

**OTERO COUNTY, COLORADO**

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

**For the Year Ended December 31, 2015**

**And**

**Independent Auditors' Report**

# OTERO COUNTY, COLORADO

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## 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, 2015, 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, 2015, 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 2014 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated July 22, 2015. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2014 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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, 2014, 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 2014 financial statements for the year ended December 31, 2014, 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 2014 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 2014 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 June 29, 2016 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*

June 29, 2016



**OTERO COUNTY, COLORADO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

# OTERO COUNTY, COLORADO

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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, 2015. 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, 2015:

- Assets of the County exceed its liabilities and deferred inflows of resources by \$23,811,180. The County's unrestricted net position of \$10,970,054 may be used to meet the County's on-going obligations.
- The largest portion of the County's net position is its \$11,567,944 investment in capital assets net of accumulated depreciation and related debt.
- The restricted net position includes \$277,610 required by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution.

### Fund Financial Statements as of December 31, 2015

The County's *governmental funds* reported a combined ending fund balance/(deficit) of \$12,026,216 including the following major funds: General Fund with \$4,600,357; Road & Bridge Fund with \$3,109,189 (includes \$131,349 in inventory); Social Services Fund with \$787,418; Capital Improvement Fund with \$1,132,383; and General Human Services with \$(4,712). Other governmental funds accounted for \$2,401,581. Of the total government fund balances, \$3,940,393 is unassigned. Committed funds include \$305,874 from the General Fund; \$2,977,840 from the Road & Bridge Fund; \$787,418 from the Social Services Fund; \$1,132,383 from the Capital Improvement Fund; and \$1,477,777 in other governmental funds. Restricted funds include \$349,378 from the General Fund and \$923,804 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, 2015**

	<b>2015</b>			<b>2014</b> <b>Total</b>
	<b>Governmental Activities</b>	<b>E911 Emergency Services</b>	<b>Total</b>	
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 15,150,321	\$ 370,436	\$ 15,520,757	\$ 13,853,227
Receivables:				
Accounts	1,279,825	17,464	1,297,289	1,363,699
Property taxes	2,938,295		2,938,295	2,943,313
Prepaid expense			-	5,925
Interest	13,736		13,736	22,966
Inventory	131,349		131,349	128,825
<b>CAPITAL ASSETS</b>				
Non-depreciable capital assets	5,443,950		5,443,950	5,411,450
Depreciable capital assets, net	6,123,994	80,369	6,204,363	6,256,150
Total assets	<u>31,081,470</u>	<u>468,269</u>	<u>31,549,739</u>	<u>29,985,555</u>
<b>LIABILITIES</b>				
Accounts payable	563,957	6,186	570,143	379,204
Claims payable	182,357		182,357	201,972
Due to state	109,078		109,078	108,138
Unearned revenue	1,461,702		1,461,702	1,071,299
Compensated absences payable	23,980		23,980	20,079
Capital leases payable			-	40,023
Landfill post closure	49,851		49,851	49,582
<b>LONG-TERM LIABILITIES</b>				
Compensated absences payable	343,200		343,200	368,390
Landfill post closure	1,408,000		1,408,000	1,386,327
Total liabilities	<u>4,142,125</u>	<u>6,186</u>	<u>4,148,311</u>	<u>3,625,014</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred revenue	3,128,165		3,128,165	2,943,313
<b>NET POSITION</b>				
Net investment in capital assets	11,567,944	80,369	11,648,313	11,627,577
Restricted:				
Emergencies	277,610		277,610	275,524
Grants	518,576		518,576	1,841,177
Statute	446,996		446,996	-
Other	30,000		30,000	30,000
Unrestricted	10,970,054	381,714	11,351,768	9,642,950
Total net position	<u>\$ 23,811,180</u>	<u>\$ 462,083</u>	<u>\$ 24,273,263</u>	<u>\$ 23,417,228</u>

**Financial Analysis – Statement of Net Position**

1. Restricted net assets are made up of statutory reserves of \$277,610 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 \$2,925,000 allocated among the participating entities amounting to \$1,457,851. 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, 2015**

	2015		2014 Total
	Primary Government	Component Unit E911 Emergency Services	
<b>FUNCTIONS/PROGRAMS - EXPENSES</b>			
<b>PRIMARY GOVERNMENT</b>			
Governmental activities:			
General government	\$ 3,240,502		\$ 3,142,720
Public safety	1,898,671		1,717,411
Public works	2,784,191		2,680,311
Public health and welfare	4,789,182		7,247,476
Culture and recreation	60,709		74,030
Conservation	121,292		70,678
Economic development	254		4,737
Interest	7,076		-
Intergovernmental	12,567,868		9,318,852
Total governmental activities	<u>25,469,745</u>	<u>\$ -</u>	<u>24,256,215</u>
<b>COMPONENT UNIT</b>			
E911 emergency services		162,899	163,951
<b>TOTAL FUNCTION/PROGRAMS - EXPENSES</b>	<u>\$ 25,469,745</u>	<u>\$ 162,899</u>	<u>\$ 24,420,166</u>

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

**Condensed Statement of Changes in Net Position**  
**Year Ended December 31, 2015**  
**(Continued)**

	2015			2014 Total
	Primary Government	Component Unit	Total	
	Governmental Activities	E911 Emergency Services		
<b>REVENUES</b>				
<b>GOVERNMENTAL PROGRAM REVENUES</b>				
Charges for services	\$ 2,860,872		\$ 2,860,872	\$ 3,039,694
Operating grants and contributions	15,839,350		15,839,350	15,236,106
Total governmental program revenues	<u>18,700,222</u>	\$ -	<u>18,700,222</u>	<u>18,275,800</u>
<b>COMPONENT UNIT PROGRAM REVENUES</b>				
Charges for services		143,401	143,401	147,097
Total component unit program revenues	<u>-</u>	<u>143,401</u>	<u>143,401</u>	<u>147,097</u>
<b>GENERAL REVENUES</b>				
Property taxes	2,920,759		2,920,759	2,870,792
Specific ownership taxes	611,851		611,851	594,939
Sales taxes	1,547,942		1,547,942	1,477,904
Highway user tax	1,690,146		1,690,146	1,656,810
Payment in lieu of taxes	448,745		448,745	449,423
Other taxes	7,499		7,499	28,179
Investment income	80,655	139	80,794	72,990
Miscellaneous	334,634		334,634	284,456
Insurance recovery	2,686		2,686	50,770
Total general revenues	<u>7,644,917</u>	<u>139</u>	<u>7,645,056</u>	<u>7,486,263</u>
<b>TOTAL - REVENUES</b>	<u>\$ 26,345,139</u>	<u>\$ 143,540</u>	<u>\$ 26,488,679</u>	<u>\$ 25,909,160</u>
Total function/program expenditures	\$ 25,469,745	\$ 162,899	\$ 25,632,644	\$ 24,420,166
Program revenue	<u>18,700,222</u>	<u>143,401</u>	<u>18,843,623</u>	<u>18,422,897</u>
Total - net program expense	(6,769,523)	(19,498)	(6,789,021)	(5,997,269)
General revenue	<u>7,644,917</u>	<u>139</u>	<u>7,645,056</u>	<u>7,486,263</u>
<b>CHANGE IN NET POSITION</b>	875,394	(19,359)	856,035	1,488,994
<b>NET POSITION, Beginning of year</b>	<u>22,935,786</u>	<u>481,442</u>	<u>23,417,228</u>	<u>21,928,234</u>
<b>NET POSITION, End of year</b>	<u>\$ 23,811,180</u>	<u>\$ 462,083</u>	<u>\$ 24,273,263</u>	<u>\$ 23,417,228</u>

### **Financial Analysis – Statement of Activities**

1. There was an increase in current year in the County's primary government net position of \$875,394 or 3.8%. 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.
2. The E911 Emergency Service decreased 4.0% in Net Position for fiscal year 2015, however continues to exhibit a strong financial picture. Currently, a \$0.70 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 2015, due to an increase in overall revenues. Operating Grants and Contributions (\$603,244 increase) revenue accounted for the majority of the revenue increases in 2015.

Net capital assets for the Governmental Activities, the Business-Type Activities and component unit combined decreased by \$19,359.



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 \$5,307,227 in fiscal year 2015, an increase of 3.7% from fiscal year 2014. The County experienced an increase of 4.7% in sales tax revenue, 21.5% in intergovernmental and 26.8% in investment earnings in fiscal year 2015.

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

	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
TAXES				
Property and other taxes	\$ 1,736,152	\$ 1,804,638	\$ (68,486)	-3.8%
Specific ownership taxes	365,396	374,222	(8,826)	-2.4%
Sales tax	1,547,942	1,477,904	70,038	4.7%
Total taxes	<u>3,649,490</u>	<u>3,656,764</u>	<u>(7,274)</u>	<u>-0.2%</u>
Intergovernmental	1,073,075	883,214	189,861	21.5%
Charges for services	404,050	409,534	(5,484)	-1.3%
Fines and forfeitures	2,157	2,775	(618)	-22.3%
Investment income	77,424	61,081	16,343	26.8%
Miscellaneous	98,231	103,939	(5,708)	-5.5%
Other financing sources	2,800	493	2,307	-82.0%
TOTAL	<u>\$ 5,307,227</u>	<u>\$ 5,117,800</u>	<u>\$ 189,427</u>	<u>3.7%</u>

**Property Taxes** — The General Fund mill levy was decreased to 13.044 mills in fiscal year 2015 from 2014. The difference of 0.75 mills was allocated to the Capital Improvement Fund, bringing the mills for that fund up to 1.250 from 0.250. The fiscal year 2015 mill levy was applied against an assessed valuation of \$133,233,624. The fiscal year 2014 mill levy was applied against an assessed valuation of \$130,882,845. 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 2.4% decrease in specific ownership tax collections in fiscal year 2015.

**Sales Tax** — The County has a 1.0% sales tax in place. The \$1,547,942 generated in fiscal year 2015 represented an actual increase of 4.7% over fiscal year 2014.

**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 PILT on federal lands. The federal government slightly decreased the allocation to the County. The County allocated \$448,745 to the General Fund in fiscal year 2015. This represents the total PILT from all federal lands, a 0.2% decrease from fiscal year 2014.

**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 1.3% decrease in revenue.

**Fines and Forfeitures** — This category decreased by 22.3% in fiscal year 2015. The decrease was primarily due to a change in how retirement forfeitures are classified.

**Investment Income** — Investment income consists of those funds generated through its investment program. There was an increase of \$16,343 or 26.8% over fiscal year 2014. The County will continue to re-evaluate the investments being held. The investment policy was updated in 2015.

**Miscellaneous** — The "Miscellaneous" category includes rent payments for space, as well as any miscellaneous receipts. There was a decrease in fiscal year 2015 of \$5,708 or 5.5%, 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 2015	Fiscal Year 2014	Increase (Decrease)	Percent Change
Current:					
General government	55.4%	\$ 2,816,134	\$ 2,668,738	\$ 147,396	5.5%
Public safety	37.2%	1,890,254	1,663,952	226,302	13.6%
Public works	2.8%	141,152	146,910	(5,758)	-3.9%
Public health and welfare	0.9%	45,983	65,973	(19,990)	-30.3%
Culture and recreation	0.5%	26,768	23,880	2,888	12.1%
Conservation	2.4%	119,698	67,342	52,356	77.7%
Debt service:					
Principal	0.8%	40,023	38,649	1,374	3.6%
Interest	0.1%	7,076	9,000	(1,924)	-21.4%
<b>TOTAL - EXPENDITURES</b>	<b>100.0%</b>	<b>\$ 5,087,088</b>	<b>\$ 4,684,444</b>	<b>\$ 402,644</b>	<b>8.6%</b>

**General Government** — Expenditures in this category increased \$147,396, about 5.5% from fiscal year 2014.

**Public Safety** — Public safety expenditures for fiscal year 2015 increased by 13.6%.

**Public Works** — In fiscal year 2015 the Land Use and Building Inspector costs showed a decrease of 3.9% 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 2015, there was an expenditure decrease of 30.3%.

**Culture and Recreation** — Culture and recreation expenditures for fiscal year 2015 increased by 12.1%. The increase 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 increased by 77.7%. 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 8.6%, (\$402,644) from fiscal year 2014 to fiscal year 2015. The main reasons were increased costs in general government and public safety in fiscal year 2015.

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

	Fiscal Year 2015	Fiscal Year 2014	Increase	Percent Change
FUND BALANCE, Beginning of year	\$ 4,336,711	\$ 3,959,848	\$ 376,863	9.5%
FUND BALANCE, End of year	4,600,357	4,336,711	263,646	6.1%

**Fund Balance** — The fiscal year 2015 year-end fund balance increased by \$263,646 or 6.1%. A strong effort has been made to monitor costs and develop any revenue streams available.

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**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 \$2,687,565 while expenditures totaled \$2,627,150. Revenue and financing sources included taxes of \$552,690; intergovernmental revenues of \$1,749,980 which includes federal and state sources; charges for services of \$227,324; and miscellaneous and other financing sources of \$41,767. The ending fund balance of \$3,109,189 includes inventory of \$131,349 and reflects a 2% increase in committed fund balance. The fiscal year 2015 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)**

|                          | Fiscal Year<br>2015        | Fiscal Year<br>2014        | Increase<br>(Decrease)     | Percent<br>Change   |
|--------------------------|----------------------------|----------------------------|----------------------------|---------------------|
| <b>TAXES</b>             |                            |                            |                            |                     |
| Property and other taxes | \$ 552,690                 | \$ 543,195                 | \$ 9,495                   | 1.7%                |
| Specific ownership taxes | 115,804                    | 112,442                    | 3,362                      | 3.0%                |
| Total taxes              | <u>668,494</u>             | <u>655,637</u>             | <u>12,857</u>              | <u>2.0%</u>         |
| Intergovernmental        | 1,749,980                  | 1,731,321                  | 18,659                     | 1.1%                |
| Charges for services     | 227,324                    | 312,632                    | (85,308)                   | -27.3%              |
| Miscellaneous            | 9,517                      | 29,320                     | (19,803)                   | -67.5%              |
| Other financing sources  | <u>32,250</u>              | <u>62,352</u>              | <u>(30,102)</u>            | <u>-48.3%</u>       |
| <b>TOTAL</b>             | <u><u>\$ 2,687,565</u></u> | <u><u>\$ 2,791,262</u></u> | <u><u>\$ (103,697)</u></u> | <u><u>-3.7%</u></u> |

**Property Taxes** — There was a slight increase in fiscal year 2015 property tax collections of \$9,495 or 1.7%. The mill levy of 4.154 mills was unchanged from 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 3% increase in specific ownership tax collections in fiscal year 2015.

**Intergovernmental** — This category includes federal, state and local sources. The overall category change was a \$18,659 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 2015.

**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 \$227,324 amount represented a 27.3% or \$85,308 decrease in this revenue category. This is primary due to less revenue collected from OCLI due to decreased landfill costs in 2015.

**Overall** — Fiscal year 2015 revenues decreased by 3.7% or \$103,697, primarily due to the decrease in charges for services revenue.

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

|                             | <b>Percentage<br/>of Total</b> | <b>Fiscal Year<br/>2015</b> | <b>Fiscal Year<br/>2014</b> | <b>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|-----------------------------|--------------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| Current:                    |                                |                             |                             |                                |                           |
| Public works                | 85.87%                         | \$ 2,255,913                | \$ 2,129,112                | \$ 126,801                     | 6.0%                      |
| Capital outlay              | 14.13%                         | 371,237                     | 320,604                     | 50,633                         | 15.8%                     |
| <b>TOTAL - EXPENDITURES</b> | <b>100.00%</b>                 | <b>\$ 2,627,150</b>         | <b>\$ 2,449,716</b>         | <b>\$ 177,434</b>              | <b>7.2%</b>               |

**Public Works** — This expenditure category is comprised of both Road & Bridge and landfill types of expenditures. In general operational terms, there was an increase of \$126,801 or 6% in public works, which is primarily due to a decrease in operational expenses over fiscal year 2014.

**Capital Outlay** — The capital outlay amount reflects increased expenses for capital outlay in 2015 resulting in an increase of 15.8% or \$50,633 compared to fiscal year 2014.

**Overall** — The fiscal year 2015 expenditure increase of \$177,434 is primarily due to an increase in operational expenses.

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

|                                 | <b>Fiscal Year<br/>2015</b> | <b>Fiscal Year<br/>2014</b> | <b>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|---------------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| FUND BALANCE, Beginning of year | \$ 3,048,774                | \$ 2,707,228                | \$ 341,546                     | 12.6%                     |
| FUND BALANCE, End of year       | 3,109,189                   | 3,048,774                   | 60,415                         | 2.0%                      |

**Inventory Reserve** — The fiscal year 2015 year-end balance includes \$131,349 in inventory reserve. The committed fund balance is \$2,977,840.

**Fund Balance** — This figure represents a 2% increase in fund balance for the year. In general operational terms, this is primarily due to receiving more revenues than were expended in the fund.

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***SOCIAL SERVICES FUND***

The Social Services Fund is a major fund, and total revenues of \$12,403,749 were generated. Total expenditures of \$12,420,759 were noted, leaving a year-end fund balance of \$787,418 (decrease of \$17,010 from fiscal year 2014). During fiscal year 2015 pass-through grants from federal and state agencies were included in County reporting as revenues and expenditures in the amount of \$11,920,938. The mill levy of 3.00 mills was unchanged from fiscal year 2014.

The County experienced a \$530,035 or 4.5% increase in overall revenues from fiscal year 2014. 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. For 2016, 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)**

	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>TAXES</b>				
Property and other taxes	\$ 399,178	\$ 392,303	\$ 6,875	1.8%
Specific ownership taxes	<u>83,633</u>	<u>81,203</u>	<u>2,430</u>	<u>3.0%</u>
Total taxes	<u>482,811</u>	<u>473,506</u>	<u>9,305</u>	<u>2.0%</u>
Intergovernmental	<u>11,920,938</u>	<u>11,400,208</u>	<u>520,730</u>	<u>4.6%</u>
<b>TOTAL</b>	<u><u>\$ 12,403,749</u></u>	<u><u>\$ 11,873,714</u></u>	<u><u>\$ 530,035</u></u>	<u><u>4.5%</u></u>

**Property Taxes** — There was a 1.8% increase for property tax to the Social Services Fund in fiscal year 2015.

**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 3% increase in specific ownership tax collections in fiscal year 2015.

**Intergovernmental** — This category includes federal, state and local sources. There was an increase of 4.6% or \$520,730 in revenues in fiscal year 2015.

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

	<b>Percentage of Total</b>	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
<b>Current:</b>					
Public health and human services	<u>100.00%</u>	<u>\$ 12,420,759</u>	<u>\$ 11,823,690</u>	<u>\$ 597,069</u>	<u>5.0%</u>
<b>TOTAL - EXPENDITURES</b>	<u><u>100.00%</u></u>	<u><u>\$ 12,420,759</u></u>	<u><u>\$ 11,823,690</u></u>	<u><u>\$ 597,069</u></u>	<u><u>5.0%</u></u>

**Social Services** — The expenditure summary shows a 5.0% increase in expenditures from fiscal year 2014 to 2015. Expenditures exceeded revenues by \$17,010 during fiscal year 2015. 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)**

	<b>Fiscal Year 2015</b>	<b>Fiscal Year 2014</b>	<b>Increase (Decrease)</b>	<b>Percent Change</b>
FUND BALANCE, Beginning of year	\$ 804,428	\$ 754,404	\$ 50,024	6.6%
FUND BALANCE, End of year	787,418	804,428	(17,010)	-2.1%

**Fund Balance** — The 2.1% decrease 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.

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***CAPITAL IMPROVEMENT FUND***

The Capital Improvement Fund does not meet the requirement to be considered a major fund in fiscal year 2015, however due to its nature the County has chosen to include this fund as a major fund. During 2015, \$166,204 was collected from property tax and \$32,490 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)**

|                         | <b>Fiscal Year<br/>2015</b> | <b>Fiscal Year<br/>2014</b> | <b>Increase<br/>(Decrease)</b> | <b>Percent<br/>Change</b> |
|-------------------------|-----------------------------|-----------------------------|--------------------------------|---------------------------|
| Property taxes          | \$ 166,204                  | \$ 32,687                   | \$ 133,517                     | 408.5%                    |
| Specific ownership tax  | 32,490                      | 6,771                       | 25,719                         | 379.8%                    |
| Miscellaneous           | 6,313                       | 6,863                       | (550)                          | -8.0%                     |
| <b>TOTAL - REVENUES</b> | <b>\$ 205,007</b>           | <b>\$ 46,321</b>            | <b>\$ 158,686</b>              | <b>342.6%</b>             |

**Property Taxes** — The Capital Improvement Fund was allocated 1.25 mills in 2015, up from .25 in 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.

**Overall** — Total fiscal year 2015 revenue increased by \$158,686 due to the increase of tax mill levies to this fund for 2015.

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

|                             | Percentage<br>of Total | Fiscal Year<br>2015 | Fiscal Year<br>2014 | Increase<br>(Decrease) | Percent<br>Change |
|-----------------------------|------------------------|---------------------|---------------------|------------------------|-------------------|
| Current:                    |                        |                     |                     |                        |                   |
| General government          | 34.54%                 | \$ 24,974           | \$ 4,694            | \$ 20,280              | 432.0%            |
| Capital outlay              | 65.46%                 | 47,324              | -                   | 47,324                 | 100.0%            |
| <b>TOTAL - EXPENDITURES</b> | <b>100.00%</b>         | <b>\$ 72,298</b>    | <b>\$ 4,694</b>     | <b>\$ 67,604</b>       | <b>1440.2%</b>    |

The only Capital Improvements project for fiscal year 2015 was to remodel the County Courtroom bench.

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

|                                 | Fiscal Year<br>2015 | Fiscal Year<br>2014 | Increase<br>(Decrease) | Percent<br>Change |
|---------------------------------|---------------------|---------------------|------------------------|-------------------|
| FUND BALANCE, Beginning of year | \$ 999,674          | \$ 958,047          | \$ 41,627              | 4.3%              |
| FUND BALANCE, End of year       | 1,132,383           | 999,674             | 132,709                | 13.3%             |

**Fund Balance** — The fiscal year 2015 year-end fund balance of \$1,132,383 represents an increase of \$132,709 or 13.3% over the 2014 fund balance. The increase was primarily due to an increase in mills.

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**GENERAL HUMAN SERVICES FUND**

The General Human Services Fund is a major fund, and total revenues of \$535,986 were generated. Total expenditures of \$689,582 were noted, leaving a negative year-end fund balance of \$4,712 (decrease of \$153,596 from fiscal year 2014). 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 2015	Fiscal Year 2014	Increase (Decrease)	Percent Change
Intergovernmental	\$ 535,286	\$ 640,972	\$ (105,686)	-16.5%
Miscellaneous	700	60	640	1066.7%
<b>TOTAL - REVENUES</b>	<b>\$ 535,986</b>	<b>\$ 641,032</b>	<b>\$ (105,046)</b>	<b>-16.4%</b>

**Property Taxes** — No mills are allocated to this fund.



**Intergovernmental** — This category includes federal and state sources. In fiscal year 2015, there was a 16.4% or \$105,046 decrease over fiscal year 2014.

**Miscellaneous** — This category includes local cash.

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

	Percentage of Total	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Percent Change
Current:					
Health and human services	100.00%	\$ 689,582	\$ 580,346	\$ 109,236	18.8%
<b>TOTAL - EXPENDITURES</b>	<b>100.00%</b>	<b>\$ 689,582</b>	<b>\$ 580,346</b>	<b>\$ 109,236</b>	<b>18.8%</b>

**General Human Services** — The expenditure summary shows an 18.8% increase in expenditures from fiscal year 2014 to 2015. Expenditures exceeded revenues by \$153,596 during fiscal year 2015.

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

	Fiscal Year 2015	Fiscal Year 2014	Increase (Decrease)	Percent Change
FUND BALANCE, Beginning of year	\$ 148,884	\$ 88,198	\$ 60,686	68.8%
FUND BALANCE, End of year	(4,712)	148,884	(153,596)	-103.2%

**Fund Balance** — This figure represents a decrease of 103.2% or \$153,596 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 decreased to \$277,778 in fiscal year 2015 due to a decrease in mills from .75 to .50. Premiums are based on a three year average of claims incurred. Otero County has continued to have high premiums due to a weather related event in 2012. The philosophy of the Board of County Commissioners is to allocate a portion of the mill levy at a level to provide funding for the premium. Furthermore, the Board agrees that the fund balance should remain at approximately \$250,000. 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 2015 year-end fund balance of \$379,874 reflects an increase of \$59,004 over 2014. 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 \$24,518 increase in fiscal year 2015 year-end fund balance is result of decreased expenditures leaving a fund balance of \$334,040.

**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 \$2,041,442 and expenditures amounted to \$2,004,342. A year-end fund balance of \$1,072,141 represented an increase of \$37,100. 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 \$127,858.

**Small Business Development Revolving Loan Fund (SBDRLF)** focuses on providing loans to small businesses. The increase of \$21,357 in year-end fund balance is a result of the difference between expenditures of \$254, revenue of \$58,092, and issuance of a note in the amount of \$36,481, leaving a fund balance of \$142,768. A new loan was issued in 2015, 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 \$67,122 represents a decrease of \$1,182, 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 \$305,874. This represents an increase of \$40,373 in fiscal year 2015.

## 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 \$118,105 in fiscal year 2015. The overall year-end increase in net position was \$33,718.

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 2015, the County revenues exceeded expenditures by \$393,760 and a fund balance of \$1,414,590 was recognized. Based on actual claims for the last 6 months in fiscal year 2015, it was estimated that claims incurred but not reported (IBNR) would be about \$182,357. The final IBNR was calculated using July to December 2015 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., taxing entity disbursements, etc. A total of \$737,409 in deposits was being held at December 31, 2015.

## ***MAJOR FUND BUDGETARY HIGHLIGHTS***

The original fiscal year 2015 budget that was adopted by the Board of County Commissioners on December 15, 2014, showed total appropriations of \$29,401,831. This amount includes \$6,086,985 in total General Fund appropriations. Budgeted expenditures in this category are up 9.47% or \$523,520 from fiscal year 2014. The excess of revenues over expenditures for the General Fund in fiscal year 2015 was \$226,966. 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 2015 budget for these funds, with the exception of the Social Services fund, which was over spent by \$72,218.

A re-cap of the *non-major funds* indicates that the County under spent the fiscal year 2015 budget in these areas by \$890,548 for all non-major funds. The primary reason for this under-expenditure was substantial under spending of the Conservation Trust Fund of \$314,930, Health Fund of \$386,049 (excluding offsetting revenues and expenses for WIC vouchers of \$646,930), and Small Business Development Fund of \$235,812.

## ***CAPITAL ASSETS***

The County's investment in capital assets for its governmental activities as of December 31, 2015, amounted to \$11,567,944 (net of accumulated depreciation of \$11,171,000). 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, 2015, the County had long-term obligations outstanding of \$1,825,031, including amounts currently due of \$73,831. This includes compensated leave in the amount of \$367,180, and a portion of closure/post-closure costs associated with the aforementioned OCLI solid waste landfill sites in the amount of \$1,457,851, 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 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 2015 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 / (719) 383-3090 (fax).

**OTERO COUNTY, COLORADO**

**BASIC FINANCIAL STATEMENTS  
AS OF AND FOR THE YEAR ENDED  
DECEMBER 31, 2015**

# OTERO COUNTY, COLORADO

## STATEMENT OF NET POSITION DECEMBER 31, 2015

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	<u>Primary Government Governmental Activities</u>	<u>Component Unit E-911 Services</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 15,150,321	\$ 370,436
Receivables:		
Accounts	1,279,825	17,464
Property taxes	2,938,295	
Interest	13,736	
Inventory	131,349	
Capital assets:		
Non-depreciable	5,443,950	
Depreciable, net	<u>6,123,994</u>	<u>80,369</u>
<b>TOTAL ASSETS</b>	<u>31,081,470</u>	<u>468,269</u>
<b>LIABILITIES</b>		
Accounts payable	563,957	6,186
Claims payable	182,357	
Due to State	109,078	
Unearned revenue	1,461,702	
Non-current liabilities:		
Due within one year	73,831	
Due in more than one year	<u>1,751,200</u>	
<b>TOTAL LIABILITIES</b>	<u>4,142,125</u>	<u>6,186</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>3,128,165</u>	
<b>NET POSITION</b>		
Net investment in capital assets	11,567,944	80,369
Restricted:		
Emergencies	277,610	
Grants	518,576	
Statute	446,996	
Other	30,000	
Unrestricted	<u>10,970,054</u>	<u>381,714</u>
<b>TOTAL NET POSITION</b>	<u>\$ 23,811,180</u>	<u>\$ 462,083</u>

See notes to financial statements.

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# OTERO COUNTY, COLORADO

## STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2015

	Expenses	Program Revenue		Net (Expense) Revenue and Changes in Net Position	
		Charges for Services and Sales	Operating Grants, Contributions and Interest	Primary Governmental Activities	Component Unit E-911 Services
<b>FUNCTIONS / PROGRAMS</b>					
<b>Primary government</b>					
Governmental activities:					
General government	\$ 3,240,502	\$ 524,712	\$ 385,966	\$ (2,329,824)	
Public safety	1,898,671	53,705	223,349	(1,621,617)	
Public works	2,784,191	227,324	67,350	(2,489,517)	
Health and welfare	4,789,182	2,041,801	2,503,751	(243,630)	
Culture and recreation	60,709			(60,709)	
Conservation	121,292		50,466	(70,826)	
Economic development	254	13,330	40,600	53,676	
Interest	7,076			(7,076)	
Intergovernmental	12,567,868		12,567,868	-	
<b>TOTAL</b>	<b>\$ 25,469,745</b>	<b>\$ 2,860,872</b>	<b>\$ 15,839,350</b>	<b>(6,769,523)</b>	
<b>Component unit</b>					
E-911 emergency services	\$ 162,899	\$ 143,401	\$ -		\$ (19,498)
<b>GENERAL REVENUES</b>					
Property taxes				2,920,759	
Specific ownership taxes				611,851	
Sales taxes				1,547,942	
Highway user tax				1,690,146	
Payment in lieu of taxes				448,745	
Other taxes				7,499	
Investment income				80,655	139
Miscellaneous				334,634	
Insurance recovery				2,686	
Total general revenues and transfers				7,644,917	139
Change in net position				875,394	(19,359)
NET POSITION, Beginning of year				22,935,786	481,442
NET POSITION, End of year				\$ 23,811,180	\$ 462,083

See notes to financial statements.



# OTERO COUNTY, COLORADO

## BALANCE SHEET – GOVERNMENTAL FUNDS DECEMBER 31, 2015

	General	Road & Bridge	Social Services	Capital Improvement	General Human Services	Other	Total
<b>ASSETS</b>							
Cash and cash equivalents	\$ 4,707,400	\$ 2,992,181	\$ 849,027	\$ 921,691	\$ 1,239,780	\$ 2,186,651	\$ 12,896,730
Cash with Trustee	76,551						76,551
Receivables:							
Accounts	238,241	16,363	249,761	181,278	115,494	409,729	1,210,866
Property tax	1,828,295	602,422	435,067			72,511	2,938,295
Interest	6,057						6,057
Notes receivable - from other funds				229,994			229,994
Due from other funds	70,143	18,259	19,075	10,266		2,198	119,941
Inventory		131,349					131,349
<b>TOTAL ASSETS</b>	<b>\$ 6,926,687</b>	<b>\$ 3,760,574</b>	<b>\$ 1,552,930</b>	<b>\$ 1,343,229</b>	<b>\$ 1,355,274</b>	<b>\$ 2,671,089</b>	<b>\$ 17,609,783</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts payable	\$ 208,641	\$ 21,740	\$ 88,421	\$ 24,041	\$ 12,555	\$ 181,058	\$ 536,456
Accrued expenses	17,196	6,461				323	23,980
Due to other funds	42,204	20,762	12,894	5,527	5,781	7,024	94,192
Notes payable - to other funds	229,994						229,994
Due to State			109,078				109,078
Unearned revenues			120,052		1,341,650		1,461,702
<b>Total liabilities</b>	<b>498,035</b>	<b>48,963</b>	<b>330,445</b>	<b>29,568</b>	<b>1,359,986</b>	<b>188,405</b>	<b>2,455,402</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Deferred revenue	1,828,295	602,422	435,067	181,278		81,103	3,128,165
<b>Total deferred inflows of resources</b>	<b>1,828,295</b>	<b>602,422</b>	<b>435,067</b>	<b>181,278</b>	<b>-</b>	<b>81,103</b>	<b>3,128,165</b>
<b>FUND BALANCES</b>							
Non-spendable inventory		131,349					131,349
Restricted	349,378					923,804	1,273,182
Committed	305,874	2,977,840	787,418	1,132,383		1,477,777	6,681,292
Unassigned	3,945,105				(4,712)		3,940,393
<b>Total fund balances</b>	<b>4,600,357</b>	<b>3,109,189</b>	<b>787,418</b>	<b>1,132,383</b>	<b>(4,712)</b>	<b>2,401,581</b>	<b>12,026,216</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<b>\$ 6,926,687</b>	<b>\$ 3,760,574</b>	<b>\$ 1,552,930</b>	<b>\$ 1,343,229</b>	<b>\$ 1,355,274</b>	<b>\$ 2,671,089</b>	<b>\$ 17,609,783</b>

See notes to financial statements.

# OTERO COUNTY, COLORADO

## RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2015

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TOTAL IN GOVERNMENTAL FUND BALANCES \$ 12,026,216

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, therefore, are not recorded in the funds. 7,679

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

Cost	\$ 22,738,944	
Less accumulated depreciation	<u>(11,171,000)</u>	11,567,944

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. 1,941,895

Small Business Development loan receivables are not recorded in the fund balance sheets, but are reported on the government-wide statement of net position. 68,497

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:

Compensated absences – long-term portion	(343,200)	
Landfill post-closure	<u>(1,457,851)</u>	<u>(1,801,051)</u>

NET ASSETS OF GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF NET POSITION \$ 23,811,180

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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, 2015

	General	Road & Bridge	Social Services	Capital Improvement	General Human Services	Other	Total
<b>REVENUES</b>							
Property taxes	\$ 1,736,152	\$ 552,690	\$ 399,178	\$ 166,204		\$ 66,535	\$ 2,920,759
Specific ownership tax	365,396	115,804	83,633	32,490		14,528	611,851
Sales taxes	1,547,942						1,547,942
Intergovernmental taxes	7,499						7,499
Intergovernmental	1,065,576	1,749,980	11,920,938		\$ 535,286	2,706,461	17,978,241
Charges for services	404,050	227,324				295,037	926,411
Fines and foreclosures	2,157						2,157
Investment earnings	77,424					2,587	80,011
Miscellaneous	98,231	9,517		6,313	700	178,670	293,431
Total revenues	5,304,427	2,655,315	12,403,749	205,007	535,986	3,263,818	24,368,302
<b>EXPENDITURES</b>							
Current:							
General government	2,816,134			24,974		264,196	3,105,304
Public safety	1,890,254						1,890,254
Public works	141,152	2,255,913					2,397,065
Public health and welfare	45,983		12,420,759		689,582	2,848,008	16,004,332
Culture and recreation	26,768					30,673	57,441
Conservation	119,698					1,594	121,292
Economic development						254	254
Capital outlay		371,237		47,324			418,561
Debt service:							
Principal retirement	40,023						40,023
Interest and fiscal charges	7,076						7,076
Total expenditures	5,087,088	2,627,150	12,420,759	72,298	689,582	3,144,725	24,041,602
Excess of revenues over expenditures	217,339	28,165	(17,010)	132,709	(153,596)	119,093	326,700
Other financing sources (uses)							
Sale of assets	2,800	32,250					35,050
Insurance recovery						2,686	2,686
Issuance of note						(36,481)	(36,481)
Transfers in	100,000					56,493	156,493
Transfers out	(56,493)						(56,493)
Total other financing sources (uses)	46,307	32,250	-	-	-	22,698	101,255
Net changes in fund balances	263,646	60,415	(17,010)	132,709	(153,596)	141,791	427,955
FUND BALANCES, Beginning of year	4,336,711	3,048,774	804,428	999,674	148,884	2,259,790	11,598,261
FUND BALANCES, End of year	\$ 4,600,357	\$ 3,109,189	\$ 787,418	\$ 1,132,383	\$ (4,712)	\$ 2,401,581	\$ 12,026,216

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, 2015

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

NET CHANGE IN GOVERNMENTAL FUND BALANCES		\$ 427,955
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.		
Depreciation expense	\$ (589,808)	
Capital outlay	554,013	
Donated assets	<u>48,230</u>	12,435
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.		
Assets removed	(67,750)	
Accumulated depreciation	<u>67,750</u>	—
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.		427,478
Eliminate internal service funds portion of capital outlay, disposals and depreciation expense included in adjustment above:		
Depreciation expense	69,983	
Capital outlay	<u>(135,452)</u>	(65,469)
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.		40,023
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.		29,723
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.		
Landfill	Liability at December 31, 2015	(1,457,851)
	Liability at December 31, 2014	<u>1,435,909</u>
		(21,942)
Compensated absences	Liability at December 31, 2015, long-term portion	(343,200)
	Liability at December 31, 2014, long-term portion	<u>368,391</u>
		<u>25,191</u>
CHANGE IN NET POSITION OF GOVERNMENT ACTIVITIES		<u>\$ 875,394</u>

See notes to financial statements.

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# OTERO COUNTY, COLORADO

## STATEMENT OF NET POSITION – PROPRIETARY FUNDS DECEMBER 31, 2015 (with comparative amounts for 2014)

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	<b>Governmental Activities Internal Service Funds</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 2,177,040	\$ 1,693,330
Accounts receivable	<u>462</u>	<u>114,277</u>
Total current assets	2,177,502	1,807,607
<b>NON-CURRENT ASSETS</b>		
Capital assets:		
Depreciable, net	<u>235,073</u>	<u>169,604</u>
<b>TOTAL ASSETS</b>	<u>2,412,575</u>	<u>1,977,211</u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	27,501	
Claims payable	182,357	201,972
Due to other funds	<u>25,749</u>	<u>25,749</u>
Total current liabilities	<u>235,607</u>	<u>227,721</u>
<b>TOTAL LIABILITIES</b>	<u>235,607</u>	<u>227,721</u>
<b>NET POSITION</b>		
Net investment in capital assets	235,073	169,604
Unrestricted	<u>1,941,895</u>	<u>1,579,886</u>
<b>TOTAL NET POSITION</b>	<u>\$ 2,176,968</u>	<u>\$ 1,749,490</u>

See notes to financial statements.

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# OTERO COUNTY, COLORADO

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

FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)

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	<b>Governmental Activities Internal Service Funds</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,945,215	\$ 1,995,059
Investment earnings	<u>644</u>	<u>273</u>
Total operating revenues	<u>1,945,859</u>	<u>1,995,332</u>
<b>OPERATING EXPENSES</b>		
General government	14,404	14,285
Claims	1,333,994	1,397,204
Depreciation	<u>69,983</u>	<u>67,058</u>
Total operating expenses	<u>1,418,381</u>	<u>1,478,547</u>
Operating income	<u>527,478</u>	<u>516,785</u>
<b>NON-OPERATING REVENUES</b>		
Sale of assets	<u>—</u>	<u>828</u>
Total non-operating revenues	<u>—</u>	<u>828</u>
<b>OTHER FINANCING SOURCES (USES)</b>		
Transfers out	<u>(100,000)</u>	<u>—</u>
Change in net position	427,478	517,613
NET POSITION, Beginning of year	<u>1,749,490</u>	<u>1,231,877</u>
NET POSITION, End of year	<u>\$ 2,176,968</u>	<u>\$ 1,749,490</u>

See notes to financial statements.

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# OTERO COUNTY, COLORADO

## STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)

	<b>Governmental Activities Internal Service Funds</b>	
	<b>2015</b>	<b>2014</b>
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 2,059,030	\$ 1,879,713
Investment income	644	3,023
Cash payments for goods and services	<u>(1,340,512)</u>	<u>(1,441,621)</u>
Net cash provided by operating activities	<u>719,162</u>	<u>441,115</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of assets		828
Payments for capital acquisitions	<u>(135,452)</u>	<u>(59,675)</u>
Net cash used in capital and related financing activities	<u>(135,452)</u>	<u>(58,847)</u>
<b>CASH USED IN NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers out	<u>(100,000)</u>	<u>                    </u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	483,710	382,268
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>1,693,330</u>	<u>1,311,062</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 2,177,040</u>	<u>\$ 1,693,330</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 527,478	\$ 516,785
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	69,983	67,058
Change in operating assets and liabilities:		
Accounts receivable	113,815	(112,596)
Claims payable	(19,615)	(30,132)
Accounts payable	<u>27,501</u>	<u>                    </u>
Net cash provided by operating activities	<u>\$ 719,162</u>	<u>\$ 441,115</u>

# OTERO COUNTY, COLORADO

## STATEMENT OF NET POSITION – FIDUCIARY FUNDS DECEMBER 31, 2015 (with comparative amounts for 2014)

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	<u>Agency Fund</u>	
	<u>2015</u>	<u>2014</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ <u>737,409</u>	\$ <u>707,359</u>
Total assets	<u>737,409</u>	<u>707,359</u>
<b>LIABILITIES</b>		
Due to other entities	706,472	670,488
Funds held in trust	<u>30,937</u>	<u>36,871</u>
Total liabilities	<u>737,409</u>	<u>707,359</u>
<b>NET POSITION</b>	<u>\$ —</u>	<u>\$ —</u>



# OTERO COUNTY, COLORADO

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2015. 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 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.

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 major 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."

*Fund Deficit* — The General Human Services Fund as of December 31, 2015 reports a deficit fund balance of \$4,712. The deficit balance is due to the General Human Services Fund spending more as of December 31, 2015 than has been earned cumulatively. This Fund has received additional amounts which are recorded in unearned revenues as those funds have not been fully earned.

According to the State of Colorado, should the Single Entry Point (SEP) and Options for Long Term Care (OLTC) programs dissolve any reserve funds (recorded as unearned revenues) on hand at that time would need to be paid back to the State of Colorado.

**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 \$70,393 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, 2015, since the amounts are measurable but not available until 2016. 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:

	<b>Estimated Useful Life</b>
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 2016.

**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, 2014, 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, 2015, 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, 2015 the County's and Component Unit's cash and investments had the following book and bank balances:

	<b>Book</b>	<b>Bank</b>
Insured deposits	\$ 4,008,391	\$ 4,007,000
Collateralized deposits	8,797,980	9,216,048
COLOTrust	3,375,244	3,375,244
Cash with Trustee	<u>76,551</u>	<u>76,551</u>
Total	<u>\$ 16,258,166</u>	<u>\$ 16,674,843</u>

**Cash and Investment Reconciliation**

Governmental funds - cash and investments	\$ 12,896,730
Governmental funds – cash with trustee	76,551
Proprietary funds	<u>2,177,040</u>
Total primary government	15,150,321
Agency funds	737,409
Component unit	<u>370,436</u>
Total	<u>\$ 16,258,166</u>

The carrying amount of deposits for the E911 Services, a discretely presented component unit, was \$370,436 and the bank balance was \$270,436. 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, 2015 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 \$3,375,244 as of December 31, 2015. Separately issued financial statements for ColoTrust may be obtained at [www.colotrust.com](http://www.colotrust.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, 2015 the County had unearned revenues in the amount of \$1,341,650 and \$120,052 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, 2015 is as follows:

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Capital assets not being depreciated:				
Land	\$ 402,454	\$ 32,500		\$ 434,954
Easements	<u>5,008,996</u>			<u>5,008,996</u>
Total capital assets not being depreciated	<u>5,411,450</u>	<u>32,500</u>	<u>\$ —</u>	<u>5,443,950</u>
Capital assets being depreciated:				
Buildings and Improvements	4,284,774	47,324		4,332,098
Equipment	7,553,743	522,419	(67,750)	8,008,412
Infrastructure	<u>4,954,484</u>			<u>4,954,484</u>
Total capital assets being depreciated	<u>16,793,001</u>	<u>569,743</u>	<u>(67,750)</u>	<u>17,294,994</u>
Less accumulated depreciation:				
Buildings and Improvements	2,242,329	122,068		2,364,397
Equipment	6,151,875	356,141	(67,750)	6,440,266
Infrastructure	<u>2,254,738</u>	<u>111,599</u>		<u>2,366,337</u>
Total accumulated depreciation	<u>10,648,942</u>	<u>589,808</u>	<u>(67,750)</u>	<u>11,171,000</u>
Depreciable capital assets, net	<u>6,144,059</u>	<u>(20,065)</u>		<u>6,123,994</u>
Total net capital assets	<u>\$ 11,555,509</u>	<u>\$ 12,435</u>	<u>\$ —</u>	<u>\$ 11,567,944</u>

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

General government	\$ 145,985
Public safety	56,647
Public works	365,184
Public health and welfare	18,724
Culture and recreation	<u>3,268</u>
Total depreciation expense	<u>\$ 589,808</u>

#### Component Unit

	<b>Beginning Balance</b>	<b>Increases</b>	<b>Decreases</b>	<b>Ending Balance</b>
Equipment	\$ 649,119	\$ 15,311	(62,891)	\$ 601,539
Accumulated depreciation	<u>(537,028)</u>	<u>(47,033)</u>	<u>62,891</u>	<u>(521,170)</u>
Total	<u>\$ 112,091</u>	<u>\$ (31,722)</u>	<u>\$ —</u>	<u>\$ 80,369</u>

**5. INTER-FUND BALANCES AND TRANSFERS**

Inter-fund transfers and balances for the year ended December 31, 2015 consisted of annual additional County support for the Otero County Health Department for 2014 and balances due to the General Fund, Contingent Fund, Capital Improvement Fund and Social Services Fund by other departments as provided below. These balances are expected to be paid within one year.

	<b>Medical Trust Fund</b>	<b>Contingent Fund</b>	<b>General Fund</b>	<b>Health Fund</b>	<b>Total</b>
Transfer in		\$ 50,000	\$ 50,000	\$ 56,493	\$ 156,493
Transfer out	<u>\$ 100,000</u>	<u>                    </u>	<u>56,493</u>	<u>                    </u>	<u>156,493</u>
Total	<u>\$ (100,000)</u>	<u>\$ 50,000</u>	<u>\$ (6,493)</u>	<u>\$ 56,493</u>	<u>\$ —</u>

Inter-fund receivables and payables at December 31, 2015 were as follows:

	<b>Receivable</b>	<b>Payable</b>
General fund	\$ 70,143	\$ 42,204
Road & Bridge fund	18,259	20,762
Social Services fund	19,075	12,894
Capital Improvements fund	10,266	5,527
General Human Services		5,781
Health fund		4,544
Insurance fund	2,198	2,374
Internal Service fund		25,749
AAA Services		<u>106</u>
Total	<u>\$ 119,941</u>	<u>\$ 119,941</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 \$229,994 as of December 31, 2015. 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, 2015 is as follows:

	<b>Balance at January 1, 2015</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance at December 31, 2015</b>	<b>Amounts Due Within One Year</b>
Governmental activities:					
Capital leases	\$ 40,023		\$ 40,023		
Compensated absences	388,469	\$ 284,990	306,279	\$ 367,180	\$ 23,980
Closure and post-closure costs	<u>1,435,909</u>	<u>52,822</u>	<u>30,880</u>	<u>1,457,851</u>	<u>49,851</u>
Total	<u>\$ 1,864,401</u>	<u>\$ 337,812</u>	<u>\$ 377,182</u>	<u>\$ 1,825,031</u>	<u>\$ 73,831</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 required monthly payments of \$3,399. This lease was repaid in full during 2015.

Total interest expense for all capital leases for the year ended December 31, 2015, was \$7,076.

The assets acquired through capital leases with outstanding balances as of December 31, 2015 are as follows:

	<b>Asset Cost</b>	<b>Accumulated Depreciation</b>	<b>Net Capital Assets</b>
Software license	<u>\$ 187,129</u>	<u>\$ 130,990</u>	<u>\$ 56,139</u>

Amortization expense is included in depreciation expense and amounted to \$37,425 in 2015.

**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 \$3,375,100 of which \$2,925,000 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 \$2,925,000, amounting to \$1,457,851.

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. NON-SPENDABLE, RESTRICTED, AND UNRESTRICTED FUND BALANCE

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.

	General	Road & Bridge	Social Services	Capital Improvement	General Human Services	Other	Total
<b>FUND BALANCES</b>							
Non-spendable inventory		\$ 131,349					\$ 131,349
Restricted For:							
Grant expenditures	\$ 41,768					\$ 476,808	518,576
Statute						446,996	446,996
TABOR - emergencies	277,610						277,610
Jail Commissary	5,000						5,000
Clerk Tech Fund	15,000						15,000
Sheriff's Booking Fee Fund	10,000						10,000
Committed To:							
General Government Activities	305,874						305,874
Public Works		2,977,840					2,977,840
Public Health and Welfare			\$ 787,418			1,477,777	2,265,195
Capital Projects				\$ 1,132,383			1,132,383
Unassigned	3,945,105				\$ (4,712)		3,940,393
	<u>\$ 4,600,357</u>	<u>\$ 3,109,189</u>	<u>\$ 787,418</u>	<u>\$ 1,132,383</u>	<u>\$ (4,712)</u>	<u>\$ 2,401,581</u>	<u>\$ 12,026,216</u>

## 8. 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, 2015 there were 154 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.

During 2015, the County and covered employees made the required contributions, amounting to \$319,953 in County contributions and \$376,585 in employee contributions, which includes \$56,633 of employee voluntary contributions. During the year ended December 31, 2015, there were unvested participant account balances totaling \$31,003 which were forfeited, of this amount and the beginning of the year balance \$30,028 was used to reduce County contributions and the remaining balance of \$4,621 is in the forfeiture account at year-end. Subsequent to year-end the remaining balance was used to reduce the County contribution.

## **9. 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 \$42,458. 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.

## **10. 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, 2015:

Liability balance, beginning of year	\$ 201,972
Incurred claims	1,103,968
Payments on claims	<u>(1,123,583)</u>
Liability balance, end of year	<u>\$ 182,357</u>

## 11. 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. \$277,610 of the net position and fund balance has been restricted in compliance with this requirement.



**12. BUDGETARY COMPLIANCE**

For the year ended December 31, 2015, expenditures exceeded appropriations in the following funds: Social Services is overspent by \$72,218 which may be a violation of state statute.

**13. 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, 2015, the County incurred costs of \$158,540 on behalf of OCLI. The County has a receivable from OCLI in the amount of \$11,637 as of December 31, 2015.

**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, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>				
Property taxes	\$ 1,742,649	\$ 1,742,649	\$ 1,736,149	\$ (6,500)
Specific ownership tax	325,616	325,616	365,396	39,780
Sales taxes	1,400,000	1,400,000	1,547,942	147,942
Intergovernmental taxes	8,000	8,000	7,499	(501)
Intergovernmental	1,608,931	1,608,931	1,065,576	(543,355)
Charges for services	341,694	341,694	404,050	62,356
Fines and foreclosures	3,250	3,250	2,157	(1,093)
Investment earnings	55,000	55,000	77,424	22,424
Miscellaneous	100,847	100,847	98,231	(2,616)
Total revenues	<u>5,585,987</u>	<u>5,585,987</u>	<u>5,304,424</u>	<u>(281,563)</u>
<b>EXPENDITURES</b>				
General government	3,884,447	3,884,447	2,806,504	1,077,943
Public safety	1,828,343	1,917,019	1,890,254	26,765
Public works	160,624	163,044	141,152	21,892
Public health and welfare	71,053	71,053	45,983	25,070
Culture and recreation	31,310	31,310	26,768	4,542
Conservation	104,708	120,662	119,698	964
Debt service:				
Principal retirement			40,023	(40,023)
Interest and fiscal charges	6,500	6,500	7,076	(576)
Total expenditures	<u>6,086,985</u>	<u>6,194,035</u>	<u>5,077,458</u>	<u>1,116,577</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(500,998)</u>	<u>(608,048)</u>	<u>226,966</u>	<u>835,014</u>
Other financing sources (uses):				
Sale of assets	1,000	1,000	2,800	1,800
Transfers in	50,000	50,000	50,000	-
Transfers out	(56,493)	(56,493)	(56,493)	-
Total other financing sources (uses)	<u>(5,493)</u>	<u>(5,493)</u>	<u>(3,693)</u>	<u>1,800</u>
Net changes in fund balance	<u>\$ (506,491)</u>	<u>\$ (613,541)</u>	<u>223,273</u>	<u>\$ 836,814</u>
FUND BALANCES, beginning of year			<u>4,071,210</u>	
FUND BALANCES, end of year			<u>4,294,483</u>	
<b>CONTINGENT FUND</b>				
FUND BALANCES, Beginning of year			265,501	
Net changes in fund balances			<u>40,373</u>	
FUND BALANCES, End of year			<u>305,874</u>	
<b>COMBINED</b>				
FUND BALANCES, Beginning of year			4,336,711	
Net changes in fund balances			<u>263,646</u>	
FUND BALANCES, End of year			<u>\$ 4,600,357</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, 2015

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 554,722	\$ 554,722	\$ 552,690	\$ (2,032)
Specific ownership tax	101,791	101,791	115,804	14,013
Intergovernmental	1,582,250	1,582,250	1,749,980	167,730
Charges for services	375,000	375,000	227,324	(147,676)
Miscellaneous			9,517	9,517
Total revenues	<u>2,613,763</u>	<u>2,613,763</u>	<u>2,655,315</u>	<u>41,552</u>
<b>EXPENDITURES</b>				
Public works	2,692,685	2,692,685	2,255,913	436,772
Capital outlay	395,000	395,000	371,237	23,763
Total expenditures	<u>3,087,685</u>	<u>3,087,685</u>	<u>2,627,150</u>	<u>460,535</u>
Excess of revenues over expenditures	<u>(473,922)</u>	<u>(473,922)</u>	<u>28,165</u>	<u>502,087</u>
Other financing sources				
Sale of assets	<u>10,000</u>	<u>10,000</u>	<u>32,250</u>	<u>22,250</u>
Net changes in fund balance	<u>\$ (463,922)</u>	<u>\$ (463,922)</u>	<u>60,415</u>	<u>\$ 524,337</u>
FUND BALANCES, Beginning of year			<u>3,048,774</u>	
FUND BALANCES, End of year			<u>\$ 3,109,189</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, 2015

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 399,700	\$ 399,700	\$ 399,178	\$ (522)
Specific ownership tax	75,000	75,000	83,633	8,633
Intergovernmental	<u>11,919,442</u>	<u>12,623,185</u>	<u>11,920,938</u>	<u>(702,247)</u>
Total revenues	<u>12,394,142</u>	<u>13,097,885</u>	<u>12,403,749</u>	<u>(694,136)</u>
<b>EXPENDITURES</b>				
Public health and welfare	<u>12,348,541</u>	<u>12,348,541</u>	<u>12,420,759</u>	<u>(72,218)</u>
Total expenditures	<u>12,348,541</u>	<u>12,348,541</u>	<u>12,420,759</u>	<u>(72,218)</u>
Excess of revenues over expenditures	<u>45,601</u>	<u>749,344</u>	<u>(17,010)</u>	<u>(766,354)</u>
Net changes in fund balance	<u>\$ 45,601</u>	<u>\$ 749,344</u>	<u>(17,010)</u>	<u>\$ (766,354)</u>
FUND BALANCE, Beginning of year			<u>804,428</u>	
FUND BALANCE, End of year			<u>\$ 787,418</u>	

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## CAPITAL IMPROVEMENT FUND — SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Property taxes	\$ 166,611	\$ 166,611	\$ 166,204	\$ (407)
Specific ownership tax	29,284	29,284	32,490	3,206
Miscellaneous	6,313	6,313	6,313	-
Total revenues	<u>202,208</u>	<u>202,208</u>	<u>205,007</u>	<u>2,799</u>
<b>EXPENDITURES</b>				
General government	1,008,000	1,008,000	24,974	983,026
Capital outlay			47,324	(47,324)
Total expenditures	<u>1,008,000</u>	<u>1,008,000</u>	<u>72,298</u>	<u>935,702</u>
Net changes in fund balance	<u>\$ (805,792)</u>	<u>\$ (805,792)</u>	132,709	<u>\$ 938,501</u>
FUND BALANCE, Beginning of year			<u>999,674</u>	
FUND BALANCE, End of year			<u>\$ 1,132,383</u>	

See the accompanying independent auditors' report.

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# 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, 2015

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Intergovernmental	\$ 754,633	\$ 789,356	\$ 535,286	\$ (254,070)
Miscellaneous		11,221	700	(10,521)
Total revenues	<u>754,633</u>	<u>800,577</u>	<u>535,986</u>	<u>(264,591)</u>
<b>EXPENDITURES</b>				
Public health and welfare	<u>754,633</u>	<u>811,646</u>	<u>689,582</u>	<u>122,064</u>
Total expenditures	<u>754,633</u>	<u>811,646</u>	<u>689,582</u>	<u>122,064</u>
Net changes in fund balance	<u>\$ -</u>	<u>\$ (11,069)</u>	<u>(153,596)</u>	<u>\$ (142,527)</u>
FUND BALANCE, Beginning of year			<u>148,884</u>	
FUND BALANCE, End of year			<u>\$ (4,712)</u>	

See the accompanying independent auditors' report.

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**OTERO COUNTY, COLORADO**

**SUPPLEMENTAL INFORMATION**



# OTERO COUNTY, COLORADO

## GENERAL FUND (Without Contingent Fund) BALANCE SHEET DECEMBER 31, 2015 (with comparative amounts for 2014)

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	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 4,392,215	\$ 4,178,699
Cash with trustee	76,551	38,701
Receivables:		
Accounts	238,241	191,643
Property taxes	1,828,295	1,749,251
Interest	6,057	12,691
Due from other funds	<u>69,825</u>	<u>37,321</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 6,611,184</u></b>	<b><u>\$ 6,208,306</u></b>
 <b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 199,012	\$ 117,938
Accrued expenses	17,196	14,306
Due to other funds	42,204	3,066
Notes payable	<u>229,994</u>	<u>252,535</u>
Total liabilities	<u>488,406</u>	<u>387,845</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>1,828,295</u>	<u>1,749,251</u>
Total deferred inflows of resources	<u>1,828,295</u>	<u>1,749,251</u>
 <b>FUND BALANCES</b>		
Restricted	349,378	1,240,422
Unassigned	<u>3,945,105</u>	<u>2,830,788</u>
Total fund balances	<u>4,294,483</u>	<u>4,071,210</u>
 <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	 <b><u>\$ 6,611,184</u></b>	 <b><u>\$ 6,208,306</u></b>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## GENERAL FUND (Without Contingent Fund) SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)

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	2015	2014
<b>REVENUES</b>		
Property taxes	\$ 1,736,149	\$ 1,804,536
Specific ownership tax	365,396	374,222
Sales taxes	1,547,942	1,477,904
Intergovernmental taxes	7,499	28,179
Intergovernmental	1,065,576	855,035
Charges for services	404,050	409,534
Fines and forfeitures	2,157	2,775
Investment earnings	77,424	61,081
Miscellaneous	<u>98,231</u>	<u>103,939</u>
Total revenues	<u>5,304,424</u>	<u>5,117,205</u>
<b>EXPENDITURES</b>		
General government	2,806,504	2,668,738
Public safety	1,890,254	1,663,952
Public works	141,152	146,910
Public health and welfare	45,983	65,973
Culture and recreation	26,768	23,880
Conservation	119,698	67,342
Debt service:		
Principal retirement	40,023	38,649
Interest and fiscal charges	<u>7,076</u>	<u>9,000</u>
Total expenditures	<u>5,077,458</u>	<u>4,684,444</u>
Excess of revenues over expenditures	<u>226,966</u>	<u>432,761</u>
Other financing uses:		
Sale of assets	2,800	493
Transfers in	50,000	
Transfers out	<u>(56,493)</u>	<u>(56,493)</u>
Total other financing uses	<u>(3,693)</u>	<u>(56,000)</u>
Net changes in fund balance	223,273	376,761
FUND BALANCE, Beginning of year	<u>4,071,210</u>	<u>3,694,449</u>
FUND BALANCE, End of year	<u>\$ 4,294,483</u>	<u>\$ 4,071,210</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## GENERAL FUND (Without Contingent Fund) SCHEDULE OF REVENUES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015

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	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
Taxes:				
Property taxes	\$ 1,742,649	\$ 1,742,649	\$ 1,736,149	\$ (6,500)
Specific ownership tax	325,616	325,616	365,396	39,780
Sales taxes	1,400,000	1,400,000	1,547,942	147,942
Intergovernmental taxes	8,000	8,000	7,499	(501)
Total taxes	<u>3,476,265</u>	<u>3,476,265</u>	<u>3,656,986</u>	<u>180,721</u>
Intergovernmental:				
Federal and State grants	1,186,733	1,186,733	616,831	(569,902)
Payment in lieu of taxes	422,198	422,198	448,745	26,547
Total intergovernmental	<u>1,608,931</u>	<u>1,608,931</u>	<u>1,065,576</u>	<u>(543,355)</u>
Charges for services:				
Sheriff	46,000	46,000	53,706	7,706
Engineer	18,000	18,000	18,785	785
Clerk	141,100	141,100	155,699	14,599
Treasurer	64,878	64,878	109,037	44,159
Public trustee	13,000	13,000	5,490	(7,510)
Administration	58,716	58,716	61,333	2,617
Total charges for services	<u>341,694</u>	<u>341,694</u>	<u>404,050</u>	<u>62,356</u>
Fines and forfeitures:				
Administration	3,250	3,250	2,157	(1,093)
Total fines and forfeitures	<u>3,250</u>	<u>3,250</u>	<u>2,157</u>	<u>(1,093)</u>
Investment earnings	<u>55,000</u>	<u>55,000</u>	<u>77,424</u>	<u>22,424</u>
Miscellaneous:				
Rent	100,847	100,847	98,231	(2,616)
Total miscellaneous	<u>100,847</u>	<u>100,847</u>	<u>98,231</u>	<u>(2,616)</u>
Total revenues	<u>\$ 5,585,987</u>	<u>\$ 5,585,987</u>	<u>\$ 5,304,424</u>	<u>\$ (281,563)</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## GENERAL FUND (Without Contingent Fund) SCHEDULE OF EXPENDITURES – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>				
General government:				
Assessor	\$ 374,685	\$ 374,685	\$ 340,933	\$ 33,752
Attorney	90,496	90,496	90,519	(23)
Clerk and recorder	312,109	312,109	283,907	28,202
Commissioners	2,706,265	2,706,265	1,753,963	952,302
Public works	163,919	163,919	133,890	30,029
Treasurer	236,973	236,973	203,292	33,681
Total general government	<u>3,884,447</u>	<u>3,884,447</u>	<u>2,806,504</u>	<u>1,077,943</u>
Public safety:				
Sheriff	1,647,691	1,727,278	1,714,657	12,621
Emergency management	35,501	35,501	31,448	4,053
Courthouse security	51,014	51,014	43,259	7,755
Coroner	72,025	81,114	81,813	(699)
Predator control	22,112	22,112	19,077	3,035
Total public safety	<u>1,828,343</u>	<u>1,917,019</u>	<u>1,890,254</u>	<u>26,765</u>
Public works:				
Public service	139,456	139,456	118,442	21,014
Veterans	21,168	23,588	22,710	878
Total public works	<u>160,624</u>	<u>163,044</u>	<u>141,152</u>	<u>21,892</u>
Public health and welfare	<u>71,053</u>	<u>71,053</u>	<u>45,983</u>	<u>25,070</u>
Culture and recreation:				
Recreation	3,100	3,100	3,100	-
Senior citizens	23,210	23,210	20,668	2,542
Library	5,000	5,000	3,000	2,000
Total culture and recreation	<u>31,310</u>	<u>31,310</u>	<u>26,768</u>	<u>4,542</u>
Conservation	<u>104,708</u>	<u>120,662</u>	<u>119,698</u>	<u>964</u>
Debt service:				
Principal retirement			40,023	(40,023)
Interest and fiscal charges	6,500	6,500	7,076	(576)
Total debt service	<u>6,500</u>	<u>6,500</u>	<u>47,099</u>	<u>(40,599)</u>
Total expenditures	<u>\$ 6,086,985</u>	<u>\$ 6,194,035</u>	<u>\$ 5,077,458</u>	<u>\$ 1,116,577</u>

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## ROAD & BRIDGE FUND

### BALANCE SHEET

DECEMBER 31, 2015 (with comparative amounts for 2014)

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	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 2,992,181	\$ 2,898,240
Receivables:		
Accounts	16,363	55,929
Property taxes	602,422	557,068
Due from others	18,259	
Inventory	<u>131,349</u>	<u>128,825</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 3,760,574</b></u>	<u><b>\$ 3,640,062</b></u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 21,740	\$ 26,854
Accrued expenses	6,461	4,731
Due to other funds	<u>20,762</u>	<u>2,635</u>
Total liabilities	<u>48,963</u>	<u>34,220</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>602,422</u>	<u>557,068</u>
Total deferred inflows of resources	<u>602,422</u>	<u>557,068</u>
<b>FUND BALANCES</b>		
Non-spendable inventory	131,349	128,825
Committed	<u>2,977,840</u>	<u>2,919,949</u>
Total fund balances	<u>3,109,189</u>	<u>3,048,774</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>	<u><b>\$ 3,760,574</b></u>	<u><b>\$ 3,640,062</b></u>

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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, 2015 (with comparative amounts for 2014)

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	2015	2014
<b>REVENUES</b>		
Property taxes	\$ 552,690	\$ 543,195
Specific ownership tax	115,804	112,442
Intergovernmental	1,749,980	1,731,321
Charges for services	227,324	312,632
Miscellaneous	<u>9,517</u>	<u>29,320</u>
Total revenues	<u>2,655,315</u>	<u>2,728,910</u>
<b>EXPENDITURES</b>		
Public works	2,255,913	2,129,112
Capital outlay	<u>371,237</u>	<u>320,604</u>
Total expenditures	<u>2,627,150</u>	<u>2,449,716</u>
Excess of revenues over expenditures	<u>28,165</u>	<u>279,194</u>
Other financing sources		
Sale of assets	<u>32,250</u>	<u>62,352</u>
Total other financing sources	<u>32,250</u>	<u>62,352</u>
Net changes in fund balances	60,415	341,546
FUND BALANCES, Beginning of year	<u>3,048,774</u>	<u>2,707,228</u>
FUND BALANCES, End of year	<u>\$ 3,109,189</u>	<u>\$ 3,048,774</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## SOCIAL SERVICES

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

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	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 849,027	\$ 783,664
Receivables:		
Accounts	249,761	333,532
Property taxes	435,067	402,312
Due from other funds	<u>19,075</u>	<u>36,226</u>
<b>TOTAL ASSETS</b>	<u>\$ 1,552,930</u>	<u>\$ 1,555,734</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 88,421	\$ 114,146
Due to other funds	12,894	15,141
Due to State	109,078	108,138
Unearned revenues	<u>120,052</u>	<u>111,569</u>
Total liabilities	<u>330,445</u>	<u>348,994</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>435,067</u>	<u>402,312</u>
Total deferred inflows of resources	<u>435,067</u>	<u>402,312</u>
<b>FUND BALANCE</b>		
Committed	<u>787,418</u>	<u>804,428</u>
Total fund balance	<u>787,418</u>	<u>804,428</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 1,552,930</u>	<u>\$ 1,555,734</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## SOCIAL SERVICES

### SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>REVENUES</b>		
Property taxes	\$ 399,178	\$ 392,303
Specific ownership tax	83,633	81,203
Intergovernmental	<u>11,920,938</u>	<u>11,400,208</u>
Total revenues	<u>12,403,749</u>	<u>11,873,714</u>
<b>EXPENDITURES</b>		
Public health and welfare	<u>12,420,759</u>	<u>11,823,690</u>
Total expenditures	<u>12,420,759</u>	<u>11,823,690</u>
Excess (deficiency) of revenues over expenditures	<u>(17,010)</u>	<u>50,024</u>
Net changes in fund balance	(17,010)	50,024
FUND BALANCE, Beginning of year	<u>804,428</u>	<u>754,404</u>
FUND BALANCE, End of year	<u>\$ 787,418</u>	<u>\$ 804,428</u>

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See the accompanying independent auditors' report.



# OTERO COUNTY, COLORADO

## CAPITAL IMPROVEMENT FUND

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 921,691	\$ 742,439
Property tax receivable	181,278	167,630
Note receivable from general fund	229,994	252,535
Due from other funds	<u>10,266</u>	<u>4,771</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,343,229</u></b>	<b><u>\$ 1,167,375</u></b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 24,041	
Due to other funds	<u>5,527</u>	<u>\$ 71</u>
Total liabilities	<u>29,568</u>	<u>71</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>181,278</u>	<u>167,630</u>
Total deferred inflows of resources	<u>181,278</u>	<u>167,630</u>
<b>FUND BALANCE</b>		
Committed	<u>1,132,383</u>	<u>999,674</u>
Total fund balance	<u>1,132,383</u>	<u>999,674</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<b><u>\$ 1,343,229</u></b>	<b><u>\$ 1,167,375</u></b>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## CAPITAL IMPROVEMENT FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>REVENUES</b>		
Property taxes	\$ 166,204	\$ 32,687
Specific ownership tax	32,490	6,771
Miscellaneous	<u>6,313</u>	<u>6,863</u>
Total revenues	<u>205,007</u>	<u>46,321</u>
<b>EXPENDITURES</b>		
General government	24,974	4,694
Capital outlay	<u>47,324</u>	<u>          </u>
Total expenditures	<u>72,298</u>	<u>4,694</u>
Excess of revenues over expenditures	<u>132,709</u>	<u>41,627</u>
Net changes in fund balance	132,709	41,627
FUND BALANCE, Beginning of year	<u>999,674</u>	<u>958,047</u>
FUND BALANCE, End of year	<u>\$ 1,132,383</u>	<u>\$ 999,674</u>

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See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## GENERAL HUMAN SERVICES FUND

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 1,239,780	\$ 934,012
Accounts receivable	115,494	209,294
Due from other funds	<u>                    </u>	<u>2,623</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 1,355,274</u></b>	<b><u>\$ 1,145,929</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 12,555	\$ 1,285
Unearned revenue	1,341,650	959,730
Due to other funds	<u>5,781</u>	<u>36,030</u>
Total liabilities	<u>1,359,986</u>	<u>997,045</u>
<b>FUND BALANCE</b>		
Committed		148,884
Unassigned	<u>(4,712)</u>	<u>                    </u>
Total fund balances	<u>(4,712)</u>	<u>148,884</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b><u>\$ 1,355,274</u></b>	<b><u>\$ 1,145,929</u></b>

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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, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>REVENUES</b>		
Intergovernmental	\$ 535,286	\$ 640,972
Miscellaneous	<u>700</u>	<u>60</u>
Total revenues	<u>535,986</u>	<u>641,032</u>
<b>EXPENDITURES</b>		
Health and welfare	<u>689,582</u>	<u>580,346</u>
Total expenditures	<u>689,582</u>	<u>580,346</u>
Excess of revenues over expenditures	<u>(153,596)</u>	<u>60,686</u>
Net changes in fund balance	(153,596)	60,686
FUND BALANCE, Beginning of year	<u>148,884</u>	<u>88,198</u>
FUND BALANCE, End of year	<u>\$ (4,712)</u>	<u>\$ 148,884</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## NON-MAJOR SPECIAL REVENUE FUNDS COMBINING BALANCE SHEET DECEMBER 31, 2015

	<u>Insurance Fund</u>	<u>Clerk Hire</u>	<u>Conservation Trust</u>	<u>Health Fund</u>	<u>AAA Services</u>	<u>Small Business Development</u>	<u>Otero County Land Trust</u>	<u>Total Nonmajor Special Revenue Funds</u>
<b>ASSETS</b>								
Cash and cash equivalents	\$ 276,998	\$ 368,223	\$ 334,332	\$ 870,240	\$ 126,804	\$ 142,778	\$ 67,276	\$ 2,186,651
Receivables:								
Accounts	956	12,374		242,968	153,431			409,729
Property tax	72,511							72,511
Due from other funds	2,198							2,198
<b>TOTAL ASSETS</b>	<u>\$ 352,663</u>	<u>\$ 380,597</u>	<u>\$ 334,332</u>	<u>\$ 1,113,208</u>	<u>\$ 280,235</u>	<u>\$ 142,778</u>	<u>\$ 67,276</u>	<u>\$ 2,671,089</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
<b>LIABILITIES</b>								
Accounts payable		\$ 683	\$ 292	\$ 27,648	\$ 152,271	\$ 10	\$ 154	\$ 181,058
Accrued expenses		40		283				323
Due to other funds	\$ 2,374			4,544	106			7,024
<b>Total liabilities</b>	<u>2,374</u>	<u>723</u>	<u>292</u>	<u>32,475</u>	<u>152,377</u>	<u>10</u>	<u>154</u>	<u>188,405</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>								
Deferred revenue	72,511			8,592				81,103
<b>Total deferred inflows of resources</b>	<u>72,511</u>	<u>-</u>	<u>-</u>	<u>8,592</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,103</u>
<b>FUND BALANCES</b>								
Restricted - grants			334,040			142,768		476,808
Restricted - statute		379,874					67,122	446,996
Committed	277,778			1,072,141	127,858			1,477,777
<b>Total fund balances</b>	<u>277,778</u>	<u>379,874</u>	<u>334,040</u>	<u>1,072,141</u>	<u>127,858</u>	<u>142,768</u>	<u>67,122</u>	<u>2,401,581</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>								
	<u>\$ 352,663</u>	<u>\$ 380,597</u>	<u>\$ 334,332</u>	<u>\$ 1,113,208</u>	<u>\$ 280,235</u>	<u>\$ 142,778</u>	<u>\$ 67,276</u>	<u>\$ 2,671,089</u>

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, 2015

	Insurance Fund	Clerk Hire	Conservation Trust	Health Fund	AAA Services	Small Business Development	Otero County Land Trust	Total Nonmajor Special Revenue Funds
<b>REVENUES</b>								
Property tax	\$ 66,535							\$ 66,535
Specific ownership tax	14,528							14,528
Intergovernmental			\$ 50,466	\$ 1,762,864	\$ 852,531	\$ 40,600		2,706,461
Charges for services		\$ 178,210		93,030	6,305	17,492		295,037
Investment earnings	137		2,038				\$ 412	2,587
Miscellaneous	46,097		2,687	129,055	831			178,670
Total revenues	127,297	178,210	55,191	1,984,949	859,667	58,092	412	3,263,818
<b>EXPENDITURES</b>								
General government	144,990	119,206						264,196
Public health and welfare				2,004,342	843,666			2,848,008
Culture and recreation			30,673					30,673
Conservation							1,594	1,594
Economic development						254		254
Total expenditures	144,990	119,206	30,673	2,004,342	843,666	254	1,594	3,144,725
Excess (deficiency) of revenues over expenditures	(17,693)	59,004	24,518	(19,393)	16,001	57,838	(1,182)	119,093
Other financing sources:								
Insurance recovery	2,686							2,686
Issuance of note						(36,481)		(36,481)
Transfers in				56,493				56,493
Total other financing sources	2,686	-	-	56,493	-	(36,481)	-	22,698
Net changes in fund balances	(15,007)	59,004	24,518	37,100	16,001	21,357	(1,182)	141,791
FUND BALANCES, Beginning of year	292,785	320,870	309,522	1,035,041	111,857	121,411	68,304	2,259,790
FUND BALANCES, End of year	\$ 277,778	\$ 379,874	\$ 334,040	\$ 1,072,141	\$ 127,858	\$ 142,768	\$ 67,122	\$ 2,401,581

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## INSURANCE FUND

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

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	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 276,998	\$ 292,234
Receivables:		
Accounts	956	957
Property tax	72,511	67,052
Due from others	<u>2,198</u>	<u>          </u>
<b>TOTAL ASSETS</b>	<u>\$ 352,663</u>	<u>\$ 360,243</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable		\$ 214
Due to other funds	<u>\$ 2,374</u>	<u>192</u>
Total liabilities	<u>2,374</u>	<u>406</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>72,511</u>	<u>67,052</u>
Total deferred inflows of resources	<u>72,511</u>	<u>67,052</u>
<b>FUND BALANCE</b>		
Committed	<u>277,778</u>	<u>292,785</u>
Total fund balance	<u>277,778</u>	<u>292,785</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 352,663</u>	<u>\$ 360,243</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## INSURANCE FUND

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

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)**

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>					
Property tax	\$ 66,964	\$ 66,964	\$ 66,535	\$ (429)	\$ 98,073
Specific ownership tax	13,000	13,000	14,528	1,528	20,301
Investment earnings	90	90	137	47	137
Miscellaneous	44,000	44,000	46,097	2,097	43,952
Total revenues	124,054	124,054	127,297	3,243	162,463
<b>EXPENDITURES</b>					
General government	146,732	146,732	144,990	1,742	148,920
Total expenditures	146,732	146,732	144,990	1,742	148,920
Excess (deficiency) of revenues over expenditures	(22,678)	(22,678)	(17,693)	4,985	13,543
Other financing sources:					
Insurance recovery	10,000	10,000	2,686	(7,314)	50,770
Net changes in fund balance	\$ (12,678)	\$ (12,678)	(15,007)	\$ (2,329)	64,313
FUND BALANCE, Beginning of year			292,785		228,472
FUND BALANCE, End of year			\$ 277,778		\$ 292,785

See the accompanying independent auditors' report.



# OTERO COUNTY, COLORADO

## CLERK HIRE FUND

### BALANCE SHEET

DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 368,223	\$ 308,494
Accounts receivable	<u>12,374</u>	<u>13,435</u>
<b>TOTAL ASSETS</b>	<u>\$ 380,597</u>	<u>\$ 321,929</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 683	\$ 621
Accrued expenses	<u>40</u>	<u>438</u>
<b>Total liabilities</b>	<u>723</u>	<u>1,059</u>
 <b>FUND BALANCE</b>		
Restricted – statute	<u>379,874</u>	<u>320,870</u>
<b>Total fund balance</b>	<u>379,874</u>	<u>320,870</u>
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 <u>\$ 380,597</u>	 <u>\$ 321,929</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## CLERK HIRE FUND

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

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)**

	2015			Variance Favorable (Unfavorable)	2014 Actual
	Original Budget	Final Budget	Actual		
<b>REVENUES</b>					
Charges for services	\$ 170,000	\$ 170,000	\$ 178,210	\$ 8,210	\$ 172,175
Total revenues	170,000	170,000	178,210	8,210	172,175
<b>EXPENDITURES</b>					
General government	132,557	132,557	119,206	13,351	124,423
Total expenditures	132,557	132,557	119,206	13,351	124,423
Excess of revenues over expenditures	37,443	37,443	59,004	21,561	47,752
Net changes in fund balance	\$ 37,443	\$ 37,443	59,004	\$ 21,561	47,752
FUND BALANCE, Beginning of year			320,870		273,118
FUND BALANCE, End of year			\$ 379,874		\$ 320,870

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## CONSERVATION TRUST FUND

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ <u>334,332</u>	\$ <u>309,665</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>334,332</u></b>	<b>\$ <u>309,665</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ <u>292</u>	\$ <u>143</u>
Total liabilities	<u>292</u>	<u>143</u>
<b>FUND BALANCE</b>		
Restricted - grants	<u>334,040</u>	<u>309,522</u>
Total fund balance	<u>334,040</u>	<u>309,522</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>334,332</u></b>	<b>\$ <u>309,665</u></b>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>					
Intergovernmental	\$ 116,930	\$ 116,930	\$ 50,466	\$ (66,464)	\$ 51,052
Interest earnings	650	650	2,038	1,388	7,131
Miscellaneous	2,687	2,687	2,687	-	2,687
Total revenues	120,267	120,267	55,191	(65,076)	60,870
<b>EXPENDITURES</b>					
Culture and recreation	345,603	345,603	30,673	314,930	46,882
Total expenditures	345,603	345,603	30,673	314,930	46,882
Excess (deficiency) of revenues over (under) expenditures	(225,336)	(225,336)	24,518	249,854	13,988
Net changes in fund balance	<u>\$ (225,336)</u>	<u>\$ (225,336)</u>	24,518	<u>\$ 249,854</u>	13,988
FUND BALANCE, Beginning of year			309,522		295,534
FUND BALANCE, End of year			<u>\$ 334,040</u>		<u>\$ 309,522</u>

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## HEALTH FUND BALANCE SHEET DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 870,240	\$ 775,001
Accounts receivable	242,968	277,790
Due from other funds	<u>        </u>	<u>6,168</u>
TOTAL ASSETS	<u>\$ 1,113,208</u>	<u>\$ 1,058,959</u>
 <b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 27,648	\$ 18,772
Accrued expenses	283	603
Due to other funds	<u>4,544</u>	<u>4,543</u>
Total liabilities	<u>32,475</u>	<u>23,918</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>8,592</u>	<u>        </u>
Total deferred inflows of resources	<u>8,592</u>	<u>—</u>
 <b>FUND BALANCE</b>		
Committed	<u>1,072,141</u>	<u>1,035,041</u>
Total fund balance	<u>1,072,141</u>	<u>1,035,041</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 1,113,208</u>	<u>\$ 1,058,959</u>

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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, 2015 (with comparative actual amounts for 2014)**

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>					
Intergovernmental	\$ 2,145,085	\$ 2,145,085	\$ 1,762,864	\$ (382,221)	\$ 1,958,597
Charges for service	102,156	102,156	93,030	(9,126)	89,098
Miscellaneous	86,657	86,657	129,055	42,398	24,692
Total revenues	<u>2,333,898</u>	<u>2,333,898</u>	<u>1,984,949</u>	<u>(348,949)</u>	<u>2,072,387</u>
<b>EXPENDITURES</b>					
Public health and welfare	<u>2,390,391</u>	<u>2,390,391</u>	<u>2,004,342</u>	<u>386,049</u>	<u>1,981,116</u>
Total expenditures	<u>2,390,391</u>	<u>2,390,391</u>	<u>2,004,342</u>	<u>386,049</u>	<u>1,981,116</u>
Excess (deficiency) of revenues over expenditures	(56,493)	(56,493)	(19,393)	37,100	91,271
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>\$ -</u>	<u>\$ -</u>	<u>37,100</u>	<u>\$ 37,100</u>	<u>147,764</u>
FUND BALANCE, Beginning of year			<u>1,035,041</u>		<u>887,277</u>
FUND BALANCE, End of year			<u>\$ 1,072,141</u>		<u>\$ 1,035,041</u>

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## AAA SERVICES FUND

### BALANCE SHEET

DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 126,804	\$ 103,073
Accounts receivable	<u>153,431</u>	<u>106,780</u>
TOTAL ASSETS	<u>\$ 280,235</u>	<u>\$ 209,853</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ 152,271	\$ 97,996
Accounts payable	<u>106</u>	<u>          </u>
Total liabilities	<u>152,377</u>	<u>97,996</u>
<b>FUND BALANCES</b>		
Restricted - grants		86,172
Committed	<u>127,858</u>	<u>25,685</u>
Total fund balance	<u>127,858</u>	<u>111,857</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 280,235</u>	<u>\$ 209,853</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## AAA SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>					
Intergovernmental	\$ 776,352	\$ 780,259	\$ 852,531	\$ 72,272	\$ 701,993
Charges for services	5,000	5,000	6,305	1,305	552
Miscellaneous	2,000	2,000	831	(1,169)	1,085
Total revenues	783,352	787,259	859,667	72,408	703,630
<b>EXPENDITURES</b>					
Public health and welfare	783,352	780,125	843,666	(63,541)	704,100
Total expenditures	783,352	780,125	843,666	(63,541)	704,100
Excess (deficiency) of revenues over expenditures	-	7,134	16,001	8,867	(470)
Net changes in fund balance	\$ -	\$ 7,134	16,001	\$ 8,867	(470)
FUND BALANCE, Beginning of year			111,857		112,327
FUND BALANCE, End of year			\$ 127,858		\$ 111,857

See the accompanying independent auditors' report.



# OTERO COUNTY, COLORADO

## SMALL BUSINESS DEVELOPMENT FUND

### BALANCE SHEET

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 142,778	\$ 116,664
Accounts receivable	<u>                    </u>	<u>4,747</u>
<b>TOTAL ASSETS</b>	<u>\$ 142,778</u>	<u>\$ 121,411</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accrued payable	\$ <u>10</u>	<u>                    </u>
Total liabilities	<u>10</u>	\$ <u>—</u>
<b>FUND BALANCE</b>		
Restricted – grants	<u>142,768</u>	<u>121,411</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u>\$ 142,778</u>	<u>\$ 121,411</u>

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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, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>REVENUES</b>					
Intergovernmental	\$ 210,726	\$ 210,726	\$ 40,600	\$ (170,126)	
Charges for service	13,300	13,300	17,492	4,192	\$ 67,534
Total revenues	<u>224,026</u>	<u>224,026</u>	<u>58,092</u>	<u>(165,934)</u>	<u>67,534</u>
<b>EXPENDITURES</b>					
Economic development	<u>236,066</u>	<u>236,066</u>	<u>254</u>	<u>235,812</u>	<u>1,576</u>
Total expenditures	<u>236,066</u>	<u>236,066</u>	<u>254</u>	<u>235,812</u>	<u>1,576</u>
Excess (deficiency) of revenues over expenditures	(12,040)	(12,040)	57,838	69,878	65,958
Other financing sources:					
Issuance of notes			<u>36,481</u>	<u>(36,481)</u>	
Net changes in fund balance	<u>\$ (12,040)</u>	<u>\$ (12,040)</u>	<u>21,357</u>	<u>\$ 33,397</u>	<u>65,958</u>
FUND BALANCE, Beginning of year			<u>121,411</u>		<u>55,453</u>
FUND BALANCE, End of year			<u>\$ 142,768</u>		<u>\$ 121,411</u>

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## OTERO COUNTY LAND TRUST FUND

### BALANCE SHEET

DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ <u>67,276</u>	\$ <u>68,515</u>
<b>TOTAL ASSETS</b>	<b>\$ <u>67,276</u></b>	<b>\$ <u>68,515</u></b>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ <u>154</u>	\$ <u>211</u>
Total liabilities	<u>154</u>	<u>211</u>
<b>FUND BALANCE</b>		
Restricted – statute	<u>67,122</u>	<u>68,304</u>
Total fund balance	<u>67,122</u>	<u>68,304</u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ <u>67,276</u></b>	<b>\$ <u>68,515</u></b>

See the accompanying independent auditors' report.

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# 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, 2015 (with comparative actual amounts for 2014)

---

	2015		Actual	Variance Favorable (Unfavorable)	2014 Actual
	Original Budget	Final Budget			
<b>REVENUES</b>					
Interest earnings			\$ 412	\$ 412	\$ 1,942
Total revenues	\$ -	\$ -	412	412	1,942
<b>EXPENDITURES</b>					
Conservation	3,799	3,799	1,594	2,205	3,336
Total expenditures	3,799	3,799	1,594	2,205	3,336
Deficiency of revenues over expenditures	(3,799)	(3,799)	(1,182)	2,617	(1,394)
Net changes in fund balance	\$ (3,799)	\$ (3,799)	(1,182)	\$ 2,617	(1,394)
FUND BALANCE, Beginning of year			68,304		69,698
FUND BALANCE, End of year			\$ 67,122		\$ 68,304

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## OTHER FUNDS – CONTINGENT FUND – BEFORE TRANSFER TO GENERAL FUND BALANCE SHEET DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
Cash and cash equivalents	\$ 315,185	\$ 265,183
Due from other funds	<u>318</u>	<u>318</u>
TOTAL ASSETS	<u>\$ 315,503</u>	<u>\$ 265,501</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>LIABILITIES</b>		
Accounts payable	\$ <u>9,629</u>	<u>          </u>
Total liabilities	<u>9,629</u>	\$ <u>—</u>
<b>FUND BALANCE</b>		
Committed	<u>305,874</u>	<u>265,501</u>
Total fund balance	<u>305,874</u>	<u>265,501</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 315,503</u>	<u>\$ 265,501</u>

See the accompanying independent auditors' report.

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# 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, 2015 (with comparative actual amounts for 2014)

	2015		Actual	Variance Favorable (Unfavorable)	2014 Actual
	Original Budget	Final Budget			
<b>REVENUES</b>					
Property tax			\$ 3	\$ 3	\$ 102
Total revenues	\$ -	\$ -	3	3	102
<b>EXPENDITURES</b>					
General government	210,000	210,000	9,630	200,370	
Total expenditures	210,000	210,000	9,630	200,370	-
Excess (deficiency) of revenues over expenditures	(210,000)	(210,000)	(9,627)	200,373	102
Other financing sources					
Transfers in	50,000	50,000	50,000		
Net changes in fund balance	\$ (160,000)	\$ (160,000)	40,373	\$ 200,373	102
FUND BALANCE, Beginning of year			265,501		265,399
FUND BALANCE, End of year			\$ 305,874		\$ 265,501

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF NET POSITION DECEMBER 31, 2015 (with comparative totals for 2014)

---

	2015			2014
	Internal Service	Medical Trust	Total	Total
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	\$ 580,555	\$ 1,596,485	\$ 2,177,040	\$ 1,693,330
Accounts receivable		462	462	114,277
Total current assets	580,555	1,596,947	2,177,502	1,807,607
<b>NON-CURRENT ASSETS</b>				
Capital assets:				
Depreciable capital assets, net	235,073		235,073	169,604
<b>TOTAL ASSETS</b>	<b>815,628</b>	<b>1,596,947</b>	<b>2,412,575</b>	<b>1,977,211</b>
<b>LIABILITIES</b>				
Accounts payable	27,501		27,501	
Claims payable		182,357	182,357	201,972
Due to other funds	25,749		25,749	25,749
<b>TOTAL LIABILITIES</b>	<b>53,250</b>	<b>182,357</b>	<b>235,607</b>	<b>227,721</b>
<b>NET POSITION</b>				
Investment in capital assets	235,073		235,073	169,604
Unrestricted	527,305	1,414,590	1,941,895	1,579,886
<b>TOTAL NET POSITION</b>	<b>\$ 762,378</b>	<b>\$ 1,414,590</b>	<b>\$ 2,176,968</b>	<b>\$ 1,749,490</b>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

---

	2015			2014 Total
	Internal Service	Medical Trust	Total	
OPERATING REVENUES				
Charges for services	\$ 118,105	\$ 1,827,110	\$ 1,945,215	\$ 1,992,309
Investment earnings		644	644	3,023
Total operating revenues	118,105	1,827,754	1,945,859	1,995,332
OPERATING EXPENSES				
General government	14,404		14,404	14,285
Claims		1,333,994	1,333,994	1,397,204
Depreciation	69,983		69,983	67,058
Total operating expenses	84,387	1,333,994	1,418,381	1,478,547
Operating income	33,718	493,760	527,478	516,785
NON-OPERATING REVENUES				
Sale of assets			-	828
Total non-operating revenues	-	-	-	828
OTHER FINANCING SOURCES (USES)				
Transfers out		(100,000)	(100,000)	
Change in net position	33,718	393,760	427,478	517,613
NET POSITION, Beginning of year	728,660	1,020,830	1,749,490	1,231,877
NET POSITION, End of year	\$ 762,378	\$ 1,414,590	\$ 2,176,968	\$ 1,749,490

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See the accompanying independent auditors' report.



# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUNDS COMBINING STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative totals for 2014)

	2015			2014 Total
	Internal Service	Medical Trust	Total	
<b>OPERATING ACTIVITIES</b>				
Cash received from customers	\$ 118,105	\$ 1,940,925	\$ 2,059,030	\$ 1,879,713
Investment earnings		644	644	3,023
Cash payments for goods and services	13,097	(1,353,609)	(1,340,512)	(1,441,621)
Net cash provided by operating activities	131,202	587,960	719,162	441,115
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Proceeds from sale of assets				828
Payments for capital acquisitions	(135,452)		(135,452)	(59,675)
Net cash used in capital and related financing activities	(135,452)	-	(135,452)	(58,847)
<b>CASH USED IN NON-CAPITAL FINANCING ACTIVITIES</b>				
Transfers out		(100,000)	(100,000)	
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(4,250)	487,960	483,710	382,268
<b>CASH AND CASH EQUIVALENTS,</b>				
Beginning of year	584,805	1,108,525	1,693,330	1,311,062
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 580,555</u>	<u>\$ 1,596,485</u>	<u>\$ 2,177,040</u>	<u>\$ 1,693,330</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>				
Operating income	\$ 33,718	\$ 493,760	\$ 527,478	\$ 516,785
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	69,983		69,983	67,058
Change in operating assets and liabilities:				
Accounts receivable		113,815	113,815	(112,596)
Claims payable		(19,615)	(19,615)	(30,132)
Accounts payable	27,501		27,501	
Net cash provided by operating activities	<u>\$ 131,202</u>	<u>\$ 587,960</u>	<u>\$ 719,162</u>	<u>\$ 441,115</u>

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUND

### STATEMENT OF NET POSITION

DECEMBER 31, 2015 (with comparative amounts for 2014)

---

	2015	2014
<b>ASSETS</b>		
CURRENT ASSETS		
Cash and cash equivalents	\$ 580,555	\$ 584,805
NON- CURRENT ASSETS		
Capital assets:		
Depreciable capital assets, net	<u>235,073</u>	<u>169,604</u>
TOTAL ASSETS	<u>815,628</u>	<u>754,409</u>
<b>LIABILITIES</b>		
Accounts payable	27,501	
Due to other funds	<u>25,749</u>	<u>25,749</u>
TOTAL LIABILITIES	<u>53,250</u>	<u>25,749</u>
<b>NET POSITION</b>		
Investment in capital assets	235,073	169,604
Unrestricted	<u>527,305</u>	<u>559,056</u>
TOTAL NET POSITION	<u>\$ 762,378</u>	<u>\$ 728,660</u>

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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, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>OPERATING REVENUES</b>		
Charges for services	\$ 118,105	\$ 125,929
Investment earnings	<u>                    </u>	<u>2,750</u>
Total operating revenues	<u>118,105</u>	<u>128,679</u>
<b>OPERATING EXPENSES</b>		
General government	14,404	14,285
Depreciation	<u>69,983</u>	<u>67,058</u>
Total operating expenses	<u>84,387</u>	<u>81,343</u>
Operating income	<u>33,718</u>	<u>47,336</u>
<b>NON-OPERATING REVENUES</b>		
Sale of assets	<u>                    </u>	<u>828</u>
Change in net position	33,718	48,164
NET POSITION, Beginning of year	<u>728,660</u>	<u>680,496</u>
NET POSITION, End of year	<u>\$ 762,378</u>	<u>\$ 728,660</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUND STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 118,105	\$ 127,593
Investment earnings		2,750
Cash payments for goods and services	<u>13,097</u>	<u>(14,285)</u>
Net cash provided by operating activities	<u>131,202</u>	<u>116,058</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of assets		828
Payments for purchase of capital acquisition	<u>(135,452)</u>	<u>(59,675)</u>
Net cash used in capital and related financing activities	<u>(135,452)</u>	<u>(58,847)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(4,250)	57,211
<b>CASH AND CASH EQUIVALENTS, Beginning of year</b>	<u>584,805</u>	<u>527,594</u>
<b>CASH AND CASH EQUIVALENTS, End of year</b>	<u>\$ 580,555</u>	<u>\$ 584,805</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 33,718	\$ 47,336
Adjustments to reconcile operating income to net cash used by operating activities:		
Depreciation	69,983	67,058
Change in operating assets and liabilities:		
Accounts receivable		1,664
Accounts payable	<u>27,501</u>	<u>          </u>
Net cash provided by operating activities	<u>\$ 131,202</u>	<u>\$ 116,058</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## INTERNAL SERVICE FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 124,667	\$ 124,667	\$ 118,105	\$ (6,562)	\$ 125,929
Investment earnings	2,750	2,750		(2,750)	2,750
Total operating revenues	127,417	127,417	118,105	(9,312)	128,679
<b>OPERATING EXPENSES</b>					
General government	145,427	37,476	14,404	23,072	14,285
Capital outlay		107,951		107,951	
Total operating expenses	145,427	145,427	14,404	131,023	14,285
Operating income	(18,010)	(18,010)	103,701	121,711	114,394
<b>NON-OPERATING REVENUES</b>					
Sale of assets				-	828
Excess of revenues and other financing sources over expenditures	\$ (18,010)	\$ (18,010)	\$ 103,701	\$ 121,711	\$ 115,222
<b>RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS TO BUDGETARY BASIS</b>					
Change in net position per statement of revenues:					
Expenses and changes in net position			\$ 33,718		\$ 48,164
Expenditures for budgetary purposes:					
Depreciation			69,983		67,058
			\$ 103,701		\$ 115,222

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## MEDICAL TRUST FUND

### STATEMENT OF NET POSITION

**DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>ASSETS</b>		
Cash and investments	\$ 1,596,485	\$ 1,108,525
Accounts receivable	<u>462</u>	<u>114,277</u>
TOTAL ASSETS	<u>1,596,947</u>	<u>1,222,802</u>
<b>LIABILITIES</b>		
Claims payable	<u>182,357</u>	<u>201,972</u>
TOTAL LIABILITIES	<u>182,357</u>	<u>201,972</u>
<b>NET POSITION</b>		
Unrestricted	<u>1,414,590</u>	<u>1,020,830</u>
TOTAL NET POSITION	<u>\$ 1,414,590</u>	<u>\$ 1,020,830</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## MEDICAL TRUST FUND

### STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>OPERATING REVENUES</b>		
Charges for services	\$ 1,827,110	\$ 1,866,380
Investment earnings	<u>644</u>	<u>273</u>
Total operating revenues	<u>1,827,754</u>	<u>1,866,653</u>
<b>OPERATING EXPENSES</b>		
Claims	<u>1,333,994</u>	<u>1,397,204</u>
Operating income	<u>493,760</u>	<u>469,449</u>
Other financing sources (uses)		
Transfers out	<u>(100,000)</u>	<u>          </u>
NET POSITION, Beginning of year	<u>1,020,830</u>	<u>551,381</u>
NET POSITION, End of year	<u>\$ 1,414,590</u>	<u>\$ 1,020,830</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## MEDICAL TRUST FUND STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)**

---

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 1,940,925	\$ 1,752,120
Investment earnings	644	273
Cash payments for goods and services	<u>(1,353,609)</u>	<u>(1,427,336)</u>
Net cash provided by operating activities	<u>587,960</u>	<u>325,057</u>
<b>CASH USED IN NON-CAPITAL FINANCING ACTIVITIES</b>		
Transfers out	<u>(100,000)</u>	<u>                    </u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	487,960	325,057
CASH AND CASH EQUIVALENTS, Beginning of year	<u>1,108,525</u>	<u>783,468</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 1,596,485</u>	<u>\$ 1,108,525</u>
 <b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating income	\$ 493,760	\$ 469,449
Adjustments to reconcile operating income to net cash provided by operating activities:		
Change in operating assets and liabilities:		
Accounts receivable	113,815	(114,260)
Claims payable	<u>(19,615)</u>	<u>(30,132)</u>
Net cash provided by operating activities	<u>\$ 587,960</u>	<u>\$ 325,057</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## MEDICAL TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 1,993,000	\$ 1,993,000	\$ 1,827,110	\$ (165,890)	\$ 1,866,380
Investment earnings	175	175	644	469	273
Total operating revenues	1,993,175	1,993,175	1,827,754	(165,421)	1,866,653
<b>OPERATING EXPENSES</b>					
Claims	1,755,567	1,755,567	1,333,994	421,573	1,397,204
Total operating expenses	1,755,567	1,755,567	1,333,994	421,573	1,397,204
Other financing sources (uses)					
Transfers out	(100,000)	(100,000)	(100,000)	-	1,397,204
Change in net position	\$ 137,608	\$ 137,608	393,760	\$ 256,152	469,449
NET POSITION, Beginning of year			1,020,830		551,381
NET POSITION, End of year			\$ 1,414,590		\$ 1,020,830

See the accompanying independent auditors' report.

# OTERO COUNTY, COLORADO

## COMPONENT UNIT FUND STATEMENT OF CASH FLOWS

**FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative amounts for 2014)**

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	2015	2014
<b>OPERATING ACTIVITIES</b>		
Cash received from customers	\$ 145,074	\$ 147,533
Investment earnings	139	2,426
Cash paid for goods and services	<u>(104,779)</u>	<u>(122,623)</u>
Net cash provided by operating activities	<u>40,434</u>	<u>27,336</u>
<b>CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Net cash used in capital and related financing activities —		
Payments for capital acquisitions	<u>(15,311)</u>	<u>(11,336)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	25,123	16,000
CASH AND CASH EQUIVALENTS, Beginning of year	<u>345,313</u>	<u>329,313</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 370,436</u>	<u>\$ 345,313</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating loss	\$ (19,359)	\$ (14,428)
Adjustments to reconcile operating loss to net cash provided by operating activities:		
Depreciation	47,033	46,229
Change in operating assets and liabilities:		
Accounts receivable	1,673	436
Prepaid expense	5,925	(5,925)
Accounts payable	<u>5,162</u>	<u>1,024</u>
Net cash provided by operating activities	<u>\$ 40,434</u>	<u>\$ 27,336</u>

See the accompanying independent auditors' report.

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# OTERO COUNTY, COLORADO

## COMPONENT UNIT FUND SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION – BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2015 (with comparative actual amounts for 2014)

	2015				2014 Actual
	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)	
<b>OPERATING REVENUES</b>					
Charges for services	\$ 120,000	\$ 120,000	\$ 143,401	\$ 23,401	\$ 147,097
Investment earnings	100	100	139	39	2,426
Total operating revenues	120,100	120,100	143,540	23,440	149,523
<b>OPERATING EXPENSES</b>					
Cash payments for goods and services	186,608	186,608	115,866	70,742	117,722
Total operating expenses	186,608	186,608	115,866	70,742	117,722
Operating gain (loss)	(66,508)	(66,508)	27,674	94,182	31,801
Excess of revenues over expenses	\$ (66,508)	\$ (66,508)	\$ 27,674	\$ 94,182	\$ 31,801
<b>RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS TO BUDGETARY BASIS</b>					
Change in net position per statement of revenues, expenses and changes in net position:			\$ (19,359)		\$ (14,428)
Expenditures for budgetary purposes:					
Depreciation			47,033		46,229
Excess of revenues over expenditures			\$ 27,674		\$ 31,801

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, 2015

	<u>Balance, January 1, 2015</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance, December 31, 2015</u>
<b>Treasurer</b>				
<b>ASSETS</b>				
Cash and investments	\$ 307,414	\$ 12,155,130	\$ (12,085,313)	\$ 377,231
<b>LIABILITIES</b>				
Due to other governmental entities	\$ 307,414	\$ 12,155,130	\$ (12,085,313)	\$ 377,231
<b>Clerk</b>				
<b>ASSETS</b>				
Cash and investments	\$ 363,074	\$ 4,415,608	\$ (4,449,441)	\$ 329,241
<b>LIABILITIES</b>				
Due to other governmental entities	\$ 363,074	\$ 4,415,608	\$ (4,449,441)	\$ 329,241
<b>Public Trustee</b>				
<b>ASSETS</b>				
Cash and investments	\$ 36,871	\$ 8,959	\$ (14,893)	\$ 30,937
<b>LIABILITIES</b>				
Funds held in trust	\$ 36,871	\$ 8,959	\$ (14,893)	\$ 30,937
<b>TOTAL</b>				
<b>ASSETS</b>				
Cash and investments	\$ 707,359	\$ 16,579,697	\$ (16,549,647)	\$ 737,409
<b>LIABILITIES</b>				
Due to other governmental entities	\$ 670,488	\$ 16,570,738	\$ (16,534,754)	\$ 706,472
Funds held in trust	36,871	8,959	(14,893)	30,937
Total liabilities	\$ 707,359	\$ 16,579,697	\$ (16,549,647)	\$ 737,409

**OTERO COUNTY, COLORADO**

**COMPLIANCE AND INTERNAL CONTROL SECTION**

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: OTERO COUNTY
		YEAR ENDING : December 2015
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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,100,155
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	168,469
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	6,914
2. General fund appropriations		b. Snow and ice removal	
3. Other local imposts (from page 2)	668,494	c. Other	138,713
4. Miscellaneous local receipts (from page 2)	110,551	d. Total (a. through c.)	145,627
5. Transfers from toll facilities		4. General administration & miscellaneous	54,359
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,468,610
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	779,045	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	1,727,438	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	22,542	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	2,529,025	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	2,468,610

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,048,774	2,529,025	2,468,610	3,109,189	0

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE: Colorado
	YEAR ENDING (mm/yy): December 2015

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	552,690	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	32,250
4. Licenses		f. Charges for Services	
5. Specific Ownership &/or Other	115,804	g. Other Misc. Receipts	78,301
6. Total (1. through 5.)	115,804	h. Other	
c. Total (a. + b.)	668,494	i. Total (a. through h.)	110,551
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	1,690,146	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	37,292	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) - Weed Control	0	f. Other Federal	22,542
f. Total (a. through e.)	37,292	g. Total (a. through f.)	22,542
4. Total (1. + 2. + 3.f)	1,727,438	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs		42,945	42,945
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		421,493	421,493
(3). System Preservation		1,264,480	1,264,480
(4). System Enhancement & Operation		371,237	371,237
(5). Total Construction (1) + (2) + (3) + (4)	0	2,057,210	2,057,210
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	2,100,155	2,100,155
			(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, 2015, and the related notes to the financial statements, which collectively comprise Otero County's basic financial statements, and have issued our report thereon dated June 29, 2016.

**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 a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2015-003 that we consider to be a significant deficiency.



## **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*

June 29, 2016

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

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 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, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

## **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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. We did identify deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2015-001 and 2015-002 that we consider to be significant deficiencies.

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

*Stockman Kast Ryan & Co., LLP*

June 29, 2016

# OTERO COUNTY, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### 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 2 CFR 200.516(a)?       Yes       No
4. The Organization's major programs were:

<b>CFDA Number</b>	<b>Cluster/Program</b>
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
93.558	Temporary Assistance for Needy Families

5. Dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
6. The Organization qualified as a low-risk auditee?       Yes       No

### SECTION II – FINANCIAL STATEMENT FINDINGS

No matters are reported.

(Continued)

# OTERO COUNTY, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Finding	Questioned Costs
2015-001	<p><b>CFDA No. 93.558 Temporary Assistance for Needy Families (TANF)</b></p> <p>Pass-through from Colorado Department of Human Services</p> <p><i>Criteria or specific requirement</i> – Otero County is required to document work participation rates of participants on a monthly basis in accordance with regulations at 45 CFR 261.63(c).</p> <p><i>Condition</i> – During our testing of TANF files, we found that certain documents were missing.</p> <p><i>Context</i> – A sample of 35 TANF files, with a total monthly payment amount of \$12,664, were selected. Required documentation for five files was not available. Of the five files that did not have sufficient work participation documentation, three had likely questioned costs for the months tested in the amount of \$1,392.69.</p> <p><i>Cause</i> – Follow-up on receiving documentation from participants was not always completed. There were not sufficient secondary controls in place to ensure this documentation was obtained and kept in the files.</p> <p><i>Effect</i> – As documentation to support work requirements were missing, there were participants who may not have been eligible to receive benefits and therefore payments made are questionable.</p> <p><i>Recommendation</i> – We recommend that management ensure that they have a system in place to ensure all required documents are obtained and kept in the files. Additionally, we recommend that there be a system of review to ensure that all required documentation is kept in the files.</p> <p><i>Views of responsible officials and planned corrective actions</i> – The County Department of Human Services conducted refresher training for all TANF case workers which included the proper documentation of work participation. The County Department of Human Services has added a review step which now includes the Quality Assurance Technician. The Quality Assurance Technician receives a randomized list of clients from the Management Analyst monthly and completes a comprehensive review on both eligibility and work participation for TANF participants.</p>	None

(Continued)

# OTERO COUNTY, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Finding	Questioned Costs
2015-002	<p><b>CFDA No. 93.558 Temporary Assistance for Needy Families (TANF)</b></p> <p>Pass-through from Colorado Department of Human Services</p> <p><i>Criteria or specific requirement</i> – Otero County is required to complete an assessment of a participant within 30 days of the date of the application submittal and develop an Individual Responsibility Contract (IRC) as described in State Rules 3.607.1A and 3.607.2.</p> <p><i>Condition</i> – During our testing of TANF files, it was noted that certain documentation was not included in the files as required by State rules.</p> <p><i>Context</i> – A sample of 35 TANF files were selected. Required documentation of assessment and IRC for one file was not available. A second file did not contain required documentation of an IRC for that case.</p> <p><i>Cause</i> – Due to the limited number of staff in the County Department of Human Services, assessments were not properly completed and kept in the files.</p> <p><i>Effect</i> – One participant's assessment was not scheduled until 90 days after their application was submitted and therefore no assessment or IRC was completed within the required 30 days. The participant did receive TANF funding after the 30 day requirement. For the second participant's file, there was documentation in the Colorado Benefit Management System (CBMS) that documented the IRC, however, documentation required to be kept in the file was missing.</p> <p><i>Recommendation</i> – We recommend that management ensure that they have a system in place to complete assessments within the specified timeframe and have procedures to ensure that all required documents are kept in the file.</p> <p><i>Views of responsible officials and planned corrective actions</i> – The County Department of Human Services conducted refresher training for all TANF case workers which included the proper documentation of comprehensive assessments and IRCs for TANF participants. The County Department of Human Services has added a review step which now includes the Quality Assurance Technician. The Quality Assurance Technician receives a randomized list of clients from the Management Analyst monthly and completes a comprehensive review for eligibility, assessments and IRC completion and documentation for TANF participants.</p>	None

(Continued)

# OTERO COUNTY, COLORADO

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2015

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### SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Reference Number	Finding	Questioned Costs
2015-003	<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 presentation of a Schedule of Expenditures of Federal Awards (SEFA).</p> <p><i>Condition</i> – The County prepared the SEFA properly in accordance with the Uniform Guidance, however certain amounts from the General Human Services and AAA funds were not properly included in the SEFA. The amounts were reported properly to the applicable state agencies.</p> <p><i>Context</i> – Due to a lack of detailed reconciliation of the SEFA amounts to the detailed accounting records, certain amounts were being improperly shown on the SEFA.</p> <p><i>Cause</i> – Reconciliations of the SEFA to the underlying accounting records had not been performed.</p> <p><i>Effect</i> – Due to lack of review of the amounts included in the SEFA for the General Human Services and AAA funds, amounts were not properly included on the SEFA.</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 Otero County Financial Manager has added a comment to the Excel spreadsheet completed by County Department of Human Services staff reminding them of the split between Federal and State funds so that the SEFA documentation is completed correctly. In addition, training will be completed for the new accounting personnel in the County Department of Human Services so that regular (quarterly at a minimum) reconciliations are completed to ensure accurate reporting.</p>	None

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(Concluded)

# OTERO COUNTY, COLORADO

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS FOR THE YEAR ENDED DECEMBER 31, 2015

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### SECTION II – FINANCIAL STATEMENT FINDINGS

Reference Number	Finding	Questioned Costs
2014-001	<p><i>Condition</i> – Bank reconciliations were not being properly completed. The cash balances were not significantly misstated; however due to the lack of appropriate procedures certain transactions were not recorded in the correct 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>Current status</i> – This issue was not noted in the current year.</p>	None
2014-002	<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>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>Current status</i> – The County did not properly complete the SEFA in the current year. See 2015-003 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, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
<b>U.S. DEPARTMENT OF AGRICULTURE:</b>			
<i>SNAP - Cluster</i>			
<b>Passed-through the State of Colorado Department of Human Services -</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	\$ 270,591
Total SNAP - Cluster			<u>270,591</u>
<b>Passed-through the State of Colorado Department of Public Health -</b>			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	08-FLA-00475	787,648
Total U.S. Department of Agriculture			<u>1,058,239</u>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>			
<i>Aging - Cluster</i>			
<b>Passed-through the State of Colorado Department of Human Services -</b>			
Special Programs For The Aging Title III Part B - Grants For Supportive Services and Senior Centers	93.044	15 IHEA AASC 65783	53,009
Special Programs For The Aging Title III - Administration	93.044	15 IHEA AASC 65783	30,291
Special Programs For The Aging Title III Part C - Nutrition Services	93.045	15 IHEA AASC 65783	181,325
Aging and Disability Resource Center (ADAC)	93.048	15 IHEA AASC 65783	39,328
Nutrition Services Incentive Program	93.053	15 IHEA AASC 65783	63,840
Total Aging - Cluster			<u>367,793</u>
<i>CCDF - Cluster</i>			
<b>Passed-through the State of Colorado Department of Human Services -</b>			
Child Care and Development Block Grant	93.575	N/A	45,082
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	N/A	67,448
Total CCDF - Cluster			<u>112,530</u>
<i>CSBG - Cluster</i>			
<b>Passed-through the State of Colorado Department of Local Affairs -</b>			
Community Services Block Grant	93.569	L12CSBG30	140,278
Total CSBG - Cluster			<u>140,278</u>

(Continued)

# OTERO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
<b><i>Immunization Grants - Cluster</i></b>			
<b>Passed-through the State of Colorado Department of Public Health and Environment -</b> Immunization Grants	93.268	15-73751	113,746
Total Immunization Grants - Cluster			<u>113,746</u>
<b><i>Medicaid - Cluster</i></b>			
<b>Passed-through the State of Colorado Department of Health Care Policy And Financing -</b> Medical Assistance Program	93.778	15-70203	596,516
Total Medicaid - Cluster		15-7051	<u>596,516</u>
<b><i>TANF - Cluster</i></b>			
<b>Passed-through the State of Colorado Department of Human Services -</b> Temporary Assistance For Needy Families	93.558	N/A	838,207
Total TANF - Cluster			<u>838,207</u>
<b><i>Other Programs</i></b>			
<b>Passed-through the State of Colorado Department of Human Services -</b> Special Programs for the Aging Title VII Chapter 3 - Programs for the Prevention of Elder Abuse, Neglect & Exploitation	93.041	15 IHEA AASC 65783	1,093
Special Programs For The Aging Title VII Chapter 2 - Long Term Care Ombudsman Services for Older Individuals	93.042	15 IHEA AASC 65783	4,567
National Family Caregiver Support Title III Part E	93.052	15 IHEA AASC 65783	26,653
Affordable Care Act - Aging and Disability Resource Center	93.517	OE IHA ASUA1400012	6,985
Relative Guardianship Assistance	93.090	N/A	82,361
Adoption Assistance	93.659	N/A	133,109
Child Support Enforcement	93.563	N/A	40,227
Low Income Home Energy Assistance	93.568	N/A	718,393
Stephanie Tubbs Jones Child Welfare Services Program	93.645	N/A	15,275
Foster Care - Title IV-E	93.658	N/A	323,629
Preventative Health Services Block Grant	93.991	AAA FAA 2015000000000108	27,405

(Continued)

# OTERO COUNTY, COLORADO

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2015

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Amount Expended
<i>Other Programs (Continued)</i>			
<b>Passed-through the State of Colorado Department of Public Health And Enviroment -</b>			
Public Health Emergency Preparedness	93.074	15-65599	188,937
Maternal & Child Health Services Block Grant to the States	93.994	13FLA48084, FLA PSD1459152	45,083
<b>Passed-through the State of Colorado Department of Health Care Policy &amp; Financing -</b>			
Children's Health Insurance Program	93.767	15-68174	7,677
<b>Passed-through the Colorado Health Benefit Exchange dba Connect for Health Colorado</b>			
State Planning and Establishment Grants for the Affordable Care Act Exchanges	93.525	N/A	13,812
Adjustment per State	93.xxx	N/A	720
Total Other Programs			<u>1,635,926</u>
Total U.S. Department of Health And Human Services			<u>3,804,996</u>
<b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>CDBG - Cluster</i>			
Community Development Block Grant	14.228	N/A	40,600
Total U.S. Department of Housing and Urban Development			<u>40,600</u>
<b>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</b>			
Retired and Senior Volunteer Program	94.002	N/A	45,391
Total Corporation for National and Community Service			<u>45,391</u>
Total Expenditures of Federal Awards			<u>\$ 4,949,226</u>

(Concluded)

# OTERO COUNTY, COLORADO

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2015

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### 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 Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the Otero County financial statements for the year ended December 31, 2015.

### 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	\$ 53,009
Part C	93.045	181,325
Part D	93.043	4,567
Nations Family Care-Giving Support Program	93.052	26,653
Nutrition Services Incentive	93.053	<u>63,840</u>
Total		<u>\$ 329,394</u>

**5. NON-CASH TRANSACTIONS**

WIC vouchers in the amount of \$646,930 were issued through the State system for Otero County and are included in total expenditures for CFDA 10.557.