

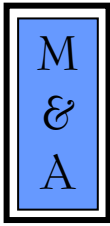
**Garfield Clean Energy Collaborative
Carbondale, Colorado
Financial Report
(Unaudited)**

December 31, 2014

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Financial Report
December 31, 2014
(Unaudited)**

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MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

**To the Board of Directors
Garfield Clean Energy Collaborative
Carbondale, Colorado**

We have reviewed the accompanying financial statements of the governmental activities and the General Fund of Garfield Clean Energy Collaborative ("GCE"), as of and for the year ended December 31, 2014, which collectively comprises GCE's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

A review includes primarily applying analytical procedures to management's financial data and making inquiries of the GCE's management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing, and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the review in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. Those standards require us to perform procedures to obtain limited assurance that there are no material modifications that should be made to the financial statements. We believe that the results of our procedures provide a reasonable basis for our report.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America.

Our review was made primarily for the purpose of expressing a conclusion that there are no material modifications that should be made to the financial statements in order for them to be in conformity with accounting principles generally accepted in the United States of America. Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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, economical, or historical context. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
DANIEL R. CUDAHY, CPA, CGMA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT ACCOUNTANT'S REVIEW REPORT
To the Board of Directors
Garfield Clean Energy Collaborative

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. Such information has been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, and we did not become aware of any material modifications that should be made to it.

McMahan and Associates, LLC
March 18, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Garfield Clean Energy Collaborative

Management's Discussion and Analysis

December 31, 2014

As management of Garfield Clean Energy Collaborative ("GCE"), we offer readers of GCE's financial statements this narrative introduction, overview and analysis of the financial activities of GCE for the fiscal year ended December 31, 2014.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to GCE's basic financial statements. GCE's basic financial statements consist of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements.

Government-wide financial statements: The government-wide financial statements are designed to provide readers with a broad overview of GCE's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all GCE's assets and liabilities with the difference between the amounts reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of GCE is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that result in cash flows in prior or future fiscal periods.

The governmental activity of GCE is primarily program coordination, coaching, education, marketing, and training through various programs, as well as coordination of the intergovernmental authority. These efforts are designed to create a more energy independent, energy secure, thriving and stable economy. The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. GCE, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. GCE currently has one fund, the General Fund, which is a governmental fund.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The fund financial statements are located on pages C3 and C4 of this report.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Normally, a reconciliation is presented to reconcile the fund balances of the governmental funds to the net position as reported in the government-wide financial statements and an additional reconciliation is presented reconciling the net change in fund balances of the governmental funds to the change in net position of the governmental activities. These reconciliations can be useful to facilitate the comparison between governmental funds and governmental activities as reported in the government-wide financial statements. However, in GCE's case in 2014, there are no long-term assets or liabilities; therefore, the government-wide and fund statements report the same information, and no reconciliation is necessary.

Overview of the Financial Statements (continued)

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages D1 – D6 of this report.

Government-wide Financial Analysis: Condensed financial data provides an overview of GCE's financial statements and provides the context for a better understanding of the basic financial statements. The following table shows GCE's condensed government-wide comparative financial data for the governmental activities for the current and prior fiscal years. GCE had no business-type activities during 2014.

	<u>2014</u>	<u>2013</u>
Assets:		
Current assets	\$ 34,248	\$ 64,109
Total Assets	<u>34,248</u>	<u>64,109</u>
Liabilities:		
Current liabilities	21,510	39,289
Total Liabilities	<u>21,510</u>	<u>39,289</u>
Net Position:		
Restricted	-	10,495
Unrestricted	12,738	14,325
Total Net Position	<u>\$ 12,738</u>	<u>\$ 24,820</u>
Revenues:		
Grants	\$ -	\$ 59,971
Partnership funding	334,150	460,000
Total Revenues	<u>334,150</u>	<u>519,971</u>
Expenses:		
Programs	248,985	366,047
Garfield County Subaward	-	278,535
Partnership services	97,247	154,947
Total Expenses	<u>346,232</u>	<u>799,529</u>
Change in Net Position	<u>(12,082)</u>	<u>(279,558)</u>
Net Position - Beginning	<u>24,820</u>	<u>304,378</u>
Net Position - Ending	<u>\$ 12,738</u>	<u>\$ 24,820</u>

Overall Analysis

GCE's overall financial position, as measured by total net position, decreased by \$279,558 during 2013. This decrease is mainly due to the completion of programs originally funded in 2012 by the Garfield County Subaward for the Better Buildings Program.

In 2014, GCE's overall financial position, as measured by total net position, decreased by \$12,082. This decrease was due to revenues originally budgeted for in 2014 that did not materialize.

Financial Analysis of GCE's Funds

GCE uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of GCE's funds follows.

Governmental Funds: The focus of GCE's governmental funds is to provide information on near-term inflows, outflows, and balances of expendable resources. Such information is useful in assessing GCE's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, GCE's governmental fund reported an ending fund balance of \$12,738. Of this amount, \$2,000 is assigned to specific uses within the Credit Reserve Budget.

Budget Variances in GCE's General Fund

This discussion refers to the "Schedule of Revenues, Expenditures and Changes in Fund Balance" table on page E1 of this document, and will cover two notable sets of items on that table: (1) differences between original budget and final budget, and (2) budget variances.

1. Readers will notice a difference in the bottom lines for revenues, expenditures and ending fund balance between the original and final 2014 budgets, columns 1 and 2. Two substantial changes led to these differences.

Revenues. In setting the 2014 budget, GCE anticipated the ability to win at least \$25,000 in grants from outside sources. GCE did win a \$25,000 grant from the Garfield County Federal Mineral Lease District in April 2014, but the grant was declined by board action in July 2014 due to misunderstandings over allowable use of grant funding and the FMLD policy of withholding the award until the conclusion of the project.

Also for 2014 revenues, Colorado Mountain College originally pledged a contribution of \$41,750, with the plan to contribute \$29,000 in January and the remaining \$12,750 in November. By September, CMC notified GCE that it would not be able to provide the second contribution amount. In response, GCE management reduced planned spending for the remainder of the year to avoid deficit spending.

Expenditures. In three line items, budgeted expenditures differed significantly from actual expenditures. The Alternative fuels > CNG support line was budgeted at \$25,000, with the anticipation that this work would be funded by a \$25,000 grant. Work in this area began in January. By April, management could see problems emerging with the FMLD grant, so spending was reduced to a minimum level. With the decision to decline the grant in July, the board agreed to fund the CNG support line from the Countywide Energy Portfolio Diversification > Education line. Spending for the CNG support project for the remainder of the year was kept at a minimum level and was drawn from the Partnership Service > Administration line. This explains the reduction of the CNG support line from \$25,000 to \$7,332, and the reduction of the Countywide Energy Portfolio Diversification > Education line from \$9,000 to \$2,803.

A third significant difference between budget and actual can be found in the Government Facilities > Energy data management line, which fell from \$57,000 to \$41,324. This line is primarily used to pay for a contractor, UMS Services, to provide utility bill data entry for the Building Energy Navigator. The 2014 budget was based on spending trends in 2012 and 2013. However, careful analysis of bills being counted allowed management to reduce unnecessary sites, resulting in more than \$15,000 in savings. These funds were moved by board action into the residential and commercial energy coaching areas.

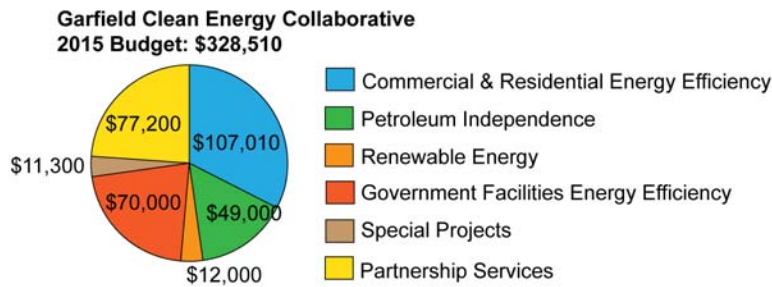
2. Readers will also notice one negative budget variance in the Commercial sector > Energy coaching line. Overspending in this line item, \$1,390, was more than covered by \$2,412 in under-spending in the companion Marketing and outreach line. End-of-year demand from the public for energy coaching was greater than the budget amount, but could be covered through unspent funds in the companion line.

Comparative Information and Analysis

Garfield Clean Energy's expenditures totaled \$346,232 in 2014 compared to \$800,000 in 2013. The high spending level seen in 2013 was driven by the U.S. Department of Energy Better Buildings grant, which had to be wrapped up by October 2013. By the conclusion of 2013, only \$10,496 remained in the GCE accounts from the Better Buildings grant. This money was carried over into 2014 with approval from the DOE, and was used for marketing of the Residential Revolving Loan Fund, which was capitalized by the Better Buildings grant, and for reporting on loan fund activity to DOE officials.

Other than this carryover, revenues for Garfield Clean Energy in 2014 came entirely from local government members of GCE making their annual funding contributions.

Next Year's Budget



Looking forward to 2015, Garfield Clean Energy anticipates a net drop in revenues of 1.5 percent. Some partners will increase their contribution, while others will decrease their contribution. The 2015 Strategic Plan sets goals of providing energy coaching to 70 households and 50 businesses, hosting three specialized

workshops for contractors, facility managers and wastewater treatment plant operators, hosting the Bike and Walk to School Challenge, hosting the Bike, Bus and Walk Week, leading the West Slope CNG Network, providing technical support to increase renewable energy installations, hosting building utility data on the Energy Navigator website, providing Active Energy Management consultations with member governments, writing grants, publicizing GCE projects and achievements, and participating in regional state-level efforts to develop new funding sources for clean energy programs.

Request for Information

This financial report is designed to provide a general overview of GCE's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Garfield Clean Energy Collaborative, P.O. Box 428, Carbondale, Colorado 81623.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Garfield Clean Energy Collaborative
Statement of Net Position
Governmental Activities
December 31, 2014
(Unaudited)

Assets:	
Cash	34,248
Total Assets	<u>34,248</u>
 Liabilities:	
Accounts payable	21,510
Total Liabilities	<u>21,510</u>
 Net Position:	
Unrestricted	12,738
Total Net Position	<u><u>12,738</u></u>

See accompanying notes and Independent Accountant's Review Report.

**Garfield Clean Energy Collaborative
Statement of Activities
Governmental Activities
For the Year Ended December 31, 2014
(Unaudited)**

	Expenses	Program Revenues	Net (Expense) Revenue and Changes in Net Position
		Operating Grants and Contributions	
Governmental Activities:			
Commercial energy coaching and program coordination	62,328	-	(62,328)
Residential energy coaching and program coordination	53,311	-	(53,311)
Petroleum Independence Project	30,821	-	(30,821)
Countywide Energy Portfolio Diversity	13,999	-	(13,999)
Government Facilities Program	81,491	-	(81,491)
Partnership services	97,247	-	(97,247)
Credit reserve	7,035	-	(7,035)
Total Governmental Activities	346,232	-	(346,232)
		General revenues:	
		Partnership funding	334,150
		Total general revenues	334,150
		Change in Net Position	(12,082)
		Net Position - Beginning	24,820
		Net Position - Ending	12,738

See accompanying notes and Independent Accountant's Review Report.

FUND FINANCIAL STATEMENTS

**Garfield Clean Energy Collaborative
Balance Sheet
General Fund
December 31, 2014
(Unaudited)**

Assets:	
Cash and cash equivalents	34,248
Total Assets	<u>34,248</u>
Liabilities:	
Accounts payable	21,510
Total Liabilities	<u>21,510</u>
Fund Balances:	
Assigned for Garfield County Subaward	2,000
Unassigned	10,738
Total Fund Balance	<u>12,738</u>
Total Liabilities and Fund Balance	<u>34,248</u>

See accompanying notes and Independent Accountant's Review Report.

Garfield Clean Energy Collaborative
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
For the Year Ended December 31, 2014
(Unaudited)

Revenues:	
Partnership funding	334,150
Total Revenues	<u>334,150</u>
Expenditures:	
Commercial energy coaching and program coordination	62,328
Residential energy coaching and program coordination	53,311
Petroleum Independence Project	30,821
Countywide Energy Portfolio Diversity	13,999
Government Facilities Program	81,491
Partnership services	97,247
Credit Reserve	7,035
Total Expenditures	<u>346,232</u>
Excess of Revenues over Expenditures	<u>(12,082)</u>
Fund Balance, Beginning	<u>24,820</u>
Fund Balance, End	<u><u>12,738</u></u>

See accompanying notes and Independent Accountant's Review Report.

NOTES TO THE FINANCIAL STATEMENTS

Garfield Clean Energy Collaborative
Notes to the Financial Statements
December 31, 2014
(Unaudited)

I. Summary of Significant Accounting Policies

The Garfield Clean Energy Collaborative (“GCE”) was formed in January 2012 under an intergovernmental agreement between various local governments (the “Partners”) in Garfield County, Colorado, to collaborate in creating a more energy independent, energy secure, thriving and stable economy. Partners at December 31, 2014 were as follows:

- Garfield County
- City of Glenwood Springs
- City of Rifle
- Town of Carbondale
- Roaring Fork Transportation Authority
- Town of New Castle
- Garfield County Public Library District
- Town of Parachute
- Town of Silt
- Colorado Mountain College

GCE’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 GCE are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., GCE, and (b) organizations for which GCE is financially accountable. GCE is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is 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, GCE. 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 GCE. Organizations for which the nature and significance of their relationship with GCE 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 on the criteria above, GCE is not financially accountable for any other entity nor is GCE a component unit of any other government.

B. Government-wide and Fund Financial Statements

GCE’s basic financial statements include both government-wide (reporting GCE as a whole) and fund financial statements (reporting GCE’s major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. Currently, GCE has only governmental activities.

1. Government-wide Financial Statements

In the government-wide Statement of Net Position, the governmental activities column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations.

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

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of GCE are reported in an individual fund in the fund financial statements. The fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

GCE reports the following governmental fund:

The *General Fund* is the general operating fund of GCE. It is used to account for all financial resources.

C. Measurement Focus and Basis of Accounting

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 accounts and reported in the financial statements.

1. Long-term Economic Focus and Accrual Basis

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.

2. 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 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.

D. Restricted Assets

Certain cash balances of the General Fund are classified as restricted because their use is restricted by the provisions of the U.S. Department of Energy Better Buildings grant.

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Encumbrances

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 GCE because it is at present considered not necessary to assure effective budgetary control or to facilitate effective cash planning and control.

F. Fund Balance

GCE classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

GCE uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, GCE first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

GCE does not have a formal minimum fund balance policy. However, GCE's budget includes a calculation of a targeted reserve position and management calculates targets and reports them annually to the Board of Directors.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

II. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, GCE's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. Budgets for governmental funds are adopted on a basis consistent with GAAP.

As required by Colorado statutes GCE follows these procedures in establishing the budgetary data reflected in the financial statements.

- (1) On or before October 15, GCE's management submitted to GCE's Board of Directors a recommended budget which detailed the necessary revenues to meet GCE's operating requirements.
- (2) After a required publication of "Notice of Proposed Budget" GCE adopted the proposed budget and an appropriating resolution which legally appropriated expenditures for the upcoming year.
- (3) After adoption of the budget resolution, GCE may make the following changes:
a) supplemental appropriations to the extent of revenues in excess of those estimated in the budget; b) emergency appropriations; and c) reduction of appropriations for which originally estimated revenues are insufficient.

The level of control in the budget at which expenditures exceed appropriations is at the fund level. All appropriations lapse at year end.

B. TABOR Amendment - Revenue and Spending Limitation 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 which 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 requires 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.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for fiscal years ending after December 31, 1994. Since TABOR excludes grant and contributions from the definition of fiscal year spending, and all GCE's revenues were from grants and contributions, there was no required reserve at December 31, 2014.

GCE believes it has taken such steps as are appropriate in light of current interpretations of TABOR to comply with its terms. However, TABOR is complex and subject to interpretation. Many of the provisions, including but not limited to, the interpretation of how to calculate fiscal year spending and other limits, will require judicial interpretation.

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

III. Detailed Notes on All Funds

A. Deposits

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2014, GCE's cash deposits had a carrying balance of \$34,248 and a bank balance of \$36,563 at December 31, 2014.

IV. Other Information

A. Professional Services Agreement with CLEER

GCE entered into a professional services agreement with Clean Energy Economy for the Region ("CLEER"), a Colorado non-profit corporation, to achieve measurable progress on GCE's goals as a means to a stronger, more resilient and energy-secure economy as follows:

- Increase energy efficiency as measured by reducing energy consumption 20% by 2020 over a 2009 baseline.
- Reduce petroleum consumption 25% by 2020 over a 2009 baseline.
- Obtain 30% of electricity from renewable sources by 2020.

The following program areas serve as the ongoing framework for delivering GCE services:

1. Energy saving programs for governments and schools
2. Residential energy services
3. Commercial energy services
4. Transportation and community design
5. Renewable energy
6. General partnership services

Each program area will use education and training, and clean energy financing as tools to achieve the goals as set forth in detail in Exhibit A of the agreement.

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

IV. Other Information (continued)

A. Professional Services Agreement with CLEER (continued)

According to the agreement, CLEER shall be compensated for these professional services in accordance with the rate sheet in Exhibit B of the agreement as follows:

<u>Position</u>	<u>GCE Rate</u> <u>\$ per hour</u>	<u>Consulting</u> <u>Rate</u> <u>\$ per hour</u>
Policy/Director	85	125
Engineering	85	115
Energy Coaching	75	100
Architecture/Planning	85	115
Marketing/Technology	75	95
Office/Administration	40	75

In practice during 2014 through the date of the auditor's report, CLEER billed GCE a flat \$75 per hour for all work.

B. Garfield County Subaward (Better Buildings Financing Program)

On May 11, 2010, the United States Department of Energy (the "DOE") awarded Boulder County an Energy Efficiency Community Block Grant-Competitive grant ("EECBG-C") of \$25 million. On October 21, 2010, Boulder County entered into a Subrecipient Agreement with Garfield County through the Board of County Commissioners ("BOCC") for a portion of the EECBG-C funds. On June 20, 2011, the BOCC and Boulder County amended the Subrecipient Agreement to increase the grant award to Garfield County and to amend the BOCC's scope of work known as Amendment No. 1. The additional grant funds awarded by Amendment No. 1 total approximately \$600,000 and are for use in debt service and financing support for energy efficiency programs in Garfield County, known as the "Better Buildings Financing Program."

On August 20, 2012, with the consent of Boulder County, the BOCC entered into a Subaward Agreement with GCE whereby GCE received \$588,333 (\$600,000 less \$11,667 fees to Colorado Housing and Financing Authority) to fund a Revolving Loan Fund program for \$200,000, fund GCE rebates for \$70,000, use approximately \$15,000 for marketing and administration, and fund the Credit Reserve Fund with the remaining amount. GCE also agreed to comply and cooperate with all reporting and compliance requirements of the DOE, Boulder County, and the BOCC.

C. Agreement with EnergySmart Partners, LLC

On September 24, 2012, GCE entered into a 5-year agreement for administering the Better Buildings Financing Program's Revolving Loan Fund ("RLF") (see IV.B. above) with EnergySmart Partners, LLC ("ESP"), a wholly owned subsidiary of Funding Partners for Housing Solutions, Inc., a non-profit organization certified by the U.S. Department of the Treasury CDFI, as a community development financial institution ("CDFI").

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

IV. Other Information (continued)

C. Agreement with EnergySmart Partners, LLC (continued)

ESP will provide administration of the RLF as set forth in Exhibit 1 of the agreement and in compliance with other terms of the agreement. ESP will receive compensation of a onetime, non-refundable fee of \$25 from each borrower upon submittal of the loans, plus a loan origination fee of \$125 at the time of loan settlement. ESP shall receive 2% of all interest paid on each of the loans outstanding. ESP received a onetime payment of \$4,500 upon execution of the agreement for implementation of the program.

Either party may terminate the agreement for cause or convenience. If GCE terminates the agreement for cause (a contract default), GCE shall give written notice of intent to terminate with cause. ESP has 15 days from the receipt of the letter to cure the default. If ESP does not cure the default within 15 days, GCE may make written demand for the delivery of: (a) transfer to a GCE designated third party all sums received by ESP from GCE under the agreement as of the date of said demand, net of loan disbursements pursuant to the agreement, plus interest thereon at the legal rate; (b) all loan documents and all other documentation relating to the administration of the RLF program; (c) all expenses incurred by GCE, including reasonable attorney's fees incurred in recovering said sums and records.

If ESP gives written notice of intent to terminate for cause, and GCE does not cure the default with 15 days, ESP may terminate the agreement by giving written notice to GCE. In addition to other remedies available to it upon default of GCE, ESP is entitled to recover all expenses incurred as a result of the violation, including reasonable attorney's fees incurred in enforcing its rights under the agreement.

If GCE terminates the agreement for convenience, GCE shall give written notice thereof to ESP and pay to ESP documented direct and incidental termination expenses as are mutually agreed upon in an amount not to exceed \$2,000. ESP agrees to assist GCE in facilitating the transfer of the administration of the program.

If ESP terminates for convenience, it shall obtain the consent of GCE and give written notice at least 180 days in advance of the effective date thereof, along with the reason(s) for and date of the termination. ESP shall neither be paid nor considered eligible for payment of termination expenses or any damages or loss of profits due to the termination.

GCE funded the RLF with \$200,000 on October 17, 2012, and an additional \$100,000 on October 15, 2013. As of December 31, 2014, there were 21 loans outstanding with the RLF, with a total loan balance due of \$166,075. Of the total balance, \$151,930 is current, and \$14,145 up to 30 days past due. The maturities range from 2018 through 2021. The RLF had \$133,925 available for lending as of December 31, 2014.

D. Professional Services Agreement with Janet Obeji

GCE entered into a professional services agreement with Janet Obeji of Obeji Accounting, effective as of May 1, 2013.

Ms. Obeji will perform bookkeeper services for GCE as an independent contractor in accordance with the provisions of the agreement. GCE agrees to compensate Ms. Obeji at the rate of \$50.00 per hour to perform the services necessary to meet the scope of work detailed in Exhibit A of the agreement.

Garfield Clean Energy Collaborative
Notes to Financial Statements
December 31, 2014
(Unaudited)
(Continued)

IV. Other Information (continued)

D. Professional Services Agreement with Janet Obeji (continued)

GCE may terminate this agreement without cause if it determines that such termination is in GCE's best interest by giving written notice of termination, specifying the effective date, at least thirty calendar days prior to the effective date of termination. In the event of such termination by GCE, GCE shall be liable to pay Ms. Obeji for services performed as of the effective date of termination, but shall not be liable for anticipated profits. Ms. Obeji shall not perform any additional services following receipt of the notice of termination unless otherwise instructed in writing by GCE.

Ms. Obeji may terminate this agreement without cause if she determines that such termination is in her best interest. Ms. Obeji shall effect such termination by giving written notice to GCE, specifying the effective date of termination, at least sixty calendar days prior to the effective date of termination.

If, through any cause, Ms. Obeji fails to fulfill her obligations under this agreement in a timely and proper manner, violates any provision of this agreement, or violates any applicable law, and does not commence correction of such nonperformance or violation within seven calendar days of receipt of written notice and diligently complete the correction thereafter, GCE shall have the right to terminate this agreement for cause immediately upon written notice of termination to Ms. Obeji. Ms. Obeji shall not perform any additional Services following receipt of the notice of termination.

REQUIRED SUPPLEMENTARY INFORMATION

Garfield Clean Energy Collaborative
Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2014
(With Comparative Actual Amounts for 2013)

	2014 (Unaudited)			Budget Variance Positive (Negative)	2013 (Audited)
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Grants:					
Carbondale Fall Efficiency Program	-	-	-	-	39,971
Carbondale rebates	-	-	-	-	20,000
EnCana	-	-	-	-	24,000
Other grants	25,000	-	-	-	4,500
Partnership Funding:					
Garfield County	155,000	155,000	155,000	-	255,000
City of Glenwood Springs	43,000	43,000	43,000	-	43,000
City of Rifle	30,150	30,150	30,150	-	38,000
Town of Carbondale	25,000	25,000	25,000	-	25,000
Roaring Fork Transportation Authority	27,500	27,500	27,500	-	20,000
Colorado Mountain College	41,750	29,000	29,000	-	29,000
Town of New Castle	15,500	15,500	15,500	-	13,000
Garfield County Public Library District	5,000	5,000	5,000	-	5,000
Town of Parachute	1,000	1,000	1,000	-	1,000
Town of Silt	3,000	3,000	3,000	-	2,500
Total Revenues	<u>371,900</u>	<u>334,150</u>	<u>334,150</u>	<u>-</u>	<u>519,971</u>
Expenditures:					
Commercial Sector:					
Energy coaching and program coordination	45,500	49,250	50,640	(1,390)	66,783
Marketing, outreach, education, training	15,000	14,100	11,688	2,412	35,899
Residential Sector:					
Energy coaching and program coordination	35,000	44,275	44,361	(86)	55,468
Marketing, outreach, education, training	10,000	9,100	8,950	150	23,750
Petroleum Independence Project:					
Safe Routes and transportation alternatives	15,500	15,500	15,500	-	20,514
Efficient vehicles:					
Technical assistance	-	-	-	-	375
Alternative fuels:					
CNG support	25,000	7,332	7,332	-	22,937
Electric vehicles and biofuels	4,000	4,000	3,989	11	1,050
Marketing, outreach, education, training	4,000	4,000	4,000	-	3,600
Countywide Energy Portfolio Diversification:					
Technical assistance and implementation	5,000	5,000	4,997	3	6,000
Marketing, outreach, education, training	-	-	-	-	788
Financing of renewables	8,250	6,418	6,199	219	2,006
Education	9,000	2,803	2,803	-	9,000
Government Facilities Program:					
Energy data management	57,000	41,500	41,324	176	69,215
Active energy management	43,000	40,000	40,167	(167)	47,006
Building hardware	-	-	-	-	7,465
Partnership Services:					
Administration and grant writing	69,750	67,125	67,125	-	80,994
Legal	4,000	2,500	1,789	711	2,886
Accounting	7,000	7,000	5,850	1,150	7,367
Financial review	5,600	5,600	5,600	-	-
CIRSA liability insurance	2,300	2,097	2,097	-	-
Website, outreach, and events	15,250	14,800	14,786	14	51,200
Education and training	-	-	-	-	12,500
Credit Reserve:					
Loan fund, rebates, coaching, outreach	10,496	10,496	3,373	7,123	190,913
Long-term sustainability	-	-	-	-	75,717
Better Buildings reporting	-	-	3,662	(3,662)	6,096
Total Expenditures	<u>390,646</u>	<u>352,896</u>	<u>346,232</u>	<u>6,664</u>	<u>799,529</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(18,746)</u>	<u>(18,746)</u>	<u>(12,082)</u>	<u>6,664</u>	<u>(279,558)</u>
Fund Balance - Beginning	<u>20,671</u>	<u>24,822</u>	<u>24,820</u>	<u>(2)</u>	<u>304,378</u>
Fund Balance - Ending	<u>1,925</u>	<u>6,076</u>	<u>12,738</u>	<u>6,662</u>	<u>24,820</u>

See accompanying notes and Independent Accountant's Review Report.