

MONTEZUMA COUNTY, COLORADO

Accountants' Reports
and
Basic Financial Statements

December 31, 2019

MONTEZUMA COUNTY, COLORADO

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Majors and Haley, P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montezuma County, Colorado as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider 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 opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Montezuma County, Colorado, as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof 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 3 through 13 and pages 41 through 47 be presented to supplement the basic financial statements. Such information, although not a required 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.

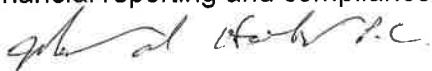
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montezuma County, Colorado's basic financial statements. The combining non-major fund financial statements, budgetary comparison schedules, and Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining non-major fund financial statements, budgetary comparison schedules, Local Highway Finance Report and the schedule of expenditures of federal awards are the responsibility of management and were 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining non-major fund financial statements, budgetary comparison schedules, Local Highway Finance Report and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 24, 2020, on our consideration of the Montezuma 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 on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Montezuma County, Colorado's internal control over financial reporting and compliance.



Majors and Haley, P.C.
June 24, 2020

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

FINANCIAL HIGHLIGHTS

Key financial highlights for the County in 2019 are as follows:

- In total, net position increased by \$2,381,855. Net position of governmental activities increased by \$2,219,690 which represents a 4.3 percent increase from 2018. Net position of business type activities increased by \$162,165 or 13.05 percent from 2018.
- General revenues accounted for \$15,973,914 in revenue or 39 percent of all revenues. Program specific revenues in the form of charges for services, grants and contributions accounted for \$24,472,416 or 61 percent of total revenues of \$40,446,330.
- Governmental activities total assets increased by \$2,875,896. Total liabilities increased by \$17,948. Deferred inflows of resources increased by \$638,258.
- The County incurred \$36,723,712 in expenses related to government activities. \$22,969,488 of these expenses were offset by program specific charges for services, grants and contributions. General revenues (primarily mineral leasing and property taxes) of \$15,973,914 were adequate to cover the balance of the costs of these programs.
- Among the major funds, the General Fund had \$14,593,026 in revenues including net transfers, and \$11,949,813 in expenditures. Its fund balance increased by \$2,643,213 from \$15,600,458 to \$18,243,671.
- Net position of the Enterprise Fund increased from \$1,242,854 to \$1,405,019.

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the County.

- The first two statements are County-wide financial statements that provide both short-term and long-term information about the County's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the County, reporting the County's operations in more detail than the County-wide statements.
- The governmental funds statements tell how basic services such as public works were financed in the short-term as well as what remains for future spending.
- Proprietary funds statements offer short-term and long-term financial information about the activities the County operates like businesses, such as landfill services.
- Fiduciary funds statements provide information about the financial relationships in which the County acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the County's budget for the year.

County-wide Statements

The County-wide statements report information about the County as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the County's assets and liabilities. All of

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two County-wide statements report the County's net position and how it has changed. Net position (the difference between the County's assets and liabilities) is one way to measure the County's financial position.

- Over time, increases or decreases in the County's net position is an indicator of whether its financial position is improving or deteriorating.
- To assess the County's overall health, you need to consider additional non-financial factors such as changes in the County's property tax base and the condition of county facilities.

In the County-wide financial statements, the County's activities are divided into two categories:

- **Governmental activities-** Most of the County's basic services are included here, such as general government, public safety, public health, public works, and culture and recreation. These activities are financed mainly through property taxes and grants.
- **Business-type activities-** The County charges fees to help cover the costs of certain services it provides. The County's landfill facility is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds, focusing on its most significant or "major" funds, not the County as a whole. Funds are accounting devices the County uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. However, the County establishes many other funds to help it manage and control its finances to achieve certain results.

The County uses three types of funds:

- **Governmental funds-** Most of the County's basic services are included in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the County's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. Because this information does not encompass the additional long-term focus of the County-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

- **Proprietary funds-** Services for which the County charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the County-wide financial statements. The County's enterprise funds (one type of proprietary fund) are the same as its business-type activities but provide more detail and additional information such as cash flow analysis. The County uses an enterprise fund to account for its landfill operations

The other type of proprietary fund is an internal service fund. Internal service funds are used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account its internal fleet costs.

- **Fiduciary funds-** The County is the fiduciary, for assets that belong to others, such as the Custodial Fund. The County is responsible for ensuring that the assets reported in this fund are used only for their intended purposes and by those to whom the assets belong. The County excludes these activities from the County-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE

Total assets increased by \$3,018,927. Total liabilities decreased by \$1,186. Deferred inflows of resources increased by \$638,258.

The County's combined net position was larger on December 31, 2019 than it was at December 31, 2018, increasing by 4.5 percent to \$55,529,899. Most of the increase came from its governmental activities, the net position of which

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

increased \$2,219,690 to \$54,124,880. The net position of the County's business type activities increased \$162,165 to \$1,405,019.

Table 1 provides a summary of the County's net position for 2019 compared to 2018:

Table 1
Condensed Statement of Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total County	
	2019	2018	2019	2018	2019	2018
Assets						
Current assets	\$ 44.434	\$ 41.661	\$ 0.847	\$ 0.489	\$ 45.281	\$ 42.150
Capital assets	21.673	21.570	1.933	2.148	23.606	23.718
Total assets	66.107	63.231	2.780	2.637	68.887	65.868
Liabilities						
Current liabilities	1.647	1.667	1.375	1.394	3.022	3.061
Noncurrent liabilities	0.631	0.593			0.631	0.593
Deferred inflows of resources	9.704	9.066			9.704	9.066
Net Position						
Invested in capital	21.042	20.333	1.405	1.243	22.447	21.576
Nonspendable	0.050	0.050			0.050	0.050
Restricted	9.615	10.108			9.615	10.108
Unrestricted	23.418	21.414			23.418	21.414
Total net position	\$ 54.125	\$ 51.905	\$ 1.405	\$ 1.243	\$ 55.530	\$ 53.148

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Table 2 shows the changes in net position for fiscal year 2019 compared to 2018.

Table 2
Changes in Net Position
(In millions)

	Governmental Activities		Business-type Activities		Total County	
	2019	2018	2019	2018	2019	2018
Revenues						
Program revenues						
Charges for services	\$ 3.366	\$ 2.654	\$ 1.503	\$ 1.242	\$ 4.869	\$ 3.896
Operating grants	19.603	18.431			19.603	18.431
Capital grants					-	-
General revenues						
Property taxes	10.301	9.008			10.301	9.008
Mineral leasing	1.934	2.185			1.934	2.185
Other	3.740	3.063			3.740	3.063
Total revenues	38.944	35.341	1.503	1.242	40.447	36.583
Expenses						
General government	4.754	4.320			4.754	4.320
Public safety	6.775	7.189			6.775	7.189
Public works	8.625	6.332	1.341	1.312	9.966	7.644
Public health and welfare	15.802	16.044			15.802	16.044
Culture and recreation	0.581	0.745			0.581	0.745
Depreciation-unallocated	0.187	0.171			0.187	0.171
Total expenses	36.724	34.801	1.341	1.312	38.065	36.113
Increase (decrease) in net position	\$ 2.220	\$ 0.540	\$ 0.162	\$ (0.070)	\$ 2.382	\$ 0.470

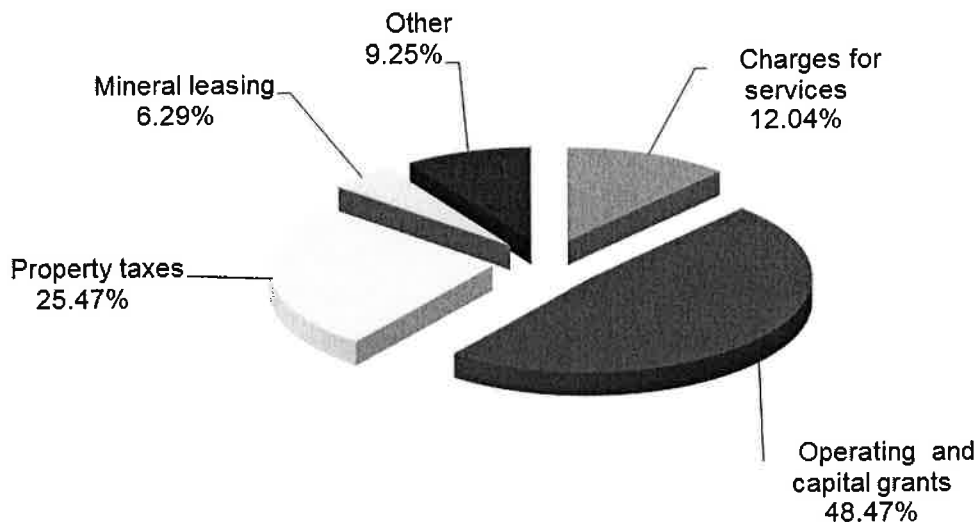
MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Operating and capital grants and property taxes accounted for most of the County's total revenue, with each contributing 48.47percent and 25.47percent respectively (See Table 3). Another 12.04 percent came from charges for services and the remainder from mineral leasing, and other sources.

The County's expenses are predominately related to public health and welfare, (41.5 percent), public works (26.2 percent) and public safety (17.8 percent) (See Table 4). The County's general government activities accounted for 12.5 percent of total costs.

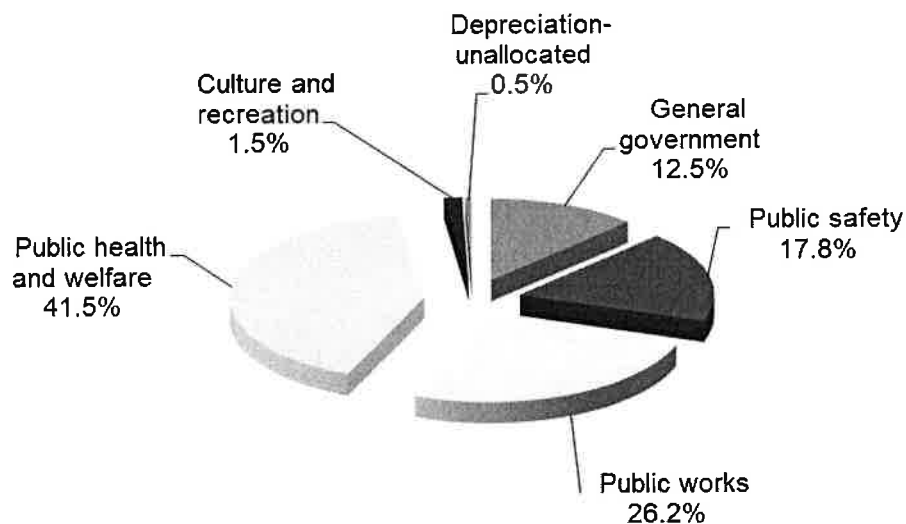
Table 3
Sources of Revenue for Fiscal Year 2019



MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Table 4
Expenses for Fiscal Year 2019
Governmental Activities



The primary sources of operating revenue for the County come from operating grants and general property taxes. The County receives approximately 74 percent of this funding from these sources while the remaining amounts come from charges for services and other general revenues.

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 5 shows, for governmental activities, the total cost of services and net cost of services. That is, it identifies the cost of these services supported by general revenues including general property taxes and sales taxes.

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Table 5
Government Activities
(In millions)

	Total Cost of Services		Net Cost of Services	
	2019	2018	2019	2018
General government	\$ 4.754	\$ 4.320	\$ 3.818	\$ 3.398
Public safety	6.775	7.189	5.470	5.914
Public works	8.625	6.332	3.635	2.836
Public health and welfare	15.802	16.044	0.642	0.997
Culture and recreation	0.581	0.745	0.002	0.400
Depreciation-unallocated	0.187	0.171	0.187	0.171
Total	<u>\$ 36.724</u>	<u>\$ 34.801</u>	<u>\$ 13.754</u>	<u>\$ 13.716</u>

- The cost of all governmental activities during the year was \$36.724 million.
- Some of the cost was financed by the users of the County's programs (\$3.366 million)
- Federal and state government subsidized certain programs with grants and contributions (\$19.603 million).
- However, \$15.974 million was financed by state and county taxpayers. This portion of governmental activities was financed with \$10.301 million in property taxes, \$1.934 million in mineral leasing and \$3.739 million in other general revenues.

Business-type Activities

Business-type activities are made up of the Landfill Fund. This program had revenues of \$1.503 million and expenses of \$1.341 million. Business-type activities receive no support from tax revenue.

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Information about the County's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$38.983 million and expenditures, including transfers of \$37.473 million.

General Fund Budgetary Highlights

The County's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

Over the course of the year, the County revised the annual operating budget by making an increase in appropriations.

- Increases in appropriations were due primarily to increases in expenditures that were not foreseen at the time of the original budget.
- Actual expenditures were \$841,833 under budget, primarily because the County closely monitored expenditures in an effort to remain below budget levels.

CAPITAL ASSET ADMINISTRATION

By the end of 2019, the County has invested \$42.351 million in land, buildings, and equipment (including vehicles), of this total \$36.890 million was from governmental activities.

Table 6 shows capital assets for 2019 compared to 2018:

MONTEZUMA COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2019

Table 6
Capital Assets at December 31
(In millions)

	Governmental Activities		Business-Type Activities		Total County	
	2019	2018	2019	2018	2019	2018
Land	\$ 1.344	\$ 1.344			\$ 1.344	\$ 1.344
Infrastructure	1.859	1.859			1.859	1.859
Buildings	22.493	21.897			22.493	21.897
Equipment	11.194	10.779	\$ 5.461	\$ 5.461	16.655	16.240
Total	<u>\$ 36.890</u>	<u>\$ 35.879</u>	<u>\$ 5.461</u>	<u>\$ 5.461</u>	<u>\$ 42.351</u>	<u>\$ 41.340</u>

Additional information on the County's capital assets can be found in the Notes to the Financial Statements on page 34 of this report.

FACTORS BEARING ON THE COUNTY'S FUTURE

At the time these financial statements were prepared and audited, the County is not aware of any existing circumstances that could significantly affect its financial health in the future.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the County's citizens, taxpayers, and creditors with a general overview of the County's finances and to demonstrate the County's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Montezuma County Administration Office, 109 W Main, Room 302 Cortez, Colorado 81321.

MONTEZUMA COUNTY, COLORADO

Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
Assets			
Cash	\$ 32,852,826	\$ 803,634	\$ 33,656,460
Property taxes receivable	9,703,926		9,703,926
Due from other funds		43,500	43,500
Other receivables	1,046,903		1,046,903
Due from state	160,192		160,192
Due from other governments	619,743		619,743
Inventory	50,000		50,000
Capital assets	36,889,566	5,461,382	42,350,948
Accumulated depreciation	(15,216,508)	(3,528,262)	(18,744,770)
Total capital assets, net of depreciation	21,673,058	1,933,120	23,606,178
Total Assets	66,106,648	2,780,254	68,886,902
Liabilities			
Accounts payable	429,639	54,929	484,568
Accrued closure costs		1,320,306	1,320,306
Due to other funds	43,500		43,500
Payments in arrears	931,752		931,752
Unearned revenue	242,333		242,333
Long-term liabilities			
Due in one year			-
Due in more than one year	630,618		630,618
Total Liabilities	2,277,842	1,375,235	3,653,077
Deferred Inflows of Resources			
Unearned property tax revenue	9,703,926		9,703,926
Net Position			
Net investment in capital assets	21,042,440	1,405,019	22,447,459
Nonspendable			
Inventories	50,000		50,000
Restricted			
Cancer treatments	48,626		48,626
TABOR	772,119		772,119
Roads and bridges	6,919,419		6,919,419
Public health and welfare	1,874,904		1,874,904
Unrestricted	23,417,372		23,417,372
Total Net Position	\$ 54,124,880	\$ 1,405,019	\$ 55,529,899

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Statement of Activities

For the Year Ended December 31, 2019

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- type Activities
Governmental Activities						
General government	\$ 4,753,956	\$ 935,480			\$ (3,818,476)	\$ (3,818,476)
Public safety	6,775,397	712,135	\$ 593,385		(5,469,877)	(5,469,877)
Public works	8,624,962	1,028,392	3,961,551		(3,635,019)	(3,635,019)
Public health and welfare	15,801,983	592,727	14,567,219		(642,037)	(642,037)
Culture and recreation	580,886	97,556	481,043		(2,287)	(2,287)
Depreciation-unallocated	186,528				(186,528)	(186,528)
Total Governmental Activities	<u>36,723,712</u>	<u>3,366,290</u>	<u>19,603,198</u>	<u>-</u>	<u>(13,754,224)</u>	<u>(13,754,224)</u>
Business-Type Activities						
County landfill	1,340,763	1,502,928				\$ 162,165
Total Business-Type Activities	<u>1,340,763</u>	<u>1,502,928</u>				<u>162,165</u>
Total County	<u>\$ 38,064,475</u>	<u>\$ 4,869,218</u>	<u>\$ 19,603,198</u>	<u>\$ -</u>	<u>(13,754,224)</u>	<u>162,165</u>
						<u>(13,592,059)</u>

General Revenues			
Property Tax for general purposes	10,300,953		10,300,953
Specific Ownership Tax for general purposes	1,264,175		1,264,175
Delinquent Tax and Interest	498,325		498,325
Lodgers Tax	186,904		186,904
Severance Tax	388,269		388,269
Intergovernmental			
Motor Vehicle License Fees	90,812		90,812
Mineral Leasing	1,933,864		1,933,864
Payment in Lieu of Taxes	192,878		192,878
Tobacco Taxes	5,846		5,846
Earnings on investments	524,508		524,508
Reimbursements	162,123		162,123
Royalties	291,172		291,172
Asset sales	8,905		8,905
Miscellaneous	125,180		125,180
Total General Revenues	<u>15,973,914</u>	<u>-</u>	<u>15,973,914</u>
Changes in Net Position	2,219,690	162,165	2,381,855
Net Position Beginning of the Year	51,905,190	1,242,854	53,148,044
Net Position End of the Year	<u>\$ 54,124,880</u>	<u>\$ 1,405,019</u>	<u>\$ 55,529,899</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Balance Sheet Governmental Funds

December 31, 2019

	General Fund	Road and Bridge Fund	Social Services Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash-unrestricted	\$ 18,266,912	\$ 6,559,685	\$ 1,756,599	\$ 2,282,763	\$ 3,986,867	\$ 32,852,826
Property taxes receivable	7,920,416	1,270,155	513,355			9,703,926
Other receivables	112,981		931,752		2,170	1,046,903
Due from state			160,192			160,192
Due from other governments	27,183	532,053	23,584		36,923	619,743
Inventory		50,000				50,000
Total Assets	\$ 26,327,492	\$ 8,411,893	\$ 3,385,482	\$ 2,282,763	\$ 4,025,960	\$ 44,433,590
Liabilities						
Accounts payable	\$ 163,405	\$ 172,319		\$ 67,703	\$ 26,212	\$ 429,639
Due to other funds				43,500		43,500
Payments in arrears			\$ 931,752			931,752
Unearned revenue			65,471		176,862	242,333
Total Liabilities	163,405	172,319	997,223	111,203	203,074	1,647,224
Deferred inflows of resources						
Deferred property tax revenues	7,920,416	1,270,155	513,355			9,703,926
Fund Balances						
Nonspendable						
Inventories		50,000				50,000
Restricted						
TABOR	50,000				722,119	772,119
Cancer treatments					48,626	48,626
Roads and bridges		6,919,419				6,919,419
Public health and welfare			1,874,904			1,874,904
Unrestricted						
Assigned for future year's expenditures	18,193,671			2,171,560	3,052,141	23,417,372
Total Fund Balances	18,243,671	6,969,419	1,874,904	2,171,560	3,822,886	33,082,440
Total Liabilities, Deferred inflows of resources and Fund Balances	\$ 26,327,492	\$ 8,411,893	\$ 3,385,482	\$ 2,282,763	\$ 4,025,960	\$ 44,433,590

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total Fund Balance Governmental Funds \$ 33,082,440

Amounts reported for governmental activities in the Statement of Net Position are different because

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds.

Capital assets	\$ 36,889,566
Accumulated depreciation	<u>(15,216,508)</u>

Long term liabilities are not due and payable in the current period and therefore, they are not reported in the governmental funds balance sheet. 21,673,058

Due in one year	
Due in more than one year	<u>(630,618)</u>

Total Net Position Governmental Activities \$ 54,124,880

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2019

	General Fund	Road and Bridge Fund	Social Services Fund	Capital Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Taxes	\$ 8,841,761	\$ 2,017,753	\$ 638,760	\$	\$ 1,146,262	\$ 12,644,536
Intergovernmental revenues	1,269,587	5,452,364	12,357,135	\$ 843,031	1,898,636	21,820,753
Charges for services	309,160	892,484			653,797	1,855,441
Fines and forfeitures	42,176					42,176
Earnings on investments	510,831				13,171	524,002
Fee accounts	1,345,493					1,345,493
Other	521,119	211,578		17,944		750,641
Total Revenues	12,840,127	8,574,179	12,995,895	860,975	3,711,866	38,983,042
Expenditures						
General government	4,407,459			499,508	141,500	5,048,467
Public safety	6,666,188			260,923	164,435	7,091,546
Public works		8,128,097				8,128,097
Public health and welfare	549,463		13,106,033	15,612	2,179,651	15,850,759
Culture and recreation	326,703			184,167		510,870
Total Expenditures	11,949,813	8,128,097	13,106,033	960,210	2,485,586	36,629,739
Excess revenues over (under) expenditures	890,314	446,082	(110,138)	(99,235)	1,226,280	2,353,303
Other Financing Sources (Uses)						
Transfers in (out)	1,752,899	(833,164)			(1,762,899)	(843,164)
Total Other Financing Sources (Uses)	1,752,899	(833,164)	-	-	(1,762,899)	(843,164)
Net Change in Fund Balances	2,643,213	(387,082)	(110,138)	(99,235)	(536,619)	1,510,139
Fund Balances beginning of the year	15,600,458	7,356,501	1,985,042	2,270,795	4,359,505	31,572,301
Fund Balances end of the year	\$ 18,243,671	\$ 6,969,419	\$ 1,874,904	\$ 2,171,560	\$ 3,822,886	\$ 33,082,440

The accompanying notes are an integral part of this statement.

MONTEZUMA 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, 2019

Net Change in Fund Balances Governmental Funds	\$ 1,510,139
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Amounts reported for governmental activities in the Statement of Activities are different because

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.

Capital asset purchases capitalized	\$ 1,202,113	
Depreciation expense	<u>(1,195,763)</u>	
		6,350

Governmental funds report asset sales as revenue. However, in the Statement of Activities gain or loss on the disposal is computed.

Proceeds from the sale of capital assets	(48,545)	
Gain on asset sales	<u>8,905</u>	
		(39,640)

The change in net position of the internal service fund is reported with governmental activities

Change in net position	(392,349)	
Capital asset equity transfer to governmental funds	<u>1,172,355</u>	
		780,006

Some increases in debt are not reported in the governmental funds but are reflected in the Statement of Activities

Increase in accrued compensated absences	<u>(37,165)</u>	
		(37,165)

Change in Net Position of Governmental Activities	<u>\$ 2,219,690</u>
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The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Net Position Proprietary Funds

December 31, 2019

	Landfill Fund Enterprise Fund	Fleet Fund Internal Service Fund
Assets		
Current Assets		
Cash	\$ 803,634	
Due from other funds	43,500	
Total Current Assets	<u>847,134</u>	<u>-</u>
Noncurrent Assets		
Capital Assets	5,461,382	
Accumulated Depreciation	(3,528,262)	
Total Noncurrent Assets	<u>1,933,120</u>	<u>-</u>
Total Assets	<u>2,780,254</u>	<u>-</u>
Liabilities		
Current Liabilities		
Accounts payable	54,929	
Due to other funds		
Accrued closure costs	1,320,306	
Total Current Liabilities	<u>1,375,235</u>	<u>-</u>
Net Position		
Net investment in capital assets	1,405,019	
Total Net Position	<u>\$ 1,405,019</u>	<u>\$ -</u>

The Fleet fund was closed in 2019. Therefore no Statement of Net Position is presented at December 31

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds

For the Year Ended December 31, 2019

	<u>Landfill Fund Enterprise Fund</u>	<u>Fleet Fund Internal Service Fund</u>
Operating Revenues		
Landfill fees	\$ 1,502,928	
Fleet fees		\$ 389,349
Total Operating Revenues	<u>1,502,928</u>	<u>389,349</u>
Operating Expenses		
Salaries	371,623	80,462
Employee benefits	126,537	26,775
Other operating expenses	169,955	247,497
Professional fees	222,135	3,293
Utilities	31,098	4,301
Insurance and bonds	34,070	90,179
Repairs and maintenance	106,860	
Depreciation	215,517	
Total Operating Expenses	<u>1,277,795</u>	<u>452,507</u>
Operating income (loss)	<u>225,133</u>	<u>(63,158)</u>
Non-Operating Revenue (Expense)		
Increase in accrued closure costs	(62,451)	
Gain on sale of assets		
Interfund loan interest	(517)	
Total Non-Operating Revenue (Expense)	<u>(62,968)</u>	<u>-</u>
Income (loss) before capital contributions and transfers	162,165	(63,158)
Operating transfers in		843,164
Capital asset equity transfer to governmental funds		(1,172,355)
Change in net position	162,165	(392,349)
Net position beginning of the year	1,242,854	392,349
Net position end of the year	<u><u>\$ 1,405,019</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Cash Flows
Proprietary Funds

For the Year Ended December 31, 2019

	Landfill Fund Enterprise Fund	Fleet Fund Internal Service Fund
Cash Flows from Operating Activities		
Cash received from customers	\$ 1,502,928	
Cash received from interfund services		\$ 513,342
Cash payments to employees for services	(498,160)	(107,237)
Cash payments to suppliers for goods and services	(556,856)	(383,623)
Net Cash Flows provided (used) by Operating Activities	<u>447,912</u>	<u>22,482</u>
Cash Flows from Capital and Related Financing Activities		
Purchase of equipment		(136,757)
Proceeds from sale of equipment		
Repayment of interfund borrowing	(89,364)	(1,000,000)
Net Cash Flows provided (used) by Capital and Related Financing Activities	<u>(89,364)</u>	<u>(1,136,757)</u>
Cash Flows from Noncapital Financing Activities		
Transfers in		<u>843,164</u>
Net increase (decrease) in cash and cash equivalents	358,548	(271,111)
Cash and cash equivalents beginning of the year	445,086	271,111
Cash and cash equivalents end of the year	<u>\$ 803,634</u>	<u>\$ -</u>
Reconciliation of operating income (loss) to Net Cash provided (used) by Operating Activities		
Operating income (loss)	\$ 225,133	\$ (63,158)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities		
Depreciation	215,517	
(Increase) or decrease in Due from other funds		123,993
Increase or (decrease) in Accounts payable	7,262	(38,353)
Net Cash Flows provided (used) by Operating Activities	<u>\$ 447,912</u>	<u>\$ 22,482</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Fiduciary Net Position

As of December 31, 2019

	<u>Custodial Fund</u>
Assets	
Cash	\$ 1,884,719
Total Assets	<u>1,884,719</u>
Liabilities	
Due to other governments	1,884,719
Total Liabilities	<u>1,884,719</u>
Net Position	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

Statement of Changes in Fiduciary Net Position
For the Year Ended December 31, 2019

	<u>Custodial Fund</u>
Additions	
Taxes collected for other governments	\$ 35,912,659
Total Additions	<u>35,912,659</u>
Deductions	
Payment of taxes to other governments	35,912,659
Total Deductions	<u>35,912,659</u>
Net increase (decrease) in fiduciary net position	-
Net position beginning	-
Net position ending	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Summary of Significant Accounting Policies – Montezuma County, Colorado's (the County) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Montezuma County, Colorado is a statutory (non-home-rule) county and serves as an administrative unit of the State of Colorado.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

In applying these criteria, the Montezuma County Hospital District and the Montezuma County Housing Authority have been excluded from the financial statements of the reporting entity. These organizations are financially independent units that select a governing board, designate management staff, set user charges, establish budgets and control all aspects of daily activities.

The Montezuma County Sheriff's Department Forfeiture Account is a blended component unit of the County (primary government). A three-member board is appointed by the County which oversees the activities of the account. This blended component unit is accounted for as a Special Revenue Fund. Pursuant to C.R.S. Section 16-13-506, proceeds from the property ordered forfeited by the courts are placed in an account by the seizing agency and used for non-operating purposes. Expenditures of monies forfeited after July 1, 1992 must be approved by the board created pursuant to C.R.S. Section 16-13-702 (2).

Fund Accounting – The accounts of the County are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources and liabilities and deferred inflows of resource, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

in the means by which spending activities are controlled. The various funds are grouped into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the County's major governmental funds.

General Fund – is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and state and federal grants.

Special Revenue Funds-

Road and Bridge Fund – accounts for the costs related to county road and bridge construction and maintenance. By state law, a portion of this fund's property tax revenues are allocated to cities and towns for use in their road and street activities. This fund is required by state law.

Social Services Fund- accounts for federal and state public welfare programs administered by the County. This fund is also required by state law.

Capital Projects Funds-

Capital Fund- accounts for revenue and expenditures related to general capital projects of the County.

Non-major Funds- The following other governmental funds of the County are Special Revenue Funds. These funds account for revenues derived from earmarked revenue sources. Special revenue funds consist of the Public Health Fund, Conservation Trust Fund, Law Enforcement Authority Fund, Clara Ormiston Fund, Emergency Telephone Service Fund, Sheriff's Forfeiture Fund, Revolving Loan Fund, Lodgers' Tax Fund, Emergency Reserve Fund, and the Contingent Fund.

Proprietary Funds– focus on the determination of the changes in net position, financial position and cash flows and are classified as either enterprise or internal service. The County has the following proprietary funds:

Enterprise Fund-

Landfill Fund- is used to account for the financial transactions related to the landfill operations of the County.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Internal Service Fund-

Fleet Fund- is used to account for the County's internal transportation costs. The Fleet Fund was closed in the current year and all assets transferred back to the governmental funds.

Fiduciary Funds – reporting focuses on net position and changes in net position. In 2019 the County implemented GASB 84. Under this new reporting requirement the County has one custodial fund.

Basis of Presentation-

County-wide Financial Statements- The statement of net position and the statement of activities display information about the County as a whole. These statements include the financial activities of the primary government except for fiduciary funds. The statements distinguish between those activities of the County that are governmental and those that are considered business-type activities.

The county-wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the county-wide financial statements and the statements for governmental funds.

The county-wide statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the County and for each function or program of the County's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the County, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the County.

Fund Financial Statements- Fund financial statements report detailed information about the County. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net position. The statement of cash flows provides information about how the County finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. County-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the County receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Unearned Revenue- arises when potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, or when the County has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund net position as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

Budgets and Budgetary Accounting – The County is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Landfill Fund, which is prepared essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 20, the Budget Officer submits to the County Commissioners a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the County Commissioners must approve any revisions that alter the total expenditures of any department.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

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

Cash and Cash Equivalents – for the purpose of the Statement of Cash Flows of the Enterprise Fund is considered to be all of the highly liquid investments with a maturity of six months or less.

Short-term Inter-fund Receivables/Payables- During the course of operations, certain transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as internal balances on the County-wide statement of net position and, classified as due from other funds or due to other funds on the balance sheet.

Inventories – in the governmental funds consist of expendable supplies held for consumption, the cost of which is recorded as an expenditure at the time of purchase. Restrictions of fund balance have been established for the inventory balances.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the county-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the county-wide statements of net position and in the respective fund financial statements.

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The County maintains a capitalization threshold of five thousand dollars.

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities	Business-Type Activities
	<u>Estimated Lives</u>	<u>Estimated Lives</u>
Buildings and Improvements	20-50 Years	15-50 Years
Furniture and Equipment	5-15 Years	5-20 Years
Vehicles	8 Years	5 Years

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Property Tax Revenue Recognition – The County bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Compensated absences- Compensated absences arise from policies concerning vacation and sick leave. County employees accrue unlimited sick leave on the basis of one working day per month. Unused accrued sick leave shall not be paid at the time of termination of the employee's service, except in the event the employee terminated voluntarily in good standing after 5 years of service with the County and the employee has reached eligible retirement age. Such employees will be paid at the rate of 50% of wages for actual accumulated sick days up to a maximum of 15 days for 5 to 10 years of service, 25 days for the following 5 years, 45 days for 21 to 30 years and 60 days for over 31 years of service. County employees are entitled to paid vacation after completion of six months of service. All full-time employees begin to accumulate vacation at the time of entry into service. The rate of accumulation varies from 1 day per month for the first five years of employment up to 2.5 days per month after 25 years of service. Vacation is accumulated throughout each calendar year, but the maximum accumulation is 17 days for the first five years of service, 20 days for the following five years and 23 days for eleven years and over. For the Sheriff's department only, vacation time accrued during a given calendar year must be used in the immediately following year, or be forfeited.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the county-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial.

MONTEZUMA COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable- Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact. This includes inventory maintained in the Road and Bridge Fund.

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the County's TABOR reserve.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the Board of County Commissioners.

Assigned- Amounts that are designated by the Board of County Commissioners for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in the other spendable classifications.

Use of Restricted Resources-When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the County's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the County's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications-committed and then assigned fund balances before using unassigned fund balance.

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 borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on their use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Operating Revenues and Expenses- Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are sales related to landfill operations and fleet services. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activities of the fund. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

MONTEZUMA COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Inter-fund Transactions- Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions, except quasi-external transactions and reimbursements, are reported as transfers.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Investments – The County Treasurer maintains a cash and investment pool that is available for use by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Cash".

Cash on the Combined Balance Sheet consisted of:

Cash on hand	\$ 42,611
Deposits and certificates of deposit	11,691,770
Market linked certificates of deposit	2,214,000
Investments at cost	21,592,798
 Total cash and investments	 <u>\$ 35,541,179</u>

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the County's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in the collateral pools.

At December 31, the carrying amount of the County's deposits was \$11,691,770 and the bank balance was \$11,755,013. Of the bank balance, \$1,010,012 was covered by federal depository insurance and \$10,745,001 was collateralized with securities held in single financial institution collateral pools as provided by statute. Collateral for uninsured deposits is held by banks in the name of a number of government accounts of which the County is a part. The carrying amount of the County's market linked certificates of deposit was \$2,214,000 and the bank balance was \$2,214,000. The bank balances were fully insured by federal depository insurance.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Investments- Colorado statutes define eligible investments for local governments. These include bonds and other interest-bearing obligations of or guaranteed by the United States government or its agencies, bonds which are direct obligations of the State of Colorado or any of its political subdivisions, repurchase agreements, commercial paper, guaranteed investment contracts and local government investment pools.

At December 31, the County had investments in two local government investment pools: the Colorado Government Liquid Asset Trust (COLOTRUST), and the Colorado Surplus Asset Fund Trust (CSAFE). These investment pools are investment vehicles established for local government entities in Colorado to pool surplus funds for investment purposes. The pools are routinely monitored by the Colorado Division of Securities with regard to their operations and investments, which are subject to provisions of C.R.S. Title 24, Article 75, Section 6. The fair value of the investments in the pools is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book form. COLOTRUST is rated AAA from Standard and Poor's, and CSAFE is rated AAAm from Standard and Poor's.

At December 31, the County had invested in money market funds with Signa. This account is used to hold money from the sale of government securities until they are reinvested. All funds in these accounts will be reinvested in investments approved by state statute. The money market accounts are rated AAA from Standard and Poor's. These investments are not categorized because they are not evidenced by securities that exist in physical or book form.

At December 31, the County had the following investments subject to interest rate risk:

Investment Type	Cost	Investment Maturities (in years)			
		Less than 1	1-5	6-10	More than 10
Investment Pools					
COLOTRUST	\$ 19,795,506				
CSAFE	256,945				
	<u>20,052,451</u>				
Signa Money Market	40,347				
Federal Government backed securities and mortgages	<u>1,500,000</u>	<u>\$ 1,000,000</u>	<u>\$ 500,000</u>		
Total	<u>\$ 21,592,798</u>				

The County does not have a formal policy limiting investment maturities that would help manage its exposure to fair value losses from increasing interest rates.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Retirement Plan – The County is a member of the Colorado County Officials and Employees Retirement Association. All members of the Association are participants in a defined contribution retirement plan which was adopted and is administered to provide income after retirement in addition to benefits provided by Federal Social Security. All County employees are required to participate after six months of continuous service. Contributions made by the employee are a minimum of five percent and a maximum of ten percent of gross salary, at the employees' discretion. Employees may make additional voluntary contributions not to exceed twenty five percent of compensation.

The County maintains no control over the plan, other than being a member of the Association. Employees are fully vested upon participation in the plan. The County has no unfunded liability under the plan. The total 2019 County payroll was \$10,951,059. The covered payroll for retirement plan purposes was \$10,321,738. The 2019 employer and employee contributions to the plan were \$473,981 and \$571,072 respectively. There were no County securities or other transactions included in the plan's assets.

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2019:

	Capital Assets Jan 1, 2019	Additions	Deletions/ Transfers	Capital Assets Dec 31, 2019
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 1,344,190			\$ 1,344,190
Total capital assets not depreciated	1,344,190	-	-	1,344,190
Capital assets, being depreciated:				
Buildings	21,896,676	\$ 595,478		22,492,154
Equipment	10,778,898	743,392	\$ (328,273)	11,194,017
Infrastructure	1,859,205			1,859,205
Total capital assets being depreciated	34,534,779	1,338,870	(328,273)	35,545,376
Less accumulated depreciation for:				
Buildings	(5,187,779)	(541,018)		(5,728,797)
Equipment	(7,672,752)	(601,624)	288,633	(7,985,743)
Infrastructure	(1,448,848)	(53,120)		(1,501,968)
Total accumulated depreciation	(14,309,379)	(1,195,762)	288,633	(15,216,508)
Total capital assets, being depreciated, net	20,225,400	143,108	(39,640)	20,328,868
Governmental Activities Capital Assets, net	\$ 21,569,590	\$ 143,108	\$ (39,640)	\$ 21,673,058
Business Type Activities				
Equipment and facilities	\$ 5,461,382			\$ 5,461,382
Less accumulated depreciation	(3,312,745)	\$ (215,517)		(3,528,262)
Business Type Activities Capital Assets net	\$ 2,148,637	\$ (215,517)	-	\$ 1,933,120

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Depreciation expense was charged as a direct expense to the following governmental programs:

General government	\$ 3,837
Public safety	524,320
Public works	375,922
Public health and welfare	35,140
Culture and recreation	70,016
Unallocated	186,528
Total depreciation government activities	<u>\$ 1,195,763</u>

Schedule of Social Services Costs Due To/From State of Colorado –

	<u>Due To (From)</u>
Colorado works	\$ 7,841
Child care	(899)
Child welfare	45,311
County administration	65,448
Core services	16,332
Child support	5,770
LEAP	3
Adult protective services	14,622
PSSF Regional	9,080
Aid to needy disabled	(4,719)
Home care allowance	(973)
Old age pension	2,234
Food assistance	(235)
Federal and State incentives	752
Tanf collections retained	125
Medicaid collections	(500)
Net Amount Due From State	<u>\$ 160,192</u>

All Electronic Benefit transfers paid by the State of Colorado for Montezuma County are included in the financial statements.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Operating Leases –In 2018, the County leased six blades from John Deere Financial with semi-annual payments of \$68,934.

The future minimum payments for these leases are as follows:

<u>Year</u>	<u>Payments</u>
2020	\$ 68,934

Long-Term Debt-

Changes in General Long-Term Debt- A summary of changes in general long-term debt follows:

	Balance January 1, 2019	Additions	Deletions	Balance December 31, 2019
Accrued compensation	\$ 593,453	\$ 37,165		\$ 630,618
Total	<u>\$ 593,453</u>	<u>\$ 37,165</u>	<u>\$ -</u>	<u>\$ 630,618</u>

Interfund Operating Transfers- consist of the following:

	<u>Transfer In</u>	<u>Transfer out</u>
General Fund	\$ 1,802,132	\$ 49,233
Special Revenue Funds		
Public Health Fund	39,233	
Emergency Telephone Fund		24,310
Law Enforcement Authority Fund		1,555,101
Contingent Fund		12,454
Conservation Trust Fund		210,267
Road and Bridge Fund	10,000	843,164
Internal Service Funds		
Fleet Fund	843,164	
	<u>\$ 2,694,529</u>	<u>\$ 2,694,529</u>

All transfers were made for the purpose of subsidizing the receiving fund.

MONTEZUMA COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Fund Balance Restrictions and Assignments – Nonspendable indicates amounts that cannot be spent, either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the Board of County Commissioners but are not spendable until appropriated. The County uses the following restrictions and assignments:

Non-spendable

Inventory- indicates that the portion of fund balance represented by inventories is not available for appropriation and expenditure at the balance sheet date. Non-spendable fund balance related to inventory consists of \$50,000 in the Road and Bridge Fund.

Restricted

TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$722,119 in the Emergency Reserve Fund and \$50,000 in the General Fund.

Cancer treatments-indicates that the fund balance within the Ormiston Fund is restricted for the payment of cancer treatments costs of qualified county residents.

Roads and bridges-indicates that the fund balance within the Road and Bridge Fund is restricted for construction and maintenance of County roads and bridges.

Public health and welfare-indicates that the fund balance of the Social Services Fund is restricted for the purpose of public health and welfare.

Assigned for future expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balances assigned for future expenditures consist of the following:

MONTEZUMA COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

General Fund	\$ 18,193,671
Special Revenue Funds	
Contingent Fund	595,335
Emergency Telephone Service Fund	409,581
Sheriff's Forfeiture Fund	25,760
Conservation Trust Fund	404,842
Law Enforcement Authority Fund	854,741
Revolving Loan Fund	147,045
Lodger's Tax Fund	178,352
Public Health Fund	436,485
Capital Projects Funds	
Capital Fund	2,171,560
Total	<u><u>\$ 23,417,372</u></u>

Public Trustee – The County Treasurer holds the office of the County Public Trustee. Public Trustees are named as trustees for Deeds of Trust and perform all the functions and exercise all the powers conferred upon them by the Deeds of Trust. These functions include releasing Deeds of Trust when indebtedness is paid in full, making sales whenever default occurs, issuing Certificates of Purchase and Certificates of Redemption of Trustee's Deeds. Fees for such services are used to cover related expenses and pay the Trustee an annual salary.

The accounts of the County Public Trustee consist of the following as of and for the year ended December 31, 2019:

Cash at January 1, 2019	\$ 56,721
Revenues	
Interest and fees	21,110
Expenditures	(17,135)
Cash at December 31, 2019	<u><u>\$ 60,696</u></u>

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the County.

MONTEZUMA COUNTY, COLORADO
NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Tax Spending, Revenue 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.

“Enterprises,” defined as government owned businesses authorized to issue revenue bonds and receiving less than 10 percent of their annual revenue in grants from all state and local governments combined, are excluded from the provisions of the Amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Those exceptions include spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves.

The Amendment requires local governments to establish Emergency Reserves. These reserves must be at least 3% of fiscal year spending. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the Amendment.

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 the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental formation agreement 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.

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The County has purchased commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

Colorado Immunity Act – Under Colorado statutes, the County has immunity from liability in excess of \$150,000 per individual and \$600,000 per occurrence.

MONTEZUMA COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2019

Municipal Solid Waste Landfill- The County assumed operation of the landfill in 1991 from the Cortez Sanitation District. The old inactive landfill areas have monitoring wells in place and closure and post-closure costs are not estimated to exceed normal operating costs.

Currently, the landfill is operating on a cell basis. An average "life to closure" has been estimated at 30 to 40 years for the cells. It is estimated that at December 31, 2019 60.4% of the capacity had been used. Engineer estimates have been obtained for anticipated closure and post-closure costs. The County is required to perform certain maintenance and monitoring functions for thirty years after closure. The expense and liability associated with these requirements are reflected in the financial statements of the Landfill Fund.

	Estimated Costs	Estimated Capacity Used	Accrued Closure Costs
Closure	\$ 1,272,328	60.40%	\$ 768,486
Post-closure	702,373	60.40%	424,234
Post-closure Carver Landfill	127,461	100%	127,586
Total	<u>\$ 2,102,162</u>		<u>\$ 1,320,306</u>

It is anticipated that the remaining amount will be recognized in the future as the landfill reaches capacity. These figures are estimates. The County has provided the "Financial Assurance for Compliance" required by the Colorado Department of Public Health and Environment.

Compliance with Laws and Regulations-The County may be in violation of State Statute. Expenditures exceeded appropriations in the Road and Bridge Fund, Conservation Trust Fund, Sheriff's Forfeiture Fund, Contingent Fund and the Law Enforcement Authority Fund.

MONTEZUMA COUNTY, COLORADO

Required Supplementary Information

December 31, 2019

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedules

General Fund

Road and Bridge Fund

Social Services Fund

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 7,389,483	\$ 7,389,483	\$ 7,593,289	\$ 203,806
Specific ownership taxes	700,000	700,000	868,257	168,257
Delinquent tax and interest	5,000	5,000	374,369	369,369
Severance taxes	240,000	240,000		(240,000)
Tobacco products taxes	6,500	6,500	5,846	(654)
Total taxes	<u>8,340,983</u>	<u>8,340,983</u>	<u>8,841,761</u>	<u>500,778</u>
Intergovernmental revenues				
Payment in lieu of taxes	180,000	180,000	192,878	12,878
Mineral leasing	725,000	725,000		(725,000)
Grants				
Sherrif grants	597,062	597,062	593,385	(3,677)
Senior services and transportation grants	370,000	370,000	483,324	113,324
Total intergovernmental revenues	<u>1,872,062</u>	<u>1,872,062</u>	<u>1,269,587</u>	<u>(602,475)</u>
Charges for services				
General government	35,000	35,000	65,095	30,095
Senior nutrition and transportation	139,809	139,809	146,509	6,700
County fair and fairground user fees	70,000	70,000	97,556	27,556
Total charges for services	<u>244,809</u>	<u>244,809</u>	<u>309,160</u>	<u>64,351</u>
Fines and forfeitures				
Court fines	35,000	35,000	42,176	7,176
Total fines and forfeitures	<u>35,000</u>	<u>35,000</u>	<u>42,176</u>	<u>7,176</u>
Earnings on investments	<u>225,000</u>	<u>225,000</u>	<u>510,831</u>	<u>285,831</u>
Miscellaneous revenues				
Rents and royalties	215,000	215,000	291,172	76,172
Reimbursements	134,700	134,700	131,957	(2,743)
Other	34,000	34,000	97,990	63,990
Total miscellaneous revenues	<u>383,700</u>	<u>383,700</u>	<u>521,119</u>	<u>137,419</u>
Fee accounts				
Sheriff fees	505,529	505,529	475,108	(30,421)
Clerk fees	570,000	570,000	574,883	4,883
Treasurers fees	250,000	250,000	259,541	9,541
Public trustee fees	20,000	20,000	35,961	15,961
Total fee accounts	<u>1,345,529</u>	<u>1,345,529</u>	<u>1,345,493</u>	<u>(36)</u>
Total revenues	<u>12,447,083</u>	<u>12,447,083</u>	<u>12,840,127</u>	<u>393,044</u>

(continued)

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>			<u>Variance</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Favorable</u> <u>(Unfavorable)</u>
Expenditures				
General government				
Board of county commissioners	\$ 288,514	\$ 288,514	\$ 293,344	\$ (4,830)
Planning department	137,867	137,867	140,028	(2,161)
Clerk	595,183	595,183	551,694	43,489
Treasurer	258,561	258,561	257,824	737
Public trustee	17,846	17,846	19,591	(1,745)
Assessor	487,804	487,804	444,663	43,141
Attorney	269,036	269,036	265,654	3,382
Grounds and buildings	803,946	803,946	706,782	97,164
Administration	259,522	259,522	267,149	(7,627)
Elections	60,500	60,500	34,992	25,508
Extention services	122,092	122,092	120,998	1,094
Veteran's office	101,438	101,438	91,214	10,224
Purchasing	60,000	60,000	53,199	6,801
Computer services and mapping	602,257	602,257	638,767	(36,510)
Surveyor	3,948	3,948	7,671	(3,723)
Natural resources and public lands	82,949	82,949	84,692	(1,743)
Miscellaneous	428,365	428,365	429,197	(832)
Total general government	4,579,828	4,579,828	4,407,459	172,369
Public safety				
Sheriff administration	3,879,638	3,879,638	3,489,304	390,334
Coroner	122,780	122,780	124,252	(1,472)
District attorney	826,947	826,947	827,499	(552)
Jail	2,387,912	2,387,912	2,164,749	223,163
Emergency management	86,424	86,424	60,384	26,040
Total public safety	7,303,701	7,303,701	6,666,188	637,513
Health and welfare				
Senior services and transportation	509,809	509,809	521,963	(12,154)
Public health services	41,978	41,978		41,978
Animal and pest control	27,500	27,500	27,500	-
Total health and welfare	579,287	579,287	549,463	29,824

(continued)

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures (continued)				
Culture and recreation				
County fair	\$ 35,070	\$ 35,070	\$ 50,993	\$ (15,923)
Fairgrounds	201,948	201,948	194,750	7,198
Conservation trust	91,812	91,812	80,960	10,852
Total culture and recreation	328,830	328,830	326,703	2,127
Total expenditures	12,791,646	12,791,646	11,949,813	841,833
Excess (deficit) of revenues over (under) expenditures	(344,563)	(344,563)	890,314	1,234,877
Other financing sources (uses)				
Net operating transfers in	904,369	904,369	1,752,899	848,530
Total other financing sources (uses)	904,369	904,369	1,752,899	848,530
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	559,806	559,806	2,643,213	2,083,407
Fund balance, beginning	14,881,269	14,881,269	15,600,458	719,189
Fund balance, ending	\$ 15,441,075	\$ 15,441,075	\$ 18,243,671	\$ 2,802,596

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Road and Bridge Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 1,154,620	\$ 1,154,620	\$ 1,305,846	\$ 151,226
Specific ownership taxes	262,289	262,289	243,829	(18,460)
Delinquent taxes and interest	15,000	15,000	79,809	64,809
Severance taxes			388,269	388,269
Total taxes	<u>1,431,909</u>	<u>1,431,909</u>	<u>2,017,753</u>	<u>585,844</u>
Intergovernmental revenues				
Federal shared revenues				
Forest Service	502,696	502,696	46,240	(456,456)
Mineral leasing	725,000	725,000	1,400,000	675,000
State shared revenues				
Highway user's tax	2,724,444	2,724,444	3,376,734	652,290
Additional motor vehicle registration fee	90,000	90,000	90,812	812
Grants	695,024	695,024	538,578	(156,446)
Total intergovernmental revenues	<u>4,737,164</u>	<u>4,737,164</u>	<u>5,452,364</u>	<u>715,200</u>
Miscellaneous revenues				
Permits and charges for services	189,600	189,600	892,484	702,884
Sale of assets	15,000	15,000	48,545	33,545
Impact fees	80,000	80,000	135,908	55,908
Other			27,125	27,125
Total miscellaneous revenues	<u>284,600</u>	<u>284,600</u>	<u>1,104,062</u>	<u>819,462</u>
Total revenues	<u>6,453,673</u>	<u>6,453,673</u>	<u>8,574,179</u>	<u>2,120,506</u>
Expenditures				
Current operating				
Public Works				
Administration	166,819	166,819	167,994	(1,175)
Maintenance of condition	3,375,694	3,375,694	3,500,115	(124,421)
Snow and ice removal	551,037	551,037	531,333	19,704
System preservation	4,209,975	4,209,975	3,820,401	389,574
Payments to cities	112,289	112,289	108,254	4,035
Total public works	<u>8,415,814</u>	<u>8,415,814</u>	<u>8,128,097</u>	<u>287,717</u>
Total expenditures	<u>8,415,814</u>	<u>8,415,814</u>	<u>8,128,097</u>	<u>287,717</u>
Excess (deficit) of revenues over (under) expenditures	(1,962,141)	(1,962,141)	446,082	2,408,223
Other financing sources (uses)				
Transfers out			(833,164)	(833,164)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(833,164)</u>	<u>(833,164)</u>
Excess (deficit) of other financing sources over (under) expenditures and other financing uses	<u>(1,962,141)</u>	<u>(1,962,141)</u>	<u>(387,082)</u>	<u>1,575,059</u>
Fund balance, beginning	6,636,732	6,636,732	7,356,501	719,769
Fund balance, ending	<u>\$ 4,674,591</u>	<u>\$ 4,674,591</u>	<u>\$ 6,969,419</u>	<u>\$ 2,294,828</u>

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in
Fund Balance - Budget and Actual
Social Services Fund
For the year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General Property Taxes	\$ 521,396	\$ 521,396	\$ 578,895	\$ 57,499
Specific Ownership Taxes	45,503	45,503	59,865	14,362
Total taxes	566,899	566,899	638,760	71,861
Intergovernmental revenues				
Programs settled by CFMS				
Colorado Works	971,668	971,668	770,109	(201,559)
Child Care	656,766	656,766	639,245	(17,521)
Child Welfare	1,437,966	1,437,966	1,481,033	43,067
Administration	961,962	961,962	814,500	(147,462)
Core Services	386,727	386,727	251,031	(135,696)
Child Support	218,701	218,701	145,805	(72,896)
LEAP	563,939	563,939	451,202	(112,737)
Adult Protective Services	163,026	163,026	170,984	7,958
Aid to Needy Disabled	103,441	103,441	123,921	20,480
Home Care Allowance	86,156	86,156	130,748	44,592
Old Age Pension	620,277	620,277	587,176	(33,101)
Food Assistance	7,059,616	7,059,616	6,020,593	(1,039,023)
Title IV-B PSSF	153,456	153,456	147,484	(5,972)
Tanf Collections EBT	(3,455)	(3,455)	(2,269)	1,186
State and Federal Incentives	18,426	18,426	139,370	120,944
TANF Collections IVD Retained	(32,304)	(32,304)	(20,633)	11,671
Medicaid Collections	(1,048)	(1,048)	(4,937)	(3,889)
Total Programs settled by CFMS	13,365,320	13,365,320	11,845,362	(1,519,958)
Other				
Medicaid Transport	201,222	201,222	167,745	(33,477)
System Care Grant	59,959	59,959	58,042	(1,917)
Integrated Care Management	146,778	146,778	52,546	(94,232)
DANSR Grant			12,289	12,289
Child Support Enforcement	89,190	89,190	84,417	(4,773)
Other	8,061	8,061	136,734	128,673
Total Other	505,210	505,210	511,773	6,563
Total Intergovernmental revenues	13,870,530	13,870,530	12,357,135	(1,513,395)
Total Revenues	14,437,429	14,437,429	12,995,895	(1,441,534)

Continued

MONTEZUMA COUNTY, COLORADO

Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual Social Services Fund For the year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Expenditures				
Health and Welfare				
Programs settled by CFMS				
Colorado Works	\$ 971,667	971,667	\$ 921,911	\$ 49,756
Child Care	656,766	656,766	719,846	(63,080)
Child Welfare	1,758,941	1,758,941	1,791,788	(32,847)
Administration	1,130,486	1,130,486	981,809	148,677
Core Services	410,945	410,945	273,283	137,662
Child Support	331,366	331,366	295,802	35,564
LEAP	563,939	563,939	451,202	112,737
Adult Protective Services	203,783	203,783	213,730	(9,947)
Aid to Needy Disabled	129,301	129,301	154,901	(25,600)
Home Care Allowance	90,691	90,691	137,630	(46,939)
Old Age Pension	620,277	620,277	587,176	33,101
Food Assistance	7,059,616	7,059,616	6,022,309	1,037,307
Title IV-B PSSF	153,456	153,456	163,892	(10,436)
Tanf Collections EBT	(3,455)	(3,455)	(2,836)	(619)
Tanf Collections IVD Retained	(41,724)	(41,724)	(25,792)	(15,932)
Medicaid Collections	(1,048)	(1,048)	(4,937)	3,889
Total Programs settled by CFMS	14,035,007	14,035,007	12,681,714	1,353,293
Other				
Medicaid Transport	201,222	201,222	167,746	33,476
System Care Grant	59,959		58,042	(58,042)
Integrated Care Management	146,778	146,778	52,546	94,232
DANSR Grant			12,289	(12,289)
Other	478,400	478,400	133,696	344,704
Total Other	886,359	826,400	424,319	402,081
Total expenditures	14,921,366	14,861,407	13,106,033	1,755,374
Excess revenues over (under) expenditures	(483,937)	(423,978)	(110,138)	313,840
Other financing sources (uses)				
Operating transfers in (out)			-	-
Total other financing sources (uses)			-	-
Excess (deficit) of other financing sources over (under) expenditures and other financing uses	(483,937)	(423,978)	(110,138)	313,840
Fund balance, beginning	1,734,467	1,734,467	1,985,042	250,575
Fund balance, ending	\$ 1,250,530	\$ 1,310,489	\$ 1,874,904	\$ 564,415

MONTEZUMA COUNTY, COLORADO

Other Supplementary Information

December 31, 2019

Other supplementary information includes financial statements and schedules not required by the GASB, or a part of the basic financial statements, but are presented for purposes of additional analysis.

These statements and schedules include:

Combining Statements- Nonmajor governmental funds

Budgetary Comparison Schedules- Nonmajor governmental funds

Budgetary Comparison Schedule-Capital Fund

Budgetary Comparison Schedule-Enterprise Fund

Budgetary Comparison Schedule-Internal Service Fund

MONTEZUMA COUNTY, COLORADO

Nonmajor Governmental Funds

December 31, 2019

Special Revenue Funds

Special revenue funds are used to account for taxes and other designated revenues of the County which are used for a specified purpose as required by law or administrative action.

Public Health Fund

This fund is required by state statute to account for the County's public health operations.

Conservation Trust Fund

This fund accounts for the County's share of lottery proceeds from the state to pay for local conservation efforts.

Clara Ormiston Fund

This fund accounts for money received from the Clara Ormiston Trust to help residents of the county with health care costs for the treatment of cancer.

Emergency Telephone Service Fund

This fund accounts for an emergency telephone service system in Montezuma County.

Sheriff's Department Forfeiture Fund

This fund was established pursuant to Section 16-13-506 C.R.S. to account for proceeds from property ordered by the court to be forfeited and used for nonoperating purposes.

Revolving Loan Fund

The Housing and Community Development Act of 1974 has established a Community Development Block Grant program to support economic development projects that create or retain jobs and which contribute to sound overall community development at the local level. The Revolving Loan Fund accounts for the revenue and expenditures relative to these federal monies.

Lodgers' Tax Fund

This fund accounts for the lodgers' tax revenue collected by merchants to be used for the promotion of Montezuma County.

Emergency Reserve Fund

This fund accounts for a portion of the County fund balance that was set aside to meet the emergency reserve required by TABOR. This fund had no activity during the current year.

Contingent Fund

This fund is required by state law. This fund accounts for expenditures not reasonably foreseen at the time the budget is adopted. This fund had no activity during the year.

Law Enforcement Authority

This fund was created in 2008 to account for the voter approved levy of property taxes to provide increased funding for public safety operations of the County.

MONTEZUMA COUNTY
Combining Balance Sheet
Non Major Governmental Funds

December 31, 2019

Special Revenue Funds

	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund	Total
Assets											
Cash	\$ 636,978	\$ 367,408	\$ 48,620	\$ 410,509	\$ 25,760	\$ 147,045	\$ 178,352	\$ 722,119	\$ 595,335	\$ 854,741	\$ 3,986,867
Other receivables		2,164	6								2,170
Due from other governments	1,653	35,270									36,923
Total Assets	\$ 638,631	\$ 404,842	\$ 48,626	\$ 410,509	\$ 25,760	\$ 147,045	\$ 178,352	\$ 722,119	\$ 595,335	\$ 854,741	\$ 4,025,960
Liabilities											
Accounts payable	\$ 25,284			\$ 928							\$ 26,212
Unearned grant revenue	176,862										176,862
Total Liabilities	202,146	-	-	928	-	-	-	-	-	-	203,074
Fund Balance											
Restricted			\$ 48,626					\$ 722,119			48,626
Cancer treatments TABOR											722,119
Unrestricted											
Assigned for future year's expenditures	436,485	\$ 404,842		409,581	\$ 25,760	\$ 147,045	\$ 178,352		\$ 595,335	\$ 854,741	3,052,141
Total Fund Balance	436,485	404,842	48,626	409,581	25,760	147,045	178,352	722,119	595,335	854,741	3,822,886
Total Liabilities and Fund Balance	\$ 638,631	\$ 404,842	\$ 48,626	\$ 410,509	\$ 25,760	\$ 147,045	\$ 178,352	\$ 722,119	\$ 595,335	\$ 854,741	\$ 4,025,960

MONTEZUMA COUNTY
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Non Major Governmental Funds

For the Year Ended December 31, 2019

	Special Revenue Funds										Total
	Public Health Fund	Conservation Trust Fund	Clara Ormiston Fund	Emergency Telephone Fund	Sheriff's Forfeiture Fund	Revolving Loan Fund	Lodgers Tax Fund	Emergency Reserve Fund	Contingent Fund	Law Enforcement Authority Fund	
Revenues											
Taxes	\$ 1,726,760	\$ 171,876					\$ 186,904		\$	\$ 959,358	\$ 1,146,262
Intergovernmental	446,218										1,898,636
Charges for services		8,944	\$ 4,023	\$ 194,851	\$ 12,728	\$ 193					653,797
Earnings on investments					11						13,171
Total Revenues	2,172,978	180,820	4,023	194,851	12,739	193	186,904	-	-	959,358	3,711,866
Expenditures											
General government							141,500				141,500
Public safety	2,179,651			139,410	25,025						164,435
Public Health											2,179,651
Total expenditures	2,179,651	-	-	139,410	25,025	-	141,500	-	-	-	2,485,586
Excess revenues over (under) expenditures	(6,673)	180,820	4,023	55,441	(12,286)	193	45,404	-	-	959,358	1,226,280
Other financing sources (uses)											
Operating transfers in (out)	39,233	(210,267)		(24,310)					\$ (12,454)	(1,555,101)	(1,762,899)
Total other financing sources (uses)	39,233	(210,267)	-	(24,310)	-	-	-	-	(12,454)	(1,555,101)	(1,762,899)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	32,560	(29,447)	4,023	31,131	(12,286)	193	45,404	-	(12,454)	(595,743)	(536,619)
Fund Balances beginning of the year	403,925	434,289	44,603	378,450	38,046	146,852	132,948	\$ 722,119	607,789	1,450,484	4,359,505
Fund Balances end of the year	\$ 436,485	\$ 404,842	\$ 48,626	\$ 409,581	\$ 25,760	\$ 147,045	\$ 178,352	\$ 722,119	\$ 595,335	\$ 854,741	\$ 3,822,886

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Public Health Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental revenues				
Operating grants	\$ 2,364,756	\$ 2,364,756	\$ 1,726,760	\$ (637,996)
Charges of services	345,800	345,800	446,218	100,418
Total Revenues	<u>2,710,556</u>	<u>2,710,556</u>	<u>2,172,978</u>	<u>(537,578)</u>
Expenditures				
Public health	2,595,498	2,595,498	2,179,651	415,847
Total Expenditures	<u>2,595,498</u>	<u>2,595,498</u>	<u>2,179,651</u>	<u>415,847</u>
Excess revenues over (under) expenditures	115,058	115,058	(6,673)	(121,731)
Other financing sources (uses)				
Operating transfers in (out)	40,359	40,359	39,233	(1,126)
Total other financing sources (uses)	<u>40,359</u>	<u>40,359</u>	<u>39,233</u>	<u>(1,126)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>155,417</u>	<u>155,417</u>	<u>32,560</u>	<u>(122,857)</u>
Fund Balances beginning of the year	563,516	563,516	403,925	(159,591)
Fund Balances end of the year	<u>\$ 718,933</u>	<u>\$ 718,933</u>	<u>\$ 436,485</u>	<u>\$ (282,448)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Conservation Trust Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Intergovernmental				
Lottery funds	\$ 145,000	\$ 145,000	\$ 171,876	\$ 26,876
Total intergovernmental revenues	145,000	145,000	171,876	26,876
Miscellaneous				
Earnings on investments	4,000	4,000	8,944	4,944
Total miscellaneous revenues	4,000	4,000	8,944	4,944
Total Revenues	149,000	149,000	180,820	31,820
Other financing sources (uses)				
Operating transfers out	(166,812)	(166,812)	(210,267)	(43,455)
Total other financing sources (uses)	(166,812)	(166,812)	(210,267)	(43,455)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	(17,812)	(17,812)	(29,447)	(11,635)
Fund Balances beginning of the year	225,376	225,376	434,289	208,913
Fund Balances end of the year	\$ 207,564	\$ 207,564	\$ 404,842	\$ 197,278

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Clara Ormiston Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 5,000	\$ 5,000	\$ 4,023	\$ (977)
Total Revenues	<u>5,000</u>	<u>5,000</u>	<u>4,023</u>	<u>(977)</u>
Other financing sources (uses)				
Operating transfers out	(5,000)	(5,000)	-	5,000
Total other financing sources (uses)	<u>(5,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>5,000</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>-</u>	<u>-</u>	<u>4,023</u>	<u>4,023</u>
Fund Balances beginning of the year	36,451	36,451	44,603	8,152
Fund Balances end of the year	<u>\$ 36,451</u>	<u>\$ 36,451</u>	<u>\$ 48,626</u>	<u>\$ 12,175</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Telephone Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Charges for services	\$ 285,073	\$ 285,073	\$ 194,851	\$ (90,222)
Total Revenues	<u>285,073</u>	<u>285,073</u>	<u>194,851</u>	<u>(90,222)</u>
Expenditures				
Public safety	576,206	576,206	139,410	436,796
Total Expenditures	<u>576,206</u>	<u>576,206</u>	<u>139,410</u>	<u>436,796</u>
Excess revenues over (under) expenditures	<u>(291,133)</u>	<u>(291,133)</u>	<u>55,441</u>	<u>346,574</u>
Other financing sources (uses)				
Operating transfers out	(28,000)	(28,000)	(24,310)	3,690
Total other financing sources (uses)	<u>(28,000)</u>	<u>(28,000)</u>	<u>(24,310)</u>	<u>3,690</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>(319,133)</u>	<u>(319,133)</u>	<u>31,131</u>	<u>350,264</u>
Fund Balances beginning of the year	406,247	406,247	378,450	(27,797)
Fund Balances end of the year	<u>\$ 87,114</u>	<u>\$ 87,114</u>	<u>\$ 409,581</u>	<u>\$ 322,467</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Sheriff's Forfeiture Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Other	\$ 15	\$ 15	\$ 12,739	\$ 12,724
Total Revenues	15	15	12,739	12,724
Expenditures				
Public safety			25,025	(25,025)
Total expenditures	-	-	25,025	(25,025)
Excess revenues over (under) expenditures	15	15	(12,286)	(12,301)
Fund Balances beginning of the year	25,966	25,966	38,046	12,080
Fund Balances end of the year	<u>\$ 25,981</u>	<u>\$ 25,981</u>	<u>\$ 25,760</u>	<u>\$ (221)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Revolving Loan Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments	\$ 400	\$ 400	\$ 193	\$ (207)
Total Revenues	400	400	193	(207)
Expenditures				-
Excess revenues over (under) expenditures	400	400	193	(207)
Fund Balances beginning of the year	146,924	146,924	146,852	(72)
Fund Balances end of the year	<u>\$ 147,324</u>	<u>\$ 147,324</u>	<u>\$ 147,045</u>	<u>\$ (279)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Lodgers Tax Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Lodgers tax	\$ 175,000	\$ 175,000	\$ 186,904	\$ 11,904
Total Revenues	175,000	175,000	186,904	11,904
Expenditures				
General government	150,000	150,000	141,500	8,500
Total Expenditures	150,000	150,000	141,500	8,500
Excess revenues over (under) expenditures	25,000	25,000	45,404	20,404
Fund Balances beginning of the year	197,887	197,887	132,948	(64,939)
Fund Balances end of the year	<u>\$ 222,887</u>	<u>\$ 222,887</u>	<u>\$ 178,352</u>	<u>\$ (44,535)</u>

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Emergency Reserve Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Earnings on investments				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures			-	-
Excess revenues over (under) expenditures			-	-
Other financing sources (uses)				
Operating transfers out				-
Total other financing sources (uses)	-	-	-	-
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	-	-	-	-
Fund Balances beginning of the year	\$ 722,119	\$ 722,119	\$ 722,119	-
Fund Balances end of the year	\$ 722,119	\$ 722,119	\$ 722,119	\$ -

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Contingent Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Reimbursements				
Total Revenues	-	-	-	-
Expenditures				
General government				-
Total Expenditures	-	-	-	-
Excess revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers out			\$ (12,454)	\$ (12,454)
Total other financing sources (uses)			(12,454)	(12,454)
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	\$ 607,789	\$ 607,789	607,789	-
Fund Balances end of the year	\$ 607,789	\$ 607,789	\$ 595,335	\$ (12,454)

MONTEZUMA COUNTY
Schedule of Revenues, Expenditures, and Changes in
Fund Balance-Budget and Actual
Law Enforcement Authority Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
Property taxes	\$ 791,137	\$ 791,137	\$ 822,923	\$ 31,786
Specific ownership taxes	62,000	62,000	92,224	30,224
Delinquent tax and interest			44,148	44,148
Miscellaneous			63	63
Total Revenues	<u>853,137</u>	<u>853,137</u>	<u>959,358</u>	<u>106,221</u>
Other financing sources (uses)				
Operating transfers out	(784,679)	(784,679)	(1,555,101)	(770,422)
Total other financing sources (uses)	<u>(784,679)</u>	<u>(784,679)</u>	<u>(1,555,101)</u>	<u>(770,422)</u>
Excess (deficit) of revenues and other financing sources over (under) expenditures and other financing uses	<u>68,458</u>	<u>68,458</u>	<u>(595,743)</u>	<u>(664,201)</u>
Fund Balances beginning of the year	364,691	364,691	1,450,484	1,085,793
Fund Balances end of the year	<u>\$ 433,149</u>	<u>\$ 433,149</u>	<u>\$ 854,741</u>	<u>\$ 421,592</u>

MONTEZUMA COUNTY, COLORADO

Schedule of Revenues, Expenditures and Changes in
Fund Balance- Budget and Actual
Capital Fund

For the Year Ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
	<u>Original</u>	<u>Final</u>		
Revenues				
Intergovernmental revenues				
Mineral leasing	\$ 725,000	\$ 725,000	\$ 533,864	\$ (191,136)
Grants			309,167	309,167
Total intergovernmental revenues	725,000	725,000	843,031	118,031
Miscellaneous revenues				
Interest on interfund loan			517	517
Other			17,427	17,427
Total miscellaneous revenues	-	-	17,944	17,944
Total Revenues	725,000	725,000	860,975	135,975
Expenditures				
General government	418,000	418,000	499,508	(81,508)
Public safety	476,000	476,000	260,923	215,077
Culture and recreation	70,000	70,000	184,167	(114,167)
Public health			15,612	(15,612)
Total expenditures	964,000	964,000	960,210	3,790
Excess (deficit) of revenues over (under) expenditures	(239,000)	(239,000)	(99,235)	139,765
Fund balance, beginning	2,011,079	2,011,079	2,270,795	259,716
Fund balance, ending	\$ 1,772,079	\$ 1,772,079	\$ 2,171,560	\$ 399,481

MONTEZUMA COUNTY, COLORADO
Statement of Revenues, Expenditures, and Changes in Net Position - Budget and Actual
Proprietary Fund
Enterprise Fund
Landfill Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		(Non GAAP Basis)	Variance
	Original	Final	Actual Amounts	Favorable (Unfavorable)
Operating Revenues				
Landfill fees	\$ 1,146,942	\$ 1,146,942	\$ 1,502,928	\$ 355,986
Total local sources	<u>1,146,942</u>	<u>1,146,942</u>	<u>1,502,928</u>	<u>355,986</u>
Operating Expenses				
Landfill operations				
Salaries	412,366	412,366	371,623	40,743
Employee benefits	134,240	134,240	126,537	7,703
Other operating expenses	232,317	232,317	169,955	62,362
Professional fees	170,423	170,423	222,135	(51,712)
Utilities	31,849	31,849	31,098	751
Insurance and bonds	37,164	37,164	34,070	3,094
Repairs and maintenance	70,618	70,618	106,860	(36,242)
Capital outlay	261,000	261,000		261,000
Total Operating Expenses	<u>1,349,977</u>	<u>1,349,977</u>	<u>1,062,278</u>	<u>287,699</u>
Operating income (loss)	<u>(203,035)</u>	<u>(203,035)</u>	<u>440,650</u>	<u>643,685</u>
Non-Operating Revenue (Expense)				
(Increase) Decrease in accrued closure costs	(171,924)	(171,924)	(62,451)	109,473
Interfund loan interest	(144,202)	(144,202)	(517)	143,685
Total Non-Operating Revenue (Expense)	<u>(316,126)</u>	<u>(316,126)</u>	<u>(62,968)</u>	<u>253,158</u>
Change in net position non GAAP basis	(519,161)	(519,161)	377,682	896,843
Add capital outlay			-	-
Less depreciation expense			(215,517)	(215,517)
Change in net position	<u>(519,161)</u>	<u>(519,161)</u>	<u>162,165</u>	<u>681,326</u>
Net position beginning of the year	1,423,946	1,423,946	1,242,854	(181,092)
Net position end of the year	<u>\$ 904,785</u>	<u>\$ 904,785</u>	<u>\$ 1,405,019</u>	<u>\$ 500,234</u>

MONTEZUMA COUNTY
Statement of Revenues, Expenditures and Changes in Net Position-Budget and Actual
Proprietary Fund
Internal Service Fund
Fleet Fund

For the Year Ended December 31, 2019

	Budgeted Amounts		(Non GAAP Basis) Actual Amounts	Variance Favorable (Unfavorable)
	Original	Final		
Operating Revenues				
Fleet fees	\$ 928,339	\$ 928,339	\$ 389,349	\$ (538,990)
Total local sources	928,339	928,339	389,349	(538,990)
Operating Expenses				
Fleet operations				
Salaries	182,043	182,043	80,462	101,581
Employee benefits	64,112	64,112	26,775	37,337
Other operating expenses	624,603	624,603	247,497	377,106
Professional fees	3,000	3,000	3,293	(293)
Utilities	6,000	6,000	4,301	1,699
Insurance and bonds	82,600	82,600	90,179	(7,579)
Capital outlay			136,757	(136,757)
Total Operating Expenses	962,358	962,358	589,264	373,094
Operating Income (loss)	(34,019)	(34,019)	(199,915)	(165,896)
Non-Operating Revenue (Expense)				
Gain on sale of assets	5,000	5,000		(5,000)
Total Non-Operating Revenue (Expense)	5,000	5,000	-	(5,000)
Income before capital contributions and transfers	(29,019)	(29,019)	(199,915)	(170,896)
Transfers in (out)	29,823	29,823	843,164	813,341
Change in net position non GAAP basis	804	804	643,249	642,445
Add capital outlay			136,757	136,757
Less capital asset equity transfer out			(1,172,355)	(1,172,355)
Change in net position	804	804	(392,349)	(393,153)
Net position beginning of the year	602,030	602,030	392,349	(209,681)
Net position end of the year	\$ 602,834	\$ 602,834	\$ -	\$ (602,834)

INFORMATION REQUIRED BY OVERSIGHT AUTHORITIES

Majors and Haley, P.C.
Certified Public Accountants

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Cortez, CO 81321
(970) 565-9521
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Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITORS' 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

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Montezuma County, Colorado as of and for the year ended December 31, 2019 and the related notes to the financial statements, which collectively comprise the Montezuma County, Colorado's basic financial statements and have issued our report thereon dated June 24, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Montezuma 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 the Montezuma County, Colorado's internal control. Accordingly, we do not express an opinion on the effectiveness of the Montezuma 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less

severe than a material weakness, yet important enough to merit attention by those charges 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 that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control 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 Montezuma County, Colorado's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants 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 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 controls 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.



Majors and Haley, P.C.
June 24, 2020

Majors and Haley, P.C.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of County Commissioners
Montezuma County, Colorado
Cortez, Colorado 81321

Report on Compliance for Each Major Federal Program

We have audited the Montezuma County, Colorado's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Montezuma County, Colorado's major federal programs for the year ended December 31, 2019. The Montezuma 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

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Montezuma County, Colorado's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Montezuma County, Colorado's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Montezuma County, Colorado complied, in all material respects, with the 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, 2019.

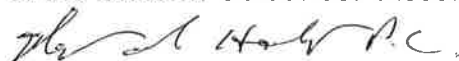
Report on Internal Control Over Compliance

Management of the Montezuma County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Montezuma County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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 the Montezuma 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 control 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, detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



Majors and Haley, P.C.
June 24, 2020

MONTEZUMA COUNTY, COLORADO

SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE
For The Year Ended December 31, 2019

<u>Federal Grantor/ Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Disbursements/ Expenditures</u>
U.S. Department of Agriculture		
Passed through the Colorado Department of Human Services		
Supplemental Nutrition Assistance Program	10.551	10,306
SNAP Administration	10.561	\$ 206,168
Food Distribution	10.568	64,769
		<u>281,243</u>
Passed through the Colorado Department of Public Health and Environment		
Special Supplemental Food-WIC	10.557	404,551
U.S. Department of Health and Human Services		
Passed through the Colorado Department of Public Health and Environment		
Injury Prevention and Control Research	93.136	10,000
Immunization Cooperative Agreements	93.268	2,269
PPHF Capacity Building Assistance	93.539	12,400
Preventative Health Block Grant	93.991	10,000
Maternal and Child Health Services	93.994	30,705
Public Health Emergency Preparedness	93.069	107,397
		<u>172,771</u>
Passed through the Colorado Department of Human Services		
TANF-Colorado Works	93.558	804,035
Title IV-E Guard	93.090	17,427
IV-B Child Care	93.645	11,978
Title IV-E Foster Care	93.658	285,656
Title XX Block Grant	93.667	135,672
Title IV-D Administration	93.563	179,310
Low Income Home Energy Assistance (LEAP)	93.568	20
Child Care Development Fund	93.596	251,469
Child Care Development Fund-Discretion	93.575	205,139
COACT Colorado	93.104	58,042
PSSF Grant	93.556	147,484
Title IV-E Adoption	93.659	60,945
		<u>2,157,177</u>
Passed through the Colorado Department of Health Care Policy and Finance		
Single Entry Point Grant	93.778	240,378
Title XIX Medicaid	93.778	353,720
		<u>594,098</u>
Passed through Housing Solutions of the Southwest		
Community Services Block Grant	93.569	69,386
U.S. Department of Transportation		
Passed through the Colorado Department of Transportation		
Formula Grant for Rural Areas	20.509	87,716
U.S. Environmental Protection Agency		
Passed through the Colorado Department of Human Services		
Performance Partnership Grant	66.605	7,116
U.S. Department of Justice		
Passed through the Colorado Judiciary Department		
Drug Court Discretionary Grant	16.585	12,289
U.S. Federal Emergency Management Agency		
Passed through the Colorado Department of Public Services		
EMS Grant	97.039	30,911
Other Federal Assistance		
Forest Service	10.666	46,240
Total		<u>\$ 3,863,498</u>

MONTEZUMA COUNTY, COLORADO

NOTES TO THE SCHEDULE OF FEDERAL FINANCIAL ASSISTANCE **For the Year Ended December 31, 2019**

BASIS OF PRESENTATION

The accompanying Schedule of Federal Financial Assistance includes the federal grant activity of Montezuma County, Colorado and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

FOOD DISTRIBUTION

Non-monetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed.

SUBRECIPIENTS

Montezuma County had no sub-recipients of federal funds for the year ended December 31, 2019.

MONTEZUMA COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS **For the Year Ended December 31, 2019**

SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the (general purpose) financial statements of Montezuma County, Colorado.
2. No instances of noncompliance material to the (general purpose) financial statements of Montezuma County, Colorado were disclosed during the audit.
3. The auditors' report on compliance for the major federal award programs for Montezuma County, Colorado expressed an unqualified opinion on all major programs.
4. No instances of audit findings relating to major programs were disclosed during the audit.
5. The programs tested as major programs included:
 Temporary Assistance for Needy Families (TANF)
 CFDA Number 93.558
6. The threshold for distinguishing Type A and B programs was \$750,000.
7. Montezuma County, Colorado was determined to be a low-risk auditee.

FINDINGS RELATED TO THE FINANCIAL STATEMENTS

There were no reportable findings related to the financial statements.

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no reportable findings or questioned costs related to federal awards.

MONTEZUMA COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2019

There were no findings or questioned costs relative to federal awards in the prior year.

MONTEZUMA COUNTY, COLORADO

SCHEDULE OF CORRECTIVE ACTION PLAN
For the Year Ended December 31, 2019

There were no audit findings to be included in the current audit report; therefore, a corrective action plan is not necessary.

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

LOCAL HIGHWAY FINANCE REPORT

City or County:

County

YEAR ENDING :

December 2019

This Information From The Records Of (example - City of _ or County of _) Prepared By: Majors and Haley P.C.
County of Montezuma, Colorado Phone: 970-565-9521**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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	1,765,392
4. Miscellaneous local receipts (from page 2)	968,154
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	2,733,546
B. Private Contributions	
C. Receipts from State government (from page 2)	4,394,393
D. Receipts from Federal Government (from page 2)	1,446,240
E. Total receipts (A.7 + B + C + D)	8,574,179

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,820,401
2. Maintenance:	3,500,114
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	531,333
c. Other Transfers	941,418
d. Total (a. through c.)	1,472,751
4. General administration & miscellaneous	167,995
5. Highway law enforcement and safety	
6. Total (1 through 5)	8,961,261
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	8,961,261

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	7,356,501	8,574,179	8,961,261	6,969,419	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2019	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	1,385,655	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	135,908	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	48,545
4. Licenses		f. Charges for Services	892,484
5. Specific Ownership &/or Other	243,829	g. Other Misc. Receipts	27,125
6. Total (1. through 5.)	379,737	h. Other	
c. Total (a. + b.)	1,765,392	i. Total (a. through h.)	968,154
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,376,734	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	46,240
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	90,812	d. Federal Transit Admin	
d. Other (Specify) - Grant	538,578	e. U.S. Corps of Engineers	
e. Other (Specify)-Severance Tax	388,269	f. Other Federal Mineral Leasing	1,400,000
f. Total (a. through e.)	1,017,659	g. Total (a. through f.)	1,446,240
4. Total (1. + 2. + 3.f)	4,394,393	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		3,820,401	3,820,401
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,820,401	3,820,401
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,820,401	3,820,401
			(Carry forward to page 1)

Notes and Comments: