental Activities in the Statement of Net Position	<u><u>\$ 9,941,864</u></u>

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, 2014**

	<u>General</u>	<u>Road &amp; Bridge</u>	<u>Human Services</u>	<u>Capital Expenditures</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 1,572,176	\$ 262,157	\$ 117,205	\$ 73,250	\$ -	\$ 2,024,788
SO Tax	202,452	39,924	15,101	9,438	-	266,915
Sales, Use and miscellaneous taxes	258,318	339,927	-	-	-	598,245
Fees and fines	2,065	-	-	-	-	2,065
Licenses and permits	1,295	1,927	-	-	-	3,222
Intergovernmental	93,084	1,162,188	460,799	472,722	11,413	2,200,206
Charges for services	298,641	9,985	-	151,815	235,930	696,371
Investment earnings	5,662	-	-	-	913	6,566
Miscellaneous	76,075	6,544	-	35,962	122,252	240,833
Rent received	59,142	-	-	-	-	59,142
Total revenues	<u>2,568,910</u>	<u>1,822,652</u>	<u>593,105</u>	<u>743,187</u>	<u>370,508</u>	<u>6,098,353</u>
<b>EXPENDITURES</b>						
Current:						
General government	1,217,585	10,957	-	482,389	262	1,711,193
Public safety	596,736	-	-	1,611	128,216	726,563
Streets & Highways	-	1,413,147	-	-	-	1,413,147
Health and Welfare	61,530	-	583,734	-	-	645,264
Culture and recreation	316,965	-	-	-	220,215	537,180
Judicial	85,155	-	-	-	-	85,155
Sanitation	243,750	-	-	-	-	243,750
Economic development	-	-	-	-	63,414	63,414
Debt Service:						
Principal	-	122,946	-	-	-	122,946
Interest and other charges	-	8,191	-	-	-	8,191
Capital outlay	50,903	399,430	-	46,291	44,860	541,484
Total Expenditures	<u>2,572,624</u>	<u>1,954,671</u>	<u>583,734</u>	<u>530,291</u>	<u>456,967</u>	<u>6,098,287</u>
Excess (deficiency) of revenues over expenditures	<u>(3,714)</u>	<u>(132,019)</u>	<u>9,371</u>	<u>212,896</u>	<u>(86,459)</u>	<u>66</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Other sources	-	142,158	-	-	-	142,158
Transfers in	-	-	20,000	-	33,500	53,500
Transfers out	(53,500)	-	-	-	-	(53,500)
Total other financing sources and uses	<u>(53,500)</u>	<u>142,158</u>	<u>20,000</u>	<u>-</u>	<u>33,500</u>	<u>142,158</u>
<b>SPECIAL ITEM</b>						
Proceeds from sale of assets	-	3,000	-	-	-	3,000
Net change in fund balances	(57,214)	13,139	29,371	212,896	(52,959)	145,224
Fund balances - beginning	1,116,333	513,701	53,421	8,986	435,313	2,127,763
Fund balances - ending	<u>\$ 1,059,119</u>	<u>\$ 526,840</u>	<u>\$ 82,792</u>	<u>\$ 221,882</u>	<u>\$ 382,354</u>	<u>\$ 2,272,987</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, 2014**

Net change in fund balances - total governmental funds: \$ 145,224

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 \$541,484 was more than depreciation of \$529,627 in the current period.

11,857

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.

(277,348)

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.

122,946

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

(73,971)

Rounding

11

Change in net position of governmental activities

\$ (71,281)

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, 2014**

	<b>TOTAL AGENCY FUNDS</b>
<b>ASSETS:</b>	
Cash and cash equivalents	<u>\$ 1,615,649</u>
Total assets	<u><u>1,615,649</u></u>
 <b>LIABILITIES:</b>	
Due to other governmental units	<u>1,615,649</u>
Total Liabilities	<u><u>\$ 1,615,649</u></u>

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

**Phillips County, Colorado**  
**Notes to Financial Statements**  
**December 31, 2014**

**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 for 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 customers 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 expensed 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

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 is 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 ensuing 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.

The E911 Fund, Economic Development Fund, Jr. Livestock Fund, and Fair Fund overspent their budgets, which may be a violation of Colorado Revised Statutes.

#### 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 full year of 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 \$189,863.

#### 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 the year.

#### 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, 2014 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	5,430,978	514,017	(553,579)	5,391,416
Vehicles	1,304,885	27,470	(33,803)	1,298,552
<b>Total Capital Assets Being Depreciated</b>	<b>15,508,400</b>	<b>541,487</b>	<b>(587,382)</b>	<b>15,462,505</b>
<b>Less Accumulated Depreciation</b>	<b>(7,333,679)</b>	<b>(529,627)</b>	<b>310,034</b>	<b>(7,553,272)</b>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>8,174,721</b>	<b>11,860</b>	<b>(277,348)</b>	<b>7,909,233</b>
<b>Governmental Activities Capital Assets, Net</b>	<b>\$ 8,311,924</b>	<b>\$ 11,860</b>	<b>\$ (277,348)</b>	<b>\$ 8,046,436</b>

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

Governmental activities:

General government	\$ 51,706
Public safety	62,443
Public Works	248,420
Sanitation	48,519
Health & Welfare	8,882
Culture & Recreation	<u>109,657</u>
Total depreciation expense-governmental activities	<u>\$ 529,627</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.



**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 2014 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 \$20,000, 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 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 2014, \$161,126 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, 2014, the County has closed 25.3% of the estimated capacity of the landfill. The County expects the closure and post-closure liability to be \$319,898 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 2014. 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 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.

<u>Due Date</u>	<u>Interest</u>	<u>Principal</u>
April 30, 2015	\$ 2,745	\$ 96,300

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, 2015	\$ 2,107	\$ 29,986
February 21, 2016	1,421	30,672
February 21, 2017	723	30,736
	<u>\$ 4,251</u>	<u>\$ 91,394</u>

Changes in long-term debt:

	Beginning Balance	Additions	Deletions	Ending Balances	Current Portion
Equipment Lease	\$ 189,932	\$ -	\$ (93,632)	\$ 96,300	\$ 96,300
Equipment Lease	120,708	-	(29,314)	91,394	29,986
Compensated Absences	115,892	73,971	-	189,863	-
	<u>\$ 426,532</u>	<u>\$ 73,971</u>	<u>\$ (122,946)</u>	<u>\$ 377,557</u>	<u>\$ 126,286</u>

#### Note 14 Fund Balance

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 2014.

**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, 2014**

<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	\$ -	\$ -	\$ 162,024	\$ 162,024	\$ 162,024
LEAP EBT Admin.	83,167	-	5,414	88,581	5,414
AND EBT	5,925	1,185	-	5,925	1,185
Child Support - Admin	-	-	60,106	60,106	60,106
Colo Works - Administration	-	-	42,282	42,282	42,282
Colo Works - EBT	61,652	6,413	-	61,652	6,413
General Assistance	-	-	(1,232)	(1,232)	(1,232)
Adult Protective Serv - Administration	-	-	16,815	16,815	16,815
Old Age Pension - EBT & Admin	96,343	-	(4,323)	92,020	(4,323)
Child Care - Admin	-	-	25,563	25,563	25,563
Child Care - EBT	33,098	7,620	-	33,098	7,620
Child Care - TANF Transfer	4,535	4,535	-	4,535	4,535
Child Welfare - 100% Admin	-	-	26,389	26,389	26,389
Child Welfare - 80% Admin	-	-	153,977	153,977	153,977
Child Welfare - Rel Child Care Admin	-	-	5,471	5,471	5,471
Child Welfare - Res Mental Health	6,548	1,309	-	6,548	1,309
Child Welfare - Sub Adopt	12,165	2,433	-	12,165	2,433
Child Welfare - Case Services	2,660	532	-	2,660	532
Child Welfare - OOH	57,489	11,498	-	57,489	11,498
Child Welfare - Rel Child Care EBT	25,677	5,300	-	25,677	5,300
Child Welfare - Grant	-	-	1,311	1,311	1,311
Core Services - Admin	13,908	-	30,335	44,243	30,335
County Only	-	-	(988)	(988)	(988)
<b>Sub-Total</b>	<b>403,167</b>	<b>40,825</b>	<b>523,144</b>	<b>926,311</b>	<b>563,969</b>
Food Assistance	563,438	-	(1,152)	562,286	(1,152)
<b>Grand Total</b>	<b>\$ 966,605</b>	<b>\$ 40,825</b>	<b>\$ 521,992</b>	<b>\$ 1,488,597</b>	<b>\$ 562,817</b>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**General**  
**For the year ended December 31, 2014**

	<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	\$ 1,580,198	\$ 1,580,198	\$ 1,572,176	\$ (8,022)
SO Tax	160,000	160,000	202,452	42,452
Sales and miscellaneous taxes	185,000	185,000	258,318	73,318
Fees and fines	600	600	2,065	1,465
Licenses and permits	1,075	1,075	1,295	220
Intergovernmental	94,043	94,043	93,084	(959)
Charges for services	185,400	185,400	298,641	113,241
Investment earnings	6,000	6,000	5,662	(338)
Rent	43,000	43,000	59,142	16,142
Miscellaneous	41,100	41,100	76,075	34,975
Total revenues	<u>2,296,416</u>	<u>2,296,416</u>	<u>2,568,910</u>	<u>272,494</u>
<b>EXPENDITURES</b>				
Current:				
General Government	1,230,419	1,261,372	1,217,585	43,787
Public Safety	746,253	746,973	596,736	150,237
Health and sanitation	395,651	406,920	305,280	101,640
Culture and recreation	337,066	339,848	316,965	22,883
Judicial	85,155	85,155	85,155	-
Capital Outlay	66,500	71,768	50,903	20,865
Total Expenditures	<u>2,861,044</u>	<u>2,912,036</u>	<u>2,572,624</u>	<u>339,412</u>
Excess (deficiency) of revenues over expenditures	<u>(564,628)</u>	<u>(615,620)</u>	<u>(3,714)</u>	<u>611,906</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(63,500)	(63,500)	(53,500)	10,000
Total other financing sources and uses	<u>(63,500)</u>	<u>(63,500)</u>	<u>(53,500)</u>	<u>10,000</u>
Net change in fund balances	(628,128)	(679,120)	(57,214)	621,906
Fund balances - beginning	824,931	824,931	1,116,333	291,402
Fund balances - ending	<u>\$ 196,803</u>	<u>\$ 145,811</u>	<u>\$ 1,059,119</u>	<u>\$ 913,308</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Road & Bridge**  
**For the year ended December 31, 2014**

	<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	\$ 311,481	\$ 311,481	\$ 262,157	\$ (49,324)
SO Taxes	28,000	28,000	39,924	11,924
Sales and miscellaneous taxes	286,000	286,000	339,927	53,927
Licenses and permits	-	-	1,927	1,927
Intergovernmental	1,127,319	1,127,319	1,162,188	34,869
Charges for services	-	-	9,985	9,985
Miscellaneous	-	-	6,544	6,544
Total revenues	<u>1,752,800</u>	<u>1,752,800</u>	<u>1,822,652</u>	<u>69,852</u>
<b>EXPENDITURES</b>				
Current:				
General government	9,000	9,000	10,957	(1,957)
Highways and roads	1,598,390	1,598,390	1,413,147	185,243
Debt Service:				
Principal	120,746	120,746	122,946	(2,200)
Interest and other charges	11,338	11,338	8,191	3,147
Capital Outlay	<u>236,500</u>	<u>236,500</u>	<u>399,430</u>	<u>(162,930)</u>
Total Expenditures	<u>1,975,974</u>	<u>1,975,974</u>	<u>1,954,671</u>	<u>21,303</u>
Excess (deficiency) of revenues over expenditures	<u>(223,174)</u>	<u>(223,174)</u>	<u>(132,019)</u>	<u>91,155</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Other sources	-	-	142,158	(142,158)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>142,158</u>	<u>-</u>
<b>SPECIAL ITEM</b>				
Proceeds from sale capital assets	-	-	3,000	(3,000)
Net change in fund balances	<u>(223,174)</u>	<u>(223,174)</u>	<u>13,139</u>	<u>236,313</u>
Fund balances - beginning	<u>276,868</u>	<u>276,868</u>	<u>513,701</u>	<u>236,833</u>
Fund balances - ending	<u>\$ 53,694</u>	<u>\$ 53,694</u>	<u>\$ 526,840</u>	<u>\$ 473,146</u>



**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Human Services**  
**For the year ended December 31, 2014**

	<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	\$ 117,812	\$ 117,812	\$ 117,205	\$ (607)
SO Taxes	13,000	13,000	15,101	2,101
Intergovernmental	621,613	621,613	460,799	(160,814)
Miscellaneous	10,500	10,500	-	(10,500)
Total revenues	<u>762,925</u>	<u>762,925</u>	<u>593,105</u>	<u>(169,820)</u>
<b>EXPENDITURES</b>				
Current:				
Health and human services	<u>796,210</u>	<u>796,210</u>	<u>583,734</u>	<u>212,476</u>
Total Expenditures	<u>796,210</u>	<u>796,210</u>	<u>583,734</u>	<u>212,476</u>
Excess (deficiency) of revenues over expenditures	<u>(33,285)</u>	<u>(33,285)</u>	<u>9,371</u>	<u>42,656</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>30,000</u>	<u>30,000</u>	<u>20,000</u>	<u>10,000</u>
Total other financing sources and uses	<u>30,000</u>	<u>30,000</u>	<u>20,000</u>	<u>10,000</u>
Net change in fund balances	(3,285)	(3,285)	29,371	32,656
Fund balances - beginning	39,367	39,367	53,421	14,054
Fund balances - ending	<u>\$ 36,082</u>	<u>\$ 36,082</u>	<u>\$ 82,792</u>	<u>\$ 46,710</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Capital Expenditures**  
**For the year ended December 31, 2014**

	<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	\$ 73,636	\$ 73,636	\$ 73,250	\$ (386)
SO Taxes	6,500	6,500	9,438	2,938
Intergovernmental	2,305,472	2,305,472	472,722	(1,832,750)
Charges for services	107,000	107,000	151,815	44,815
Miscellaneous	25,000	25,000	35,962	10,962
Total revenues	<u>2,517,608</u>	<u>2,517,608</u>	<u>743,187</u>	<u>(1,774,423)</u>
<b>EXPENDITURES</b>				
Current:				
General government	1,855,950	1,855,950	482,389	1,373,561
Public Safety	-	-	1,611	(1,611)
Capital Outlay	579,037	579,037	46,291	532,746
Total Expenditures	<u>2,434,987</u>	<u>2,434,987</u>	<u>530,291</u>	<u>1,904,696</u>
Excess (deficiency) of revenues over expenditures	<u>82,621</u>	<u>82,621</u>	<u>212,896</u>	<u>130,273</u>
Net change in fund balances	82,621	82,621	212,896	130,275
Fund balances - beginning	53,431	53,431	8,986	(44,445)
Fund balances - ending	<u>\$ 136,052</u>	<u>\$ 136,052</u>	<u>\$ 221,882</u>	<u>\$ 85,830</u>

Phillips County, Colorado  
Balance Sheet  
Other Governmental Funds  
December 31, 2014

	Ambulance Replacement	Conservation Trust	Contingent	E911	Fair	Jr. Livestock Sale	Economic Development	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 69,602	\$ 35,913	\$ 166,982	\$ 107,103	\$ 19,249	\$ 5,183	\$ 5,926	\$ 409,958
Other receivables	-	-	-	8,299	-	-	-	8,299
Total assets	<u>69,602</u>	<u>35,913</u>	<u>166,982</u>	<u>115,402</u>	<u>19,249</u>	<u>5,183</u>	<u>5,926</u>	<u>418,257</u>

**LIABILITIES AND FUND BALANCES**

<b>Liabilities:</b>								
Accounts payable	-	-	-	35,903	-	-	-	35,903
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,903</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>35,903</u>

**Fund balances:**

Restricted for:								
TABOR	-	-	161,126	-	-	-	-	161,126
Assigned	69,602	35,913	5,856	79,499	19,249	5,183	5,926	221,228
Total fund balances	<u>69,602</u>	<u>35,913</u>	<u>166,982</u>	<u>79,499</u>	<u>19,249</u>	<u>5,183</u>	<u>5,926</u>	<u>382,354</u>
Total liabilities and fund balances	<u>\$ 69,602</u>	<u>\$ 35,913</u>	<u>\$ 166,982</u>	<u>\$ 115,402</u>	<u>\$ 19,249</u>	<u>\$ 5,183</u>	<u>\$ 5,926</u>	<u>\$ 418,257</u>

**Phillips County, Colorado**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended December 31, 2014**

	Ambulance Replacement	Conservation Trust	Contingent	E911	Fair	Jr. Livestock Sale	Economic Development	Total-Other Governmental Funds
<b>REVENUES</b>								
Intergovernmental	\$ -	\$ 11,413	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,413
Charges for services	-	-	-	92,251	-	143,679	-	235,930
Investment earnings	184	32	687	-	-	10	-	913
Miscellaneous	-	2,200	-	-	79,494	-	40,558	122,252
Total revenues	184	13,645	687	92,251	79,494	143,689	40,558	370,308
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	-	-	-	262	262
Public Safety	-	-	-	128,216	-	-	-	128,216
Culture and recreation	-	5,371	-	-	71,185	143,659	-	220,215
Economic Development	-	-	-	-	-	-	63,414	63,414
Capital Outlay	-	-	-	44,860	-	-	-	44,860
Total Expenditures	-	5,371	-	173,076	71,185	143,659	63,676	456,967
Excess (deficiency) of revenues over expenditures	184	8,274	687	(80,825)	8,309	30	(23,118)	(86,459)
<b>OTHER FINANCING SOURCES (USES)</b>								
Transfers in	8,000	-	-	-	-	-	25,500	33,500
Total other financing sources and uses	8,000	-	-	-	-	-	25,500	33,500
Net change in fund balances	8,184	8,274	687	(80,825)	8,309	30	2,382	(52,959)
Fund balances - beginning	61,418	27,639	166,295	160,324	10,940	5,153	3,544	435,313
Fund balances - ending	\$ 69,602	\$ 35,913	\$ 166,982	\$ 79,499	\$ 19,249	\$ 5,183	\$ 5,926	\$ 382,354

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Ambulance Replacement**  
**For the year ended December 31, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 65,000	\$ 65,000	\$ -	\$ (65,000)
Investment earnings	75	75	184	109
Miscellaneous	8,000	8,000	-	(8,000)
Total revenues	<u>73,075</u>	<u>73,075</u>	<u>184</u>	<u>(72,891)</u>
<b>EXPENDITURES</b>				
Current:				
Capital Outlay	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Total Expenditures	<u>125,000</u>	<u>125,000</u>	<u>-</u>	<u>125,000</u>
Excess (deficiency) of revenues over expenditures	<u>(51,925)</u>	<u>(51,925)</u>	<u>184</u>	<u>52,109</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Total other financing sources and uses	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>	<u>-</u>
Net change in fund balances	(43,925)	(43,925)	8,184	52,109
Fund balances - beginning	61,381	61,381	61,418	37
Fund balances - ending	<u>\$ 17,456</u>	<u>\$ 17,456</u>	<u>\$ 69,602</u>	<u>\$ 52,146</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Conservation Trust**  
**For the year ended December 31, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Intergovernmental	\$ 11,500	\$ 11,500	\$ 11,413	\$ (87)
Investment earnings	30	30	32	2
Miscellaneous	-	-	2,200	2,200
Total revenues	<u>11,530</u>	<u>11,530</u>	<u>13,645</u>	<u>2,115</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	<u>13,435</u>	<u>13,435</u>	<u>5,371</u>	<u>8,064</u>
Total Expenditures	<u>13,435</u>	<u>13,435</u>	<u>5,371</u>	<u>8,064</u>
Excess (deficiency) of revenues over expenditures	<u>(1,905)</u>	<u>(1,905)</u>	<u>8,274</u>	<u>10,179</u>
Net change in fund balances	(1,905)	(1,905)	8,274	10,179
Fund balances - beginning	<u>1,905</u>	<u>1,905</u>	<u>27,639</u>	<u>25,734</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 35,913</u>	<u>\$ 35,913</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Contingent**  
**For the year ended December 31, 2014**

	<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	\$ 700	\$ 700	\$ 687	\$ (13)
Total revenues	<u>700</u>	<u>700</u>	<u>687</u>	<u>(13)</u>
<b>EXPENDITURES</b>				
Contingency	<u>166,747</u>	<u>166,747</u>	<u>-</u>	<u>166,747</u>
Total Expenditures	<u>166,747</u>	<u>166,747</u>	<u>-</u>	<u>166,747</u>
Excess (deficiency) of revenues over expenditures	<u>(166,047)</u>	<u>(166,047)</u>	<u>687</u>	<u>166,734</u>
Net change in fund balances	(166,047)	(166,047)	687	166,734
Fund balances - beginning	<u>166,107</u>	<u>166,107</u>	<u>166,295</u>	<u>188</u>
Fund balances - ending	<u>\$ 60</u>	<u>\$ 60</u>	<u>\$ 166,982</u>	<u>\$ 166,922</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**E911**  
**For the year ended December 31, 2014**

	<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	\$ 92,251	\$ 18,351
Total revenues	<u>73,900</u>	<u>73,900</u>	<u>92,251</u>	<u>18,351</u>
<b>EXPENDITURES</b>				
Current:				
Public Safety	90,675	90,675	128,216	(37,541)
Capital Outlay	<u>37,500</u>	<u>37,500</u>	<u>44,860</u>	<u>(7,360)</u>
Total Expenditures	<u>128,175</u>	<u>128,175</u>	<u>173,076</u>	<u>(44,901)</u>
Excess (deficiency) of revenues over expenditures	<u>(54,275)</u>	<u>(54,275)</u>	<u>(80,825)</u>	<u>(26,550)</u>
Net change in fund balances	(54,275)	(54,275)	(80,825)	(26,550)
Fund balances - beginning	<u>134,433</u>	<u>134,433</u>	<u>160,324</u>	<u>25,891</u>
Fund balances - ending	<u>\$ 80,158</u>	<u>\$ 80,158</u>	<u>\$ 79,499</u>	<u>\$ (659)</u>



**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Fair**  
**For the year ended December 31, 2014**

	<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	\$ 43,500	\$ 49,493	\$ 79,494	\$ 30,001
Total revenues	<u>43,500</u>	<u>49,493</u>	<u>79,494</u>	<u>30,001</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	51,150	63,000	71,185	(8,185)
Total Expenditures	<u>51,150</u>	<u>63,000</u>	<u>71,185</u>	<u>(8,185)</u>
Excess (deficiency) of revenues over expenditures	<u>(7,650)</u>	<u>(13,507)</u>	<u>8,309</u>	<u>21,816</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	30,000	30,000	-	(30,000)
Total other financing sources and uses	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>(30,000)</u>
Net change in fund balances	22,350	16,493	8,309	(8,184)
Fund balances - beginning	6,857	6,857	10,940	4,083
Fund balances - ending	<u>\$ 29,207</u>	<u>\$ 23,350</u>	<u>\$ 19,249</u>	<u>\$ (4,101)</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Jr. Livestock Sale**  
**For the year ended December 31, 2014**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance with Final Budget - Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b>REVENUES</b>				
Charge for services	\$ -	\$ -	\$ 143,679	\$ 143,679
Investment earnings	30	30	10	(20)
Total revenues	<u>30</u>	<u>30</u>	<u>143,689</u>	<u>143,659</u>
<b>EXPENDITURES</b>				
Current:				
Culture and recreation	5,182	5,182	143,659	(138,477)
Total Expenditures	<u>5,182</u>	<u>5,182</u>	<u>143,659</u>	<u>(138,477)</u>
Excess (deficiency) of revenues over expenditures	<u>(5,152)</u>	<u>(5,152)</u>	<u>30</u>	<u>5,182</u>
Net change in fund balances	(5,152)	(5,152)	30	5,182
Fund balances - beginning	5,166	5,166	5,153	13
Fund balances - ending	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 5,183</u>	<u>\$ 5,195</u>

**Phillips County, Colorado**  
**Budget and Actual (with Variances)**  
**Economic Development**  
**For the year ended December 31, 2014**

	<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	\$ 36,473	\$ 36,473	\$ 40,558	\$ 4,085
Total revenues	<u>36,473</u>	<u>36,473</u>	<u>40,558</u>	<u>4,085</u>
<b>EXPENDITURES</b>				
Current:				
Economic Development	61,973	61,973	63,414	(1,441)
Public Safety	-	-	262	(262)
Total Expenditures	<u>61,973</u>	<u>61,973</u>	<u>63,676</u>	<u>(1,703)</u>
Excess (deficiency) of revenues over expenditures	<u>(25,500)</u>	<u>(25,500)</u>	<u>(23,118)</u>	<u>2,382</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	-	-	2,382	(2,382)
Fund balances - beginning	8,570	8,570	3,544	(5,026)
Fund balances - ending	<u>\$ 8,570</u>	<u>\$ 8,570</u>	<u>\$ 5,926</u>	<u>\$ (7,408)</u>

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Phillips County, Colorado	
		YEAR ENDING : Dec-14	
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)	399,430
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,413,147
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)	630,569	c. Other	0
4. Miscellaneous local receipts (from page 2)	158,673	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	10,957
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,823,534
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)	789,242	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	1,175,555	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	14	a. Interest	8,191
<b>E. Total receipts (A.7 + B + C + D)</b>	1,964,811	b. Redemption	122,946
		c. Total (a. + b.)	131,137
		3. Total (1.c + 2.c)	131,137
		<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>	1,954,671

  

IV. LOCAL HIGHWAY DEBT STATUS (Show all entries at par)			
	Opening Debt	Amount Issued	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
	513,701	1,964,811	1,954,671	523,841
<b>E. Reconciliation</b>				0

  

**Notes and Comments:**

(Next Page)

# LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

Dec-14

## 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	262,158	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	326,560	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	3,724
4. Licenses	1,927	f. Charges for Services	9,985
5. Specific Ownership &/or Other	39,924	g. Other Misc. Receipts	2,806
6. Total (1. through 5.)	368,411	h. Other undepreciated basis of assets	142,158
c. Total (a. + b.)	630,569	i. Total (a. through h.)	158,673
(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	1,150,644	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	13,367	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)	11,544	f. Other Federal	14
f. Total (a. through e.)	24,911	g. Total (a. through f.)	14
4. Total (1. + 2. + 3.f)	1,175,555	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		399,430	399,430
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	399,430	399,430
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	399,430	399,430
		(Carry forward to page 1)	

Notes and Comments:

**Phillips County, Colorado**  
**Schedule of Due From/ Due to the State of Colorado**  
**Human Services Fund**  
**for the year ended December 31, 2014**

	<u>Due From</u>	<u>Due To</u>
County Administration- State	\$ 5,249	\$ -
County Administration- HCPF	4,856	-
Child Care	5,476	-
Child Welfare- State	16,489	-
Child Welfare - State Grant	860	-
Child Welfare- HCPF	62	-
Colorado Works	1,208	-
IV-D Admin	3,533	-
LEAP	956	-
AND	-	38
APS	1,145	-
OAP	250	-
TANF Collections	20	-
State Incentives	70	-
Federal Incentives	43	-
Assistance	-	82
CORE- State	2,566	-
CORE- HCPF	40	-
	<u>\$ 42,823</u>	<u>\$ 120</u>
Due From (Net)	<u>\$ 42,703</u>	

**Phillips County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**For the year ended December 31, 2014**

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

Identification of major programs:

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

20.205	Colorado Department of Transportation
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?	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 the year ended December 31, 2014**

<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	\$ 94,132
Child Support Enforcement	93.563	Dept. of Human Services	50,640
LEAP	93.568	Dept. of Human Services	81,454
CCDF	93.596	Dept. of Human Services	16,240
Title IV-B Child Care	93.645	Dept. of Human Services	3,574
Title IV-E - Foster Care	93.658	Dept. of Human Services	40,257
Adoption IV - E	93.659	Dept. of Human Services	1,887
CCDF Discretion	93.575	Dept. of Human Services	20,541
Title XX Block Grant	93.667	Dept. of Human Services	21,803
Title XIX Medicaid	93.778	Dept. of Human Services	51,459
Subtotal Department of Health & Human Services			<u>381,987</u>
<b>DEPARTMENT OF JUSTICE</b>			
Crime Victim Assistance	16.575	Div. Of Criminal Justice	<u>22,989</u>
Subtotal Department of Justice			<u>22,989</u>
<b>DEPARTMENT OF AGRICULTURE</b>			
TEFAP Commodities	10.569	Food Bank of the Rockies	5,100
Food Stamp Administration	10.561	Dept. of Human Services	<u>42,406</u>
Subtotal Department of Agriculture			<u>47,506</u>
<b>DEPARTMENT OF HOMELAND SECURITY</b>			
Operations Grant	97.042	Dept. of Public Safety	<u>4,000</u>
Subtotal Department of Homeland Security			<u>4,000</u>
<b>DEPARTMENT OF ENERGY</b>			
Dept. of Energy	81.087	Dept. of Energy	<u>341,401</u> *
Subtotal Department of Energy			<u>341,401</u>
<b>DEPARTMENT OF TRANSPORTATION</b>			
Colorado Dept. of Transportation	20.205	Colo. Dept. of Transportation	<u>74,336</u> *
Subtotal Department of Transportation			<u>74,336</u>
<b>TOTAL FEDERAL FINANCIAL ASSISTANCE</b>			<u>\$ 872,219</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, each major fund and the aggregate remaining fund information of Phillips County, Colorado as of and for the year ended December 31, 2014, 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 24, 2015.

***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 24, 2015

**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, 2014. 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, 2014.

### ***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 24, 2015