

OTERO COUNTY, COLORADO

**Management's Discussion and Analysis,
Basic Financial Statements and
Supplemental Information**

For the Year Ended December 31, 2014

And

Independent Auditors' Report

OTERO COUNTY, COLORADO

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
Government-Wide Financial Statements:	
Statement of Net Position	24
Statement of Activities	25
Fund Financial Statements:	
<i>Governmental Funds:</i>	
Balance Sheet	26
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities	29
<i>Proprietary Funds:</i>	
Statement of Net Position	30
Statement of Revenues, Expenses and Changes in Net Position	31
Statement of Cash Flows	32
<i>Fiduciary Funds:</i>	
Statement of Net Position	33
Notes to Financial Statements	34
REQUIRED SUPPLEMENTAL INFORMATION	
Schedule of Revenues, Expenditures and Changes in Fund Balance(s) – Budget and Actual	
<i>General Fund</i>	50
<i>Road & Bridge Fund</i>	51
<i>Social Services Fund</i>	52
<i>Capital Improvement Fund</i>	53
<i>General Human Services Fund</i>	54

OTERO COUNTY, COLORADO

TABLE OF CONTENTS (Continued)

	Page
SUPPLEMENTAL INFORMATION	
Combining and Individual Fund Statements and Schedules	
Governmental Funds	
<i>General Fund (Without Contingent Fund):</i>	
Balance Sheet	55
Schedule of Revenues, Expenditures and Changes in Fund Balance	56
Schedule of Revenues – Budget and Actual	57
Schedule of Expenditures – Budget and Actual	58
Major Special Revenue Funds	
<i>Road & Bridge Fund:</i>	
Balance Sheet	59
Schedule of Revenues, Expenditures and Changes in Fund Balance	60
<i>Social Services Fund:</i>	
Balance Sheet	61
Schedule of Revenues, Expenditures and Changes in Fund Balance	62
<i>Capital Improvement Fund:</i>	
Balance Sheet	63
Schedule of Revenues, Expenditures and Changes in Fund Balance	64
<i>General Human Services Fund:</i>	
Balance Sheet	65
Schedule of Revenues, Expenditures and Changes in Fund Balance	66
Non-Major Special Revenue Funds	
Combining Balance Sheet	67
Combining Statement of Revenues, Expenditures and Changes in Fund Balances	68
<i>Insurance Fund:</i>	
Balance Sheet	69
Schedule of Revenues, Expenditures and Changes in Fund Balance	
- Budget and Actual	70
<i>Clerk Hire Fund:</i>	
Balance Sheet	71
Schedule of Revenues, Expenditures and Changes in Fund Balance	
- Budget and Actual	72
<i>Conservation Trust Fund:</i>	
Balance Sheet	73
Schedule of Revenues, Expenditures and Changes in Fund Balance	
- Budget and Actual	74

OTERO COUNTY, COLORADO

TABLE OF CONTENTS (Continued)

	Page
<i>Health Fund:</i>	
Balance Sheet	75
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	76
<i>AAA Services Fund:</i>	
Balance Sheet	77
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	78
<i>Small Business Development Fund:</i>	
Balance Sheet	79
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	80
<i>Otero County Land Trust Fund:</i>	
Balance Sheet	81
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	82
Other Funds (Included as Part of the General Fund)	
<i>Contingent Fund:</i>	
Balance Sheet	83
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	84
Proprietary Funds	
<i>Internal Service Funds:</i>	
Combining Statement of Net Position	85
Combining Statement of Revenues, Expenditures and Changes in Net Position	86
Combining Statement of Cash Flows	87
<i>Internal Service Fund:</i>	
Statement of Net Position	88
Statement of Revenues, Expenditures and Changes in Net Position	89
Statement of Cash Flows	90
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	91
<i>Medical Trust Fund:</i>	
Statement of Net Position	92
Statement of Revenues, Expenditures and Changes in Net Position	93
Statement of Cash Flows	94
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	95

OTERO COUNTY, COLORADO

TABLE OF CONTENTS (Continued)

	Page
<i>Component Unit Fund:</i>	
Statement of Cash Flows	96
Schedule of Revenues, Expenses and Changes in Net Position - Budget and Actual	97
Fiduciary Funds	
<i>Agency Funds:</i>	
Combining Statement of Changes in Assets and Liabilities	98
COMPLIANCE AND INTERNAL CONTROL SECTION	
Local Highway Finance Report	99
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 <i>Government Auditing Standards</i>	101
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by <i>OMB Circular A-133</i>	103
Schedule of Findings and Questioned Costs	105
Summary Schedule of Prior Audit Findings	108
Schedule of Expenditures and Federal Awards	109
Notes to the Schedule of Expenditures and Federal Awards	112

INDEPENDENT AUDITORS' REPORT

Board of County Commissioners
Otero County, Colorado
La Junta, Colorado

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Otero County, Colorado, (the County) as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

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

Report on Comparative Actual Information

We have previously audited Otero County's 2013 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 2, 2014. In our opinion, the comparative actual information presented herein as of and for the year ended December 31, 2013 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Required Supplemental 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 4 through 23 and pages 50 through 54, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 supplemental 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.

Report on Other Supplemental Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for the purpose of additional analysis as required by the U.S. Office of Management and Budget Circular *A-133, Audits of States, Local Governments, and Non-Profit Organizations* and is also not a required part of the basic financial statements.

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

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, Otero County's basic financial statements for the year ended December 31, 2013, which are not presented with the accompanying financial statements and we expressed unmodified opinions on the respective financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information. That audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Otero County's basic financial statements as a whole. The combining and individual fund financial statements and schedules, related to the 2013 financial statements for the year ended December 31, 2013, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2013 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2013 combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2015 on our consideration of Otero County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Otero County's internal control over financial reporting and compliance.

Stockman Kast Ryan & Co., LLP

July 22, 2015

OTERO COUNTY, COLORADO
MANAGEMENT'S DISCUSSION AND ANALYSIS

OTERO COUNTY, COLORADO

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the County of Otero (the County) offers readers of the County's annual financial report this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2014. Readers are encouraged to consider the information presented here in conjunction with the basic financial statement information.

FINANCIAL HIGHLIGHTS

County-wide financial statements as of December 31, 2014:

- Assets of the County exceed its liabilities and deferred inflows of resources by \$22,935,786. The County's unrestricted net position of \$9,273,599 may be used to meet the County's on-going obligations.
- By far, the largest portion of the County's net position is its \$11,515,486 investment in capital assets net of accumulated depreciation and related debt.
- The County's debt from capital lease obligation on December 31, 2014 is \$40,023.
- The restricted net position includes \$275,524 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution.

Fund Financial Statements as of December 31, 2014

The County's *governmental funds* reported a combined ending fund balance of \$11,598,261 including the following major funds: General Fund with \$4,336,711; Road & Bridge Fund with \$3,048,774 (includes \$128,825 in inventory); Social Services Fund with \$804,428; Capital Improvement Fund with \$999,674; and General Human Services with \$148,884. Other governmental funds accounted for \$2,259,790. Of the total government fund balances, \$2,830,788 is unassigned. Committed funds include \$265,501 from the General Fund; \$2,919,949 from the Road & Bridge Fund; \$804,428 from the Social Services Fund; \$999,674 from the Capital Improvement Fund; \$148,884 from the General Human Services Fund and \$1,353,511 in other governmental funds. Restricted funds include \$1,240,422 from the General Fund and \$906,279 in other governmental funds.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to Otero County's basic financial statements. The County's basic financial statements consist of three components:

1. County-wide financial statements,
2. Fund financial statements, and
3. Notes to the financial statements. This report also contains required and other additional information in addition to the basic financial statements.

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

1. The *Statement of Net Position* presents information on all of the County's assets, deferred outflows, liabilities and deferred inflows, with the net difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.
2. The *Statement of Activities* presents information reporting how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods. Earned but unused vacation leave and accrued interest expense are examples of these types of items.

Both county-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include tax assessment and collection, recording, voter registration/elections, law enforcement, incarcerations, land use, road and bridge activities, and general administration and support. Only those activities associated with the 911 Otero County Emergency Telephone Authority (a component unit) are considered to be business-type activities.

The county-wide financial statements include not only the County itself (known as the *primary government*), but also the 911 Otero County Emergency Telephone Service Authority. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. In addition, the County is participating in a joint venture with Otero County Landfill, Inc. (OCLI).

Fund Financial Statements — A *fund* is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All County funds can be divided into three categories:

- Governmental funds,
- Proprietary funds, and
- Fiduciary funds.

Governmental Funds — Governmental funds account for essentially the same functions reported as governmental activities in the county-wide financial statements. Unlike the county-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year end that are available for spending. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detailed *short-term* view of the County's general government operations and may be useful in evaluating the County's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the county-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the county-wide financial statements. By doing so, readers may better

understand the long-term impact of the County's near-term financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliations are provided for both the *governmental fund* balance sheet and statement of revenues, expenditures and changes in fund balance.

The County reports twelve individual governmental funds. Information is presented separately in the *governmental fund* balance sheet and the statement of revenues, expenditures and changes in fund balance for the General Fund, Road & Bridge Fund, Social Services Fund, Capital Improvement Fund, and General Human Services Fund, all of which are considered to be *major funds*. Data from other governmental funds are combined into a single aggregated presentation. Individual fund data for each of the *non-major* governmental funds is provided in the form of *combining statements* elsewhere in the report. The non-major governmental funds include the Insurance Fund, Clerk Hire Fund, Conservation Trust Fund, Health Fund, Area Agency on Aging Fund, Small Business Development Revolving Loan Fund and Otero County Land Trust Fund. The County maintains one *other fund*. Due to the implementation of GASB 54, the Contingent funds did not meet the definition of a special revenue fund and was combined into the general fund.

Proprietary Funds — The County maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the county-wide financial statements. The County uses an enterprise fund to account for the 911 Otero County Emergency Telephone Authority's (component unit) activities. *Internal service funds* are used to accumulate and allocate costs internally among the County's functions. The County uses an Internal Services Fund to account for the provision of equipment provided by the County for its various departments. Departments utilize a rental charge reimbursement rate to provide the resources necessary to fund future acquisitions. In addition, a Medical Trust Fund is utilized to provide health coverage for its employees. Because these two internal service funds predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the county-wide financial statements.

Fiduciary Funds — Fiduciary funds are used to account for resources held for the benefit of parties outside the County. Fiduciary funds are not reported in the county-wide financial statements because the resources of those funds are not available for the support of the County's own programs. The accounting used for fiduciary funds is the same as that used for proprietary funds.

Notes to the Basic Financial Statements

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the county-wide and fund financial statements.

Required Supplemental Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplemental information concerning the County. The County adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund and each major special revenue fund to demonstrate compliance with the budget requirement

Other Information

The combining statements referred to earlier in connection with non-major governmental funds are presented immediately following the required supplemental information.

CONDENSED FINANCIAL INFORMATION
County-Wide Financial Statements
Condensed Statement of Net Position
December 31, 2014

	2014			2013 Total
	Governmental Activities	E911 Emergency Services	Total	
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 13,507,914	\$ 345,313	\$ 13,853,227	\$ 12,394,539
Receivables:				
Accounts	1,344,562	19,137	1,363,699	981,587
Property taxes	2,943,313		2,943,313	2,897,234
Prepaid expense		5,925	5,925	-
Interest	22,966		22,966	15,232
Inventory	128,825		128,825	128,566
CAPITAL ASSETS				
Non-depreciable capital assets	5,411,450		5,411,450	5,411,450
Depreciable capital assets, net	6,144,059	112,091	6,256,150	6,509,724
Total assets	<u>29,503,089</u>	<u>482,466</u>	<u>29,985,555</u>	<u>28,338,332</u>
LIABILITIES				
Accounts payable	378,180	1,024	379,204	348,873
Accrued interest			-	20,240
Claims payable	201,972		201,972	232,104
Due to state	108,138		108,138	108,578
Unearned revenue	1,071,299		1,071,299	978,305
Compensated absences payable	20,079		20,079	19,344
Capital leases payable	40,023		40,023	38,649
Landfill post closure	49,582		49,582	49,015
LONG-TERM LIABILITIES				
Compensated absences payable	368,390		368,390	328,345
Capital leases payable			-	40,023
Landfill post closure	1,386,327		1,386,327	1,349,388
Total liabilities	<u>3,623,990</u>	<u>1,024</u>	<u>3,625,014</u>	<u>3,512,864</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred revenue	2,943,313		2,943,313	2,897,234
Total deferred inflows of resources	<u>2,943,313</u>	<u>-</u>	<u>2,943,313</u>	<u>2,897,234</u>
NET POSITION				
Net investment in capital assets	11,515,486	112,091	11,627,577	11,842,502
Restricted:				
Emergencies	275,524		275,524	266,880
Grants	1,841,177		1,841,177	266,880
Other	30,000		30,000	266,880
Unrestricted	9,273,599	369,351	9,642,950	9,818,852
Total net position	<u>\$ 22,935,786</u>	<u>\$ 481,442</u>	<u>\$ 23,417,228</u>	<u>\$ 22,461,994</u>

Financial Analysis – Statement of Net Position

1. Restricted net assets are made up of statutory reserves of \$275,524 for emergencies required by TABOR.
2. The component unit of government is comprised of the E911 Emergency Telephone reporting system. The financials are tracked under Otero County as it serves as the fiscal agent for the E911 Authority Board.
3. Based on current allocation, the County's share of the costs developed for the Landfill closure and post closure represent approximately 50% of the estimated \$2,896,000 allocated among the participating entities amounting to \$1,435,909. The majority of this cost is due to the calculations related to quantities of dirt needed for final cover, continuation of monitoring (water/methane), and other associated costs due to new regulations or practice.

**CONDENSED FINANCIAL INFORMATION
County-Wide Financial Statements**

**Condensed Statement of Changes in Net Position
Year Ended December 31, 2014**

	2014		Total	2013 Total
	Primary Government	Component Unit		
	Governmental Activities	E911 Emergency Services		
FUNCTIONS/PROGRAMS - EXPENSES				
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 3,142,720		\$ 3,142,720	\$ 3,169,188
Public safety	1,717,411		1,717,411	1,669,728
Public works	2,680,311		2,680,311	3,201,352
Public health and welfare	7,247,476		7,247,476	6,978,752
Culture and recreation	74,030		74,030	90,574
Conservation	70,678		70,678	98,090
Economic development	4,737		4,737	3,197
Interest			-	38,289
Intergovernmental	9,318,852		9,318,852	9,162,927
Total governmental activities	<u>24,256,215</u>	\$ -	<u>24,256,215</u>	<u>24,412,097</u>
COMPONENT UNIT				
E911 emergency services		163,951	163,951	162,901
TOTAL FUNCTION/PROGRAMS - EXPENSES	<u>\$ 24,256,215</u>	<u>\$ 163,951</u>	<u>\$ 24,420,166</u>	<u>\$ 24,574,998</u>

CONDENSED FINANCIAL INFORMATION
County-Wide Financial Statements

Condensed Statement of Changes in Net Position
Year Ended December 31, 2014
(Continued)

	2014		Total	2013 Total
	Primary Government	Component Unit E911 Emergency Services		
	Governmental Activities			
REVENUES				
GOVERNMENTAL PROGRAM REVENUES				
Charges for services	\$ 3,039,694		\$ 3,039,694	\$ 3,401,087
Operating grants and contributions	15,236,106		15,236,106	14,562,127
Total governmental program revenues	18,275,800	\$ -	18,275,800	17,963,214
COMPONENT UNIT PROGRAM REVENUES				
Charges for services		147,097	147,097	145,279
Total component unit program revenues	-	147,097	147,097	145,279
GENERAL REVENUES				
Property taxes	2,870,792		2,870,792	2,823,364
Specific ownership taxes	594,939		594,939	534,257
Sales taxes	1,477,904		1,477,904	1,478,661
Highway user tax	1,656,810		1,656,810	1,432,365
Payment in lieu of taxes	449,423		449,423	415,849
Other taxes	28,179		28,179	14,794
Investment income	70,564	2,426	72,990	79,972
Miscellaneous	284,456		284,456	232,777
Insurance recovery	50,770		50,770	147,986
Total general revenues	7,483,837	2,426	7,486,263	7,160,025
TOTAL - REVENUES	\$ 25,759,637	\$ 149,523	\$ 25,909,160	\$ 25,268,518
Total function/program expenditures	\$ 24,256,215	\$ 163,951	\$ 24,420,166	\$ 24,574,998
Program revenue	18,275,800	147,097	18,422,897	18,115,689
Total - net program expense	(5,980,415)	(16,854)	(5,997,269)	(6,459,309)
General revenue	7,483,837	2,426	7,486,263	7,202,025
CHANGE IN NET POSITION	1,503,422	(14,428)	1,488,994	742,716
NET POSITION, Beginning of year	21,432,364	495,870	21,928,234	21,185,518
NET POSITION, End of year	\$ 22,935,786	\$ 481,442	\$ 23,417,228	\$ 21,928,234

Financial Analysis – Statement of Activities

1. There was an increase in current year in the County’s primary government net position of \$1,503,422 or 7.1%. This is primarily due to an increase in revenues in the County specific ownership tax, property taxes, payment in lieu of taxes, highway user tax, other taxes and operating grants. Lingering impacts of a poor economy, state funding cuts, and continued drought impacts will require the County to continue to closely scrutinize its financial posture due to shrinking revenue streams and increasing expenses.
2. The E911 Emergency Service decreased 2.9% in Net Position for fiscal year 2014, however continues to exhibit a strong financial picture. Currently, a \$.70 per line surcharge is collected for the E911 system, and its governing board continues to maintain as well as upgrade its E911 level of service.

ANALYSIS OF POSITION

The overall financial position of the County improved during 2014, due to a decrease in overall expenditures. Public Works (\$521,041 decrease) and General Government (\$26,468 decrease) expenditures accounted for the majority of the expenditure decreases in 2014.

Net capital assets for the Governmental Activities, the Business-Type Activities and component unit combined decreased by \$253,574.

FUND FINANCIAL STATEMENT ANALYSIS

GOVERNMENTAL FUNDS

GENERAL FUND

The General Fund is the major operating fund of the County, providing the majority of the resources for operating and support programs. Revenues and other financing sources for the General Fund totaled \$5,117,307 in fiscal year 2014, a decrease of 0.4% from fiscal year 2013. The County experienced a decrease of 81.5% in fines and forfeitures, 1.1% in property taxes, and 10.8% in charges for services in fiscal year 2014.

**Schedule of Revenues and
Other Financing Sources
(General Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
TAXES				
Property and other taxes	\$ 1,804,638	\$ 1,823,833	\$ (19,195)	-1.1%
Specific ownership taxes	374,222	372,022	2,200	0.6%
Sales tax	1,477,904	1,478,661	(757)	-0.1%
Total taxes	<u>3,656,764</u>	<u>3,674,516</u>	<u>(17,752)</u>	<u>-0.5%</u>
Intergovernmental	883,214	804,251	78,963	9.8%
Charges for services	409,534	458,957	(49,423)	-10.8%
Fines and forfeitures	2,775	15,028	(12,253)	-81.5%
Investment income	61,081	78,555	(17,474)	-22.2%
Miscellaneous	103,939	106,567	(2,628)	-2.5%
Other financing sources	<u>493</u>	<u>2,743</u>	<u>(2,250)</u>	<u>-82.0%</u>
TOTAL	<u><u>\$ 5,117,800</u></u>	<u><u>\$ 5,140,617</u></u>	<u><u>\$ (22,817)</u></u>	<u><u>-0.4%</u></u>

Property Taxes — The General Fund mill levy was decreased to 13.794 mills in fiscal year 2014 from 2013. The 0.250 mills allocated to the Contingency Fund in the past was moved to the Capital Improvement Fund in 2014. The fiscal year 2014 mill levy was applied against an assessed valuation of \$130,882,845. The fiscal year 2013 mill levy was applied against an assessed valuation of \$126,646,486. The property tax mills levied for both years are in compliance with the restrictions of Article X Section 20 of the Colorado Constitution (TABOR).

Specific Ownership Tax — A specific ownership tax is applied to the fair market value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their registrations each year. There was a 0.6% increase in specific ownership tax collections in fiscal year 2014.

Sales Tax — The County has a 1.0% sales tax in place. The \$1,477,904 generated in fiscal year 2014 represented an actual decrease of 0.1% over fiscal year 2013. Sales tax collections for the current year had a direct correlation to economic condition of the State of Colorado and local purchasing.

Intergovernmental — This category includes federal, state and local sources, as well as Payment-In-Lieu of Taxes (PILT) on federal, state and other governmental lands. In addition, cost allocation (indirect cost reimbursement), grant funding, and other miscellaneous types of governmental revenue.

The primary source of federal revenue is Payment-In-Lieu of Taxes (PILT) on federal lands. The federal government increased the allocation to the County. The County allocated \$449,423 to the General Fund in fiscal year 2014. This represents the total PILT from all federal lands, a 8% increase from fiscal year 2013.

Charges for Services — This category of revenue includes the various types of fees generated through the Land Use office, County Clerk, Treasurer, Assessor and Administration. Examples include excess fees generated by the County Clerk and Recorder for election or recording fees, jail work release revenues, photocopy charges and map charges. Overall, there was a 10.8% decrease in revenue.

Fines and Forfeitures — This category decreased by 81.5% in fiscal year 2014. The decrease was primarily due to a change in how retirement forfeitures are posted in the general ledger.

Investment Income — Investment income consists of those funds generated through its investment program. There was a decrease of \$17,474 or 22.2% over fiscal year 2013. The County will continue to re-evaluate the investments being held. The investment policy continues to be in review for 2015.

Miscellaneous — The "Miscellaneous" category includes rent payments for space, as well as any miscellaneous receipts. There was a decrease in fiscal year 2014 of \$2,628 or 2.5%, and this "catch all" revenue source will fluctuate on an annual basis.

Other Financing Sources — This category includes interfund transfers and extraordinary items.

**Schedule of Expenditures
(General Fund)**

	Percentage of Total	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
Current:					
General government	57.0%	\$ 2,668,738	\$ 2,554,938	\$ 113,800	4.5%
Public safety	35.5%	1,663,952	1,609,130	54,822	3.4%
Public works	3.1%	146,910	147,234	(324)	-0.2%
Public health and welfare	1.4%	65,973	45,958	20,015	43.6%
Culture and recreation	0.5%	23,880	25,102	(1,222)	-4.9%
Economic development	1.5%	67,342	94,273	(26,931)	-28.6%
Debt service:					
Principal	0.8%	38,649	37,322	1,327	3.6%
Interest	0.2%	9,000	10,864	(1,864)	-17.2%
TOTAL - EXPENDITURES	100.0%	\$ 4,684,444	\$ 4,524,821	\$ 159,623	3.5%

General Government — Expenditures in this category increased \$113,800, about 4.5% from fiscal year 2013.

Public Safety — Public safety expenditures for fiscal year 2014 increased by 3.4%.

Public Works — In fiscal year 2014 the Land Use and Building Inspector costs showed a slight decrease of 0.2% due to minor changes in operational support expenses.

Health and Welfare — The expenditures for health and welfare vary, as the inclusion of EMS subsidy funds within this category allow for an increase or decrease in expenditures, depending on the approved requests of the various EMS providers. In addition, the match for our local nutrition program is carried here, and varies based on the required levels of funding. In fiscal year 2014, there was an expenditure increase of 43.6%.

Culture and Recreation — Culture and recreation expenditures for fiscal year 2014 decreased by 4.9%. The decrease was a result of fluctuation of costs in the operation of the Senior Centers of Otero County assumed by the General Fund.

Economic Development — Economic development expenditures decreased by 28.6%. The nature of specific economic development projects and the level of County participation will always dictate the amount of expenditure.

Debt Service — Debt service payments had slight changes from the prior year.

Overall — Total expenditures increased by 3.5%, (\$159,623) from fiscal year 2013 to fiscal year 2014. The main reasons were increased costs in general government and public safety in fiscal year 2014.

**Fund Balance Re-Cap
(General Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase	Percent Change
FUND BALANCE, Beginning of year	\$ 3,959,848	\$ 3,400,545	\$ 559,303	16.4%
FUND BALANCE, End of year	4,336,711	3,959,848	376,863	9.5%

Fund Balance — The fiscal year 2014 year-end fund balance increased by \$376,863 or 9.5%. A strong effort has been made to monitor costs and develop any revenue streams available.

~~~~~

**MAJOR SPECIAL REVENUE FUNDS**

***ROAD & BRIDGE FUND***

The Road & Bridge Fund, like the General Fund, is considered a major operating fund for financial reporting purposes. Total revenues and other financing sources for the Road & Bridge Fund totaled \$2,791,262 while expenditures totaled \$2,449,716. Revenue and financing sources included taxes of \$655,637; intergovernmental revenues of \$1,731,321 which includes federal and state sources; charges for services of \$312,632; and miscellaneous and other financing sources of \$91,672. The ending fund balance of \$3,048,774 includes inventory of \$128,825 and reflects a 12.6% increase in undesignated fund balance (available resources). The fiscal year 2014 financials also reflect the inclusion of construction/operational expenses for solid waste disposal, i.e. the landfill.

**Schedule of Revenues and  
Other Financing Sources  
(Road & Bridge Fund)**

|                          | <b>Fiscal Year<br/>2014</b> | <b>Fiscal Year<br/>2013</b> | <b>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|--------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| <b>TAXES</b>             |                             |                             |                                |                           |
| Property and other taxes | \$ 543,195                  | \$ 525,243                  | \$ 17,952                      | 3.4%                      |
| Specific ownership taxes | 112,442                     | 107,354                     | 5,088                          | 4.7%                      |
| Total taxes              | <u>655,637</u>              | <u>632,597</u>              | <u>23,040</u>                  | <u>3.6%</u>               |
| Intergovernmental        | 1,731,321                   | 1,509,472                   | 221,849                        | 14.7%                     |
| Charges for services     | 312,632                     | 770,538                     | (457,906)                      | -59.4%                    |
| Miscellaneous            | 29,320                      |                             | 29,320                         | -                         |
| Other financing sources  | 62,352                      | 7,943                       | 54,409                         | 685.0%                    |
| <b>TOTAL</b>             | <u><u>\$ 2,791,262</u></u>  | <u><u>\$ 2,920,550</u></u>  | <u><u>\$ (129,288)</u></u>     | <u><u>-4.4%</u></u>       |

**Property Taxes** — There was a slight increase in fiscal year 2014 property tax collections of \$17,952 or 3.4%. The mill levy of 4.154 mills was unchanged from fiscal year 2013.

**Specific Ownership Tax** — A specific ownership tax is applied to the fair market value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their registrations each year. There was a 4.7% increase in specific ownership tax collections in fiscal year 2014.

**Intergovernmental** — This category includes federal, state and local sources. The overall category change was a \$221,849 increase in this intergovernmental revenue stream. There were increases and decreases in various intergovernmental funding, but the primary increase is due to higher Highway Users tax revenue received in fiscal year 2014.

**Charges for Services** — This category of revenue includes the sale of gravel, service charges associated with the landfill and other "billable" road/bridge projects. Overall, the \$312,632 amount represented an 59.4% or \$457,906 decrease in this revenue category. This is primary due to debt service that was paid off in 2013 by OCLI and is therefore not collected as revenue by the County.

**Overall** — Fiscal year 2014 revenues decreased by 4.4% or \$129,288, primarily due to the decrease in charges for services revenue.

**Schedule of Expenditures  
(Road & Bridge Fund)**

|                             | Percentage<br>of Total | Fiscal Year<br>2014 | Fiscal Year<br>2013 | Increase<br>(Decrease) | Percent<br>Change |
|-----------------------------|------------------------|---------------------|---------------------|------------------------|-------------------|
| Current:                    |                        |                     |                     |                        |                   |
| Public works                | 86.91%                 | \$ 2,129,112        | \$ 2,580,337        | \$ (451,225)           | -17.5%            |
| Capital outlay              | 13.09%                 | 320,604             | 92,751              | 227,853                | 245.7%            |
| Debt service:               |                        |                     |                     |                        |                   |
| Principal                   |                        |                     | 289,608             | (289,608)              | -100.0%           |
| Interest                    |                        |                     | 11,362              | (11,362)               | -100.0%           |
| <b>TOTAL - EXPENDITURES</b> | <b>100.00%</b>         | <b>\$ 2,449,716</b> | <b>\$ 2,974,058</b> | <b>\$ (524,342)</b>    | <b>-17.6%</b>     |

**Public Works** — This expenditure category is comprised of both Road & Bridge and landfill types of expenditures. In general operational terms, there was a decrease of \$451,225 or 17.5% in public works, which is primarily due to a decrease in operational expenses over fiscal year 2013.

**Capital Outlay** — The capital outlay amount reflects increased expenses for capital outlay in 2014 resulting in an increase of 245.7% or \$227,853 compared to fiscal year 2013.

**Debt Service** — Both principal and interest are combined within this specific category. The "Debt Service" section denotes those funds paid to Wells Fargo on a capital lease arrangement for the landfill excavation equipment. This is the annual payment on a 10-year note. This section also denotes funds paid to First National Bank on a capital lease arrangement for the landfill compactor equipment. This is the annual payment on a 7-year note. Both of these capital leases were paid off in 2013.

**Overall** — The fiscal year 2014 expenditure decrease of \$524,342 is primarily due to paying off two capital leases in 2013, as well as a decrease in operational expenses.

**Fund Balance Re-Cap  
(Road & Bridge Fund)**

|                                 | Fiscal Year<br>2014 | Fiscal Year<br>2013 | Increase<br>(Decrease) | Percent<br>Change |
|---------------------------------|---------------------|---------------------|------------------------|-------------------|
| FUND BALANCE, Beginning of year | \$ 2,707,228        | \$ 2,760,736        | \$ (53,508)            | -1.9%             |
| FUND BALANCE, End of year       | 3,048,774           | 2,707,228           | 341,546                | 12.6%             |

**Inventory Reserve** — The fiscal year 2014 year-end balance includes \$128,825 in inventory reserve. The committed fund balance is \$2,919,949.

**Fund Balance** — This figure represents a 12.6% increase in fund balance for the year. In general operational terms, this is primarily due to a decrease in expenditures and paying off two capital leases in fiscal year 2013.

~~~~~

SOCIAL SERVICES FUND

The Social Services Fund is a major fund, and total revenues of \$11,873,714 were generated. Total expenditures of \$11,823,690 were noted, leaving a year-end fund balance of \$804,428 (increase of \$50,024 from fiscal year 2013). During fiscal year 2014 pass-through grants from federal and state agencies were included in County reporting as revenues and expenditures in the amount of \$9,318,852. The mill levy of 3.00 mills was unchanged from fiscal year 2013.

The County experienced a \$562,537 or 5.2% increase in overall revenues from fiscal year 2013. Here again, the County is concerned with utilizing its fund reserves to pay for administrative and other program costs that exceed its state allocations or are a component of our Maintenance of Effort. The County would like to retain a Fund Balance in the Social Services Fund at approximately \$700,000. Realizing that Social Services Fund balance had increased from 2012 to 2013, the County reduced the mill levy from 3.25 mills to 3.00 mills in the fiscal year 2013 budget. For 2015, the mill levy remains at 3.00 mills. It is the County's desire as well as need to reduce the Fund Balance to a more conservative figure as other County functions/departments needed resources.

**Schedule of Revenues
(Social Services Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
TAXES				
Property and other taxes	\$ 392,303	\$ 379,495	\$ 12,808	3.4%
Specific ownership taxes	81,203	77,925	3,278	4.2%
Total taxes	<u>473,506</u>	<u>457,420</u>	<u>16,086</u>	<u>3.5%</u>
Intergovernmental	<u>11,400,208</u>	<u>10,837,671</u>	<u>562,537</u>	<u>5.2%</u>
TOTAL	<u><u>\$ 11,873,714</u></u>	<u><u>\$ 11,295,091</u></u>	<u><u>\$ 578,623</u></u>	<u><u>5.1%</u></u>

Property Taxes — There was a 3.4% increase for property tax to the Social Services Fund in fiscal year 2014.

Specific Ownership Tax — A specific ownership tax is applied to the fair market value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their registrations each year. There was a 4.2% increase in specific ownership tax collections in fiscal year 2014.

Intergovernmental — This category includes federal, state and local sources. There was an increase of 5.2% or \$562,537 in revenues in fiscal year 2014.

**Schedule of Expenditures
(Social Services Fund)**

	Percentage of Total	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
Current:					
Public health and human services	100.00%	\$ 11,823,690	\$ 11,264,209	\$ 559,481	5.0%
TOTAL - EXPENDITURES	100.00%	\$ 11,823,690	\$ 11,264,209	\$ 559,481	5.0%

Social Services — The expenditure summary shows a 5.0% increase in expenditures from fiscal year 2013 to 2014. Revenues exceeded expenditures by \$50,024 during fiscal year 2014. A tremendous effort will continue to be made to maintain services and evaluate revenue and expenditure streams. As stated earlier, the State's budget crunch resulted in cutbacks in various program areas, and the County has tried to match the decreases in revenues with corresponding decreases in expenditures.

**Fund Balance Re-Cap
(Social Services Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
FUND BALANCE, Beginning of year	\$ 754,404	\$ 723,522	\$ 30,882	4.3%
FUND BALANCE, End of year	804,428	754,404	50,024	6.6%

Fund Balance — The 6.6% increase in year-end fund balance is significant to note, as a strong effort has been made to monitor and to develop the revenue resources needed to fund these human services programs. Unfortunately, the revenue streams that the County has access to are limited, and property tax will remain the only "real" source of additional County funding.

~~~~~

***CAPITAL IMPROVEMENT FUND***

The Capital Improvement Fund does not meet the requirement to be considered a major fund in fiscal year 2014, however due to its nature the County has chosen to include this fund as a major fund. During 2014, \$32,687 was collected from property tax and \$6,771 was collected from Specific Ownership tax. This revenue will continue to build a fund balance for future capital improvement projects.

**Schedule of Revenues  
(Capital Improvement Fund)**

|                         | Fiscal Year<br>2014 | Fiscal Year<br>2013 | Increase<br>(Decrease) | Percent<br>Change |
|-------------------------|---------------------|---------------------|------------------------|-------------------|
| Property taxes          | \$ 32,687           |                     | \$ 32,687              | 100.0%            |
| Specific ownership tax  | 6,771               |                     | 6,771                  | 100.0%            |
| Intergovernmental       |                     | \$ 5,800            | (5,800)                | -100.0%           |
| Miscellaneous           | 6,863               | 7,400               | (537)                  | -7.3%             |
| <b>TOTAL - REVENUES</b> | <b>\$ 46,321</b>    | <b>\$ 13,200</b>    | <b>\$ 33,121</b>       | <b>250.9%</b>     |

**Property Taxes** — The Capital Improvement Fund was allocated 0.250 mills in 2014. No mills were allocated to this fund in 2013.

**Specific Ownership Tax** — A specific ownership tax is applied to the fair market value of vehicles registered in Colorado. The tax is collected when vehicle owners renew their registrations each year.

**Intergovernmental** — In fiscal year 2013, Otero County received a Colorado Courthouse Security Grant to reimburse for expenses that were approved in the grant. The grant did not fund any capital improvements and, therefore, there was a decrease in Intergovernmental revenue in fiscal year 2014.

**Overall** — Total fiscal year 2014 revenue increased by \$33,121 due to the allocation of tax mill levies to this fund for 2014.

**Schedule of Expenditures  
(Capital Improvement Fund)**

|                             | Percentage<br>of Total | Fiscal Year<br>2014 | Fiscal Year<br>2013 | Increase<br>(Decrease) | Percent<br>Change |
|-----------------------------|------------------------|---------------------|---------------------|------------------------|-------------------|
| Current:                    |                        |                     |                     |                        |                   |
| General government          | 100.00%                | \$ 4,694            | \$ 48,055           | \$ (43,361)            | -90.2%            |
| <b>TOTAL - EXPENDITURES</b> | <b>100.00%</b>         | <b>\$ 4,694</b>     | <b>\$ 48,055</b>    | <b>\$ (43,361)</b>     | <b>-90.2%</b>     |

Fiscal year 2014 overall expenditures decreased 90.2%. The only Capital Improvements project for fiscal year 2014 was to remove a stage from the Extension Office meeting room due to safety concerns.

**Fund Balance Re-Cap  
(Capital Improvement Fund)**

|                                 | Fiscal Year<br>2014 | Fiscal Year<br>2013 | Increase<br>(Decrease) | Percent<br>Change |
|---------------------------------|---------------------|---------------------|------------------------|-------------------|
| FUND BALANCE, Beginning of year | \$ 958,047          | \$ 992,902          | \$ (34,855)            | -3.5%             |
| FUND BALANCE, End of year       | 999,674             | 958,047             | 41,627                 | 4.3%              |



**Fund Balance** — The fiscal year 2014 year-end fund balance of \$999,674 represents an increase of \$41,627 or 4.3% over the 2013 fund balance. The increase was primarily a result of decreased expenditures and the allocation of mills to this fund.

~~~~~

GENERAL HUMAN SERVICES FUND

The General Human Services Fund is a major fund, and total revenues of \$641,032 were generated. Total expenditures of \$580,346 were noted, leaving a year-end fund balance of \$148,884 (increase of \$60,686 from fiscal year 2013). This fund encompasses services areas such as Retired and Senior Volunteer Program (RSVP), Single Entry Point (SEP), and Community Service Block Grant (CSBG).

**Schedule of Revenues
(General Human Services Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
Intergovernmental	\$ 640,972	\$ 547,575	\$ 93,397	17.1%
Miscellaneous	60	13,579	(13,519)	-99.6%
TOTAL - REVENUES	\$ 641,032	\$ 561,154	\$ 79,878	14.2%

Property Taxes — No mills are allocated to this fund.

Intergovernmental — This category includes federal and state sources. In fiscal year 2014, there was a 17.1% or \$93,397 increase over fiscal year 2013.

Miscellaneous — This category includes local cash. A decrease of 13,519 or 99.6% was noted for 2014.

**Schedule of Expenditures
(General Human Services Fund)**

	Percentage of Total	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
Current:					
Health and human services	100.00%	\$ 580,346	\$ 558,727	\$ 21,619	3.9%
TOTAL - EXPENDITURES	100.00%	\$ 580,346	\$ 558,727	\$ 21,619	3.9%

General Human Services — The expenditure summary shows an 3.9% increase in expenditures from fiscal year 2013 to 2014. Revenues exceeded expenditures by \$60,686 during fiscal year 2014.

**Fund Balance Re-Cap
(General Human Services Fund)**

	Fiscal Year 2014	Fiscal Year 2013	Increase (Decrease)	Percent Change
FUND BALANCE, Beginning of year	\$ 88,198	\$ 85,771	\$ 2,427	2.8%
FUND BALANCE, End of year	148,884	88,198	60,686	68.8%

Fund Balance — This figure represents an increase of 68.8% or \$60,686 in fund balance for the year. This is primarily due to timing issues associated with the State’s fiscal year in regard to expenditure and reimbursement.

NON-MAJOR GOVERNMENTAL FUNDS

Information for non-major governmental funds is aggregated and reported as other types of funds in the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the other supplemental information section of this financial report. Included in the County’s non-major governmental funds are the Insurance Fund, Clerk Hire Fund, Conservation Trust Fund, Health Fund, Area Agency on Aging Fund, Small Business Development Revolving Loan Fund and the Otero County Land Trust Fund.

Insurance Fund resources are utilized to pay premiums for the County Casualty and Property Pool (CAPP) coverage, and any other costs associated with its liability and/or property program. A mill levy is used to develop the necessary resources needed to provide the appropriate levels of insurance coverage. The year-end fund balance increased to \$292,785 in fiscal year 2014 due to a decrease in expenditures. The County had expenditures for hail damage to the courthouse, annex roofs, 4-H barn and county vehicles to the Insurance Fund in 2013 that it did not have in 2014. It is important to note that the deductible for the insurance fund is recognized in the difference from the claim amount submitted and the insurance recovery (\$1,000 for property and \$500 for vehicles).

Clerk Hire Fund provides staffing and supports for the Clerk and Recorder operations. Staff license motor vehicles, record documents, complete title transactions, etc. Its main financial resource is from the service fees charged through for the various transactions. A fiscal year 2014 year-end fund balance of \$320,870 reflects an increase of \$47,752 over 2013. Changes in personnel staffing from year to year are used to maintain the fund balance at a viable number.

Conservation Trust Fund resources are used to develop/maintain recreational facilities or opportunities. The \$13,988 increase in fiscal year 2014 year-end fund balance is result of decreased expenditures leaving a fund balance of \$309,522.

Health Fund, Otero County Health Department (OCHD) is also considered to be a non-major fund for reporting purposes. Revenues (including transfers-in of \$56,493) totaled \$2,128,880 and expenditures amounted to \$1,981,116. A year-end fund balance of \$1,035,041 represented an increase of \$147,764. OCHD is the statutorily required local public health agency serving both Crowley and Otero Counties in rural, Southeast Colorado. In addition to providing statutorily required public health services in the aforementioned counties, OCHD serves many other counties regionally with “siloeed” program specific services. Public health funding is conspicuously volatile and transient, with many OCHD programs being grant funded and prone to this effect. These grant funded programs are literally “here today, gone

tomorrow” due to the caprices of the grantors. The unrelenting search for funding is a major focus of OCHD administration.

Area Agency on Aging (AAA) Fund is used to provide services to the elderly residents in the region. A variety of agencies/programs are direct recipients of allocated funds through the AAA, i.e., transportation, advocacy, meal services, dental access, etc. Revenues come primarily from intergovernmental sources, and the year-end fund balance of \$111,857.

Small Business Development Revolving Loan Fund (SBDRLF) focuses on providing loans to small businesses. The increase of \$65,958 in year-end fund balance is a result of the difference between expenditures of \$1,576 and revenue of \$67,534 leaving a fund balance of \$121,411. A new loan was issued in 2013, which will serve as increased revenue for this fund and add additional support of this program. The low interest rates currently available at banks also impact the SBDRLF’s ability to lend money making potential increased activity in the coming year.

Otero County Land Trust Fund (OCLT) provides support for the County’s conservation easement program. The Fund Balance of \$68,304 represents a decrease of \$1,394, which is the annual stewardship monitoring costs which is done on conservation easements in perpetuity.

OTHER FUNDS

Information for other funds is reported as other types of funds in the statement of revenues, expenditures and changes in fund balances. Further detail by fund is reported as part of the other supplemental information section of this financial report. Included in the County's other funds is the Contingent Fund. This fund is presented within the General Fund.

The Contingent Fund is used to provide resources for any financial contingencies that might arise. The year-end fund balance for the Contingent Fund is \$265,501. This represents an increase of \$102 in fiscal year 2014.

PROPRIETARY FUNDS

The County's proprietary funds provide the same type of information found in the County-wide financial statements, but in more detail. Proprietary funds account for operations that are organized to be self-supporting through user charges. The County’s proprietary funds consist of one enterprise fund and two internal services funds.

ENTERPRISE FUND

The 911 Otero County Emergency Telephone Service Authority Board was created for the purpose of providing 911 emergency phone services in Otero County. The financial activities of the E911 Authority are presented as a "discretely presented component unit" in the County's financial statements.

INTERNAL SERVICES FUNDS

Internal services funds are used to account for the financing of goods or services provided by one department to other departments of the County on a cost reimbursement basis. The County's internal services funds are used to account for a self-insured health benefit plan and a capital equipment acquisition program.

The County's Internal Services Fund is used as a resource base to purchase requested equipment (over \$1,000) for the various departments. Assets are purchased through the fund, amortized costs are then charged to each department as a "rental charge." When an item needs replacement, adequate funds have been generated through the on-going rental fees to make a replacement purchase. Revenues totaled \$129,507 in fiscal year 2014. The overall year-end increase in net position was \$48,164.

The Medical Trust Fund is an internal service fund used to account for the County's self-insured health benefit program. Revenues to support the program originate from two primary sources:

1. Employee contributions toward the cost of the health benefit program premiums,
2. County contributions toward the cost of the health benefit program premiums.

Expenditures include claims, stop-loss premiums and plan administration for a health benefit program for employees and their families.

In fiscal year 2014, the County revenues exceeded expenditures by \$469,449 and a fund balance of \$1,020,830 was recognized. Based on actual claims for the last 6 months in fiscal year 2014, it was estimated that claims incurred but not reported (IBNR) would be about \$201,972. The final IBNR was calculated using July to December 2014 and includes a 10% adjustment for inflation and reflects only an estimate of claims payable recorded at year end.

The costs of health care continue to rise, and the County revised its schedule of benefits and premium rates to offset these increases.

FIDUCIARY / AGENCY FUNDS

A variety of accounts are maintained by the County Treasurer, Public Trustee, and County Clerk that are custodial in nature, i.e., library funds, taxing entity disbursements, etc. A total of \$707,359 in deposits was being held at December 31, 2014.

MAJOR FUND BUDGETARY HIGHLIGHTS

The original fiscal year 2014 budget that was adopted by the Board of County Commissioners on December 9, 2013, showed total appropriations of \$27,231,306. This amount includes \$5,529,958 in total General Fund appropriations. Budgeted expenditures in this category are up 2.56% or \$138,223 from fiscal year 2013. The excess of revenues over expenditures for the General Fund in fiscal year 2014 was \$432,761. There is not a significant difference between the adopted budget and the final revised budget with regard to the functional distribution of expenditures.

With regard to the *major funds*, the variance of actual results compared to the final revised budget shows that the County did not over spend its fiscal year 2014 budget for these funds, with the exception of the Social Services fund, which was over spent by \$199,231.

A re-cap of the *non-major funds* indicates that the County under spent the fiscal year 2014 budget in these areas by \$1,125,492 for all non-major funds. The primary reason for this under-expenditure was substantial under spending of the Conservation Trust Fund of \$320,804, Health Fund of \$328,954 (excluding offsetting revenues and expenses for WIC vouchers of \$649,665), Small Business Development Fund of \$234,390, and Contingency Fund of \$260,000.

CAPITAL ASSETS

The County's investment in capital assets for its governmental activities as of December 31, 2014, amounted to \$11,555,509 (net of accumulated depreciation of \$10,648,942). Capital assets include land, buildings, improvements, machinery, vehicles, equipment, and infrastructure currently acquired. Additional information concerning capital assets can be found in Note 4 to the financial statements.

LONG-TERM OBLIGATIONS

As of December 31, 2014, the County had long-term obligations outstanding of \$1,864,401, including amounts currently due of \$109,683. This includes a capital lease on the purchase of a software license to be paid off in 2015 in the amount of \$40,023, compensated leave in the amount of \$388,469, and a portion of closure/post-closure costs associated with the aforementioned OCLI solid waste landfill sites in the amount of \$1,435,909, Otero County portion. The reader should refer to Note 6 of the Notes to the Financial Statements for further information relative to long-term debt.

COMPONENT UNITS

Only summary information regarding component units appears in the County's financial statements. Currently, the only recognized component unit is the Otero County Emergency Telephone Service Authority Board (E911). The reader should refer to Note 1 of the Notes to the Financial Statements for further information relative to this "Discretely Presented Component Unit."

FACTORS AFFECTING FUTURE FINANCIAL CONDITIONS

The FY2015 Budget continues to be impacted by the general economic conditions within the County therefore the County has again adopted a conservative approach to the budget. Otero County has not been immune from the economic hardships seen in other parts of Colorado as well as the United States. There is no doubt that the County has been impacted by the drought however, Otero County saw some financial relief in 2014 with an increase in sales tax revenue. Furthermore, Otero County employees were conservative when utilizing the Medical Trust Fund and we were able to give a Cost of Living Adjustment (COLA) of \$60/employee/month increase and a 1 step Anniversary increase upon a satisfactory evaluation. Furthermore, continued efforts to acquire our local agricultural water resources for municipal use may have a serious impact on future tax revenue streams (change from productive ground to pasture/vacant land).

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the Otero County, Colorado's finances for all those with an interest in the County's finances and to demonstrate the County's accountability for the money it receives. Questions concerning any of the information provided in this report or request for additional information should be addressed to the County Administrator at 13 West Third Street, Suite 212, La Junta, Colorado, 81050. Telephone number is (719) 383-3000 / 383-3090 (fax).

OTERO COUNTY, COLORADO

**BASIC FINANCIAL STATEMENTS
AS OF AND FOR THE YEAR ENDED
DECEMBER 31, 2014**

OTERO COUNTY, COLORADO

STATEMENT OF NET POSITION DECEMBER 31, 2014

	<u>Primary Government Governmental Activities</u>	<u>Component Unit E-911 Services</u>
ASSETS		
Cash and cash equivalents	\$ 13,507,914	\$ 345,313
Receivables:		
Accounts	1,344,562	19,137
Property taxes	2,943,313	
Prepaid expense		5,925
Interest	22,966	
Inventory	128,825	
Capital assets:		
Non-depreciable	5,411,450	
Depreciable, net	<u>6,144,059</u>	<u>112,091</u>
TOTAL ASSETS	<u>29,503,089</u>	<u>482,466</u>
LIABILITIES		
Accounts payable	378,180	1,024
Claims payable	201,972	
Due to State	108,138	
Unearned revenue	1,071,299	
Non-current liabilities:		
Due within one year	109,683	
Due in more than one year	<u>1,754,718</u>	
TOTAL LIABILITIES	<u>3,623,990</u>	<u>1,024</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>2,943,313</u>	
NET POSITION		
Net investment in capital assets	11,515,486	112,091
Restricted:		
Emergencies	275,524	
Grants	1,841,177	
Other	30,000	
Unrestricted	<u>9,273,599</u>	<u>369,351</u>
TOTAL NET POSITION	<u>\$ 22,935,786</u>	<u>\$ 481,442</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Primary Government Governmental Activities	Component Unit E-911 Services
FUNCTIONS / PROGRAMS					
Primary government					
Governmental activities:					
General government	\$ 3,142,720	\$ 514,555	\$ 396,563	\$ (2,231,602)	
Public safety	1,717,411	66,175	9,049	(1,642,187)	
Public works	2,680,311	312,632	74,510	(2,293,169)	
Health and welfare	7,247,476	2,081,959	5,382,918	217,401	
Culture and recreation	74,030			(74,030)	
Conservation	70,678		51,052	(19,626)	
Economic development	4,737	64,373	3,162	62,798	
Intergovernmental	9,318,852		9,318,852		
TOTAL	\$ 24,256,215	\$ 3,039,694	\$ 15,236,106	(5,980,415)	
Component unit					
E-911 emergency services	\$ 163,951	\$ 147,097	\$ -		\$ (16,854)
GENERAL REVENUES					
Property taxes				2,870,792	
Specific ownership taxes				594,939	
Sales taxes				1,477,904	
Highway user tax				1,656,810	
Payment in lieu of taxes				449,423	
Other taxes				28,179	
Investment income				70,564	2,426
Miscellaneous				284,456	
Insurance recovery				50,770	
Total general revenues and transfers				7,483,837	2,426
Change in net position				1,503,422	(14,428)
NET POSITION, Beginning of year				21,432,364	495,870
NET POSITION, End of year				\$ 22,935,786	\$ 481,442

See notes to financial statements.

OTERO COUNTY, COLORADO

BALANCE SHEET – GOVERNMENTAL FUNDS DECEMBER 31, 2014

	General	Road & Bridge	Social Services	Capital Improvement	General Human Services	Other	Total
ASSETS							
Cash and cash equivalents	\$ 4,443,882	\$ 2,898,240	\$ 783,664	\$ 742,439	\$ 934,012	\$ 1,973,646	\$ 11,775,883
Cash with Trustee	38,701						38,701
Receivables:							
Accounts	191,643	55,929	333,532		209,294	403,709	1,194,107
Property tax	1,749,251	557,068	402,312	167,630		67,052	2,943,313
Interest	12,691						12,691
Notes receivable - from other funds				252,535			252,535
Due from other funds	37,639		36,226	4,771	2,623	6,168	87,427
Inventory		128,825					128,825
TOTAL ASSETS	\$ 6,473,807	\$ 3,640,062	\$ 1,555,734	\$ 1,167,375	\$ 1,145,929	\$ 2,450,575	\$ 16,433,482
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES							
LIABILITIES							
Accounts payable	\$ 117,938	\$ 26,854	\$ 114,146		\$ 1,285	\$ 117,957	\$ 378,180
Accrued expenses	14,306	4,731				1,041	20,078
Due to other funds	3,066	2,635	15,141	\$ 71	36,030	4,735	61,678
Notes payable - to other funds	252,535						252,535
Due to State			108,138				108,138
Unearned revenues			111,569		959,730		1,071,299
Total liabilities	387,845	34,220	348,994	71	997,045	123,733	1,891,908
DEFERRED INFLOWS OF RESOURCES							
Deferred revenue	1,749,251	557,068	402,312	167,630		67,052	2,943,313
Total deferred inflows of resources	1,749,251	557,068	402,312	167,630	-	67,052	2,943,313
FUND BALANCES							
Non-spendable inventory		128,825					128,825
Restricted:							
Grants	934,898					906,279	1,841,177
TABOR - emergencies	275,524						275,524
Jail commissary	5,000						5,000
Clerk tech fund	15,000						15,000
Sherriff's booking fee fund	10,000						10,000
Committed	265,501	2,919,949	804,428	999,674	148,884	1,353,511	6,491,947
Unassigned	2,830,788						2,830,788
Total fund balances	4,336,711	3,048,774	804,428	999,674	148,884	2,259,790	11,598,261
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 6,473,807	\$ 3,640,062	\$ 1,555,734	\$ 1,167,375	\$ 1,145,929	\$ 2,450,575	\$ 16,433,482

See notes to financial statements.

OTERO COUNTY, COLORADO

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2014

TOTAL IN GOVERNMENTAL FUND BALANCES		\$ 11,598,261
Amounts reported for governmental activities in the statement of net position are different because:		
Investment interest receivables not paid within 90 days of year end are not available to pay current obligations and are therefore not recorded in the funds.		10,275
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Cost	\$ 22,204,451	
Less accumulated depreciation	<u>(10,648,942)</u>	11,555,509
The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet and employee insurance to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the statement of net position.		1,579,886
Small Business Development loan receivables are not recorded in the fund balance sheets, but are reported on the government-wide statement of net position.		36,178
Liabilities not due and payable in the current period are not reported in the fund balance sheets, but are reported on the government-wide statement of net position:		
Capital leases payable	\$ (40,023)	
Compensated absences – long-term portion	(368,391)	
Landfill post-closure	<u>(1,435,909)</u>	<u>(1,844,323)</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION		<u>\$ 22,935,786</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014

	General	Road & Bridge	Social Services	Capital Improvement	General Human Services	Other	Total
REVENUES							
Property taxes	\$ 1,804,638	\$ 543,195	\$ 392,303	\$ 32,687		\$ 98,073	\$ 2,870,896
Specific ownership tax	374,222	112,442	81,203	6,771		20,301	594,939
Sales taxes	1,477,904						1,477,904
Intergovernmental taxes	28,179						28,179
Intergovernmental	855,035	1,731,321	11,400,208		\$ 640,972	2,711,642	17,339,178
Charges for services	409,534	312,632				329,359	1,051,525
Fines and foreclosures	2,775						2,775
Investment earnings	61,081					9,210	70,291
Miscellaneous	103,939	29,320		6,863	60	72,416	212,598
Total revenues	5,117,307	2,728,910	11,873,714	46,321	641,032	3,241,001	23,648,285
EXPENDITURES							
Current:							
General government	2,668,738			4,694		273,343	2,946,775
Public safety	1,663,952						1,663,952
Public works	146,910	2,129,112					2,276,022
Public health and welfare	65,973		11,823,690		580,346	2,685,216	15,155,225
Culture and recreation	23,880					46,882	70,762
Conservation	67,342					3,336	70,678
Economic development						1,576	1,576
Capital outlay		320,604					320,604
Debt service:							
Principal retirement	38,649						38,649
Interest and fiscal charges	9,000						9,000
Total expenditures	4,684,444	2,449,716	11,823,690	4,694	580,346	3,010,353	22,553,243
Excess of revenues over expenditures	432,863	279,194	50,024	41,627	60,686	230,648	1,095,042
Other financing sources (uses)							
Sale of assets	493	62,352					62,845
Insurance recovery						50,770	50,770
Transfers in						56,493	56,493
Transfers out	(56,493)						(56,493)
Total other financing sources (uses)	(56,000)	62,352	-	-	-	107,263	113,615
Net changes in fund balances	376,863	341,546	50,024	41,627	60,686	337,911	1,208,657
FUND BALANCES, Beginning of year	3,959,848	2,707,228	754,404	958,047	88,198	1,921,879	10,389,604
FUND BALANCES, End of year	\$ 4,336,711	\$ 3,048,774	\$ 804,428	\$ 999,674	\$ 148,884	\$ 2,259,790	\$ 11,598,261

See notes to financial statements.

OTERO COUNTY, COLORADO

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2014

Amounts reported for governmental activities in the statement of activities are different because:

NET CHANGE IN GOVERNMENTAL FUND BALANCES			\$ 1,208,657
<p>Governmental Funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital outlay in the current period.</p>			
	Depreciation expense	\$ (595,367)	
	Capital outlay	378,007	
	Donated assets	<u>5,000</u>	(212,360)
<p>Governmental Funds do not record deletions or losses; however, in the statement of activities these assets and accumulated depreciation are removed and losses are recorded.</p>			
	Assets removed	(378,717)	
	Accumulated depreciation	<u>372,396</u>	(6,321)
<p>The internal service funds used by management to charge the costs of the operation and maintenance of the vehicle fleet and employee insurance to individual funds are reported in the government-wide statement of activities as governmental activities.</p>			
			517,613
<p>Eliminate internal service funds portion of capital outlay, disposals and depreciation expense included in adjustment above:</p>			
	Depreciation expense	67,058	
	Capital outlay	<u>(59,675)</u>	7,383
<p>Retirement of capital lease debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net assets.</p>			
			38,649
<p>Government-wide financial statements report revenue and related receivables based on the economic resource while the government funds only record revenue for funds available to pay current obligations.</p>			
			7,113
<p>Interest, compensated absences and landfill post-closure costs reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>			
Interest	Liability at December 31, 2014	—	
	Liability at December 31, 2013	<u>20,240</u>	20,240
Landfill	Liability at December 31, 2014	(1,435,909)	
	Liability at December 31, 2013	<u>1,398,403</u>	(37,506)
Compensated absences	Liability at December 31, 2014, long-term portion	(368,391)	
	Liability at December 31, 2013, long-term portion	<u>328,345</u>	<u>(40,046)</u>
CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES			<u>\$ 1,503,422</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2014 (with comparative amounts for 2013)

	Governmental Activities Internal Service Funds	
	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,693,330	\$ 1,311,062
Accounts receivable	<u>114,277</u>	<u>1,681</u>
Total current assets	1,807,607	1,312,743
NON-CURRENT ASSETS		
Capital assets:		
Depreciable, net	<u>169,604</u>	<u>176,987</u>
TOTAL ASSETS	<u>1,977,211</u>	<u>1,489,730</u>
LIABILITIES		
CURRENT LIABILITIES		
Claims payable	201,972	232,104
Due to other funds	<u>25,749</u>	<u>25,749</u>
Total current liabilities	<u>227,721</u>	<u>257,853</u>
TOTAL LIABILITIES	<u>227,721</u>	<u>257,853</u>
NET POSITION		
Investment in capital assets	169,604	176,987
Unrestricted	<u>1,579,886</u>	<u>1,054,890</u>
TOTAL NET POSITION	<u>\$ 1,749,490</u>	<u>\$ 1,231,877</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – PROPRIETARY FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	Governmental Activities Internal Service Funds	
	2014	2013
OPERATING REVENUES		
Charges for services	\$ 1,995,059	\$ 1,881,805
Investment earnings	<u>273</u>	<u>173</u>
Total operating revenues	<u>1,995,332</u>	<u>1,881,978</u>
OPERATING EXPENSES		
General government	14,285	5,791
Claims	1,397,204	1,573,509
Depreciation	<u>67,058</u>	<u>91,873</u>
Total operating expenses	<u>1,478,547</u>	<u>1,671,173</u>
Operating income	<u>516,785</u>	<u>210,805</u>
NON-OPERATING REVENUES		
Sale of assets	<u>828</u>	<u>496</u>
Total non-operating revenues	<u>828</u>	<u>496</u>
Change in net position	517,613	211,301
NET POSITION, Beginning of year	<u>1,231,877</u>	<u>1,020,576</u>
NET POSITION, End of year	<u>\$ 1,749,490</u>	<u>\$ 1,231,877</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	Governmental Activities Internal Service Funds	
	2014	2013
OPERATING ACTIVITIES		
Cash received from customers	\$ 1,882,463	\$ 1,946,268
Investment income	273	173
Cash payments for goods and services	<u>(1,441,621)</u>	<u>(1,570,051)</u>
Net cash provided by operating activities	<u>441,115</u>	<u>376,390</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of assets	828	2,769
Payments for capital acquisitions	<u>(59,675)</u>	<u>(64,850)</u>
Net cash used in capital and related financing activities	<u>(58,847)</u>	<u>(62,081)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	382,268	314,309
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,311,062</u>	<u>996,753</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,693,330</u>	<u>\$ 1,311,062</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 516,785	\$ 210,805
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	67,058	91,873
Change in operating assets and liabilities:		
Accounts receivable	(112,596)	64,463
Claims payable	<u>(30,132)</u>	<u>9,249</u>
Net cash provided by operating activities	<u>\$ 441,115</u>	<u>\$ 376,390</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

STATEMENT OF NET POSITION – FIDUCIARY FUNDS DECEMBER 31, 2014 (with comparative amounts for 2013)

	<u>Agency Fund</u>	
	2014	2013
ASSETS		
Cash and cash equivalents	\$ <u>707,359</u>	\$ <u>706,767</u>
Total assets	<u>707,359</u>	<u>706,767</u>
LIABILITIES		
Due to other entities	670,488	669,096
Funds held in trust	<u>36,871</u>	<u>37,671</u>
Total liabilities	<u>707,359</u>	<u>706,767</u>
NET POSITION	<u>\$ —</u>	<u>\$ —</u>

See notes to financial statements.

OTERO COUNTY, COLORADO

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Otero County (the County) have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental entities. The County's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. A summary of significant policies is as follows:

Reporting Entity — Otero County is a statutory county governed by an elected three-member commission. As required by generally accepted accounting principles, these financial statements present Otero County (the primary government) and its component units.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board and (1) the County is able to significantly influence the programs or services performed or provided by the organizations; or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes or issues their debt.

Blended Component Unit — The blended component unit discussed below is included in the County's reporting entity because of the significance of its operational or financial relationship with the County. Blended component units are, in substance, part of the County's operations, and therefore, data from these units are combined with data of the County. Alternatively, discretely presented component units are reported separately in the financial statements to emphasize that they are legally separate from the County.

Small Business Development Revolving Loan Fund — This fund focuses on providing loans to small businesses, while at the same time, offering technical assistance through the local Small Business Development Center. There are no separately issued financial statements for this fund.

The separate financial statements of the component unit are presented as supplemental information.

Discretely Presented Component Unit — *Otero County Emergency Telephone Service Authority Board* — The Otero County Emergency Telephone Service Authority Board (Authority) was created for the purpose of providing 911 emergency phone services for Otero County. All governmental entities of the County agreed to participate through an intergovernmental agreement. The County Commissioners have the power of appointment over the Board and are, therefore, deemed to have oversight responsibility over the Authority. The Authority is presented as a business-type activity. The Authority does not issue separate financial statements.

Joint Venture — *Otero County Landfill, Inc.* — Otero County is a participant along with six other entities within the County in a joint venture known as the Otero County Landfill, Inc. As a participant, the County is responsible for a portion of the closure and post-closure costs of the landfill. See Note 6 for the County's share of those costs as of December 31, 2014. A complete financial report may be obtained from the administrative offices of Otero County.

Related Organizations — *Otero County Housing Authority* — The Otero County Housing Authority is governed by a five-member board appointed by the Commissioners. The Authority provides housing to certain qualified residents and is principally funded through federal grants and rental charges. Because the appointments are administrative in nature and control over the organization is at the federal government level, the Authority is treated as a related organization of the County rather than a component unit.

Government-Wide and Fund Financial Statements — The government-wide financial statements report information on all of the non-fiduciary activities of the primary government and its component units. The effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The County does not allocate indirect expenses to functions in the statement of activities. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation — The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows.

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 90 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. This approach differs from the manner in which the governmental activities in the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Property taxes, sales taxes, franchise taxes, interest revenues, and charges for services are all considered to be susceptible to accrual and accordingly have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Grant and entitlement awards are recorded as revenue when earned. Grants or entitlements received in excess of expenditures are recorded as deferred revenue. Expenditures are recorded on an accrual basis.

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

The County reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those which are required to be accounted for in another fund.

The Road & Bridge fund is a special revenue fund, which is used to account for the proceeds of highway taxes and other specific revenue sources that are legally restricted to expenditures for maintenance and construction of the County road system and for the operation of solid waste disposal as outlined by an Intergovernmental Agreement with Otero County Landfill, Inc. (OCLI).

The Social Services fund is a special revenue fund, which is used to account for federal, state and local revenues to be used to provide welfare services to eligible individuals within the County.

The Capital Improvement fund is a special revenue fund for financial reporting purposes. The fund is tentatively being targeted for a jail construction project and improvements to the County buildings. Management has chosen to show this fund as a major fund even though it does not meet the required tests to show it as a major fund.

The General Human Service fund is a special revenue fund, which is used to account for federal, state and local revenues to be used to provide services to assist individuals who are in need to remain self-sufficient and be as independent as possible.

Special Revenue Funds — Special revenue funds are used to account for revenue sources that are legally restricted to expenditure for specific purposes. The other special revenue funds include the Insurance, Clerk Hire, Conservation Trust, Contingent, Health, AAA Services, and Small Business Development and Otero County Land Trust (OCLT) funds.

Proprietary Funds — There are two Proprietary funds. The Internal Service Fund accounts for data processing equipment and certain vehicles. The Medical Insurance fund accounts for medical benefits provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service funds are charges for services. Operating expenses of the internal service funds include the costs of services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds — Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

The agency funds are custodial in nature and do not present results of operations or a measurement focus. Agency funds are accounted for using the accrual basis of accounting. Those funds are used to account for assets that the County holds for others in an agency capacity. The County's agency funds include the Treasurer's office, Clerk's office and Public Trustee.

Fund Equity — Fund equity at the governmental fund financial reporting level is classified as "fund balance." Fund equity for all other reporting is classified as "net position."

The County accounts for its fund balances in conformity with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes.

GASB 54 requires the fund balance amounts to be properly reported within one of the fund balance categories listed below:

1. Non-spendable: The non-spendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. This category includes items such as fund balance associated with inventories and prepaids.
2. Restricted: Fund balances are reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislations.
3. Committed: Committed fund balance consists of amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, which would be the Board of County Commissioners through a formal resolution.
4. Assigned: Amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed, are reported as assigned fund balance. Under the Commissioners' adopted policy, the authority to assign fund balances rests with the County Administrator and is delegated to staff. Interest earned on fund balances is assigned to be used by that fund unless otherwise specified in Commissioner or voter documentation.
5. Unassigned fund balance is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

The County funds certain expenditures by a combination of restricted, committed, assigned and unassigned revenues. Thus, when expenses are incurred, there are restricted, committed, assigned and unrestricted net assets available to finance the expenditure. It is the County's policy to first apply restricted fund balance, followed by committed fund balance, and then by assigned fund balance to each such expenditure, followed by unassigned fund balance.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net position is reported as restricted when there are limitations imposed on 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. The remainder of net position is reported as not being restricted.

Cash and Cash Equivalents — For the purpose of the statement of cash flows the government's cash and cash equivalents are considered to be cash on hand, demand deposits, and highly liquid investments.

The County may invest in bonds or other interest-bearing obligations issued by or unconditionally guaranteed by the United States, bonds that are the direct obligation of the State of Colorado, or any county, city or school district in the State. The County may also invest in repurchase agreements of any marketable security otherwise authorized by law, where the market value of such security is at all times at least equal to the moneys involved, and there is assignment of such security pursuant to current depository regulations.

Investments for the government, as well as for its component unit, are reported at fair value.

Receivables and Payables — Outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade and property tax receivables, including those for the Otero County Emergency Telephone Service Authority Board, are shown net of an allowance for uncollectible accounts if required. Notes receivable in the Small Business Development Revolving Loan Fund (SBDRLF) totaling \$80,957 are not considered collectible and accordingly, are fully reserved.

Property taxes are not due and payable until after the assessment year has ended and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2014, since the amounts are measurable but not available until 2015. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attached as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15. The County, through the Otero County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. Collection of taxes and distribution of them to the various taxing entities is done by the 10th of every month following the month of collection.

Inventory of Material and Supplies — Inventory is valued at cost using the first-in first-out (FIFO) method and consists of expendable supplies held for consumption. The cost is recorded as an expenditure when consumed rather than when purchased. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources" even though they are a component of assets.

Capital Assets — Capital assets, which include property, equipment, and current infrastructure (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Assets purchased for departmental use with a minimum cost of \$1,000 are purchased by the County Internal Services Fund and billed to the departments quarterly for their use. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Building, improvements and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

	Estimated Useful Life
Buildings	20–75 years
Building improvements	20 years
Public domain infrastructure	25 years
Vehicles	5–20 years
Office equipment	5–10 years
Computer equipment	3–5 years

Compensated Absences — It is the government's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and eligible sick pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured as a result of employee resignations and retirements. A liability for the accrued compensation is recorded at the fund level as this amount is paid to the employees in full in January 2015.

Long-Term Obligations — In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Deferred Inflows of Resources — In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, deferred revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report deferred revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced.

Fund Equity — In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Assignments of fund balance represent tentative management plans that are subject to change.

Net Position — The District's net position is classified in the following components:

- **Net Investment in Capital Assets** — This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

- **Restricted** — This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- **Unrestricted** — This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Budgetary Information — The County's budgetary procedures are as follows:

Prior to October 15, the County Commissioners receive 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 taxpayer comments. Prior to December 15, the budget is legally enacted through passage of a resolution. Revisions that alter the total expenditures of any fund generally must be approved by the Commissioners. Budgeted amounts in the accompanying financial statements include revisions to the original appropriation resolution. Appropriations lapse at year-end and any open purchase items must be appropriated in the following year.

Expenditures may not legally exceed appropriations at the fund level.

Retirement Plan — The employees of the County are members of the Colorado County Official's and Employee's Retirement Association (CCOERA) (the Plan). The Plan is a defined contribution plan which is funded currently.

Comparative Information — Certain comparative information for the prior year have been presented to provide an understanding of the changes in the financial position and operations. This data does not include the disclosures required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the County's financial statements for the year ended December 31, 2013, from which the data was derived. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

Subsequent Events — The County has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. CASH AND CASH EQUIVALENTS

Deposits — The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds.

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. As of December 31, 2014, the County's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Corporation (FDIC) or collateralized in accordance with PDPA.

The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must equal at least 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 reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2014 the County's and Component Unit's cash and investments had the following book and bank balances:

	Book	Bank
Insured deposits	\$ 2,841,442	\$ 2,840,102
Collateralized deposits	11,508,804	12,059,455
COLOTrust	171,639	171,639
Cash with Trustee	<u>38,701</u>	<u>38,701</u>
Total	<u>\$ 14,560,586</u>	<u>\$ 15,109,897</u>

Cash and Investment Reconciliation

Governmental funds - cash and investments	\$ 11,775,883
Governmental funds – cash with trustee	38,701
Proprietary funds	<u>1,693,330</u>
Total primary government	13,507,914
Agency funds	707,359
Component unit	<u>345,313</u>
Total	<u>\$ 14,560,586</u>

The carrying amount of deposits for the E911 Services, a discreetly presented component unit, was \$345,313 and the bank balance was \$345,313. These amounts are included in the above tables.

Investments -Colorado revised statutes specify investment instruments meeting defined rating and risk criteria in which the County may invest as follows:

- United States Treasury Obligations
- Federal Instrumentality Securities

- Time Certificates of Deposit
- Commercial Paper
- Money Market Mutual Funds
- Local Government Investment Pools

Interest Rate Risk — As a means of limiting its exposure to losses arising from prevailing market interest rates, it is the policy of the County to invest its funds in a manner which will provide the highest investment return while ensuring preservation of capital and protection of investment principal. The County's investment objectives are:

- Conformance with all federal, state and other legal requirements
- Preservation of capital and the protection of investment principal
- Maintaining sufficient liquidity to enable the County to meet all operating requirements
- Seek highest rate of return possible

Credit Risk — The County's investment policy limits investments to the following types of securities and transactions:

- United States Treasury notes, bonds, bills or certificates of indebtedness, or those for which the faith and credit of the United States are pledged for the payment of principal and interest.
- Commercial paper rated in the highest rating category by one or more nationally recognized rating agencies.
- Securities of the World Bank, the inter-American development bank, the Asian development bank or the African development bank, if rated in the two highest rating categories by one or more nationally recognized rating agencies.
- Any Banker's Acceptance issued by a state or national bank which has a combined capital and surplus of at least \$250,000,000, is FDIC insured and is rated in one of the three highest rating categories by one or more nationally recognized agencies.
- Investment pools authorized by Colorado law.
- Guaranteed investment contracts purchased only with debt, certificates of participation or lease-purchase agreement (no refunding) proceeds.
- Commissioner approved depositories.

At December 31, 2014 the County had investments held in the Colorado Local Government Liquid Asset Trust (ColoTrust) and the investment is rated AAA by Standard & Poor's. ColoTrust operates similarly to a money market fund with each share valued at \$1.00. These amounts are considered cash equivalents and totaled \$171,639 as of December 31, 2014. Separately issued financial statements for ColoTrust may be obtained at www.colotruster.com. The State Securities Commissioner administers and enforces all state statutes governing Colorado.

Concentration of Credit Risk — It is the intent of the County to diversify the investments within the portfolio to avoid incurring unreasonable risks inherent in over-investing in specific instruments. ColoTrust, as an external investment pool, does not pose a concentration of credit risk.

3. UNEARNED REVENUES

Governmental funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also postpone revenue recognition in connection with resources that have been received but not yet earned. As of December 31, 2014 the County had unearned revenues in the amount of \$959,730 and \$111,569 which are recorded in the General Human Services Fund and Social Services Fund, respectively. These amounts are recorded as a liability as they are voluntary non-exchange transactions that the County has not met the eligibility requirements for. As the eligibility requirements have not yet been met, revenue recognition has been postponed.

4. CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 402,454			\$ 402,454
Easements	<u>5,008,996</u>			<u>5,008,996</u>
Total capital assets not being depreciated	<u>5,411,450</u>	\$ —	\$ —	<u>5,411,450</u>
Capital assets being depreciated:				
Buildings and Improvements	4,284,774			4,284,774
Equipment	7,549,453	383,007	(378,717)	7,553,743
Infrastructure	<u>4,954,484</u>			<u>4,954,484</u>
Total capital assets being depreciated	<u>16,788,711</u>	<u>383,007</u>	<u>(378,717)</u>	<u>16,793,001</u>
Less accumulated depreciation:				
Buildings and Improvements	2,119,243	123,086		2,242,329
Equipment	6,165,389	358,882	(372,396)	6,151,875
Infrastructure	<u>2,141,339</u>	<u>113,399</u>		<u>2,254,738</u>
Total accumulated depreciation	<u>10,425,971</u>	<u>595,367</u>	<u>(372,396)</u>	<u>10,648,942</u>
Depreciable capital assets, net	<u>6,362,740</u>	<u>(212,360)</u>	<u>(6,321)</u>	<u>6,144,059</u>
Total net capital assets	<u>\$ 11,774,190</u>	<u>\$ (212,360)</u>	<u>\$ (6,321)</u>	<u>\$ 11,555,509</u>

Depreciation expense charged to functions of the primary government is as follows:

General government	\$ 141,717
Public safety	58,459
Public works	378,023
Public health and welfare	13,900
Culture and recreation	<u>3,268</u>
Total depreciation expense	<u>\$ 595,367</u>

Component Unit

	Beginning Balance	Increases	Decreases	Ending Balance
Equipment	\$ 637,783	\$ 11,336		\$ 649,119
Accumulated depreciation	<u>(490,799)</u>	<u>(46,229)</u>	<u> </u>	<u>(537,028)</u>
Total	<u>\$ 146,984</u>	<u>\$ (34,893)</u>	<u>\$ —</u>	<u>\$ 112,091</u>

5. INTER-FUND BALANCES AND TRANSFERS

Inter-fund transfers and balances for the year ended December 31, 2014 consisted of annual additional County support for the Otero County Health Department for 2013 and balances due to the general fund, capital improvements fund and social services fund by other departments as provided below. These balances are expected to be paid within one year.

	General Fund	Health Fund	Total
Transfer in		\$ 56,493	\$ 56,493
Transfer out	<u>\$ 56,493</u>	<u> </u>	<u>56,493</u>
Total	<u>\$ 56,493</u>	<u>\$ 56,493</u>	<u>\$ —</u>

Inter-fund receivables and payables at December 31, 2014 were as follows:

	Receivable	Payable
General fund	\$ 37,639	\$ 3,066
Road & Bridge fund		2,635
Social Services fund	36,226	15,141
Capital Improvements fund	4,771	71
General Human Services	2,623	36,030
Health fund	6,168	4,543
Insurance fund		192
Internal Service fund	<u> </u>	<u>25,749</u>
Total	<u>\$ 87,427</u>	<u>\$ 87,427</u>

The Capital Improvement Fund issued the General Fund a loan in the amount of \$295,365 for certain energy efficiency improvements. The remaining balance on this loan is \$252,535 as of December 31, 2014. The loan is payable in annual installments of \$21,991 and matures on November 1, 2024. This loan has been eliminated in the government-wide financial statements.

6. LONG-TERM OBLIGATIONS

Activity relating to long-term obligations for the year ended December 31, 2014 is as follows:

	Balance at January 1, 2014	Additions	Deductions	Balance at December 31, 2013	Amounts Due Within One Year
Governmental activities:					
Capital leases	\$ 78,672		\$ 38,649	\$ 40,023	\$ 40,023
Compensated absences	347,689	\$ 311,712	270,932	388,469	20,078
Closure and post-closure costs	<u>1,398,403</u>	<u>76,155</u>	<u>38,649</u>	<u>1,435,909</u>	<u>49,582</u>
Total	<u>\$ 1,824,764</u>	<u>\$ 387,867</u>	<u>\$ 348,230</u>	<u>\$ 1,864,401</u>	<u>\$ 109,683</u>

Capital Lease — In 2011, the County entered into a five-year capital lease agreement in the amount of \$187,129 to purchase a software license. The balance was financed at the interest rate of 0%; however, the County imputed interest at a rate of 3.5%. The lease requires monthly payments of \$3,399. Minimum lease payments are as follows:

December 31,	Principal	Interest	Total
2015	<u>\$ 40,023</u>	<u>\$ 762</u>	<u>\$ 40,785</u>

Total interest expense for all capital leases for the year ended December 31, 2014, was \$9,000.

The assets acquired through capital leases with outstanding balances as of December 31, 2014 are as follows:

	Asset Cost	Accumulated Depreciation	Net Capital Assets
Software license	<u>\$ 187,129</u>	<u>\$ 93,565</u>	<u>\$ 93,564</u>

Amortization expense is included in depreciation expense and amounted to \$37,426 in 2014.

Closure and Post-Closure Cost — In 1994, the County entered into an intergovernmental agreement with the municipalities within the County to form the Otero County Landfill, Inc. (OCLI) to operate the three landfill sites within the County. The agreement transfers the liability for closure and post-closure costs to OCLI. The County and all participating entities are responsible for a portion of the costs based on an average of population and assessed valuation of each entity to the total of all entities. OLCI expects to close the three landfills throughout 2013-2019. The current estimated total closure and post-closure costs are \$3,346,571 of which \$2,896,000 is allocated among the participating entities. Actual cost may be higher due to inflation, changes in technology, or changes in regulations. Based on the current allocation, the County's share is approximately 50% of the estimated \$2,896,000, amounting to \$1,435,909.

The County and other municipalities are required by state and federal laws and regulations to make certain financial assurances. These have been based on the same percentage as stated above.

7. RETIREMENT PLAN

The County participates in the Colorado County Officials and Employees Retirement Association (CCOERA) 401(a) plan (the Plan), a multi-employer defined contribution retirement plan. CCOERA's seven-member governing board has the authority to establish and amend the Plan. The Otero County Commissioners elects to participate in the Plan and is able to elect certain amendments and definitions of terms, including the definition of "compensation" and "employee" and to set contribution rates based on the County's Participation Agreement. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan plus investment earnings. All permanent full-time employees are required to participate as soon as they become eligible at entry date. At December 31, 2014 there were 159 County participants who had account balances in the Plan. The County Participation Agreement requires that the employees contribute 6% and the County contribute a like amount of the employee's base salary each month. Plan participants vest at the rate of 10% per year and are fully vested after 10 years of service or have reached 55 years of age. Participants who are not fully vested forfeit the remaining balance in their account. All forfeitures are placed into a separate account and used to reduce future contributions from the County.

The County and covered employees made the required contributions, amounting to \$297,403 in County contributions and \$351,959 in employee contributions, which includes \$54,556 of employee voluntary contributions. During the year ended December 31, 2014, there were unvested participant account balances totaling \$59,819 which were forfeited, of this amount and the beginning of the year balance \$75,260 was used to reduce County contributions and the remaining balance of \$3,646 is in the forfeiture account at yearend. Subsequent to year-end the remaining balance was used to reduce the County contribution.

8. CONTINGENCIES

In April of 1979, the County entered into an agreement with the Arkansas Valley Exposition and Fair Association to be the guarantor on a loan to the Association from Farmers Home Administration with a current balance of \$51,782. The proceeds were used in the construction of a 4-H building located in Rocky Ford, Colorado. The County will at all times act as guarantor of the annual repayment cost of \$11,913, which commenced January 1, 1980 and continue annually thereafter for a term of 40 years, to the extent that income derived from the use of the building does not meet the annual repayment cost. The County required an assignment of the lease between the City of Rocky Ford, Colorado and the Arkansas Valley Exposition and Fair Association as security for the loan, subordinate to the assignment required by the Farmers Home Administration.

The County is party to various legal proceedings which occur in the normal course of government operations. These legal proceedings are not likely to have a material adverse impact on the affected funds of the County. In addition, the County maintains insurance coverage for such occurrences.

Amounts received or receivable from grantor agencies are subject to audit adjustments by such grantor agencies, principally the federal and state governments. Any disallowed claims, including amounts already collected, may constitute a liability of the board. In that event, Otero County may be required to refund amounts to the federal and state governments.

9. RISK MANAGEMENT

The County is exposed to various risks of loss related to property and casualty losses as well as those related to injuries of employees while on the job. The County was unable to obtain property and liability insurance at a cost it considered to be economically justifiable. Therefore, the County joined together with the other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP) and the County Workers' Compensation Pool, (CWCP), public entity risk pools currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP and CWCP for its property and casualty insurance coverage and workers' compensation insurance coverage. The intergovernmental agreement of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. The County's claims have not exceeded its coverage in any of the last three years.

The County also handles health and life insurance claims for its employees. Premiums are charged to the County to cover medical claims with reinsurance provided by commercial carriers for individual claims in excess of \$50,000 annually.

The County records an estimated liability for health insurance claims. Claims liabilities are based on estimates of the ultimate cost of reported claims (including future claim adjustment expenses) and an estimate for claims incurred but not reported based on historical experience.

The following represents the changes in the claims liability for health insurance for the County for the year ended December 31, 2014:

Liability balance, beginning of year	\$ 232,104
Incurred claims	1,397,204
Payments on claims	<u>(1,427,336)</u>
Liability balance, end of year	<u>\$ 201,972</u>

10. TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20, of the Colorado Constitution, commonly known as the Taxpayer Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise, may require judicial interpretation. In November 1995 a majority of the County's electors authorized the County to collect, retain and spend all revenues and other funds collected from any source notwithstanding the limitations of Article X, Section 20, of the Colorado Constitution.

Emergency Reserves have been provided for as required by Article X, Section 20, of the constitution of the State of Colorado. \$275,524 of the net position and fund balance has been restricted in compliance with this requirement.

11. BUDGETARY COMPLIANCE

For the year ended December 31, 2014, expenditures exceeded appropriations in the following funds: Social Services is overspent by \$199,231 which may be a violation of state statute.

12. RELATED PARTY TRANSACTIONS

The County entered into an agreement with OCLI to provide employees and equipment to run the landfill as well as provide administrative services for OCLI for its share of the required contributions.

For the year ended December 31, 2014, the County incurred costs of \$257,534 on behalf of OCLI. The County has a receivable from OCLI in the amount of \$15,716 as of December 31, 2014.

OTERO COUNTY, COLORADO

REQUIRED

SUPPLEMENTAL INFORMATION

OTERO COUNTY, COLORADO

GENERAL FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Property taxes	\$ 1,809,148	\$ 1,809,148	\$ 1,804,536	\$ (4,612)
Specific ownership tax	293,320	293,320	374,222	80,902
Sales taxes	1,350,000	1,350,000	1,477,904	127,904
Intergovernmental taxes	8,000	8,000	28,179	20,179
Intergovernmental	1,110,730	1,110,730	855,035	(255,695)
Charges for services	314,354	314,354	409,534	95,180
Fines and foreclosures	8,250	8,250	2,775	(5,475)
Investment earnings	70,000	70,000	61,081	(8,919)
Miscellaneous	107,439	107,439	103,939	(3,500)
Total revenues	<u>5,071,241</u>	<u>5,071,241</u>	<u>5,117,205</u>	<u>45,964</u>
EXPENDITURES				
General government	3,269,722	3,279,134	2,668,738	610,396
Public safety	1,855,550	1,855,550	1,663,952	191,598
Public works	158,100	158,100	146,910	11,190
Public health and welfare	50,783	50,783	65,973	(15,190)
Culture and recreation	31,310	31,310	23,880	7,430
Conservation	100,600	100,600	67,342	33,258
Debt service:				
Principal retirement			38,649	(38,649)
Interest and fiscal charges	7,400	7,400	9,000	(1,600)
Total expenditures	<u>5,473,465</u>	<u>5,482,877</u>	<u>4,684,444</u>	<u>798,433</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(402,224)</u>	<u>(411,636)</u>	<u>432,761</u>	<u>844,397</u>
Other financing sources (uses):				
Sale of assets	2,159	2,159	493	(1,666)
Transfers out	(56,493)	(56,493)	(56,493)	
Total other financing sources (uses)	<u>(54,334)</u>	<u>(54,334)</u>	<u>(56,000)</u>	<u>(1,666)</u>
Net changes in fund balance	<u>\$ (456,558)</u>	<u>\$ (465,970)</u>	<u>376,761</u>	<u>\$ 842,731</u>
FUND BALANCES, beginning of year			<u>3,694,449</u>	
FUND BALANCES, end of year			<u>4,071,210</u>	
CONTINGENT FUND				
FUND BALANCES, Beginning of year			265,399	
Net changes in fund balances			<u>102</u>	
FUND BALANCES, End of year			<u>265,501</u>	
COMBINED				
FUND BALANCES, Beginning of year			3,959,848	
Net changes in fund balances			<u>376,863</u>	
FUND BALANCES, End of year			<u>\$ 4,336,711</u>	

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

ROAD & BRIDGE FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 544,807	\$ 544,807	\$ 543,195	\$ (1,612)
Specific ownership tax	96,239	96,239	112,442	16,203
Intergovernmental	1,645,500	1,645,500	1,731,321	85,821
Charges for services	461,747	461,747	312,632	(149,115)
Miscellaneous	193,873	193,873	29,320	(164,553)
Total revenues	<u>2,942,166</u>	<u>2,942,166</u>	<u>2,728,910</u>	<u>(213,256)</u>
EXPENDITURES				
Public works	2,665,722	2,665,722	2,129,112	536,610
Capital outlay	346,850	346,850	320,604	26,246
Total expenditures	<u>3,012,572</u>	<u>3,012,572</u>	<u>2,449,716</u>	<u>562,856</u>
Excess of revenues over expenditures	<u>(70,406)</u>	<u>(70,406)</u>	<u>279,194</u>	<u>349,600</u>
Other financing sources				
Sale of assets			<u>62,352</u>	<u>62,352</u>
Net changes in fund balance	<u>\$ (70,406)</u>	<u>\$ (70,406)</u>	<u>341,546</u>	<u>\$ 411,952</u>
FUND BALANCES, Beginning of year			<u>2,707,228</u>	
FUND BALANCES, End of year			<u>\$ 3,048,774</u>	

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SOCIAL SERVICES FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 392,649	\$ 392,649	\$ 392,303	\$ (346)
Specific ownership tax	65,000	65,000	81,203	16,203
Intergovernmental	<u>10,950,616</u>	<u>11,141,483</u>	<u>11,400,208</u>	<u>258,725</u>
Total revenues	<u>11,408,265</u>	<u>11,599,132</u>	<u>11,873,714</u>	<u>274,582</u>
EXPENDITURES				
Public health and welfare	<u>11,408,266</u>	<u>11,624,459</u>	<u>11,823,690</u>	<u>(199,231)</u>
Total expenditures	<u>11,408,266</u>	<u>11,624,459</u>	<u>11,823,690</u>	<u>(199,231)</u>
Excess of revenues over expenditures	<u>(1)</u>	<u>(25,327)</u>	<u>50,024</u>	<u>75,351</u>
Net changes in fund balance	<u>\$ (1)</u>	<u>\$ (25,327)</u>	<u>50,024</u>	<u>\$ 75,351</u>
FUND BALANCE, Beginning of year			<u>754,404</u>	
FUND BALANCE, End of year			<u>\$ 804,428</u>	

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CAPITAL IMPROVEMENT FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Property taxes	\$ 32,788	\$ 32,788	\$ 32,687	\$ (101)
Specific ownership tax	4,900	4,900	6,771	1,871
Intergovernmental	14,020	14,020		(14,020)
Miscellaneous	28,794	28,794	6,863	(21,931)
Total revenues	<u>80,502</u>	<u>80,502</u>	<u>46,321</u>	<u>(34,181)</u>
EXPENDITURES				
General government			4,694	(4,694)
Capital outlay	<u>679,020</u>	<u>679,020</u>		<u>679,020</u>
Total expenditures	<u>679,020</u>	<u>679,020</u>	<u>4,694</u>	<u>674,326</u>
Net changes in fund balance	<u>\$ (598,518)</u>	<u>\$ (598,518)</u>	<u>41,627</u>	<u>\$ 640,145</u>
FUND BALANCE, Beginning of year			<u>958,047</u>	
FUND BALANCE, End of year			<u>\$ 999,674</u>	

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL HUMAN SERVICES FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Intergovernmental	\$ 627,560	\$ 627,560	\$ 640,972	\$ 13,412
Miscellaneous			60	60
Total revenues	<u>627,560</u>	<u>627,560</u>	<u>641,032</u>	<u>13,472</u>
EXPENDITURES				
Public health and welfare	<u>627,560</u>	<u>627,560</u>	<u>580,346</u>	<u>47,214</u>
Total expenditures	<u>627,560</u>	<u>627,560</u>	<u>580,346</u>	<u>47,214</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ -</u>	60,686	<u>\$ 60,686</u>
FUND BALANCE, Beginning of year			<u>88,198</u>	
FUND BALANCE, End of year			<u>\$ 148,884</u>	

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SUPPLEMENTAL INFORMATION

OTERO COUNTY, COLORADO

GENERAL FUND (Without Contingent Fund) BALANCE SHEET DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 4,178,699	\$ 3,867,980
Cash with trustee	38,701	35,817
Receivables:		
Accounts	191,643	162,908
Property taxes	1,749,251	1,820,870
Interest	12,691	15,232
Due from other funds	<u>37,321</u>	<u>30,970</u>
TOTAL ASSETS	<u>\$ 6,208,306</u>	<u>\$ 5,933,777</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 117,938	\$ 122,860
Accrued expenses	14,306	15,716
Due to other funds	3,066	5,356
Notes payable	<u>252,535</u>	<u>274,526</u>
Total liabilities	<u>387,845</u>	<u>418,458</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>1,749,251</u>	<u>1,820,870</u>
Total deferred inflows of resources	<u>1,749,251</u>	<u>1,820,870</u>
 FUND BALANCES		
Restricted:		
Grants	934,898	564,295
TABOR - emergencies	275,524	266,880
Jail commissary	5,000	5,000
Clerk tech fund	15,000	12,000
Sheriff's booking fee fund	10,000	10,000
Unassigned	<u>2,830,788</u>	<u>2,836,274</u>
Total fund balances	<u>4,071,210</u>	<u>3,694,449</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	 <u>\$ 6,208,306</u>	 <u>\$ 5,933,777</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL FUND (Without Contingent Fund) SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
REVENUES		
Property taxes	\$ 1,804,536	\$ 1,792,260
Specific ownership tax	374,222	365,523
Sales taxes	1,477,904	1,478,661
Intergovernmental taxes	28,179	14,794
Intergovernmental	855,035	789,457
Charges for services	409,534	458,957
Fines and forfeitures	2,775	15,028
Investment earnings	61,081	78,555
Miscellaneous	<u>103,939</u>	<u>106,567</u>
Total revenues	<u>5,117,205</u>	<u>5,099,802</u>
EXPENDITURES		
General government	2,668,738	2,554,329
Public safety	1,663,952	1,609,130
Public works	146,910	147,234
Public health and welfare	65,973	45,958
Culture and recreation	23,880	25,102
Conservation	67,342	94,273
Debt service:		
Principal retirement	38,649	37,322
Interest and fiscal charges	<u>9,000</u>	<u>10,864</u>
Total expenditures	<u>4,684,444</u>	<u>4,524,212</u>
Excess of revenues over expenditures	<u>432,761</u>	<u>575,590</u>
Other financing uses:		
Sale of assets	493	2,743
Transfers out	<u>(56,493)</u>	<u>(56,493)</u>
Total other financing uses	<u>(56,000)</u>	<u>(53,750)</u>
Net changes in fund balance	376,761	521,840
FUND BALANCE, Beginning of year	<u>3,694,449</u>	<u>3,172,609</u>
FUND BALANCE, End of year	<u>\$ 4,071,210</u>	<u>\$ 3,694,449</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL FUND (Without Contingent Fund) SCHEDULE OF REVENUES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Taxes:				
Property taxes	\$ 1,809,148	\$ 1,809,148	\$ 1,804,536	\$ (4,612)
Specific ownership tax	293,320	293,320	374,222	80,902
Sales taxes	1,350,000	1,350,000	1,477,904	127,904
Intergovernmental taxes	8,000	8,000	28,179	20,179
Total taxes	<u>3,460,468</u>	<u>3,460,468</u>	<u>3,684,841</u>	<u>224,373</u>
Intergovernmental:				
Federal and State grants	694,881	694,881	405,612	(289,269)
Payment in lieu of taxes	415,849	415,849	449,423	33,574
Total intergovernmental	<u>1,110,730</u>	<u>1,110,730</u>	<u>855,035</u>	<u>(255,695)</u>
Charges for services:				
Sheriff	57,000	57,000	66,176	9,176
Engineer	18,000	18,000	16,076	(1,924)
Clerk	126,300	126,300	148,522	22,222
Treasurer	64,878	64,878	101,620	36,742
Public trustee	8,060	8,060	19,430	11,370
Administration	40,116	40,116	57,710	17,594
Total charges for services	<u>314,354</u>	<u>314,354</u>	<u>409,534</u>	<u>95,180</u>
Fines and forfeitures:				
Administration	8,250	8,250	2,775	(5,475)
Total fines and forfeitures	<u>8,250</u>	<u>8,250</u>	<u>2,775</u>	<u>(5,475)</u>
Investment earnings	<u>70,000</u>	<u>70,000</u>	<u>61,081</u>	<u>(8,919)</u>
Miscellaneous:				
Rent	107,439	107,439	103,939	(3,500)
Total miscellaneous	<u>107,439</u>	<u>107,439</u>	<u>103,939</u>	<u>(3,500)</u>
Total revenues	<u>\$ 5,071,241</u>	<u>\$ 5,071,241</u>	<u>\$ 5,117,205</u>	<u>\$ 45,964</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL FUND (Without Contingent Fund) SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES				
General government:				
Assessor	\$ 372,793	\$ 382,205	\$ 362,302	\$ 19,903
Attorney	87,984	87,984	91,341	(3,357)
Clerk and recorder	294,459	294,459	279,088	15,371
Commissioners	2,138,894	2,138,894	1,587,911	550,983
Public works	144,137	144,137	144,070	67
Treasurer	231,455	231,455	204,026	27,429
Total general government	<u>3,269,722</u>	<u>3,279,134</u>	<u>2,668,738</u>	<u>610,396</u>
Public safety:				
Sheriff	1,675,272	1,675,272	1,507,860	167,412
Emergency management	23,700	23,700	22,580	1,120
Courthouse security	59,546	59,546	38,007	21,539
Coroner	71,472	71,472	70,614	858
Predator control	25,560	25,560	24,891	669
Total public safety	<u>1,855,550</u>	<u>1,855,550</u>	<u>1,663,952</u>	<u>191,598</u>
Public works:				
Public service	137,520	137,520	128,235	9,285
Veterans	20,580	20,580	18,675	1,905
Total public works	<u>158,100</u>	<u>158,100</u>	<u>146,910</u>	<u>11,190</u>
Public health and welfare	<u>50,783</u>	<u>50,783</u>	<u>65,973</u>	<u>(15,190)</u>
Culture and recreation:				
Recreation	3,100	3,100	3,100	-
Senior citizens	23,210	23,210	19,810	3,400
Library	5,000	5,000	970	4,030
Total culture and recreation	<u>31,310</u>	<u>31,310</u>	<u>23,880</u>	<u>7,430</u>
Conservation	<u>100,600</u>	<u>100,600</u>	<u>67,342</u>	<u>33,258</u>
Debt service:				
Principal retirement			38,649	(38,649)
Interest and fiscal charges	7,400	7,400	9,000	(1,600)
Total debt service	<u>7,400</u>	<u>7,400</u>	<u>47,649</u>	<u>(40,249)</u>
Total expenditures	<u>\$ 5,473,465</u>	<u>\$ 5,482,877</u>	<u>\$ 4,684,444</u>	<u>\$ 798,433</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

ROAD & BRIDGE FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 2,898,240	\$ 2,575,387
Receivables:		
Accounts	55,929	39,539
Property taxes	557,068	548,347
Due from others		1,534
Inventory	<u>128,825</u>	<u>128,566</u>
TOTAL ASSETS	<u>\$ 3,640,062</u>	<u>\$ 3,293,373</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 26,854	\$ 31,970
Accrued expenses	4,731	2,945
Due to other funds	<u>2,635</u>	<u>2,883</u>
Total liabilities	<u>34,220</u>	<u>37,798</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>557,068</u>	<u>548,347</u>
Total deferred inflows of resources	<u>557,068</u>	<u>548,347</u>
FUND BALANCES		
Non-spendable inventory	128,825	128,566
Committed	<u>2,919,949</u>	<u>2,578,662</u>
Total fund balances	<u>3,048,774</u>	<u>2,707,228</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 3,640,062</u>	<u>\$ 3,293,373</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

ROAD & BRIDGE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
REVENUES		
Property taxes	\$ 543,195	\$ 525,243
Specific ownership tax	112,442	107,354
Intergovernmental	1,731,321	1,509,472
Charges for services	312,632	770,538
Miscellaneous	<u>29,320</u>	<u> </u>
Total revenues	<u>2,728,910</u>	<u>2,912,607</u>
EXPENDITURES		
Public works	2,129,112	2,580,337
Capital outlay	320,604	92,751
Debt service:		
Principal retirement		289,608
Interest and fiscal charges	<u> </u>	<u>11,362</u>
Total expenditures	<u>2,449,716</u>	<u>2,974,058</u>
Excess (deficiency) of revenues over expenditures	<u>279,194</u>	<u>(61,451)</u>
Other financing sources		
Sale of assets	<u>62,352</u>	<u>7,943</u>
Total other financing sources	<u>62,352</u>	<u>7,943</u>
Net changes in fund balances	341,546	(53,508)
FUND BALANCES, Beginning of year	<u>2,707,228</u>	<u>2,760,736</u>
FUND BALANCES, End of year	<u>\$ 3,048,774</u>	<u>\$ 2,707,228</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SOCIAL SERVICES

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 783,664	\$ 649,404
Receivables:		
Accounts	333,532	318,152
Property taxes	402,312	396,013
Due from other funds	<u>36,226</u>	<u>1,260</u>
TOTAL ASSETS	<u>\$ 1,555,734</u>	<u>\$ 1,364,829</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 114,146	\$ 310
Due to other funds	15,141	
Due to State	108,138	108,578
Unearned revenues	<u>111,569</u>	<u>105,524</u>
Total liabilities	<u>348,994</u>	<u>214,412</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>402,312</u>	<u>396,013</u>
Total deferred inflows of resources	<u>402,312</u>	<u>396,013</u>
FUND BALANCE		
Committed	<u>804,428</u>	<u>754,404</u>
Total fund balance	<u>804,428</u>	<u>754,404</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,555,734</u>	<u>\$ 1,364,829</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SOCIAL SERVICES

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
REVENUES		
Property taxes	\$ 392,303	\$ 379,495
Specific ownership tax	81,203	77,925
Intergovernmental	<u>11,400,208</u>	<u>10,837,671</u>
Total revenues	<u>11,873,714</u>	<u>11,295,091</u>
EXPENDITURES		
Public health and welfare	<u>11,823,690</u>	<u>11,264,209</u>
Total expenditures	<u>11,823,690</u>	<u>11,264,209</u>
Excess of revenues over expenditures	<u>50,024</u>	<u>30,882</u>
Net changes in fund balance	50,024	30,882
FUND BALANCE, Beginning of year	<u>754,404</u>	<u>723,522</u>
FUND BALANCE, End of year	<u>\$ 804,428</u>	<u>\$ 754,404</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CAPITAL IMPROVEMENT FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 742,439	\$ 678,750
Property tax receivable	167,630	33,001
Note receivable from general fund	252,535	274,526
Due from other funds	<u>4,771</u>	<u>4,771</u>
TOTAL ASSETS	<u>\$ 1,167,375</u>	<u>\$ 991,048</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable	<u>\$ 71</u>	<u> </u>
Total liabilities	<u>71</u>	<u>\$ —</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>167,630</u>	<u>33,001</u>
Total deferred inflows of resources	<u>167,630</u>	<u>33,001</u>
FUND BALANCE		
Committed	<u>999,674</u>	<u>958,047</u>
Total fund balance	<u>999,674</u>	<u>958,047</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,167,375</u>	<u>\$ 991,048</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CAPITAL IMPROVEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
REVENUES		
Property taxes	\$ 32,687	
Specific ownership tax	6,771	
Intergovernmental		\$ 5,800
Miscellaneous	<u>6,863</u>	<u>7,400</u>
Total revenues	<u>46,321</u>	<u>13,200</u>
EXPENDITURES		
General government	4,694	48,055
Capital outlay	<u> </u>	<u> </u>
Total expenditures	<u>4,694</u>	<u>48,055</u>
Deficiency of revenues over expenditures	<u>41,627</u>	<u>(34,855)</u>
Net changes in fund balance	41,627	(34,855)
FUND BALANCE, Beginning of year	<u>958,047</u>	<u>992,902</u>
FUND BALANCE, End of year	<u>\$ 999,674</u>	<u>\$ 958,047</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL HUMAN SERVICES FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 934,012	\$ 899,125
Accounts receivable	209,294	63,942
Due from other funds	<u>2,623</u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,145,929</u>	<u>\$ 963,067</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	\$ 1,285	\$ 2,088
Unearned revenue	959,730	872,781
Due to other funds	<u>36,030</u>	<u> </u>
Total liabilities	<u>997,045</u>	<u>874,869</u>
FUND BALANCES		
Committed	<u>148,884</u>	<u>88,198</u>
Total fund balances	<u>148,884</u>	<u>88,198</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,145,929</u>	<u>\$ 963,067</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

GENERAL HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
REVENUES		
Intergovernmental	\$ 640,972	\$ 547,575
Miscellaneous	<u>60</u>	<u>13,579</u>
Total revenues	<u>641,032</u>	<u>561,154</u>
EXPENDITURES		
Health and welfare	<u>580,346</u>	<u>558,727</u>
Total expenditures	<u>580,346</u>	<u>558,727</u>
Excess of revenues over expenditures	<u>60,686</u>	<u>2,427</u>
Net changes in fund balance	60,686	2,427
FUND BALANCE, Beginning of year	<u>88,198</u>	<u>85,771</u>
FUND BALANCE, End of year	<u>\$ 148,884</u>	<u>\$ 88,198</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2014

	Insurance Fund	Clerk Hire	Conservation Trust	Health Fund	AAA Services	Small Business Development	Otero County Land Trust	Total Nonmajor Special Revenue Funds
ASSETS								
Cash and cash equivalents	\$ 292,234	\$ 308,494	\$ 309,665	\$ 775,001	\$ 103,073	\$ 116,664	\$ 68,515	\$ 1,973,646
Receivables:								
Accounts	957	13,435		277,790	106,780	4,747		403,709
Property tax	67,052							67,052
Due from other funds				6,168				6,168
TOTAL ASSETS	\$ 360,243	\$ 321,929	\$ 309,665	\$ 1,058,959	\$ 209,853	\$ 121,411	\$ 68,515	\$ 2,450,575
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES								
LIABILITIES								
Accounts payable	\$ 214	\$ 621	\$ 143	\$ 18,772	\$ 97,996		\$ 211	\$ 117,957
Accrued expenses		438		603				1,041
Due to other funds	192			4,543				4,735
Total liabilities	406	1,059	143	23,918	97,996	\$ -	211	123,733
DEFERRED INFLOWS OF RESOURCES								
Deferred revenue	67,052							67,052
Total deferred inflows of resources	67,052	-	-	-	-	-	-	67,052
FUND BALANCES								
Restricted - grants		320,870	309,522		86,172	121,411	68,304	906,279
Committed	292,785			1,035,041	25,685			1,353,511
Total fund balances	292,785	320,870	309,522	1,035,041	111,857	121,411	68,304	2,259,790
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 360,243	\$ 321,929	\$ 309,665	\$ 1,058,959	\$ 209,853	\$ 121,411	\$ 68,515	\$ 2,450,575

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

NON-MAJOR SPECIAL REVENUE FUNDS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2014

	Insurance Fund	Clerk Hire	Conservation Trust	Health Fund	AAA Services	Small Business Development	Otero County Land Trust	Total Nonmajor Special Revenue Funds
REVENUES								
Property tax	\$ 98,073							\$ 98,073
Specific ownership tax	20,301							20,301
Intergovernmental			\$ 51,052	\$ 1,958,597	\$ 701,993			2,711,642
Charges for services		\$ 172,175		89,098	552	\$ 67,534		329,359
Investment earnings	137		7,131				\$ 1,942	9,210
Miscellaneous	43,952		2,687	24,692	1,085			72,416
Total revenues	162,463	172,175	60,870	2,072,387	703,630	67,534	1,942	3,241,001
EXPENDITURES								
General government	148,920	124,423						273,343
Public health and welfare				1,981,116	704,100			2,685,216
Culture and recreation			46,882					46,882
Conservation							3,336	3,336
Economic development						1,576		1,576
Total expenditures	148,920	124,423	46,882	1,981,116	704,100	1,576	3,336	3,010,353
Excess (deficiency) of revenues over expenditures	13,543	47,752	13,988	91,271	(470)	65,958	(1,394)	230,648
Other financing sources:								
Insurance recovery	50,770							50,770
Transfers in				56,493				56,493
Total other financing sources	50,770	-	-	56,493	-	-	-	107,263
Net changes in fund balances	64,313	47,752	13,988	147,764	(470)	65,958	(1,394)	337,911
FUND BALANCES, Beginning of year	228,472	273,118	295,534	887,277	112,327	55,453	69,698	1,921,879
FUND BALANCES, End of year	\$ 292,785	\$ 320,870	\$ 309,522	\$ 1,035,041	\$ 111,857	\$ 121,411	\$ 68,304	\$ 2,259,790

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INSURANCE FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 292,234	\$ 291,661
Receivables:		
Accounts	957	971
Property tax	<u>67,052</u>	<u>99,003</u>
TOTAL ASSETS	<u>\$ 360,243</u>	<u>\$ 391,635</u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 214	\$ 63,924
Due to other funds	<u>192</u>	<u>236</u>
Total liabilities	<u>406</u>	<u>64,160</u>
 DEFERRED INFLOWS OF RESOURCES		
Deferred revenue	<u>67,052</u>	<u>99,003</u>
Total deferred inflows of resources	<u>67,052</u>	<u>99,003</u>
 FUND BALANCE		
Committed	<u>292,785</u>	<u>228,472</u>
Total fund balance	<u>292,785</u>	<u>228,472</u>
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	 <u>\$ 360,243</u>	 <u>\$ 391,635</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Property tax	\$ 98,440	\$ 98,440	\$ 98,073	\$ (367)	\$ 94,793
Specific ownership tax	17,000	17,000	20,301	3,301	18,956
Investment earnings	50	50	137	87	114
Miscellaneous	51,797	51,797	43,952	(7,845)	41,797
Total revenues	167,287	167,287	162,463	(4,824)	155,660
EXPENDITURES					
General government	151,181	151,181	148,920	2,261	319,952
Total expenditures	151,181	151,181	148,920	2,261	319,952
Excess (deficiency) of revenues over expenditures	16,106	16,106	13,543	(2,563)	(164,292)
Other financing sources:					
Insurance recovery			50,770	50,770	147,986
Net changes in fund balance	\$ 16,106	\$ 16,106	64,313	\$ 48,207	(16,306)
FUND BALANCE, Beginning of year			228,472		244,778
FUND BALANCE, End of year			\$ 292,785		\$ 228,472

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CLERK HIRE FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 308,494	\$ 261,427
Accounts receivable	<u>13,435</u>	<u>12,424</u>
TOTAL ASSETS	<u>\$ 321,929</u>	<u>\$ 273,851</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 621	\$ 570
Accrued expenses	<u>438</u>	<u>163</u>
Total liabilities	<u>1,059</u>	<u>733</u>
FUND BALANCE		
Restricted - grants	<u>320,870</u>	<u>273,118</u>
Total fund balance	<u>320,870</u>	<u>273,118</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 321,929</u>	<u>\$ 273,851</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CLERK HIRE FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Charges for services	\$ 170,000	\$ 170,000	\$ 172,175	\$ 2,175	\$ 170,036
Miscellaneous				-	993
Total revenues	170,000	170,000	172,175	2,175	171,029
EXPENDITURES					
General government	154,262	154,262	124,423	29,839	124,358
Total expenditures	154,262	154,262	124,423	29,839	124,358
Excess of revenues over expenditures	15,738	15,738	47,752	32,014	46,671
Net changes in fund balance	\$ 15,738	\$ 15,738	47,752	\$ 32,014	46,671
FUND BALANCE, Beginning of year			273,118		226,447
FUND BALANCE, End of year			\$ 320,870		\$ 273,118

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CONSERVATION TRUST FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 309,665	\$ 295,389
Interest receivable	<u> </u>	<u> 679</u>
TOTAL ASSETS	<u>\$ 309,665</u>	<u>\$ 296,068</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 143	\$ 534
Total liabilities	<u> 143</u>	<u> 534</u>
 FUND BALANCE		
Restricted - grants	<u> 309,522</u>	<u> 295,534</u>
Total fund balance	<u> 309,522</u>	<u> 295,534</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 309,665</u>	<u>\$ 296,068</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Intergovernmental	\$ 89,299	\$ 89,299	\$ 51,052	\$ (38,247)	\$ 57,588
Interest earnings			7,131	7,131	679
Miscellaneous	252,687	252,687	2,687	(250,000)	2,687
Total revenues	341,986	341,986	60,870	(281,116)	60,954
EXPENDITURES					
Culture and recreation	367,686	367,686	46,882	320,804	62,204
Total expenditures	367,686	367,686	46,882	320,804	62,204
Excess (deficiency) of revenues over (under) expenditures	(25,700)	(25,700)	13,988	39,688	(1,250)
Net changes in fund balance	<u>\$ (25,700)</u>	<u>\$ (25,700)</u>	13,988	<u>\$ 39,688</u>	(1,250)
FUND BALANCE, Beginning of year			295,534		296,784
FUND BALANCE, End of year			<u>\$ 309,522</u>		<u>\$ 295,534</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

HEALTH FUND BALANCE SHEET DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 775,001	\$ 711,285
Accounts receivable	277,790	216,317
Due from other funds	<u>6,168</u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,058,959</u>	<u>\$ 927,602</u>
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 18,772	\$ 35,262
Accrued expenses	603	520
Due to other funds	<u>4,543</u>	<u>4,543</u>
Total liabilities	<u>23,918</u>	<u>40,325</u>
 FUND BALANCE		
Committed	<u>1,035,041</u>	<u>887,277</u>
Total fund balance	<u>1,035,041</u>	<u>887,277</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,058,959</u>	<u>\$ 927,602</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

HEALTH FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Intergovernmental	\$ 2,148,870	\$ 2,148,870	\$ 1,958,597	\$ (190,273)	\$ 1,935,094
Charges for service	96,879	96,879	89,098	(7,781)	111,215
Miscellaneous	4,709	4,709	24,692	19,983	9,883
Total revenues	<u>2,250,458</u>	<u>2,250,458</u>	<u>2,072,387</u>	<u>(178,071)</u>	<u>2,056,192</u>
EXPENDITURES					
Public health and welfare	<u>2,310,070</u>	<u>2,310,070</u>	<u>1,981,116</u>	<u>328,954</u>	<u>2,004,017</u>
Total expenditures	<u>2,310,070</u>	<u>2,310,070</u>	<u>1,981,116</u>	<u>328,954</u>	<u>2,004,017</u>
Excess (deficiency) of revenues over expenditures	(59,612)	(59,612)	91,271	150,883	52,175
Other financing sources:					
Transfers in	<u>56,493</u>	<u>56,493</u>	<u>56,493</u>		<u>56,493</u>
Net changes in fund balance	<u>\$ (3,119)</u>	<u>\$ (3,119)</u>	<u>147,764</u>	<u>\$ 150,883</u>	<u>108,668</u>
FUND BALANCE, Beginning of year			<u>887,277</u>		<u>778,609</u>
FUND BALANCE, End of year			<u>\$ 1,035,041</u>		<u>\$ 887,277</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

AAA SERVICES FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 103,073	\$ 97,621
Accounts receivable	<u>106,780</u>	<u>106,061</u>
TOTAL ASSETS	<u>\$ 209,853</u>	<u>\$ 203,682</u>
LIABILITIES AND FUND BALANCES		
LIABILITIES		
Accounts payable	<u>\$ 97,996</u>	<u>\$ 91,355</u>
Total liabilities	<u>97,996</u>	<u>91,355</u>
FUND BALANCES		
Restricted - grants	86,172	82,494
Committed	<u>25,685</u>	<u>29,833</u>
Total fund balance	<u>111,857</u>	<u>112,327</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 209,853</u>	<u>\$ 203,682</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

AAA SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Intergovernmental	\$ 644,881	\$ 644,881	\$ 701,993	\$ 57,112	\$ 685,856
Charges for services	5,000	5,000	552	(4,448)	23,113
Miscellaneous	2,000	2,000	1,085	(915)	1,720
Total revenues	651,881	651,881	703,630	51,749	710,689
EXPENDITURES					
Public health and welfare	651,881	651,881	704,100	(52,219)	686,572
Total expenditures	651,881	651,881	704,100	(52,219)	686,572
Excess (deficiency) of revenues over expenditures	-	-	(470)	(470)	24,117
Net changes in fund balance	\$ -	\$ -	(470)	\$ (470)	24,117
FUND BALANCE, Beginning of year			112,327		88,210
FUND BALANCE, End of year			\$ 111,857		\$ 112,327

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SMALL BUSINESS DEVELOPMENT FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 116,664	\$ 55,453
Accounts receivable	<u>4,747</u>	<u> </u>
TOTAL ASSETS	<u><u>\$ 121,411</u></u>	<u><u>\$ 55,453</u></u>
FUND BALANCE		
Restricted - grants	<u>\$ 121,411</u>	<u>\$ 55,453</u>
TOTAL FUND BALANCE	<u><u>\$ 121,411</u></u>	<u><u>\$ 55,453</u></u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

SMALL BUSINESS DEVELOPMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Intergovernmental	\$ 210,726	\$ 210,726		\$ (210,726)	\$ 41,827
Charges for service	198,857	198,857	\$ 67,534	(131,323)	5,653
Total revenues	409,583	409,583	67,534	(342,049)	47,480
EXPENDITURES					
Economic development	235,966	235,966	1,576	234,390	42,537
Total expenditures	235,966	235,966	1,576	234,390	42,537
Excess of revenues over expenditures	173,617	173,617	65,958	(107,659)	4,943
Net changes in fund balance	\$ 173,617	\$ 173,617	65,958	\$ (107,659)	4,943
FUND BALANCE, Beginning of year			55,453		50,510
FUND BALANCE, End of year			\$ 121,411		\$ 55,453

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

OTERO COUNTY LAND TRUST FUND

BALANCE SHEET

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 68,515	\$ 69,698
TOTAL ASSETS	<u>\$ 68,515</u>	<u>\$ 69,698</u>
LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable	\$ 211	_____
Total liabilities	_____ 211	\$ _____
FUND BALANCE		
Restricted - grants	_____ 68,304	_____ 69,698
Total fund balance	_____ 68,304	_____ 69,698
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 68,515</u>	<u>\$ 69,698</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

OTERO COUNTY LAND TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Interest earnings			\$ 1,942	\$ (1,942)	
Total revenues	\$ -	\$ -	1,942	(1,942)	\$ -
EXPENDITURES					
Conservation	4,799	4,799	3,336	1,463	3,817
Total expenditures	4,799	4,799	3,336	1,463	3,817
Deficiency of revenues over expenditures	(4,799)	(4,799)	(1,394)	(3,405)	(3,817)
Net changes in fund balance	\$ (4,799)	\$ (4,799)	(1,394)	\$ (3,405)	(3,817)
FUND BALANCE, Beginning of year			69,698		73,515
FUND BALANCE, End of year			\$ 68,304		\$ 69,698

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

OTHER FUNDS – CONTINGENT FUND – BEFORE TRANSFER TO GENERAL FUND BALANCE SHEET DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and cash equivalents	\$ 265,183	\$ 265,167
Due from other funds	<u>318</u>	<u>232</u>
TOTAL ASSETS	<u>\$ 265,501</u>	<u>\$ 265,399</u>
FUND BALANCE		
FUND BALANCE Committed	<u>\$ 265,501</u>	<u>\$ 265,399</u>
TOTAL FUND BALANCE	<u>\$ 265,501</u>	<u>\$ 265,399</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

OTHER FUNDS – CONTINGENT FUND – BEFORE TRANSFER TO GENERAL FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
REVENUES					
Property tax			\$ 102	\$ 102	\$ 31,573
Specific ownership tax					6,499
Total revenues	-	-	102	102	38,072
EXPENDITURES					
General government	260,000	260,000		260,000	609
Total expenditures	260,000	260,000	-	260,000	609
Excess of revenues over expenditures	(260,000)	(260,000)	102	260,102	37,463
Net changes in fund balance	<u>\$ (260,000)</u>	<u>\$ (260,000)</u>	102	<u>\$ 260,102</u>	37,463
FUND BALANCE, Beginning of year			265,399		227,936
FUND BALANCE, End of year			<u>\$ 265,501</u>		<u>\$ 265,399</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			2013
	Internal Service	Medical Trust	Total	Total
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 584,805	\$ 1,108,525	\$ 1,693,330	\$ 1,311,062
Accounts receivable		114,277	114,277	1,681
Total current assets	584,805	1,222,802	1,807,607	1,312,743
NON-CURRENT ASSETS				
Capital assets:				
Depreciable capital assets, net	169,604		169,604	176,987
TOTAL ASSETS	754,409	1,222,802	1,977,211	1,489,730
LIABILITIES				
Claims payable		201,972	201,972	232,104
Due to other funds	25,749		25,749	25,749
TOTAL LIABILITIES	25,749	201,972	227,721	257,853
NET POSITION				
Investment in capital assets	169,604		169,604	176,987
Unrestricted	559,056	1,020,830	1,579,886	1,054,890
TOTAL NET POSITION	\$ 728,660	\$ 1,020,830	\$ 1,749,490	\$ 1,231,877

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			2013 Total
	Internal Service	Medical Trust	Total	
OPERATING REVENUES				
Charges for services	\$ 125,929	\$ 1,866,380	\$ 1,992,309	\$ 1,881,805
Investment earnings	2,750	273	3,023	173
Total operating revenues	128,679	1,866,653	1,995,332	1,881,978
OPERATING EXPENSES				
General government	14,285		14,285	5,791
Claims		1,397,204	1,397,204	1,573,509
Depreciation	67,058		67,058	91,873
Total operating expenses	81,343	1,397,204	1,478,547	1,671,173
Operating income	47,336	469,449	516,785	210,805
NON-OPERATING REVENUES				
Sale of assets	828		828	496
Total non-operating revenues	828	-	828	496
Change in net position	48,164	469,449	517,613	211,301
NET POSITION, Beginning of year	680,496	551,381	1,231,877	1,020,576
NET POSITION, End of year	\$ 728,660	\$ 1,020,830	\$ 1,749,490	\$ 1,231,877

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative totals for 2013)

	2014			2013 Total
	Internal Service	Medical Trust	Total	
OPERATING ACTIVITIES				
Cash received from customers	\$ 127,593	\$ 1,752,120	\$ 1,879,713	\$ 1,946,268
Investment earnings	2,750	273	3,023	173
Cash payments for goods and services	(14,285)	(1,427,336)	(1,441,621)	(1,570,051)
Net cash provided by operating activities	116,058	325,057	441,115	376,390
CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from sale of assets	828		828	2,769
Payments for capital acquisitions	(59,675)		(59,675)	(64,850)
Net cash used in capital and related financing activities	(58,847)	-	(58,847)	(62,081)
NET CHANGE IN CASH AND CASH EQUIVALENTS				
	57,211	325,057	382,268	314,309
CASH AND CASH EQUIVALENTS,				
Beginning of year	527,594	783,468	1,311,062	996,753
CASH AND CASH EQUIVALENTS, End of year	\$ 584,805	\$ 1,108,525	\$ 1,693,330	\$ 1,311,062
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 47,336	\$ 469,449	\$ 516,785	\$ 210,805
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	67,058		67,058	91,873
Change in operating assets and liabilities:				
Accounts receivable	1,664	(114,260)	(112,596)	64,463
Claims payable		(30,132)	(30,132)	9,249
Net cash provided by operating activities	\$ 116,058	\$ 325,057	\$ 441,115	\$ 376,390

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUND

STATEMENT OF NET POSITION

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 584,805	\$ 527,594
Accounts receivables	<u> </u>	<u>1,664</u>
Total current assets	<u>584,805</u>	<u>529,258</u>
NON- CURRENT ASSETS		
Capital assets:		
Depreciable capital assets, net	<u>169,604</u>	<u>176,987</u>
TOTAL ASSETS	<u>754,409</u>	<u>706,245</u>
LIABILITIES		
Due to other funds	<u>25,749</u>	<u>25,749</u>
TOTAL LIABILITIES	<u>25,749</u>	<u>25,749</u>
NET POSITION		
Investment in capital assets	169,604	176,987
Unrestricted	<u>559,056</u>	<u>503,509</u>
TOTAL NET POSITION	<u>\$ 728,660</u>	<u>\$ 680,496</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
OPERATING REVENUES		
Charges for services	\$ 125,929	\$ 120,370
Investment earnings	<u>2,750</u>	<u> </u>
Total operating revenues	<u>128,679</u>	<u>120,370</u>
OPERATING EXPENSES		
General government	14,285	5,791
Depreciation	<u>67,058</u>	<u>91,873</u>
Total operating expenses	<u>81,343</u>	<u>97,664</u>
Operating income	<u>47,336</u>	<u>22,706</u>
NON-OPERATING REVENUES		
Sale of assets	<u>828</u>	<u>496</u>
Change in net position	48,164	23,202
NET POSITION, Beginning of year	<u>680,496</u>	<u>657,294</u>
NET POSITION, End of year	<u>\$ 728,660</u>	<u>\$ 680,496</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
OPERATING ACTIVITIES		
Cash received from customers	\$ 127,593	\$ 136,935
Investment earnings	2,750	
Cash payments for goods and services	<u>(14,285)</u>	<u>(5,791)</u>
Net cash provided by operating activities	<u>116,058</u>	<u>131,144</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sale of assets	828	2,769
Payments for purchase of capital acquisition	<u>(59,675)</u>	<u>(64,850)</u>
Net cash used in capital and related financing activities	<u>(58,847)</u>	<u>(62,081)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	57,211	69,063
CASH AND CASH EQUIVALENTS, Beginning of year	<u>527,594</u>	<u>458,531</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 584,805</u>	<u>\$ 527,594</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 47,336	\$ 22,706
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	67,058	91,873
Change in operating assets and liabilities:		
Accounts receivable	<u>1,664</u>	<u>16,565</u>
Net cash provided by operating activities	<u>\$ 116,058</u>	<u>\$ 131,144</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
OPERATING REVENUES					
Charges for services	\$ 125,929	\$ 125,929	\$ 125,929	\$ -	\$ 120,370
Investment earnings	2,750	2,750	2,750	-	
Total operating revenues	<u>128,679</u>	<u>128,679</u>	<u>128,679</u>	<u>-</u>	<u>120,370</u>
OPERATING EXPENSES					
General government	107,104	107,104	14,285	92,819	5,791
Capital outlay	55,998	55,998		55,998	
Total operating expenses	<u>163,102</u>	<u>163,102</u>	<u>14,285</u>	<u>148,817</u>	<u>5,791</u>
Operating income	(34,423)	(34,423)	114,394	148,817	114,579
NON-OPERATING REVENUES					
Sale of assets			828	828	496
Excess of revenues and other financing sources over expenditures	<u>\$ (34,423)</u>	<u>\$ (34,423)</u>	<u>\$ 115,222</u>	<u>\$ 149,645</u>	<u>\$ 115,075</u>
RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS TO BUDGETARY BASIS					
Change in net position per statement of revenues:					
Expenses and changes in net position			\$ 48,164		\$ 23,202
Expenditures for budgetary purposes:					
Depreciation			<u>67,058</u>		<u>91,873</u>
			<u>\$ 115,222</u>		<u>\$ 115,075</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

MEDICAL TRUST FUND

STATEMENT OF NET POSITION

DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
ASSETS		
Cash and investments	\$ 1,108,525	\$ 783,468
Accounts receivable	<u>114,277</u>	<u>17</u>
TOTAL ASSETS	<u>1,222,802</u>	<u>783,485</u>
LIABILITIES		
Claims payable	<u>201,972</u>	<u>232,104</u>
TOTAL LIABILITIES	<u>201,972</u>	<u>232,104</u>
NET POSITION		
Unrestricted	<u>\$ 1,020,830</u>	<u>\$ 551,381</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

MEDICAL TRUST FUND

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
OPERATING REVENUES		
Charges for services	\$ 1,866,380	\$ 1,761,435
Investment earnings	<u>273</u>	<u>173</u>
Total operating revenues	<u>1,866,653</u>	<u>1,761,608</u>
OPERATING EXPENSES		
Claims	<u>1,397,204</u>	<u>1,573,509</u>
Operating income	469,449	188,099
NET POSITION, Beginning of year	<u>551,381</u>	<u>363,282</u>
NET POSITION, End of year	<u>\$ 1,020,830</u>	<u>\$ 551,381</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

MEDICAL TRUST FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
OPERATING ACTIVITIES		
Cash received from customers	\$ 1,752,120	\$ 1,809,333
Investment earnings	273	173
Cash payments for goods and services	<u>(1,427,336)</u>	<u>(1,564,260)</u>
Net cash provided by operating activities	<u>325,057</u>	<u>245,246</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	325,057	245,246
CASH AND CASH EQUIVALENTS, Beginning of year	<u>783,468</u>	<u>538,222</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,108,525</u>	<u>\$ 783,468</u>
 RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 469,449	\$ 188,099
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	(114,260)	47,898
Claims payable	<u>(30,132)</u>	<u>9,249</u>
Net cash provided by operating activities	<u>\$ 325,057</u>	<u>\$ 245,246</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

MEDICAL TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
OPERATING REVENUES					
Charges for services	\$ 1,967,643	\$ 1,967,643	\$ 1,866,380	\$ (101,263)	\$ 1,761,435
Investment earnings	120	120	273	153	173
Total operating revenues	<u>1,967,763</u>	<u>1,967,763</u>	<u>1,866,653</u>	<u>(101,110)</u>	<u>1,761,608</u>
OPERATING EXPENSES					
Claims	<u>1,764,983</u>	<u>1,764,983</u>	<u>1,397,204</u>	<u>367,779</u>	<u>1,573,509</u>
Total operating expenses	<u>1,764,983</u>	<u>1,764,983</u>	<u>1,397,204</u>	<u>367,779</u>	<u>1,573,509</u>
Change in net position	<u>\$ 202,780</u>	<u>\$ 202,780</u>	469,449	<u>\$ 266,669</u>	188,099
NET POSITION, Beginning of year			<u>551,381</u>		<u>363,282</u>
NET POSITION, End of year			<u>\$ 1,020,830</u>		<u>\$ 551,381</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

COMPONENT UNIT FUND STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative amounts for 2013)

	2014	2013
OPERATING ACTIVITIES		
Cash received from customers	\$ 147,533	\$ 155,245
Investment earnings	2,426	451
Cash paid to for goods and services	<u>(122,623)</u>	<u>(118,894)</u>
Net cash provided by operating activities	<u>27,336</u>	<u>36,802</u>
CAPITAL AND RELATED FINANCING ACTIVITIES		
Net cash used in capital and related financing activities — Payments for capital acquisitions	<u>(11,336)</u>	<u>(1,184)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	16,000	35,618
CASH AND CASH EQUIVALENTS, Beginning of year	<u>329,313</u>	<u>293,695</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 345,313</u>	<u>\$ 329,313</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating loss	\$ (14,428)	\$ (9,975)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	46,229	44,258
Change in operating assets and liabilities:		
Accounts receivable	436	2,770
Prepaid expense	(5,925)	
Accounts payable	<u>1,024</u>	<u>(251)</u>
Net cash provided by operating activities	<u>\$ 27,336</u>	<u>\$ 36,802</u>

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

COMPONENT UNIT FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2014 (with comparative actual amounts for 2013)

	2014				2013 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
OPERATING REVENUES					
Charges for services	\$ 120,000	\$ 120,000	\$ 147,097	\$ 27,097	\$ 152,475
Investment earnings	100	100	2,426	2,326	451
Total operating revenues	120,100	120,100	149,523	29,423	152,926
OPERATING EXPENSES					
Cash payments for goods and services	192,197	192,197	117,722	74,475	118,643
Total operating expenses	192,197	192,197	117,722	74,475	118,643
Operating gain (loss)	(72,097)	(72,097)	31,801	103,898	34,283
Excess of revenues over expenses	\$ (72,097)	\$ (72,097)	\$ 31,801	\$ 103,898	\$ 34,283
RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS TO BUDGETARY BASIS					
Change in net position per statement of revenues, expenses and changes in net position:			\$ (14,428)		\$ (9,975)
Expenditures for budgetary purposes:					
Depreciation			46,229		44,258
Excess of revenues over expenditures			\$ 31,801		\$ 34,283

See the accompanying independent auditors' report.

OTERO COUNTY, COLORADO

AGENCY FUNDS COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES FOR THE YEAR ENDED DECEMBER 31, 2014

	Balance, January 1, 2014	Additions	Deductions	Balance, December 31, 2014
Treasurer				
ASSETS				
Cash and investments	\$ 320,869	\$ 11,345,110	\$ (11,358,565)	\$ 307,414
LIABILITIES				
Due to other governmental entities	\$ 320,869	\$ 11,345,110	\$ (11,358,565)	\$ 307,414
Clerk				
ASSETS				
Cash and investments	\$ 348,227	\$ 4,186,349	\$ (4,171,502)	\$ 363,074
LIABILITIES				
Due to other governmental entities	\$ 348,227	\$ 4,186,349	\$ (4,171,502)	\$ 363,074
Public Trustee				
ASSETS				
Cash and investments	\$ 37,671	\$ 8,122	\$ 8,922	\$ 54,715
LIABILITIES				
Funds held in trust	\$ 37,671	\$ 8,122	\$ (8,922)	\$ 36,871
TOTAL				
ASSETS				
Cash and investments	\$ 706,767	\$ 15,539,581	\$ (15,521,145)	\$ 725,203
LIABILITIES				
Due to other governmental entities	\$ 669,096	\$ 15,531,459	\$ (15,530,067)	\$ 670,488
Funds held in trust	37,671	8,122	(8,922)	36,871
Total liabilities	\$ 706,767	\$ 15,539,581	\$ (15,538,989)	\$ 707,359

OTERO COUNTY, COLORADO

COMPLIANCE AND INTERNAL CONTROL SECTION

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

LOCAL HIGHWAY FINANCE REPORT	City or County: OTERO COUNTY
	YEAR ENDING : December 2014

This Information From The Records of the County of Otero:	Prepared By: Phone:	TINA MASCARENAS 719-383-3005
---	------------------------	---------------------------------

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,845,582
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	147,771
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	7,640
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	655,637	c. Other	149,201
4. Miscellaneous local receipts (from page 2)	146,771	d. Total (a. through c.)	156,841
5. Transfers from toll facilities		4. General administration & miscellaneous	41,988
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,192,182
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	802,408	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,708,911	2. Notes:	
D. Receipts from Federal Government (from page 2)	22,409	a. Interest	
E. Total receipts (A.7 + B + C + D)	2,533,728	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)	2,192,182

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,707,228	2,533,728	2,192,182	3,048,774	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2014

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	543,195	a. Interest on investments	84,419
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	62,352
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	112,442	g. Other Misc. Receipts	
6. Total (1. through 5.)	112,442	h. Other	
c. Total (a. + b.)	655,637	i. Total (a. through h.)	146,771
	(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	1,656,810	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	37,101	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) - Weed Control	15,000	f. Other Federal	22,409
f. Total (a. through e.)	52,101	g. Total (a. through f.)	22,409
4. Total (1. + 2. + 3.f)	1,708,911	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		42,453	42,453
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		369,907	369,907
(3). System Preservation		1,109,721	1,109,721
(4). System Enhancement & Operation		323,501	323,501
(5). Total Construction (1) + (2) + (3) + (4)	0	1,803,129	1,803,129
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,845,582	1,845,582
			(Carry forward to page 1)

Notes and Comments:

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

Board of County Commissioners
Otero County
La Junta, Colorado

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 *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Otero County, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise Otero County's basic financial statements, and have issued our report thereon dated July 22, 2015.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 14-01 and 14-02 that we consider to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Otero County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Otero County's Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Stockman Kast Ryan & Co., LLP

July 22, 2015

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
OMB CIRCULAR A-133**

Board of County Commissioners
Otero County
La Junta, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over the 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Stockman Kast Ryan & Co., LLP

July 22, 2015

OTERO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION I – SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

1. Type of auditors' report issued was:
 Unmodified Modified Adverse Disclaimed
2. Internal control over financial reporting:
 - (A) Material weakness(es) identified? Yes No
 - (B) Significant deficiency(ies) identified? Yes None reported
3. Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

1. Internal control over major programs:
 - (A) Material weakness(es) identified? Yes No
 - (B) Significant deficiency(ies) identified? Yes None reported
2. Type of auditors' report issued on compliance for major programs:
 Unmodified Modified Adverse Disclaimed
3. Any audit findings disclosed findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? Yes No
4. The Organization's major programs were:

CFDA Number	Cluster/Program
93.568	Low Income Home Energy Assistance
93.778	Medical Assistance Program

5. Dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
6. The Organization qualified as a low-risk auditee? Yes No

(Continued)

OTERO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number	Finding	Questioned Costs
14-01	<p><i>Criteria or specific requirement</i> – The County Treasurer is required to report all cash transactions in the proper reporting period as dictated by State law and Generally Accepted Accounting Principles. They should also ensure that there are sufficient controls in place to verify that amounts recorded are proper and include all transactions at the end of each reporting period.</p> <p><i>Condition</i> – The cash balances were not significantly misstated however due to the lack of appropriate procedures certain transactions were not recorded in the correct period. During the current year the bank reconciliations which were provided initially for audit did not contain all cash transactions as of December 31, 2014.</p> <p><i>Context</i> – The County Treasurer has the responsibility to ensure that all transactions are properly recorded in the financial statements of the County. In the current year as in prior years certain transactions were not being recorded in the proper periods.</p> <p><i>Cause</i> – The system for recording all transactions in the proper period does not ensure that all transactions are properly recorded. Due to lack of sufficient controls from time-to-time transactions are recorded in the incorrect period.</p> <p><i>Effect</i> – Certain transactions are not being recorded in the proper period.</p> <p><i>Recommendation</i> – We recommend that the Treasurer’s office work with the Finance Director to establish sufficient internal control procedures so that all County cash transactions are recorded in the appropriate period.</p> <p><i>Views of responsible officials and planned corrective actions</i> – The Treasurer’s office will work with the Finance Officer to establish sufficient internal control procedures in order to ensure that all County cash transactions are recorded in the appropriate period.</p>	None

(Continued)

OTERO COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2014

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number	Finding	Questioned Costs
14-02	<p><i>Criteria or specific requirement</i> – Management of Otero County is responsible for the preparation and fair presentation of its financial statements in accordance with GAAP. This includes the accurate and complete recording of all revenues and expenditures related to federal awards.</p> <p><i>Condition</i> – The County completed the Schedule of Expenditures of Federal Awards (SEFA), based on the Colorado State County Financial Management System (CFMS). However, certain refunds and other items were not properly recorded in the accounting records of the County.</p> <p><i>Context</i> – Due to a lack of a detailed reconciliation of the SEFA/CFMS amounts to the Social Services accounting records certain amounts were being improperly recorded in the County's basic financial statements.</p> <p><i>Cause</i> – Reconciliations of the SEFA to the underlying accounting records had not been performed.</p> <p><i>Effect</i> – Revenues and expenditures were not properly recognized which resulted in a misstatement of revenues and expenditures in the Social Services Fund.</p> <p><i>Recommendation</i> – We recommend that the SEFA be reconciled to the underlying accounting records and to the financial statements on a regular and consistent basis.</p> <p><i>Views of responsible officials and planned corrective actions</i> – The County Department of Social Services will reconcile SEFA to the underlying accounting records and to the financial statements on a monthly basis.</p>	None

(Concluded)

OTERO COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2012

SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number	Finding	Questioned Costs
13-01	<p><i>Condition</i> – The Treasurer’s office did not record all cash transactions in their records as of December 31, 2014. This resulted in the cash balances reported by the County being understated by a significant amount. This also resulted in the Semi-Annual Treasurer’s Report to be incorrectly filed.</p> <p><i>Recommendation</i> – We recommend that the Treasurer’s office implement controls to ensure that all cash received and disbursed, including electronic transactions are recorded in the proper period.</p> <p><i>Current Status</i> – The same issue existed in the current year. See 14-01 in the current year schedule of findings and questioned costs.</p>	None

OTERO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
U.S. DEPARTMENT OF AGRICULTURE:			
<i>SNAP - Cluster</i>			
Passed-through the State of Colorado Department of Human Services -			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 286,300
Total SNAP - Cluster			<u>286,300</u>
Passed-through the State of Colorado Department of Public Health -			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-FLA-00475	801,428
Total U.S. Department of Agriculture			<u>1,087,728</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:			
<i>Aging - Cluster</i>			
Passed-through the State of Colorado Department of Human Services -			
Special Programs For The Aging Title III Part B - Grants For Supportive Services and Senior Centers	93.044	15 IHEA AASC 65783	69,996
Special Programs For The Aging Title III - Administration	93.044	15 IHEA AASC 65783	46,882
Special Programs For The Aging Title III Part C - Nutrition Services	93.045	15 IHEA AASC 65783	174,877
Aging and Disability Resource Center (ADAC)	93.048	15 IHEA AASC 65783	18,972
Nutrition Services Incentive Program	93.053	15 IHEA AASC 65783	50,230
Total Aging - Cluster			<u>360,957</u>
<i>CCDF - Cluster</i>			
Passed-through the State of Colorado Department of Human Services -			
Child Care and Development Block Grant	93.575	N/A	90,351
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	21,224
Total CCDF - Cluster			<u>111,575</u>
<i>CSBG - Cluster</i>			
Passed-through the State of Colorado Department of Local Affairs -			
Community Services Block Grant	93.569	L12CSBG30	101,092
Total CSBG - Cluster			<u>101,092</u>

(Continued)

OTERO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
<i>Immunization Grants - Cluster</i>			
Passed-through the State of Colorado Department of Public Health and Environment - Immunization Grants	93.268	15-73751	68,852
Total Immunization Grants - Cluster			<u>68,852</u>
<i>Medicaid - Cluster</i>			
Passed-through the State of Colorado Department of Health Care Policy And Financing - Medical Assistance Program	93.778	15-70203	551,010
Total Medicaid - Cluster		15-7051	<u>551,010</u>
<i>TANF - Cluster</i>			
Passed-through the State of Colorado Department of Human Services - Temporary Assistance For Needy Families	93.558	N/A	847,637
Total TANF - Cluster			<u>847,637</u>
<i>Other Programs</i>			
Passed-through the State of Colorado Department of Human Services - Special Programs for the Aging Title VII Chapter 3 - Programs for the Prevention of Elder Abuse, Neglect & Exploitation	93.041	15 IHEA AASC 65783	782
Special Programs For The Aging Title VII Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	15 IHEA AASC 65783	4,014
Special Programs For The Aging Title III Part D - Disease Prevention & Health Promotion Services	93.043	15 IHEA AASC 65783	4,398
National Family Caregiver Support Title III Part E	93.052	15 IHEA AASC 65783	30,780
Affordable Care Act - Aging and Disability Resource Center	93.517	OE IHA ASUA1400012	36,284
Relative Guardianship Assistance	93.090	N/A	17
Adoption Assistance	93.659	N/A	74,881
Child Support Enforcement	93.563	N/A	124,066
Low Income Home Energy Assistance	93.568	N/A	648,811
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	13,939
Foster Care - Title IV-E	93.658	N/A	292,138

(Continued)

OTERO COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2014

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
<i>Other Programs (Continued)</i>			
Social Services Block Grant	93.667	N/A	109,926
Passed-through the State of Colorado Department of Public Health And Environment -			
Public Health Emergency Preparedness	93.074	15-65599	196,220
Maternal & Child Health Services Block Grant to the States	93.994	15-72154, 15-72155	79,453
Passed-through the State of Colorado Department of Health Care Policy & Financing -			
Children's Health Insurance Program	93.767	15-68174	8,217
Passed-through the Colorado Health Benefit Exchange dba Connect for Health Colorado			
State Planning and Establishment Grants for the Affordable Care Act Exchanges	93.525	N/A	52,110
Adjustment per State	93.xxx	N/A	(211)
Total Other Programs			<u>1,675,825</u>
Total U.S. Department of Health And Human Services			<u>3,716,948</u>
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>CDBG - Cluster</i>			
Community Development Block Grant	14.228	N/A	4,747
Total U.S. Department of Housing and Urban Development			<u>4,747</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			
Retired and Senior Volunteer Program	94.002	N/A	29,611
Total Corporation for National and Community Service			<u>29,611</u>
Total Expenditures of Federal Awards			<u>\$ 4,839,034</u>

(Concluded)

OTERO COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2014

1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditure of Federal Awards includes the federal grant activity of Otero County and is presented on the full accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Not-For-Profit Organizations Receiving Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the Otero County financial statements for the year ended December 31, 2014.

2. BASIS OF ACCOUNTING

Governmental funds account for the County's federal grant activity. Amounts reported in the schedule of expenditures of federal awards are recognized on the modified accrual basis when they become a demand on current available federal resources and eligibility requirements are met, except in the following programs, which are reported in the schedule of expenditures of federal awards on the cash basis:

SNAP Cluster	10.561
Relative Guardianship Assistance	93.090
Temporary Assistance for Needy Families Cluster	93.558
Child Support Enforcement	93.563
Low-Income Home Energy Assistance	93.568
CCDF Cluster	93.575, 93.596
Child Welfare Services-State Grants	93.645
Foster Care-Title IV-E	93.658
Adoption Assistance	93.659
Social Services Block Grant	93.667
Medicaid Cluster	93.778

3. STATE INFORMATION TECHNOLOGY SYSTEM

The State of Colorado uses the Colorado Benefits Management System (CBMS) to assist counties with determining eligibility. The counties and the State split eligibility determination functions for certain federal Human Services' programs through CBMS. Counties are responsible for the data collection from applicants and the proper entry of this data into CBMS. Concurrently, the State maintains the computer system supporting the eligibility determination process and pays benefits to the participants. The actual eligibility and payment determinations are the State's responsibility utilizing CBMS

4. SUB-RECIPIENTS

Otero County provided federal awards to sub-recipients as follows:

Special Programs for Aging Title III		
Part B	93.044	\$ 69,996
Part C	93.045	174,877
Part D	93.043	4,398
Nations Family Care-Giving Support Program	93.052	30,780
Nutrition Services Incentive	93.053	<u>50,230</u>
Total		<u>\$ 330,281</u>

5. NON-CASH TRANSACTIONS

WIC vouchers in the amount of \$649,665 were issued through the State system for Otero County and are included in total expenditures for CFDA 10.557.