

Crowley County, Colorado

Financial Statements

December 31, 2013

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Independent Auditor's Report

The Governing Body
Crowley County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Crowley County, Colorado, as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Crowley County, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iii - xiii and budgetary comparison information on pages 31 - 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Crowley County, Colorado's basic financial statements. The supplementary information, such as the combining and individual non-major fund financial statements, local highway finance report and also the schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2014 on our consideration of Crowley County, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Crowley County, Colorado's internal control over financial reporting and compliance.

rfarmer, llc

May 14, 2014

MANAGEMENT'S DISCUSSION and ANALYSIS

Crowley County, Colorado

Crowley County continues to have a strong asset base. The majority of the assets continue to be held in liquid form in the government activities portion of the total county asset base. Investment in capital assets less outstanding related debt used in acquiring these assets represents 31 percent of Crowley County's net assets. This is an increase of 7 percent over the previous audit year. Capital assets reported net of debt are used to provide services to the residents of Crowley County and therefore are not available for future spending.

Statement of Net Assets Crowley County, Colorado

	Governmental Activities		Business Type Activities		Total Primary Government	
	2012	2013	2012	2013	2012	2013
Current and Other Assets	5,533,392	5,940,210	1,440,031	1,568,738	6,973,423	7,506,948
Capital Assets	<u>1,645,190</u>	<u>1,634,924</u>	<u>1,569,747</u>	<u>1,591,751</u>	<u>3,214,937</u>	<u>3,226,675</u>
Total Assets	7,178,582	7,573,134	3,009,778	3,160,489	10,188,360	10,733,623
Deferred Rev/Acct Pay	1,614,695	1,693,185	6,492	2,837	1,621,187	1,696,022
Short-term Liabilities	45,337	36,252	0	0	45,337	36,252
Long-term Liabilities	<u>36,252</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>36,252</u>	<u>0</u>
Total Liabilities	1,696,284	1,729,437	6,492	2,837	1,702,776	1,732,274
Net Assets						
Invested in Cap Assets						
net of debt	1,563,601	1,563,601	1,569,748	1,569,748	3,133,349	3,133,349
Unrestricted	<u>3,918,697</u>	<u>4,280,096</u>	<u>1,433,538</u>	<u>1,587,904</u>	<u>5,352,235</u>	<u>5,868,000</u>
Total Net Assets	5,482,298	5,843,697	3,003,286	3,157,652	8,485,584	9,001,349

Short and Long Term Liabilities have decreased significantly. This is mainly due to the business type funds paying off their long term debt to bond holders for the Water Fund. Debt only represents less than 1 percent of the total asset obligation of the County. This represents a decrease from 2012 and improves the net cash flow of the county funds. Unrestricted net assets represent 73 percent of the total net governmental assets and may be used for ongoing obligations of the County without restriction. This represents a slight increase change over the previous fiscal year. Governmental Activities experienced a modest increase of 6 percent and Business Type Activities increased from 48 percent to 46 percent. The total primary government assets increased by \$361,000 which amounted to a much larger percent increase than anticipated. The short and long term liabilities decreased in 2013 in Governmental Activities and in Business Type activities

there is no long term debt as of December 31, 2013. Crowley County experienced a total increase in liquid cash and investable funds in 2013 f which was very good considering other economic factors facing the region.

The cash balances in the individual departments of the governmental and business funds are illustrated as follows:

Analysis of Cash Balances										
Year	Gen Fund	R/B	EMS/Fire	Amb	Water	DHS	CTF	Cont	E911	RLF
2013	2,397,182	659,202	464,682	388,432	950,206	375,137	145,929	29,352	70,969	750
2012	2,123,405	642,523	436,059	337,197	875,210	361,284	166,320	29,352	72,653	750
2011	1,945,234	503,525	421,857	236,294	850,777	316,603	168,818	29,352	71,373	37,111
2010	1,985,505	480,132	442,709	157,690	706,574	245,397	156,954	29,352	62,544	21,862
2009	1,968,135	506,408	577,047	0	574,965	161,856	148,609	29,352	57,143	0
2008	2,114,320	490,750	443,970	0	499,262	120,438	136,286	29,351	77,374	0

The cash balances for all funds increased during 2013 except the Conservation Trust Fund and The E911 Fund. Conservation Trust Fund upgraded the boat ramp at Lake Henry and also built a shooting range. E911 Fund purchased capital equipment for the voice recorder for the use of the county dispatch unit. The EMS/Fire Fund was split in 2010 to make a separate fund for the Ambulance Fund. The Ambulance fund is an enterprise fund, while the EMS/Fire Fund returned to a general governmental fund. All of the other funds showed good cash funds balances in reserve in their various departments.

Total expenses increased \$448,605 which amounted to a 9.0 percent increase during the past fiscal year in total spending which is compared to reductions in the past fiscal year. This is broken down as a \$438,856 increase in governmental activities and a \$10,000 increase for the business type activities. These increases were largely a result of higher capital outlay purchases and pass thru funds handled by the county. Most areas of governmental activities increased in 2013 with the exception of Culture and Recreation and Revolving Loan Funds. Business Type activities also experienced increases in the Ambulance fund in 2013 as a result of increases in operating expenditures. The Water Fund decreased mainly due to maintenance and repair items and no long term debt.

Statement of Expenditure Activities

	2013	2012	2011	2010	2009
<u>Governmental Activities</u>					
General Government	\$ 1,821,788	\$ 1,511,784	\$ 1,712,643	\$ 1,886,838	\$ 1,791,529
Public Safety	\$ 1,007,157	\$ 834,388	\$ 850,553	\$ 912,056	\$ 795,335
Public Works	\$ 827,603	\$ 855,695	\$ 900,101	\$ 903,499	\$ 867,607
Human Services	\$ 1,027,042	\$ 983,976	\$ 1,132,543	\$ 1,030,715	\$ 1,402,729
Culture and Recreation	\$ 25,543	\$ 42,690	\$ 25,440	\$ 28,318	\$ 32,444
Revolving Loan	\$ -	\$ 40,240	\$ 5,718	\$ 23,752	\$ -
Interest on Debt	\$ 3,302	\$ 4,806	\$ 6,268	\$ 7,686	\$ -
Total Governmental	\$ 4,712,435	\$ 4,273,579	\$ 4,633,266	\$ 4,792,864	\$ 4,889,644
<u>Business Type</u>					
Water	\$ 185,221	\$ 201,258	\$ 219,613	\$ 205,727	\$ 236,107
Ambulance/EMS	\$ 199,998	\$ 174,212	\$ 168,062	\$ 237,786	\$ 344,588
Total Business	\$ 385,219	\$ 375,470	\$ 387,675	\$ 443,513	\$ 580,695
Total Primary Govt	\$ 5,097,654	\$ 4,649,049	\$ 5,020,941	\$ 5,236,377	\$ 5,470,339

A quick analysis of this table shows the significant efforts that the board has undertaken to reduce overall county expenditures in both general government functions and business activities. Many of the increases in the Governmental Activities portion of the audit are from Crowley County serving as a fiscal pass-thru agent for other agencies, Tri County Housing, 16th Judicial District Attorney, Canyons and Plains and the Bent, Crowley, Otero Early Childhood Council. Also in Road and Bridge Fund several capital equipment purchases were made. Crowley County DHS also serves as the fiscal pass thru agent for the six county region for Signal with the drug treatment program and also the IVE Waiver Demonstration Project.

Financial Analysis of Crowley County's Funds

The following schedule compares the revenues and expenses for the primary government for the current and previous two fiscal years. Total Governmental Activity expenditures increased in 2013 in all many areas. Many of the increases are directly related to pass thru expenses or upgrades in capital equipment. Business Type Activities increased in the Ambulance Fund and decreased slightly in the Water Fund due to the elimination of any debt service for the county water system. Program Revenues for Business Activity Funds increased some in 2013, due to the Ambulance Fund. Revenues in the Water Fund decreased in 2013 due to the implementation of the revised Water agreement between Crowley County and the four water buyers the county supplies. General Revenues increased in 2013 generally due to increases in Ad Valorem taxes for 2013 from 2012. As stated above the fees for services for the business activities decreased for the Water Fund and increased in the Ambulance Fund. The total changes in net assets for General Activity Type Funds was an increase of

\$361,000 basically the result of larger collection of local county revenues. Business Type Funds had a net increase in net assets for the same time period.

Statement of Activities			
	2011	2012	2013
Expenses			
Governmental Activities:			
General Government	\$1,712,643.00	\$1,511,784.00	\$ 1,821,788.00
Public Safety	\$850,553.00	\$834,388.00	\$ 1,007,157.00
Public Works	\$900,101.00	\$855,695.00	\$ 827,603.00
Human Services	\$1,132,543.00	\$983,976.00	\$ 1,027,042.00
Culture/Recreation	\$25,440.00	\$42,690.00	\$ 25,543.00
Revolving Loan	\$5,718.00	\$40,240.00	\$ -
Interest on Long Term Debt	\$6,268.00	\$4,806.00	\$ 3,302.00
Total Govt Activities:	\$4,633,266.00	\$4,273,579.00	\$ 4,712,435.00
Business Type Activities:			
Water Fund	\$219,613.00	\$201,258.00	\$ 185,221.00
Ambulance Fund	\$168,062.00	\$174,212.00	\$ 199,998.00
Total Business Type Actives:	\$387,675.00	\$375,470.00	\$ 385,219.00
Total Primary Government	\$5,020,941.00	\$4,649,049.00	\$ 5,097,654.00
Program Revenue Govt Acct			
Governmental Activities			
Charges for Services	\$277,072.00	\$318,645.00	\$ 319,069.00
Capital Grants	\$0.00	\$30,000.00	\$ -
Operating Grants	\$2,192,637.00	\$2,022,266.00	\$ 2,465,609.00
Total Primary Government	\$2,469,709.00	\$2,370,911.00	\$ 2,784,678.00
General Revenues Govt Act			
Property Taxes	\$1,457,145.00	\$1,513,817.00	\$ 1,565,265.00
Use/Misc Revenue	\$1,483.00	\$1,834.00	\$ 94,495.00
SO and Sales Taxes	\$563,910.00	\$570,691.00	\$ 581,534.00
Unrestricted investment earnings	\$23,612.00	\$23,464.00	\$ 13,245.00
Miscellaneous	\$81,281.00	\$62,399.00	\$ 34,619.00
Transfers		\$0.00	\$ -
Total Gen Revenues	\$2,127,431.00	\$2,172,205.00	\$ 2,289,158.00
Change in Net Assets	-\$36,126.00	\$269,537.00	\$ 361,401.00
Equity Transfer	\$0.00	\$0.00	\$ -
Beginning Net Assets	\$5,248,887.00	\$5,212,761.00	\$ 5,482,296.00
Ending Net Assets	\$5,212,761.00	\$5,482,298.00	\$ 5,843,697.00
General Revenues Business			
Water Fund	\$321,564.00	\$241,737.00	\$ 215,690.00
Ambulance Fund	\$204,584.00	\$225,624.00	\$ 322,005.00
Total	\$526,148.00	\$467,361.00	\$ 537,695.00
Unrestricted investment earnings	\$2,070.00	\$1,483.00	\$ -
Miscellaneous	\$189.00	\$2,066.00	\$ 1,888.00
Transfers		\$0.00	\$ -
Total	\$528,407.00	\$470,910.00	\$ 539,583.00
Change in Net Assets	\$140,732.00	\$95,440.00	\$ 154,364.00
Equity Transfer		\$0.00	\$ -
Beginning Net Assets	\$2,767,115.00	\$2,907,846.00	\$ 3,003,288.00
Ending Net Assets	\$2,907,847.00	\$3,003,286.00	\$ 3,157,652.00

Financial Analysis of Crowley County Balance Sheet Accounts

	Crowley County Balance Sheet				Total	
	Governmental		Business-Type		Primary Government	
	Activities		Activities			
	2013	2012	2013	2012	2013	2012
Assets						
Cash	4,143,783	3,832,925	1,338,639	1,212,408	5,482,422	5,045,333
Investments	0	0	191,802	191,802	191,802	191,802
Taxes Receivable	1,626,312	1,568,174	38,297	0	1,664,609	1,568,174
Receivables from other govts	72,568	56,518	0		72,568	56,518
Other Receivables	81,051	61,277	0	35,824	81,051	97,101
Inventories	14,500	14,500			14,500	14,500
Total Current Assets	5,938,214	5,533,394	1,568,738	1,440,034	7,506,952	6,973,428
Non-Current Assets:						
Capital Assets - Utility System			2,274,232	2,274,232	2,274,232	2,274,232
Water Shares			285,147	285,147	285,147	285,147
Buildings			0	0	0	0
Equipment			798,737	675,595	798,737	675,595
Less Accumulated Depreciation			(1,766,365)	(1,665,226)	(1,766,365)	(1,665,226)
Total Non Current Assets			1,591,751	1,569,748	1,591,751	1,569,748
Total Assets			3,160,489	3,009,782	9,098,703	8,543,176
Liabilities/Fund Balances						
Liabilities:						
Account Payable	53,681	32,466	2,837	6,493	56,518	38,959
Deferred Revenues (Prop Taxes)	1,626,312	1,568,174	0	0	1,626,312	1,568,174
Deferred Revenues – Title IV-E	13,192	14,055			13,192	14,055
Bonds, notes payable			0	0	0	0
Total Current Liabilities	1,693,185	1,614,695	2,837	6,493	1,696,022	1,621,188
Non-Current Liabilities						
Bonds, Notes Payable			0	0	0	0
Total Non-Current Liabilities			0	0	0	0
Total Liabilities	1,693,185	1,614,695	2,837	6,493	1,696,022	1,621,188
Fund Balances:						
Non Spendables:						
Inventories	14,500	14,500			14,500	14,500
Restricted:	0				0	
Unassigned:	2,446,823	2,126,413	1,587,904	1,433,541	4,034,727	3,559,954
Assigned:						
Invested in Cap Assets			1,569,748	1,569,748	1,569,748	1,569,748
Special Revenue funds	1,783,706	1,777,786			1,783,706	1,777,786
Total Net Assets					0	0
Total fund balances	4,245,029	3,918,699	3,157,652	3,003,289	7,402,681	6,907,488
Total Liabilities and fund balances	5,938,214	5,533,394	3,160,489	3,009,782	9,098,703	8,543,176

Governmental Funds.

Governmental funds focus on money inflows and outflows and the balances available for spending. The governmental funds provide a detailed short term view of the County's general government operations and the basic services provided. Governmental fund information helps determine the amount of short-term financial resources available for County programs. The unassigned portion of the fund balance may serve as an annual benchmark of the net resources available for discretionary spending at the end of each fiscal year. At fiscal year end, total current asset balance of the County's governmental funds was \$5,938 million, which was an increase from the previous fiscal year of 405,000. Of the net assets 69 percent is in liquid asset form (cash) which was virtually no change since 2010. The bulk of these funds are held in the county general fund. The business type activities (funds) had an increase of 151,000 in their current assets over 2012. Of the total 1.568 million in the Business Activities Funds in current assets 85 percent is held in liquid form (cash), which is an increase of one percent over 2012. The percentages have deviated very little from past fiscal years.

General Fund is the primary operating fund of the County that accounts for all financial resources of the general government, except for those that are required to be accounted for in other funds with separate and distinct revenue bases and funding requirements. At the end of fiscal year 2007, the unreserved fund balance in the general fund was \$2.06 million. The ending balance for 2008 the unreserved fund balance was 2.12 million. The ending balance for unreserved funds was \$1.97 million for 2009 and in 2010 it was virtually unchanged. Due to classification changes in GASB, the portion of the fund balance unobligated is presented as unassigned in the financial statement presentation. At the end of 2013 the total fund balance of General Fund has increased by 271,570 which amounted to a larger increase than in previous fiscal years.

- Revenues decreased in 2013 primarily due to a reduction in Intergovernmental revenues.
- Expenditures increased in 2013 over 2012 by largely in the general government section and were primarily the result of the County serving as fiscal agent for other entities that required a pass thru agency. Most of the major department categories experienced little increased spending with the exception of public safety.
- For fiscal year 2012 General Fund had an excess of revenues over expenditures of 271,570 which changed from a deficiency in prior fiscal year.

Road and Bridge is the primary operating fund for public works and road management for the county. This fund is operated by a local mill levy and allocations from the Highway Users Trust Fund (HUTF). The assigned fund balance for this fund increased modestly during the past fiscal year. The increase was \$18,251 for 2013. The contributing factor was an increase in local property tax support and Highway Users Tax revenues during 2012. Expenditures for the fund were increased mainly to capital outlay costs. The board employed some other cost cutting measures were in place to stabilize the fund balance particularly in the purchase of road oil. Crowley County has tried to manage discretionary spending such as fuel costs, capital equipment required and the cost of paving and maintaining the county road system. Also, the intergovernmental revenue associated with HUTF increases added to the upward increase in the assigned fund balance. The following steps were taken to help avert the continued slide in the cash balances in the Road and Bridge Department.

- Some expenditure in this fund increased in the past fiscal year. The costs for salaries remained fairly constant. The operational costs for culverts, tires and gas and oil remained constant with 2012. This was a reduction in expenditures for road oil (for

paving), repairs and maintenance. However, the county did purchase several items in capital outlay that attributed to an increase in overall expenditures. Most of the larger items were equipment purchases for capital outlay.

Human Services Fund is the primary operating fund for the Department of Human Services. The chief function of this department is to provide financial assistance as well as adult and child welfare protection. This fund is one of the major funds in the county. The unrestricted fund balance increased approximately \$30,587. The factors contributing to this change in fund balance are as follows:

- The ending fund balance for the Department of Human Services experienced a net gain during fiscal year 2013. This represents the seventh year the fund balance has gradually grown at year end close. The chart below demonstrates the increase the department as seen in the past few fiscal years. Several factors have contributed to the increase in 2013: (1) the department is a recipient of county tax base relief funds, the department has been recipient of additional programs to help fund services including IVE Waiver Demonstration family enhancement funding and adult protection services. In addition to this amount, \$29,930 was restricted due to transfer of deferred revenue items to restricted fund balance presentation. The represents deferred revenue for parental fees and IV-E funds. The department has also restricted \$50,000 of the fund balance in the budget for a working balance. The ending cash balance with the county treasurer increased at the end of fiscal year 2013 from the immediate previous fiscal year. The increase was approximately \$44,000.

Fiscal Year	Ending Fund Balance	Increase	Percentage
2013	\$405,259.00	+30,587.51	8.0%
2012	\$374,672.00	+59,487.17	19.00%
2011	\$315,186.00	+27,268.00	8.65%
2010	\$287,918.00	+85,085.00	41.95%
2009	\$202,833.00	+47,719.00	30.08%
2008	\$155,034.00	+ 5,712.00	3.83%
2007	\$149,322.00		

Figure 1

- The amount of local tax revenue has decreased from previous years. Local taxes, ad valorem taxes have decreased in 2013 from the previous two fiscal budget years. The department continues to see revenue slippage in the amount of revenue generated from the state allocation for Administration and Child Welfare. A decrease of eleven percent has been realized in county tax base relief funds. The department also receives the funding for the six county regions for the Core ADAD funding; however, this is merely passed thru accounting and has no reflection on the action cash standing of the department. The same applies to the IVE Waiver Family Enhancement funding that is for a four county region.

- Summary revenue highlights in 2013 are as follows:

- Decrease in local revenues of twenty percent, or approximately \$13,000 which can be tied to decreased county tax funds. The changes can be illustrated from the following chart:

	2012	2013
Prop Taxes	\$ 126,258.62	\$ 118,287.00
S/O Taxes	\$ 9,309.54	\$ 8,233.00
Del Prop Taxes	\$ 305.51	\$ 238.00
Int /Penalties	\$ 367.92	\$ 342.00
Class Tax	\$ 6,412.62	\$ 7,994.00
Cost Allocation	\$ 21,599.95	\$ 22,605.00
TANF Work Participation	\$ -	\$ -
TANF Retained Collections	\$ 12,182.97	\$ 10,662.00
County Tax Base Relief	\$ 73,669.92	\$ 65,664.00
	\$ 250,107.05	\$ 234,025.00

-
- Changes in the amount of state and federal revenues received and increases in local revenues and matches (local revenues includes funds to the county for county tax base relief and cost allocation funds). The amount of revenue generated from TANF has decreased in 2013 due to the continued reduction of many of the county supportive services for TANF eligible clients due to the continue reduction in the amount of TANF allocation for Crowley County. The MOE for TANF has remained the same even with the reduction of county allocation levels.
- An increase in Cost Allocation dollars for fiscal year 2013 of \$1,000. This represents the third year in a row the amount generated has increased.
- A drop of approximately \$8,000 in the amount of county tax base relief funds for Crowley County. Crowley County is a tier 1 county.
- Decrease in Current Property Taxes of approximately \$8,000 from 2012 mainly due to the decrease in assessed valuation from the previous year tied to the assessed valuation of the private prison in Crowley County.
- Decrease in Specific Ownership Taxes of \$900 from 2012 which was similar to previous levels in 2010.
- Medicaid Transportation increased significantly in 2013 from previous budget years. This has no impact on cash flow for the department.
- Other program revenues remained fairly consistent with prior fiscal years with the exception that Crowley County was approved for Core Services with an 80/20 allocation and the ADAD funding was increased.
- The issue of the change in state funding for county contingency/tax base relief funds improved the cash flow of the Department. What follows is a summary of the county dollars received through Contingency/County Tax Base Relief Funds in the past fiscal years. It dramatically illustrates how crucial this funding source is for the department. The State Department changed the formulas and criteria for eligibility in 2008 and renamed the program from Contingency to County Tax Base Relief. This changed again in SFY 2012

- 2004 \$45,500
- 2005 \$32,817
- 2006 \$30,371
- 2007 \$55,386
- 2008 \$48,034
- 2009 \$62,100
- 2010 \$86,519
- 2011 \$64,476
- 2012 \$73,670
- 2013 \$65,664

- Expenditures (local) for the Department in CY 13 increased overall. Among the major programs the comparisons are:

Program	2012	2013
Administration	188,597	170,682
Adult Protection Svcs	0	5,619
Non Allocated Admin	14,860	16,886
Child Care Admin	20,544	15,141
Child Welfare Admin 80	169,816	178,108
Child Welfare 100	16,544	16,404
OAP Admin	3,330	2,870
TANF Admin	107,953	125,321
TANF Family Preserv	34,587	22,012
TANF NMS	9,825	18,790
TANF Client based	231,797	320,358
Child Support Enforcement	71,800	70,522
Child Welfare Placements	193,710	224,262
Core Services	37,055	109,364
LEAP Client benefits	130,222	112,040
Food Stamps	1,148,398	1,106,255

These are more clearly presented in the required supplementary information section of the financial statements.

Program	2013 Caseload	2012 Caseload	2011 Caseload	2010 Caseload	2009 Caseload	
Adult Financial	83	86	93	98	92	
Adult Medical	362	178	169	165	154	
Colorado Works	48	39	27	32	34	
County Diversion	6	2	3	5	2	
Family Medical Assistance	567	195	196	186	165	
Food Stamps	366	326	352	324	319	
Long Term Care	98	97	106	104	108	

- The main factor in program costs that generate increases or decreases is tied to caseload numbers. The caseloads for program areas have remained very stable over the past few years. Colorado Works (TANF) cases have increased in 2013 primarily due to the economy downturn in the region. The unemployment rate has hovered around 10 percent in Crowley County for the past year. This past year we have averaged around 35-40 TANF payment cases for any given month. Most TANF clients are either in an education or job training/search component. LEAP caseload experienced a decrease in 2012 and the levels in 2013 remained about the same. The number of applications dropped basically due to program changes. The percentage of poverty levels was altered downward in the 2011-2012 LEAP program year. The reimbursement is a combination of state and federal dollars with no local match. Adult assistance programs remain constant. The number of clients received Old Age Pension continue to remain about the same. Aid to Needy Disabled caseload remains virtually unchanged. The total benefits paid to clients, however, decreased in 2013. Most of the client payments are receiving State Only AND cases. There may be some major changes due to the funding sources of State Only AND with a reduction of benefits in 2013. The prospect of elimination of State Only AND remains very real. Medicaid enhancement cases have risen dramatically with changes in eligibility brought forth by the Affordable Care Act.
- Food Assistance caseloads also saw a significant increase. The increases are tied to more clients applying for benefits. The overall economic decline in the region has caused a substantial increase in the program utilization. The accuracy of CBMS in computing payments has increased remarkably.
- Child Care Assistance has remained about the same in Crowley County. The actual dollar amounts paid out of this program area decreased, due primarily to the drop in caseload numbers and number of children served. Our largest single provider remains Kids Campus, which is the only licensed day care facility in the county. All the others are primarily legally exempt providers. We had averaged between 20 and 30 children per month received some form of benefit payment. We have seen that number drop by at least ten to fifteen children per month.

The department continues to try and function on a low cost basis and many of the staff is responsible for various duties in the department. One of the major issues we face is the continued lack of adequate state allocation of resources to the department. Our child welfare allocation has been totally insufficient for the past six years and the reduction in county administration dollars has also been very problematic to the operation of the department. Even though the department attempts to operate at a very efficient, cost saving manner, the lack of adequate funding from the State Department of Human Services makes it harder and harder to operate the department

Business Type Funds

The county's business type funds include the enterprise funds of Ambulance and Water Fund. The enterprise funds' financial information is essentially the same as that presented in the government-wide financial statements under business-type activities.

The Ambulance fund is the operating fund for the county's ambulance services. The Ambulance fund was separated from the EMS Fund in 2010 to allow for better flexibility and cash flow positions in applying for grant funds. This fund experienced an operating income of \$32,685 during fiscal year 2013 and has excellent unassigned fund balance in which to operate. The Ambulance fleet was totally replaced between 2010 and 2011.

Approximately ninety percent of the assets of the fund are held in liquid form which is an increase from the previous fiscal years and makes the operation of the ambulance much more sound.

Water Fund is the chief operating fund for the Water Department for Crowley County. The county provides bulk water to four separate vendors. The fund balance for the Water Fund increased \$30,962. The following factors are significant in that increase:

- Water revenue was down from the previous year; and, expenses were decreased, Much of the decrease comes from Water Debt Service
- The long term bond debt was retired in 2012 so at the end of the fiscal year the Water Fund had no bonded debt.
- The County had purchased several water shares in the Colorado Canal and Lake Meredith Reservoir and Canal Company. These were retired in full 2012.
- The entity contribution is based upon their prorata share of water consumed based on a three year rolling average. The projected expense is estimated at 1.25 percent of actual projections to determine their monthly contribution. For calendar year 2014 because of the substantial cash balances in this fund the revenue projection was decreased to 115 percent of anticipated expenses from 125 percent.

Other Governmental Funds

- E911 Fund experienced a slight decrease in ending fund balance. This was due to the purchase of capital outlay equipment to upgrade the voice recording system in the dispatch unit. These funds are generated through a .70 cent monthly surcharge from land and cell phone providers as well as interest generated from invested funds held by the County Treasurer.
- Conservation Trust Fund was reduced in 2013 due to two major capital projects, the expansion of the boat ramp at Lake Henry and the construction of a shooting range. These funds are generated strictly from Lottery Revenue and Interest in the designated account held by the County Treasurer.
- EMS Fire Fund experienced a significant increase in their ending fund balance. The overall expenditures of the fund were reduced and there was an increase in intergovernmental revenues from surplus distribution of funds from the LEMS funding sources.
- Other minor funds remained virtually unchanged.

Crowley County, Colorado
Statement of Net Position
December 31, 2013

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
ASSETS			
Cash and Equivalents	\$ 4,143,779	\$ 1,338,639	\$ 5,482,418
Investments	-	191,802	191,802
Receivables	1,707,363	38,297	1,745,660
Due from Other Governmental Agencies	72,568	-	72,568
Inventories	14,500	-	14,500
Capital Assets			
Buildings	1,334,561	-	1,334,561
Equipment and Furniture	3,677,575	3,072,969	6,750,544
Other Capital Assets	-	285,147	285,147
Less: Accumulated Depreciation	<u>(3,377,212)</u>	<u>(1,766,365)</u>	<u>(5,143,577)</u>
Total Capital Assets	<u>1,634,924</u>	<u>1,591,751</u>	<u>3,226,675</u>
Total Assets	<u>7,573,134</u>	<u>3,160,489</u>	<u>10,733,623</u>
LIABILITIES			
Accounts payable and accrued expenses	53,681	2,837	56,518
Due to other governmental agencies	13,192	-	13,192
Long-term liabilities			
Due within one year			
Bonds, capital leases and contracts	<u>36,252</u>	<u>-</u>	<u>36,252</u>
Total liabilities	<u>103,125</u>	<u>2,837</u>	<u>105,962</u>
Deferred In-Flows of Resources			
Deferred Property Taxes	<u>1,626,312</u>	<u>-</u>	<u>1,626,312</u>
NET POSITION			
Net investment in capital assets	1,563,601	1,569,748	3,133,349
Unrestricted	<u>4,280,096</u>	<u>1,587,904</u>	<u>5,868,000</u>
Total net position	<u>\$ 5,843,697</u>	<u>\$ 3,157,652</u>	<u>\$ 9,001,349</u>

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

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

Functions/Programs Primary government	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Governmental activities							
General Government	\$ 1,821,788	\$ 296,924	\$ 799,277	\$ -	\$ (725,587)	\$ -	\$ (725,587)
Public Safety	1,007,157	21,945	65,225	-	(919,987)	-	(919,987)
Public Works	827,603	200	657,950	-	(169,453)	-	(169,453)
Human Services	1,027,042	-	900,644	-	(126,398)	-	(126,398)
Culture and Recreation	25,543	-	42,513	-	16,970	-	16,970
Interest on Long-term debt	3,302	-	-	-	(3,302)	-	(3,302)
Total governmental activities	4,712,435	319,069	2,465,609	-	(1,927,757)	-	(1,927,757)
Business-type activities:							
Water	185,221	215,690	-	-	-	30,469	30,469
Ambulance	199,998	322,005	-	-	-	122,007	122,007
Total business-type activities	385,219	537,695	-	-	-	152,476	152,476
Total primary government	\$ 5,097,654	\$ 856,764	\$ 2,465,609	\$ -	(1,927,757)	152,476	(1,775,281)
General revenues:							
Taxes:							
Property taxes, levied for general purposes					\$ 1,565,265	\$ -	\$ 1,565,265
Use and miscellaneous taxes					94,495	-	94,495
SO and sales tax					581,534	-	581,534
Unrestricted investment earnings					13,245	-	13,245
Miscellaneous					34,619	1,888	36,507
Total general revenues, special items, and transfers					2,289,158	1,888	2,291,046
Change in net assets					361,401	154,364	515,765
Net assets - beginning					5,482,296	3,003,288	8,485,584
Net assets - ending					\$ 5,843,697	\$ 3,157,652	\$ 9,001,349

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

Crowley County, Colorado
Balance Sheet
Governmental Funds
December 31, 2013

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and cash equivalents	\$ 2,397,685	\$ 659,204	\$ 375,212	\$ 711,682	\$ 4,143,783
Taxes receivable, net	1,173,892	265,551	127,858	59,011	1,626,312
Receivable from other governments	-	-	72,568	-	72,568
Other receivables	42,482	36,399	-	2,170	81,051
Inventories	-	14,500	-	-	14,500
Total assets	<u>3,614,059</u>	<u>975,654</u>	<u>575,638</u>	<u>772,863</u>	<u>5,938,214</u>
LIABILITIES AND FUND BALANCES					
Liabilities:					
Accounts payable	42,182	10,562	(602)	1,539	53,681
Deferred revenues - Title IV -E	-	-	13,192	-	13,192
Total liabilities	<u>42,182</u>	<u>10,562</u>	<u>12,590</u>	<u>1,539</u>	<u>66,873</u>
Deferred in-flows of resources					
Deferred property taxes	1,173,892	265,551	127,858	59,011	1,626,312
Total deferred in-flows	<u>1,173,892</u>	<u>265,551</u>	<u>127,858</u>	<u>59,011</u>	<u>1,626,312</u>
Fund balances:					
Non-spendable:					
Inventories	-	14,500	-	-	14,500
Unassigned:	2,397,985	18,251	30,587	-	2,446,823
Assigned:					
Special revenue funds	-	666,790	404,603	712,313	1,783,706
Total fund balances	<u>2,397,985</u>	<u>699,541</u>	<u>435,190</u>	<u>712,313</u>	<u>4,245,029</u>
Total liabilities and fund balances	<u>\$ 3,614,059</u>	<u>\$ 975,654</u>	<u>\$ 575,638</u>	<u>\$ 772,863</u>	<u>\$ 5,938,214</u>

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

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

Total fund balance, governmental funds	\$ 4,245,029
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Amounts reported for governmental activities in the Statement of Net Position
are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.	1,634,920
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Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.	<u>(36,252)</u>
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Net Assets of Governmental Activities in the Statement of Net Position	<u>\$ 5,843,697</u>
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The accompanying notes to financial statements
are an integral part of these statements.

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

	<u>General</u>	<u>Road & Bridge</u>	<u>Human Services</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Property Taxes	\$ 1,144,792	\$ 246,882	\$ 118,867	\$ 54,724	\$ 1,565,265
SO Tax	155,076	33,618	16,227	7,453	212,374
Sales and miscellaneous taxes	464,328	-	-	-	464,328
Fees and fines	18,655	-	-	-	18,655
Licenses and permits	5,032	200	-	-	5,232
Intergovernmental	774,208	657,950	894,293	107,750	2,434,201
Charges for services	290,992	-	-	21,945	312,937
Investment earnings	12,906	-	-	339	13,245
Miscellaneous	13,990	1,970	662	218	16,840
Rent Income	30,758	-	-	-	30,758
Total revenues	<u>2,910,737</u>	<u>940,620</u>	<u>1,030,049</u>	<u>192,429</u>	<u>5,073,835</u>
EXPENDITURES					
Current:					
General government	1,765,648	28,271	-	250	1,794,169
Public Safety	845,933	-	-	109,628	955,561
Public Works	-	752,375	-	-	752,375
Health and sanitation and Human Services	27,585	-	999,462	-	1,027,047
Culture and recreation	-	-	-	25,543	25,543
Principal	-	34,616	-	10,720	45,336
Interest and other charges	-	3,302	-	455	3,757
Capital Outlay	-	103,804	-	39,914	143,718
Total Expenditures	<u>2,639,166</u>	<u>922,368</u>	<u>999,462</u>	<u>186,510</u>	<u>4,747,506</u>
Excess (deficiency) of revenues over expenditures	<u>271,571</u>	<u>18,252</u>	<u>30,587</u>	<u>5,919</u>	<u>326,329</u>
Net change in fund balances	271,571	18,252	30,587	5,919	326,329
Fund balances - beginning	2,126,414	681,289	404,603	706,394	3,918,700
Fund balances - ending	<u>\$ 2,397,985</u>	<u>\$ 699,541</u>	<u>\$ 435,190</u>	<u>\$ 712,313</u>	<u>\$ 4,245,029</u>

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

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

Net change in fund balances - total governmental funds:	\$ 326,329
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Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$143,718 is less than depreciation of \$153,984 in the current period.	(10,266)
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Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	45,338
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Change in net assets of governmental activities	<u>\$ 361,401</u>
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The accompanying notes to financial statements
are an integral part of these statements.

Crowley County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2013

	<u>Enterprise Funds</u>		
	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 950,206	\$ 388,433	\$ 1,338,639
Investments	191,802	-	191,802
Accounts Receivable, net	-	38,297	38,297
Total current assets	<u>1,142,008</u>	<u>426,730</u>	<u>1,568,738</u>
Non-current assets:			
Capital Assets:			
Utility System	2,274,232	-	2,274,232
Water Shares	285,147	-	285,147
Equipment and Furniture	131,693	667,044	798,737
Less Accumulated depreciation	<u>(1,462,635)</u>	<u>(303,730)</u>	<u>(1,766,365)</u>
Total non-current assets	<u>1,228,437</u>	<u>363,314</u>	<u>1,591,751</u>
Total assets	<u>2,370,445</u>	<u>790,044</u>	<u>3,160,489</u>
LIABILITIES			
Current Liabilities:			
Accounts payable	<u>581</u>	<u>2,256</u>	<u>2,837</u>
Total current liabilities	<u>581</u>	<u>2,256</u>	<u>2,837</u>
Total liabilities	<u>581</u>	<u>2,256</u>	<u>2,837</u>
NET POSITION			
Net investment in capital assets	1,276,063	293,685	1,569,748
Unrestricted	<u>1,093,801</u>	<u>494,103</u>	<u>1,587,904</u>
Total net position	<u>\$ 2,369,864</u>	<u>\$ 787,788</u>	<u>\$ 3,157,652</u>

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

Crowley County, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2013

	Enterprise Funds		
	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 215,690	\$ 260,168	\$ 475,858
Miscellaneous revenue	473	1,415	1,888
Grants	-	61,837	61,837
Total operating revenues	<u>216,163</u>	<u>323,420</u>	<u>539,583</u>
OPERATING EXPENSES			
Personal services	61,517	79,297	140,814
Contractual services	2,250	3,245	5,495
Utilities	54,540	4,354	58,894
Repairs and maintenance	4,846	7,791	12,637
Other supplies and expenses	4,749	39,482	44,231
Insurance claims and expenses	3,200	2,384	5,584
Miscellaneous expenses	6,493	9,932	16,425
Depreciation	47,626	53,513	101,139
Total Operating Expenses	<u>185,221</u>	<u>199,998</u>	<u>385,219</u>
Operating income (loss)	<u>30,942</u>	<u>123,422</u>	<u>154,364</u>
Change in net position	<u>30,942</u>	<u>123,422</u>	<u>154,364</u>
Total net position - beginning	<u>2,338,922</u>	<u>664,366</u>	<u>3,003,288</u>
Total net position - ending	<u>\$ 2,369,864</u>	<u>\$ 787,788</u>	<u>\$ 3,157,652</u>

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

Crowley County, Colorado
Statement of Cash Flows
Proprietary Fund Types
for the year ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES:	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
Cash Received from Charges for Services	\$ 215,690	\$ 257,695	\$ 473,385
Cash Received from Miscellaneous Sources	473	1,415	1,888
Cash Received from Grant Revenues	-	61,837	61,837
Cash Payments to Suppliers for Goods & Services	(79,650)	(67,272)	(146,922)
Cash Payments for Salaries & Benefits	(61,517)	(79,297)	(140,814)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>74,996</u>	<u>174,378</u>	<u>249,374</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES:			
Purchase of Fixed Assets	-	(123,143)	(123,143)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>-</u>	<u>(123,143)</u>	<u>(123,143)</u>
CASH & CASH EQUIVALENTS	74,996	51,235	126,231
Cash & Cash Equivalents:			
Beginning of Year	<u>875,210</u>	<u>337,198</u>	<u>1,212,408</u>
End of Year	<u>\$ 950,206</u>	<u>\$ 388,433</u>	<u>\$ 1,338,639</u>

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

Crowley County, Colorado
Statement of Cash Flows
Proprietary Fund Types
for the year ended December 31, 2013
(continued)

**RECONCILIATION OF OPERATING
INCOME TO NET CASH
PROVIDED BY OPERATING ACTIVITIES:**

	<u>Water</u>	<u>Ambulance</u>	<u>Total</u>
Operating Income (Loss)	\$ 30,942	\$ 123,422	\$ 154,364
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:			
Depreciation	47,626	53,513	101,139
Change in Assets and Liabilities:			
(Increase) Decrease in Accounts Receivables:	-	(2,473)	(2,473)
Increase (Decrease) in Accounts Payable	<u>(3,572)</u>	<u>(84)</u>	<u>(3,656)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u><u>74,996</u></u>	<u><u>174,378</u></u>	<u><u>249,374</u></u>
Analysis of cash:			
Cash with County Treasurer	<u>950,206</u>	<u>388,433</u>	<u>1,338,639</u>
TOTAL	<u><u>\$ 950,206</u></u>	<u><u>\$ 388,433</u></u>	<u><u>\$ 1,338,639</u></u>

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

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

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	\$ 81,300
Total assets	<u> 81,300</u>
 LIABILITIES:	
Due to other governmental units	81,300
Total liabilities	<u>\$ 81,300</u>

Crowley County, Colorado
Notes to the Financial Statements
December 31, 2013

Note 1 Summary of Significant Accounting Policies

The County's financial statements are prepared in accordance with generally accepted accounting principles ("GAAP"). The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the County are discussed below:

Reporting Entity

The reporting entity consists of (a) the primary government; i.e. the County, and (b) organizations for which the County is financially accountable. The County is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and it either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the County. Organizations for which the nature and significance of their relationship with the County are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based in the criteria above, the County is not financially accountable for any other entity other than E-911 nor is the County a component unit of any other government.

The E-911 Authority operates within the entire county. The E-911 Authority Board is appointed by the County Commissioners per Colorado Revised Statutes. During 2004, the County became responsible for the financial and other activity of the E-911 Authority. Therefore, these financial statements include E-911 activity as a fund of the County.

Government-wide and Fund Financial Statements

The County's basic financial statements include both government-wide (reporting the County as a whole) and fund financial statements (reporting the County's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The County's sheriff's protection, road maintenance, culture and recreation, and administration are classified as governmental activities

The government-wide Statement of Activities reports both the gross and net cost of each of the County's functions. The functions are also supported by general government revenues (property and sales taxes, intergovernmental revenue, investment earnings, etc.). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, and operating and capital grants. Program revenues must be directly associated with the function (police, roads, etc.) or a business-type activity. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the County as an entity and the change in the County's net assets resulting from the current year's activities.

Fund Financial Statements

The financial transactions of the County are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/ expenses.

The fund focus is on current available resources and budget compliance.

The County reports the following major governmental funds:

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

The *Road and Bridge Fund* accounts for assets and earnings to be used for road maintenance.

The *Department of Human Services* accounts for assets and earnings to be used for welfare expenditures.

The County reports the following non-major funds:

The *Contingent Fund* accounts for assets and earnings that are governed by CRS.

The *Conservation Trust Fund* accounts for lottery proceeds required to be expended solely on park and recreation improvements.

The *E911 Fund* accounts for assets and earnings that are used for the public safety communication system.

The *Revolving Loan Fund* accounts for loans made to and collections from qualifying individuals.

The *EMS/Fire Fund* accounts for property taxes and other revenues relating to EMS and Fire Services.

The County reports the following business-type funds:

The *Water Fund* accounts for sales and purchases of water to the County users. This fund also accounts for all the water shares owned by the County.

The *Ambulance Fund* accounts for the ambulance services provided by the County.

The County agency funds are the County Treasurer and County Clerk whose activity is added together for the financial statements and is reported as a fiduciary fund. The fiduciary fund activity is not included in any other financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Long-term Economic Focus and Accrual Basis

The governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Financial Statement Presentation

Amounts reported as program revenues include (1) charges to customers and applicants for goods, services, or privileges, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Investments

Investments are stated at fair market value, which is the same as cost and include certificates of deposit.

Inventories

Inventories are stated at the lower of cost or market using first-in, first-out (FIFO) to record the changes.

Property Taxes

Annual property taxes are levied and assessed on January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property. The County Treasurer also collects the property taxes and remits the collections on a monthly basis to the County.

The County recognizes a receivable, net of estimated uncollectibles, for property tax levied upon certification by the County Treasurer. A deferred revenue liability is recorded in the same amount since the taxes are not available at year-end to fund expenditures of the current year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

Capital Assets

Capital assets, which include land, land improvements, distribution systems, buildings, equipment, and vehicles, are reported in the applicable governmental or business-type activity columns in the government-wide financial statements. Capital assets are defined by the County as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. New infrastructure costs will be capitalized as of January 1, 2004 and future years.

The costs of normal maintenance and repair that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities. There was not any interest capitalized during the year.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	40-50
Machinery and equipment	7-10
Vehicles	7-10
Infrastructure	75

Vacation Days & Sick Leave

All County employees, who are considered full-time employees, are eligible to receive paid vacation. The unused vacation cannot be carried forward after year-end lapses. Therefore no accrual is established for vacation pay for County employees. Sick leave can be accumulated up to 60 days with the maximum amount carried forward year-to-year. Employees are not paid for unused sick leave. Due to the different ways in which sick pay can be converted and paid, no accrual is made.

Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of the governmental fund. The remaining portion of such obligations is reported in the governmental activities column of the government-wide financial statements.

Use of Estimates

The preparation of financial statements in conformity with GAAP required the County's management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Legal Provisions and Authorization for Deposits

The County is governed by state statutes as to the type of institutions and investments with which it may deposit funds and transact business.

Contraband

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

Cash and Cash Equivalents

For purposes of the statement of cash flows, the County considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Allowance for Doubtful Accounts

Annually the County reviews the various accounts receivable balances in the Ambulance Fund and makes a determination of what the allowance should be. The amount may vary from year to year.

Business-type Activities

Operating revenues for proprietary funds are those revenues that are a result of providing services to individuals and businesses that are serviced by the various proprietary funds.

Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures or expenses in the funds involved. Transactions which constitute reimbursement of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed.

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of governmental funds. Transfers of equity to proprietary funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the

circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both governmental and proprietary funds.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables and receivables. All internal balances in the Statement of Net Assets have been eliminated except those representing balances between the governmental activities and the business-type activities. In the Statement of Activities, transactions between governmental and business-type activities have not been eliminated.

Note 3 Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted on a basis consistent with generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

As required by Colorado, the County followed the required timetable noted below in preparing, approving, and enacting its budget for each year.

For each budget year, prior to August 25, the County Assessor sent to the County an assessed valuation of all taxable property within the County's boundaries.

The Administrative Assistant, or other qualified person appointed by the Commissioners, submitted to the Commissioners, on or before October 15, a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the County's operating requirements.

Prior to December 15, a public hearing was held for the budget, the Council certified to the County Commissioners a levy rate that derived the necessary property taxes as computed in the proposed budget, and the Council adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

After adoption of the budget resolution, the County may make the following changes: a) it may transfer appropriated money between funds; b) approve supplemental appropriations to the extent of revenues in excess of estimated revenues in the budget; c) approve emergency appropriations; and d) reduce appropriations for which originally estimated revenues are insufficient.

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2012 were collected in 2013 and taxes certified in 2013 will be collected in 2014. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by the County because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

During the year, supplemental appropriations ordinances were necessary due to unanticipated expenditures.

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR required advance voter approval for the creation of any multiple- fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

In November 1996, the voters of the County approved a ballot initiative permitting the County to retain, appropriate, and utilize, by retention for reserve, carryover fund balance, or expenditure, the full proceeds and revenues received from every source whatever, without limitation, in 1995 and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution.

The County's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Note 3

Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act ("PDPA") requires that all governments 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 determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public depositories as a group. The market value of the funds held as collateral must be at least equal to 102% of the aggregate uninsured deposits.

The County had \$1,705,228 in local banks which was covered by the Federal Deposit Insurance Corporation (FDIC) and PDPA. The County also had \$500 cash on hand.

Custodial Credit Risk

The County is not exposed to custodial credit risk in that all cash and investments, except the amounts with COLOTRUST and held by Morgan Stanley, are covered by FDIC insurance and by the PDPA. The County does receive notification from the bank that it is in compliance with the Public Depository Protection Act as defined in Colorado Revised Statutes, as amended.

Investments

Colorado Statutes authorize the County to invest in any of the following:

Repurchase agreements, obligations of the United States or obligations unconditionally guaranteed by the United States, obligations of the State of Colorado and most general obligations of units of local government, federally insured mortgages and student loans.

Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is COLO TRUST).

COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.

- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement, per paragraph 15 of the GASB 40 statement.
- Foreign currency risk: Not applicable to 2a7-like pools.

The County had \$3,655,220 invested in ColoTrust at year-end.

The County also purchased corporate fixed income investments for a cost of \$100,000 and fair value of \$99,994. The investment is held by Morgan Stanley and matures June, 2014. The investment is not guaranteed under the Federal Deposit Insurance Corporation coverage.

The County is not exposed to any other investment risks as defined in GASB 40.

Note 4 Capital Assets

Capital asset activity for the year ended December 31, 2013 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets being Depreciated				
Buildings	\$ 1,334,561	\$ -	\$ -	\$ 1,334,561
Equipment & Furniture	3,533,855	143,720		3,677,575
Total Capital Assets being Depreciated	4,868,416	143,720	-	5,012,136
Less Accumulated Depreciation	(3,223,228)	(153,984)	-	(3,377,212)
Total Capital Assets, Net	\$ 1,645,188	\$ (10,264)	\$ -	\$ 1,634,924

	Beginning Balance	Increases	Decreases	Ending Balance
Business-type Activities:				
Capital Assets not being Depreciated				
Water Shares	\$ 285,147	\$ -	\$ -	\$ 285,147
Total Capital Assets not being Depreciated	285,147	-	-	285,147
Capital Assets being Depreciated				
Distribution Assets	2,274,232	-	-	2,274,232
Vehicles & Equipment	675,594	123,143	-	798,737
Total Capital Assets being Depreciated	2,949,826	123,143	-	3,072,969
Accumulated Depreciation	(1,665,226)	(101,139)	-	(1,766,365)
Total Accumulated Depreciation	(1,665,226)	\$ (101,139)	\$ -	(1,766,365)
Total Capital Assets being Depreciated, Net	\$ 1,284,600	\$ 22,004	\$ -	\$ 1,306,604

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

Governmental activities:	
General Government	\$ 32,741
Public Safety	46,650
Public Works	74,593
Total depreciation expense- governmental activities	<u>\$153,984</u>
Business-type activities:	
Water Distribution	\$ 47,626
Ambulance Services	53,513
Total depreciation expense- business-type activities	<u>\$101,139</u>

Note 5 Long-term Debt

A summary of changes in long-term debt is:

	Balance 1/1/2013	Increases	Decreases	Balance 12/31/2013	Due in One year
Governmental- Type Activities	\$ 81,585	\$ -	\$ (45,337)	\$ 36,252	\$ 36,252

General Long-term Debt

During 2009, the County purchased E911 equipment and entered into a lease purchase agreement for \$40,000. Interest is at 4.62%. The lease purchase was paid in full during 2013.

The interest paid during 2013 on this lease purchase was \$1,461 and was paid by the E911 Fund.

The County also entered into a lease purchase agreement for \$165,910 for a 140M motor grader. Interest is at 4.62% with repayment terms as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 36,252	\$ 1,675	\$ 37,927

The interest paid during 2013 on this lease purchase was \$3,302 and was paid by the Road & Bridge Fund.

Note 6 Risk Management

County Workers' Compensation Pool

The County is exposed to various risks of loss related to injuries of employees while on the job. The County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage.

The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, 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, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, due to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible.

Note 7 Joint Ventures

The County participates in various pools covering workers' compensation and property and casualty losses. These joint ventures do not meet the criteria for inclusion within the reporting entity because the pools:

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

Note 8 Contingent Liabilities

During the latter part of 2004, the State of Colorado, Department of Human Services converted to a new accounting system to account for the public welfare costs, revenues and eligible clients. The accounting system failed and several clients received more welfare benefits than they were entitled. It was ruled in federal court that if a welfare client received excess funds as a result of the State of Colorado, Department of Human Services or the County Department of Social Services error or errors, the welfare client was not responsible for repaying the excess amount and the State and County could not start a collection effort. The State has not decided if they will pursue collection efforts against the County for any excess payments made because of the accounting system errors. The amount of liability, if any, that the County could owe to the State because of the errors is not known and the impact on the financial statements, if any, cannot be determined.

Subsequent to year-end, the Director of the Department of Social Services and another Department of Social Services employee were fired for lack of program management. The State of Colorado, Department of Human Services, could impose a fine or other financial sanctions on the County. The amount of the sanction, if any, is not known.

Note 9 Operating Leases:

The County enters into various operating leases whereby the County leases equipment. The lease terms are month-to-month. The amounts are charged to expenditures as incurred.

Note 10 Pension Plan:

The County has adopted a defined contribution retirement plan, which provides for contributions equal to 4% for 2013 earnings by each full-time employee with a matching amount contributed by the County. The funds are deposited monthly with a trustee. The employer's and employees' portion paid in during 2013 was \$58,388, based on qualifying salaries of approximately \$1,459,691. The plan is with Colorado Officials and Employees Retirement Association.

Upon retirement the employee is entitled to all funds deposited in his account, including investment earnings. Upon termination of employment, the employee will normally recover his contributions to the plan, plus investment earnings, plus 20% of total County contributions up to 100% in his name for each year of employment.

The County has two 457 Pension Plans. The employer does not make any contributions to the plans. The employee contributions and earnings fund the plan.

The County also has a Section 125 Cafeteria Plan. Employees can make contributions to the plan in accordance with the plan criteria as defined in the plan document. The County is not responsible for any obligations relating to the Section 125 Cafeteria Plan and employee contributions.

Note 11 Net Assets:

As of year-end the Department of Human Services restricted \$29,929 of its net assets due to enabling legislation.

Note 12 Fund Balances:

The County has applied the requirements of GASB 54 – Fund Balance Reporting.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to the limitations imposed by the County's highest level of decision making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the County Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

When both restricted and unrestricted fund balances are available for use, it is the County's policy to use restricted funds first. Unrestricted fund balance will be used in the following order: committed, assigned, unassigned.

Note 13 EBT Authorization:

Refer to the following page for the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures for the year ended December 31, 2013, for the Department of Human Services Fund.

Department of Human Services
Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures
for the year ended December 31, 2013

Program	County EBT Authorizations	County Share of Authorizations	Expenditures By County Warrant	County EBT Authorizations and Expenditures by County Warrant	Total Expenditures
Regular County Administration	\$ -	\$ -	\$ 170,682	\$ 170,682	170,682
Non Allocated Administration	-	-	16,886	16,886	16,886
Child Welfare SCCC	-	-	1,657	1,657	1,657
LEAP Administration/Outreach	-	-	9,994	9,994	9,994
Cost Allocation Adjustment	-	-	(5,977)	(5,977)	(5,977)
Energy Outreach - Colorado	-	-	14,066	14,066	14,066
Child Welfare Parental Fees	-	-	4,509	4,509	4,509
TANF Administration	-	-	125,321	125,321	125,321
TANF NMS	-	-	18,790	18,790	18,790
TANF Family Preservation	-	-	22,012	22,012	22,012
Aid Needy Disabled	54,726	9,662	-	54,726	9,662
SSI HCA	37,072	1,854	-	37,072	1,854
Old Age Pension Administration	-	-	2,871	2,871	2,871
Old Age Pension Client Level	183,766	1,768	-	183,766	1,768
Child Care MOE	66,102	8,993	-	66,102	8,993
Child Care Administration	-	-	15,141	15,141	15,141
Child Welfare OOH	224,261	45,151	-	224,261	45,151
Child Welfare Administration 80	-	-	178,108	178,108	178,108
Child Welfare Administration 100	-	-	16,405	16,405	16,405
Core Services	-	-	109,365	109,365	109,365
Child Support Enforcement	-	-	70,522	70,522	70,522
Colorado Works MOE	320,358	37,133	-	320,358	37,133
LEAP Client Benefits	112,040	-	-	112,040	-
Adult Protection Services	-	-	5,619	5,619	5,619
Employment First	-	-	9	9	9
Mobility Technology Grant	-	-	4,497	4,497	4,497
Medicaid Transportation	-	-	92,656	92,656	92,656
Sub-Total	998,325	104,561	873,133	1,871,458	977,694
Food Assistance	1,106,255	-	-	1,106,255	-
Grand Total	\$ 2,104,580	\$ 104,561	\$ 873,133	\$ 2,977,713	\$ 977,694

Crowley County, Colorado
Budget and Actual
General
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,151,307	\$ 1,151,307	\$ 1,144,792
SO Taxes	130,000	130,000	155,076
Sales and miscellaneous taxes	456,050	456,050	464,328
Fees and fines	28,200	28,200	18,655
Licenses and permits	4,000	4,000	5,032
Intergovernmental	915,772	1,376,272	774,208
Charges for services	271,870	271,870	290,992
Investment earnings	20,000	20,000	12,906
Rental income	32,000	32,000	30,758
Miscellaneous	13,300	13,300	13,990
Total revenues	<u>3,022,499</u>	<u>3,482,999</u>	<u>2,910,737</u>
EXPENDITURES			
Current:			
General government	2,030,980	2,435,930	1,765,649
Public Safety	904,296	904,296	845,933
Health	76,139	76,139	27,585
Capital Outlay	-	-	-
Total Expenditures	<u>3,011,415</u>	<u>3,416,365</u>	<u>2,639,167</u>
Excess (deficiency) of revenues over expenditures	<u>11,084</u>	<u>66,634</u>	<u>271,570</u>
Net change in fund balances	11,084	66,634	271,570
Fund balances - beginning	2,024,082	2,024,082	2,126,414
Fund balances - ending	<u>\$ 2,035,166</u>	<u>\$ 2,090,716</u>	<u>\$ 2,397,984</u>

Crowley County, Colorado
Budget and Actual
Road & Bridge
For the year ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 247,965	\$ 247,965	\$ 246,882
SO Taxes	32,000	32,000	33,618
Licenses and permits	300	300	200
Intergovernmental	646,443	646,443	657,950
Miscellaneous	5,000	5,000	1,970
Total revenues	<u>931,708</u>	<u>931,708</u>	<u>940,620</u>
EXPENDITURES			
Current:			
General government	22,000	22,500	28,272
Highways and roads	712,589	865,589	752,375
Debt Service:			
Principal	34,648	34,648	34,616
Interest and other charges	3,276	3,276	3,302
Capital Outlay	<u>104,000</u>	<u>104,000</u>	<u>103,804</u>
Total Expenditures	<u>876,513</u>	<u>1,030,013</u>	<u>922,369</u>
Excess (deficiency) of revenues over expenditures	<u>55,195</u>	<u>(98,305)</u>	<u>18,251</u>
Net change in fund balances	55,195	(98,305)	18,251
Fund balances - beginning	<u>603,527</u>	<u>603,527</u>	<u>681,289</u>
Fund balances - ending	<u>\$ 658,722</u>	<u>\$ 505,222</u>	<u>\$ 699,540</u>

Crowley County, Colorado
Budget and Actual
Human Services
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 119,479	\$ 119,479	\$ 118,867
SO Taxes	-	-	16,227
Intergovernmental	943,661	994,561	894,293
Miscellaneous	750	750	662
Total revenues	<u>1,063,890</u>	<u>1,114,790</u>	<u>1,030,049</u>
EXPENDITURES			
Current:			
Health and welfare	<u>1,092,223</u>	<u>1,228,973</u>	<u>999,462</u>
Total Expenditures	<u>1,092,223</u>	<u>1,228,973</u>	<u>999,462</u>
Excess (deficiency) of revenues over expenditures	<u>(28,333)</u>	<u>(114,183)</u>	<u>30,587</u>
Net change in fund balances	(28,333)	(114,183)	30,587
Fund balances - beginning	<u>362,802</u>	<u>362,802</u>	<u>404,603</u>
Fund balances - ending	<u>\$ 334,469</u>	<u>\$ 248,619</u>	<u>\$ 435,190</u>

Crowley County, Colorado
Budget and Actual
Water
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 212,268	\$ 212,268	\$ 215,690
Investment earnings	750	750	-
Miscellaneous	150	150	473
Total revenues	<u>213,168</u>	<u>213,168</u>	<u>216,163</u>
EXPENDITURES			
Personal services	64,431	64,431	61,517
Contractual services	2,250	2,250	2,250
Utilities	62,000	62,000	54,540
Repairs and maintenance	21,800	21,800	4,846
Other supplies and expenses	9,884	9,884	4,749
Insurance claims and expenses	3,100	3,100	3,200
Miscellaneous	6,350	6,350	6,493
Total Operating Expenses	<u>169,815</u>	<u>169,815</u>	<u>137,595</u>
Operating income (loss)	43,353	43,353	78,568
RECONCILING ITEM			
Depreciation	-	-	(47,626)
Net change in fund balances	43,353	43,353	30,942
Fund balances - beginning	984,285	984,285	2,338,922
Fund balances - ending	<u>\$ 1,027,638</u>	<u>\$ 1,027,638</u>	<u>\$ 2,369,864</u>

Crowley County, Colorado
Budget and Actual
Ambulance
For the year ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 68,000	\$ 68,000	\$ 61,837
Charges for services	182,500	212,500	260,168
Miscellaneous	100	100	1,415
Total revenues	<u>250,600</u>	<u>280,600</u>	<u>323,420</u>
EXPENDITURES			
Personal services	89,983	89,983	79,297
Contractual services	3,475	3,475	3,245
Utilities	4,668	4,668	4,354
Repairs and maintenance	8,100	8,100	7,791
Other supplies and expenses	25,700	25,700	39,482
Insurance claims and expenses	1,000	1,000	2,384
Provider Grant	75,000	126,500	-
Miscellaneous	22,950	22,950	9,932
Total Operating Expenses	<u>230,876</u>	<u>282,376</u>	<u>146,485</u>
Operating income (loss)	19,724	(1,776)	176,935
RECONCILING ITEM			
Depreciation	-	-	(53,513)
Net change in fund balances	34,724	13,224	123,422
Fund balances - beginning	688,028	688,028	664,366
Fund balances - ending	<u>\$ 722,752</u>	<u>\$ 701,252</u>	<u>\$ 787,788</u>

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

	<u>E-911</u>	<u>Conservation</u> <u>Trust</u>	<u>Contingent</u>	<u>Revolving</u> <u>Loan Fund</u>	<u>EMS/Fire</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
ASSETS						
Cash and cash equivalents	\$ 70,969	\$ 145,930	\$ 29,352	\$ 750	\$ 464,681	\$ 711,682
Taxes receivable, net	-	-	-	-	59,011	59,011
Other receivables	2,170	-	-	-	-	2,170
Total assets	<u>73,139</u>	<u>145,930</u>	<u>29,352</u>	<u>750</u>	<u>523,692</u>	<u>772,863</u>

LIABILITIES AND FUND BALANCES

Liabilities:						
Accounts payable	153	-	-	-	1,386	1,539
Total liabilities	<u>153</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,386</u>	<u>1,539</u>
Deferred in-flows of resources						
Deferred property taxes	-	-	-	-	59,011	59,011
Total deferred in-flows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>59,011</u>	<u>59,011</u>
Fund balances:						
Unassigned	72,986	145,930	29,352	750	463,295	712,313
Total fund balances	<u>72,986</u>	<u>145,930</u>	<u>29,352</u>	<u>750</u>	<u>463,295</u>	<u>712,313</u>
Total liabilities and fund balances	<u>\$ 73,139</u>	<u>\$ 145,930</u>	<u>\$ 29,352</u>	<u>\$ 750</u>	<u>\$ 523,692</u>	<u>\$ 772,863</u>

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

	<u>E-911</u>	<u>Conservation Trust</u>	<u>Contingent</u>	<u>Revolving Loan Fund</u>	<u>EMS/Fire</u>	<u>Total-Other Governmental Funds</u>
REVENUES						
Property Taxes	\$ -	\$ -	\$ -	\$ -	\$ 54,724	\$ 54,724
SO Taxes	-	-	-	-	7,453	7,453
Intergovernmental	-	42,513	-	-	65,237	107,750
Charges for services	21,945	-	-	-	-	21,945
Investment earnings	211	-	-	-	128	339
Miscellaneous	-	218	-	-	-	218
Total revenues	<u>22,156</u>	<u>42,731</u>	<u>-</u>	<u>-</u>	<u>127,542</u>	<u>192,429</u>
EXPENDITURES						
Current:						
General government	250	-	-	-	-	250
Public Safety	9,889	-	-	-	99,739	109,628
Culture and recreation	-	25,543	-	-	-	25,543
Principal	10,720	-	-	-	-	10,720
Interest and other charges	455	-	-	-	-	455
Capital Outlay	2,336	37,578	-	-	-	39,914
Total Expenditures	<u>23,650</u>	<u>63,121</u>	<u>-</u>	<u>-</u>	<u>99,739</u>	<u>186,510</u>
Excess (deficiency) of revenues over expenditures	<u>(1,494)</u>	<u>(20,390)</u>	<u>-</u>	<u>-</u>	<u>27,803</u>	<u>5,919</u>
Net change in fund balances	<u>(1,494)</u>	<u>(20,390)</u>	<u>-</u>	<u>-</u>	<u>27,803</u>	<u>5,919</u>
Fund balances - beginning	74,480	166,320	29,352	750	435,492	706,394
Fund balances - ending	<u>\$ 72,986</u>	<u>\$ 145,930</u>	<u>\$ 29,352</u>	<u>\$ 750</u>	<u>\$ 463,295</u>	<u>\$ 712,313</u>

Crowley County, Colorado
Budget and Actual
EMS/Fire
For the year ended December 31, 2013

	Budgeted Amounts		Actual Amounts,
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Property Taxes	\$ 55,073	\$ 55,073	\$ 54,724
SO Taxes	6,000	6,000	7,453
Intergovernmental	55,600	55,600	65,237
Investment earnings	100	100	128
Miscellaneous	-	-	-
Total revenues	<u>116,773</u>	<u>116,773</u>	<u>127,542</u>
EXPENDITURES			
Current:			
Public Safety	<u>109,568</u>	<u>109,568</u>	<u>99,739</u>
Total Expenditures	<u>109,568</u>	<u>109,568</u>	<u>99,739</u>
Excess (deficiency) of revenues over expenditures	<u>7,205</u>	<u>7,205</u>	<u>27,803</u>
Net change in fund balances	7,205	7,205	27,803
Fund balances - beginning	416,590	416,590	435,492
Fund balances - ending	<u>\$ 423,795</u>	<u>\$ 423,795</u>	<u>\$ 463,295</u>

Crowley County, Colorado
Budget and Actual
Revolving Loan Fund
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ -	\$ -	\$ -
Charges for services	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current:			
General government	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning	750	750	750
Fund balances - ending	<u>\$ 750</u>	<u>\$ 750</u>	<u>\$ 750</u>

Crowley County, Colorado
Budget and Actual
E-911
For the year ended December 31, 2013

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 22,720	\$ 22,720	\$ 21,945
Investment earnings	175	175	211
Total revenues	<u>22,895</u>	<u>22,895</u>	<u>22,156</u>
EXPENDITURES			
Current:			
General government	250	250	250
Public Safety	6,830	11,380	9,889
Principal	10,690	10,690	10,720
Interest and other charges	495	495	455
Capital Outlay	2,500	2,500	2,336
Total Expenditures	<u>20,765</u>	<u>25,315</u>	<u>23,650</u>
Excess (deficiency) of revenues over expenditures	<u>2,130</u>	<u>(2,420)</u>	<u>(1,494)</u>
Net change in fund balances	2,130	(2,420)	(1,494)
Fund balances - beginning	74,709	74,709	74,480
Fund balances - ending	<u>\$ 76,839</u>	<u>\$ 72,289</u>	<u>\$ 72,986</u>

Crowley County, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2013

	Budgeted Amounts		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Intergovernmental	\$ 40,000	\$ 40,000	\$ 42,513
Miscellaneous	250	250	218
Total revenues	<u>40,250</u>	<u>40,250</u>	<u>42,731</u>
EXPENDITURES			
Current:			
Culture and recreation	51,254	54,754	25,543
Capital Outlay	<u>39,500</u>	<u>39,500</u>	<u>37,578</u>
Total Expenditures	<u>90,754</u>	<u>94,254</u>	<u>63,121</u>
Excess (deficiency) of revenues over expenditures	<u>(50,504)</u>	<u>(54,004)</u>	<u>(20,390)</u>
Net change in fund balances	(50,504)	(54,004)	(20,390)
Fund balances - beginning	171,114	171,114	166,320
Fund balances - ending	<u>\$ 120,610</u>	<u>\$ 117,110</u>	<u>\$ 145,930</u>

Crowley County, Colorado
Budget and Actual
Contingent
For the year ended December 31, 2013

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u> <u>Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property taxes	\$ -	\$ -	\$ -
SO taxes	-	-	-
Total revenues	-	-	-
EXPENDITURES			
Current:			
General government	-	-	-
Total Expenditures	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-
Net change in fund balances	-	-	-
Fund balances - beginning	29,350	29,350	29,352
Fund balances - ending	<u>\$ 29,350</u>	<u>\$ 29,350</u>	<u>\$ 29,352</u>

Crowley County, Colorado
Schedule of Expenditures of Federal Awards
for the year ended December 31, 2013

GRANT TITLE		FEDERAL CFDA NUMBER	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
	<u>PASS THRU AGENCY</u>			
Child Care - Title IV-B	Colo Dept of Human Services	93.645	5,622	
IV-E FC - Title IV-E	Colo Dept of Human Services	93.658	78,155	
Block Grant - Title XX	Colo Dept of Human Services	93.667	25,605	
Medicaid Title XIX	Colo Dept of Human Services	93.778	29,007	
IV-D ADMIN	Colo Dept of Human Services	93.563	43,039	
LEAP	Colo Dept of Human Services	93.568	112,874 *	
IV-E Adoption	Colo Dept of Human Services	93.659	20,956	
TANF	Colo Dept of Human Services	93.558	445,955 *	
Child Care Development Funds	Colo Dept of Human Services	93.575	22,874	
Child Care Development Funds- Discretion	Colo Dept of Human Services	93.575	(8,184)	
Child Care Development Funds	Colo Dept of Human Services	93.596	<u>60,714</u>	
Total				836,617
DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT:				
D&I Grant	Colo Dept of Public Health & Environment	66.468	<u>1,500</u>	
Total				1,500
DEPARTMENT OF AGRICULTURE:				
Animal and Plant Health Inspection		10.028	1,278	
Food Stamp Admin.	Colo Dept of Human Services	10.561	<u>61,087</u>	
Total				62,365
Community Services Block Grant	Colo Dept of Local Affairs	93.569	595	
Community Development Block Grant	Colo Dept of Local Affairs	14.228	<u>222,019</u>	
Total				222,614
Department of Homeland Security	Colo Dept of Local Affairs	97.042	<u>50,225</u>	50,225
TOTAL FEDERAL FINANCIAL AWARDS				<u><u>\$ 1,173,321</u></u>

* Major Programs

The County did pass through CDBG funds to a local housing authority as a sub-recipient totaling \$222,019.

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

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

**Crowley County, Colorado
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2013**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

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

Internal control over major program compliance:

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

Identification of major programs:

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

93.558	TANF
93.568	LEAP

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

Section II: Financial Statement Findings

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

Section III: Federal Awards Findings

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Crowley
		YEAR ENDING : December 2013
This Information From The Records Of County of: Crowley	Prepared By: Phone:	Mike Apker 719 267-5249

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	280,700
4. Miscellaneous local receipts (from page 2)	1,970
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	282,670
B. Private Contributions	
C. Receipts from State government (from page 2)	657,950
D. Receipts from Federal Government (from page 2)	0
E. Total receipts (A.7 + B + C + D)	940,620

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	856,179
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other	
d. Total (a. through c.)	0
4. General administration & miscellaneous	28,271
5. Highway law enforcement and safety	
6. Total (1 through 5)	884,450
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	3,302
b. Redemption	34,616
c. Total (a. + b.)	37,918
3. Total (1.c + 2.c)	37,918
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	922,368

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	70,873		34,621	36,252

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	681,289	940,620	922,368	699,541	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:

Colorado

YEAR ENDING (mm/yy):

December 2013

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	246,882	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	200	f. Charges for Services	0
5. Specific Ownership &/or Other	33,618	g. Other Misc. Receipts	1,970
6. Total (1. through 5.)	33,818	h. Other	
c. Total (a. + b.)	280,700	i. Total (a. through h.)	1,970
(Carry forward to page 1)		(Carry forward to page 1)	

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	657,950	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		d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	0	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	657,950	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Independent Auditor's Report

The Governing Body
Crowley County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Crowley County, Colorado as of and for the year ended December 31, 2013, and the related notes to the financial statements, which collectively comprise Crowley County, Colorado's basic financial statements, and have issued our report thereon dated May 14, 2014.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

rfarmer, llc

May 14, 2014

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

Independent Auditor's Report

The Governing Board
Crowley County, Colorado

Compliance

We have audited the compliance of Crowley County, Colorado with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013. Crowley County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, Crowley County, Colorado complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

Internal Control over Compliance

The management of Crowley County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our compliance audit, we considered Crowley County, Colorado's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing our compliance auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crowley County, Colorado's internal control over compliance.

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

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

Restricted Use

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

rfarmer, llc

May 14, 2014