



## Archuleta County, Colorado

### Financial Statements and Supplementary Information

For the Year Ended December 31, 2016

**ARCHULETA COUNTY, COLORADO**  
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**December 31, 2016**

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## **Independent Auditor's Report**

To the Board of County Commissioners of Archuleta County, Colorado  
Pagosa Springs, 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 Archuleta County, Colorado (the "County"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements.***

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

#### ***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 Archuleta County, Colorado, as of December 31, 2016, 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 i through xi and the budgetary comparison information on pages 31 through 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.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The other supplementary information as listed in the table of contents, the Schedule of Expenditures and Transfers Out – All Non-Major Governmental Funds, and All Proprietary Funds – Budget and Actual, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements

The other supplementary information as listed in the table of contents, the Schedule of Expenditures and Transfers Out – All Non-Major Governmental Funds, and All Proprietary Funds – Budget and Actual, the Local Highway Finance Report, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate 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 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 *Governmental Auditing Standards*, we have also issued our report dated September 29, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering County's internal control over financial reporting and compliance.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
September 29, 2017

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

The following discussion and analysis of Archuleta County's financial performance provides an overview of the County's financial activities for the fiscal year ended December 31, 2016. Management encourages readers to consider the information presented here in conjunction with the County's financial statements.

### FINANCIAL HIGHLIGHTS

- The assets of Archuleta County exceeded its liabilities and deferred inflows of resources at December 31, 2016 by \$58,382,933. Of this amount, \$18,561,239 may be used to meet the County's ongoing obligations to citizens and creditors.
- The County's total net position increased by \$3,717,983 or 6.8% during 2016. The governmental net position increased by \$3,540,170 or 13.6% and the business-type net position increased by \$177,813 or 0.6%.
- The combined governmental fund balances at December 31, 2016 were \$18,250,794, an increase over 2015 of \$1,185,796. The unassigned combined fund balance is \$4,611,042 and is available for spending.
- The unassigned fund balance within the General Fund is \$4,611,042 and is 49.9% of the total General Fund expenditures.
- The County's total long term liabilities decreased (\$470,498) or (11.1%).

### USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to Archuleta County's basic financial statements. The County's basic financial statements comprise three components: 1) the government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

#### Government-wide Financial Statements

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

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

The *Statement of Activities* presents information showing how Archuleta County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenditures reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Government-wide financial statements distinguish functions of Archuleta County that are principally supported by taxes and intergovernmental revenues (*Governmental Activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*Business-type Activities*). The Governmental Activities of Archuleta County include general

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

government, public safety, highway & streets, health & welfare, economic development and recreation. The Business-type Activities of Archuleta County include Solid Waste and Airport.

**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. Some funds are required to be established by State law or bond covenants. All of the County's funds can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds** – Most of the County's basic services are reported in governmental funds, which focus on how spendable resources flow into and out of those funds and the balances left at year-end that are available for future years. The funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental funds statements provide a detailed short-term view to cash, the governmental fund operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs. We describe the relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliations.

**Proprietary funds** – When the County charges customers for the services it provides – whether to outside customers or to other units of the County – these services are generally reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the Statement of Net Position and the Statement of Activities. In fact, the County's enterprise funds (components of proprietary funds) are the same as the business-type activities we report in the government-wide statements but provide more detail and additional information, such as cash flows, for proprietary funds. The County uses an internal service fund (the other component of proprietary funds) to account for its fleet of vehicles. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the governmental-wide financial statements.

**Fiduciary funds** – Resources held for the benefit of parties outside the government are reported in fiduciary funds. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the County's operations. The accounting used for fiduciary funds is similar to that used for proprietary funds.

The basic fiduciary fund financial statements can be found within the basic financial statements, just before the Notes to the Basic Financial Statements.

**Notes to the Basic 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 basic financial statements can be found immediately after the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents the combining statements referred to earlier in connection with non-major Governmental Funds and Internal Service Funds. Schedules that compare actual revenues and expenditures/expenses to budget amounts are also included. Combining and individual fund statements and schedules can be found after the notes in the financial section.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**FINANCIAL ANALYSIS OF THE COUNTY AS A WHOLE**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the County, assets exceeded liabilities and deferred inflows of resources by \$58,382,933 at December 31, 2016.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2016.

	<b>Net Position</b>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 24,924,695	\$ 24,124,565	\$ 1,904,208	\$ 1,878,512	\$26,828,903	\$26,003,077
Capital assets	14,487,581	13,035,403	27,469,408	28,090,083	41,956,989	\$41,125,486
Total assets	<u>39,412,276</u>	<u>37,159,968</u>	<u>29,373,616</u>	<u>29,968,595</u>	<u>68,785,892</u>	<u>67,128,563</u>
Current liabilities	1,235,388	1,792,535	(40,735)	762,632	1,194,653	2,555,167
Noncurrent liabilities	3,215,489	3,716,562	567,861	537,286	3,783,350	4,253,848
Total liabilities	<u>4,450,877</u>	<u>5,509,097</u>	<u>527,126</u>	<u>1,299,918</u>	<u>4,978,003</u>	<u>6,809,015</u>
Deferred inflows of resources	<u>5,424,956</u>	<u>5,654,598</u>	<u>-</u>	<u>-</u>	<u>5,424,956</u>	<u>5,654,598</u>
Net position:						
Net investment in capital assets	11,057,201	9,142,801	27,469,408	28,090,083	38,526,609	37,232,884
Restricted	1,295,085	1,234,775	-	-	1,295,085	1,234,775
Unrestricted	<u>17,184,157</u>	<u>15,618,697</u>	<u>1,377,082</u>	<u>578,594</u>	<u>18,561,239</u>	<u>16,197,291</u>
Total net position	<u>\$ 29,536,443</u>	<u>\$ 25,996,273</u>	<u>\$ 28,846,490</u>	<u>\$ 28,668,677</u>	<u>\$58,382,933</u>	<u>\$54,664,950</u>

The largest portion of Archuleta County's net position, about 65.9%, reflects its investment in capital assets (e.g. land, buildings, equipment, etc.), less any related debt still outstanding (current and long-term), that was used to acquire those assets. The County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

About 2% of the County's net position is subject to restrictions on how it may be used. About 32% is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors. Note that "unrestricted" funds are not the same as "unassigned". Some of the "unrestricted" funding is assigned or committed to specific uses, or include internal reserves.

**Governmental Activities**

The Governmental Activities total revenues of \$22,086,449 exceeded expenditures of \$18,546,279, resulting in an increase in net assets of \$3,540,170 at December 31, 2016.

The following table provides a summary comparison of the County's governmental and business-type net position at December 31, 2016.

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**Changes in Net Position**

	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Program revenues:						
Charges for services	\$ 2,326,729	\$ 2,203,145	\$ 975,572	\$ 856,557	\$ 3,302,301	\$ 3,059,702
Operating grants	6,814,923	7,400,499	-	-	6,814,923	7,400,499
Capital grants/Contributions	77,809	111,000	1,108,214	4,043,116	1,186,023	4,154,116
General revenues:						
Property taxes	6,223,788	6,113,427	-	-	6,223,788	6,113,427
Sales and use taxes	4,759,534	4,350,799	-	-	4,759,534	4,350,799
Other taxes	1,185,511	1,160,215	-	-	1,185,511	1,160,215
Other general revenues	1,278,155	710,919	-	-	1,278,155	710,919
Transfers	(580,000)	(1,644,071)	580,000	1,644,071	-	-
Total revenues	<u>22,086,449</u>	<u>20,405,933</u>	<u>2,663,786</u>	<u>6,543,744</u>	<u>24,750,235</u>	<u>26,949,677</u>
Program expenses:						
General Government	5,098,364	4,900,948	-	-	5,098,364	4,900,948
Public Safety	4,173,249	3,980,691	-	-	4,173,249	3,980,691
Health and Welfare	4,095,809	4,013,596	-	-	4,095,809	4,013,596
Highways and Streets	4,550,485	4,941,228	-	-	4,550,485	4,941,228
Economic Development	136,128	115,451	-	-	136,128	115,451
Recreation and Culture	398,142	329,856	-	-	398,142	329,856
Asset Impairment	-	545,792	-	-	-	545,792
Interest Expense	94,102	106,259	-	-	94,102	106,259
Airport	-	-	1,810,889	1,163,435	1,810,889	1,163,435
Solid Waste	-	-	675,084	634,973	675,084	634,973
Total expenses	<u>18,546,279</u>	<u>18,933,821</u>	<u>2,485,973</u>	<u>1,798,408</u>	<u>21,032,252</u>	<u>20,732,229</u>

Expenditures exceeded Program Revenues for Governmental Activities by \$9.3 million in 2016. In 2015 expenditures exceeded Program Revenues by \$9.2 million.

Total revenues for governmental activities are made up of 41.7% of program revenues and 58.3% general revenues. In 2015, program revenues were 47.6% of the total revenues and general revenues represented 52.4%.

Governmental Activities Program Revenues decreased (\$495,183) or (5.1%) in 2016 compared to 2015. The overall decrease is due to a significant reduction in Operating Grants, partially offset by increases in Charges for Services.

General revenues, primarily property taxes and sales taxes, were used to pay for \$9,326,818 of expenses that were not covered by program revenues.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

The following illustrates program revenues, expenses, and amounts covered by general revenues, by function:

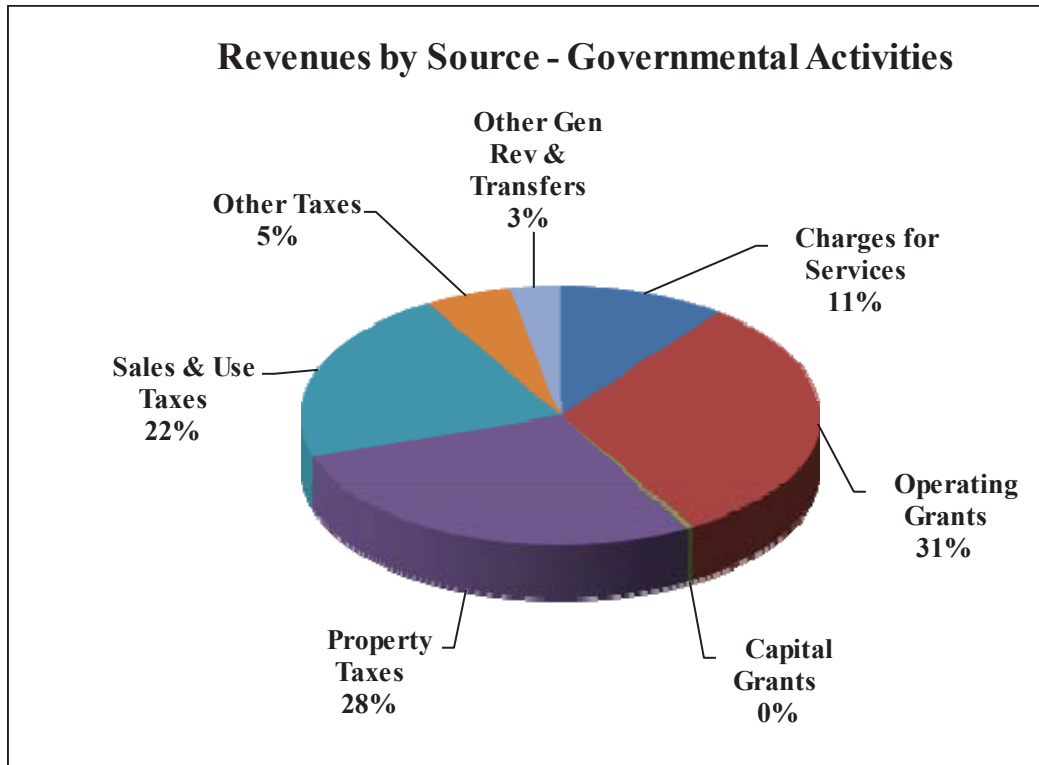
**Net Program Cost to Taxpayers**

Governmental Activities

	<b>Program</b>		<b>Net (Expense)</b>
	<b>Revenues</b>	<b>Expenses</b>	<b>Revenue</b>
General Gov't	2,758,816	5,098,364	(2,339,548)
Public Safety	727,051	4,173,249	(3,446,198)
Health & Welfare	3,818,251	4,095,809	(277,558)
Highways & Streets	1,915,343	4,550,485	(2,635,142)
Economic Dev	-	136,128	(136,128)
Recreation	-	398,142	(398,142)
Interest Exp	-	94,102	(94,102)
<b>Totals</b>	<b>9,219,461</b>	<b>18,546,279</b>	<b>(9,326,818)</b>

Governmental Activities total revenues increased \$1,680,516 or 8.2% in 2016.

The following illustrate revenues by sources:



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 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2016

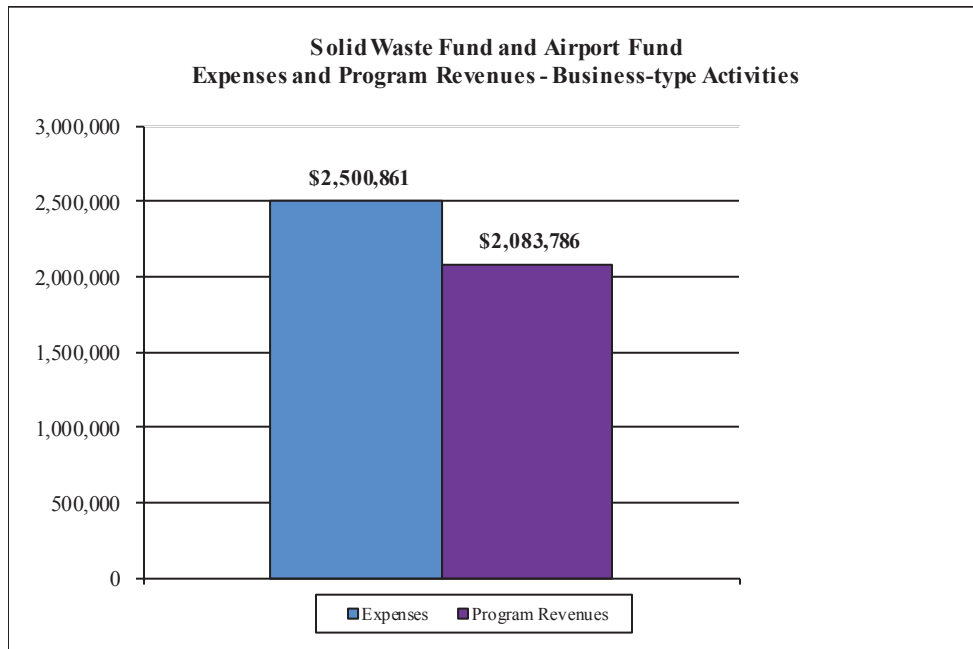
The percentages of total County governmental expenses in each function are as follows:

	<u>2016</u>	<u>2015</u>
General Government	27.5%	25.9%
Public Safety	22.5%	21.0%
Health & Welfare	22.1%	21.2%
Highways & Streets	24.5%	26.1%
Economic Dev	0.7%	0.6%
Recreation	2.2%	1.7%
Asset Impairment	0.0%	2.8%
Interest Expense	0.5%	0.7%

**Business-type Activities**

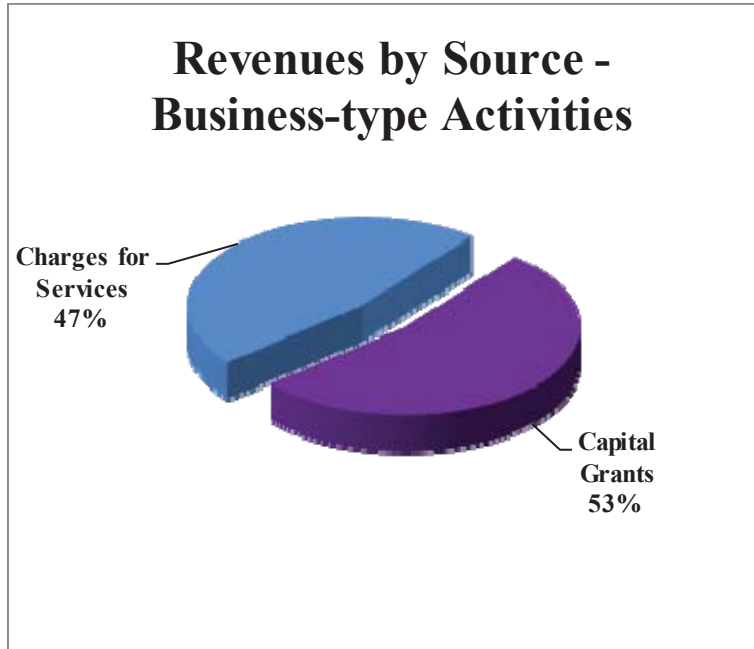
Net position in Business-type Activities increased by \$177,813 in 2016.

The following illustrates the Business-type Activities, showing program revenues and expenses:



ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

Charges for Services for business-type activities were 47% of revenues and Capital Grants were 53% of revenues.



**THE COUNTY'S FUNDS**

At year end, the County's Governmental Funds reported a combined fund balance of \$18,250,794, an increase of \$1,185,796 compared to 2015. Fund balances in the Governmental Funds are as follows:

<b>Governmental Fund Balances Comparison</b>					
	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>
General Government Fund	12,159,081	10,366,121	10,776,507	8,880,189	7,188,345
Road & Bridge Fund	4,472,920	5,247,450	4,007,333	3,449,934	2,828,501
Dept. of Human Services Fund	697,705	571,359	432,128	391,179	366,262
Other Governmental Funds	921,088	880,068	888,817	1,023,701	1,010,396
<b>Combined Governmental Fund Balance</b>	<b>18,250,794</b>	<b>17,064,998</b>	<b>16,104,785</b>	<b>13,745,003</b>	<b>11,393,504</b>

The Proprietary Funds ended 2016 with total unrestricted net position of \$2,004,680, an increase of \$1,233,263 from 2015. The total net position, including net invested in capital assets, was \$31,105,811, an increase of \$1,191,089.

Proprietary Funds Net Positions are as follows:

Solid Waste Fund	\$1,271,799
Airport Fund	\$27,457,607
Fleet Fund (Internal Service)	\$2,376,405

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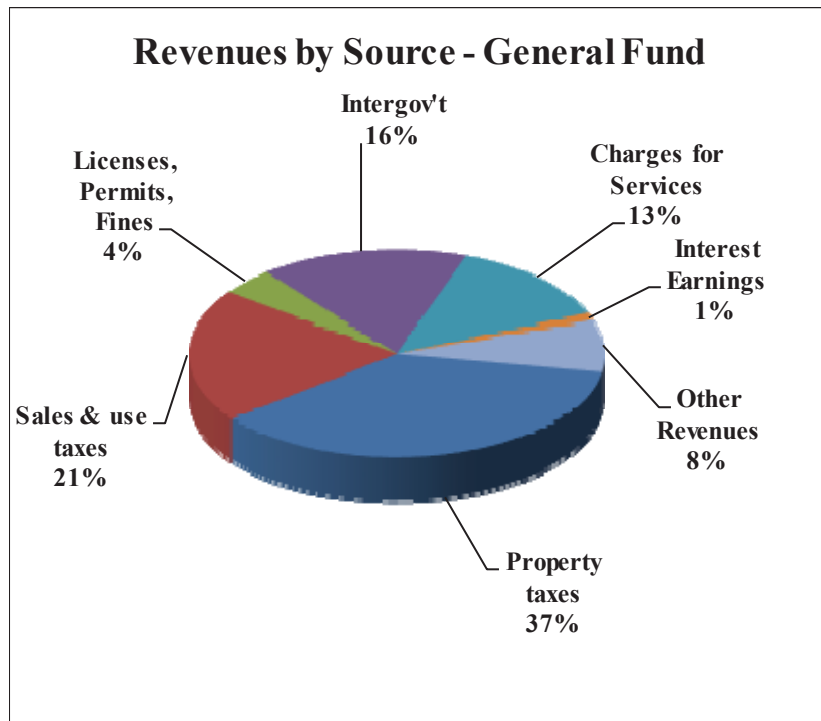
**GENERAL FUND BUDGETARY HIGHLIGHTS**

The General Fund accounts for all of the general services provided by Archuleta County. At the end of 2016, the General Fund's fund balance totaled \$12,159,081. This is an increase of \$1,792,960 compared to 2015.

A comparison of unassigned fund balance to total fund expenditures is often a useful measure of the ability to continue financial operations. At December 31, 2016 the unassigned fund balance in the General Fund represented 49.9% of the General Fund expenditures.

2016 General Fund revenues increased \$1,114,145 from 2015. Every category of revenue increased. The most significant increases were in Other Revenue up \$546,116; Sales & Use Tax up \$213,290 and Intergovernmental up \$125,185. Other Revenue included the one-time sale of land.

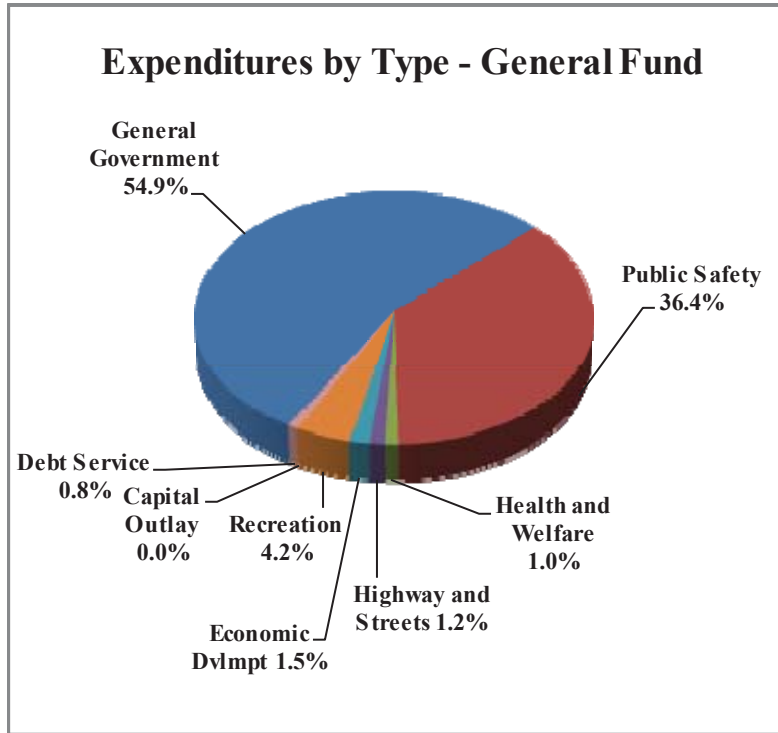
The following illustrates revenues by sources in the General Fund:



General Fund expenditures include all administrative functions of the County (i.e. Commissioners, Administrator, Finance, Attorney, Human Resources, IT/GIS, etc.); public safety; health and welfare; planning and development and outdoor recreation. Total General Fund expenditures increased \$568,756, about 6.6%, in 2016.

ARCHULETA COUNTY, COLORADO  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended December 31, 2016

The following illustrates expenditures by type for the General Fund:



During 2016, the County Commissioners approved budget amendments that included changes to the General Fund budget. Resolution enactment requires public hearing and the opportunity for public discussion. The County does allow small inter-departmental budget changes that modify line items within departments within the same fund.

Actual revenues collected in the General Fund were \$547,013 more than budgetary estimates (secluding other financing sources) and expenditures were \$1,695,179 less than the final budgetary estimates (excluding other financing uses).

The following illustrates the General Fund Budget:

	<b>2016 General Fund Budget</b>		
	<b>Adopted Budget</b>	<b>Amendments</b>	<b>Final Budget</b>
Beginning Fund Balance	10,023,858	-	10,023,858
Sources	10,244,682	1,112,997	11,357,679
Uses	11,431,914	1,112,997	12,544,911
Ending Fund Balance	\$ 8,836,626	\$ -	\$ 8,836,626

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**CAPITAL ASSETS**

In 2016, the County invested in a broad range of capital assets, including infrastructure (roads), heavy equipment and vehicles and in an Airport runway taxiway.

The table below provides a comparative summary of total capital assets at December 31, 2016 and 2015.

	<b>Capital Assets at Year-end</b>					
	(Net of Depreciation, in Thousands)					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Land	749	1,437	3,574	3,574	4,323	5,011
Construction in progress	33	0	6	0	39	0
Runway	0	0	21,476	21,900	21,476	21,900
Improvements nonbuilding	21	23	57	54	78	77
Buildings and Improvements	1,300	1,614	1,798	1,861	3,098	3,475
Machinery & Equipment	1,371	1,143	252	328	1,623	1,471
Vehicles	591	410	80	116	671	526
Computer Equipment	116	175	0	0	116	175
Infrastructure	10,307	8,234	226	256	10,533	8,490
<b>Totals</b>	<b>14,488</b>	<b>13,036</b>	<b>27,469</b>	<b>28,089</b>	<b>41,957</b>	<b>41,125</b>

Major capital expenditures during 2016 included:

**2016 Major Capital Expenditures**

Infrastructure (Roads)	2,605,794
Machinery and Equipment	517,148
Runway	\$ 465,038

The County remains committed to the upkeep and maintenance of the County's largest assets. More detailed information about the County's capital assets is presented in Notes 1 and 6 to the financial statements.

ARCHULETA COUNTY, COLORADO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended December 31, 2016

**DEBT**

Note 8 of the financial statements provide a summary of the County's long-term debt. At the end of 2016, the County had total debt outstanding of \$3.4 million. The County's total debt decreased (\$462,222) from 2015.

	<b>Outstanding Debt, at Year-end</b>					
	Governmental Activities		Business-type Activities		Total Primary Government	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Notes Payable	\$ 227,406	\$ 276,157	\$ -	\$ -	\$ 227,406	\$ 276,157
Capital leases	3,202,974	3,616,445	-	-	3,202,974	3,616,445
<b>Totals</b>	<b>\$ 3,430,380</b>	<b>\$ 3,892,602</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,430,380</b>	<b>\$ 3,892,602</b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

Over the last decade, the County significantly constrained spending; first to survive steep declines in core funding such as property tax, and later to build critical reserves in working capital and later still to establish a strategic reserve. During the last five years, Governmental Fund Revenue has grown about 7.3%. (If we exclude the one-time sale of land in 2016, the Revenue would have only grown about 3.8% over the same time period.) Despite the last recession and the very slow recovery since then, the County's austerity measures have paid off. Fund balances have steadily increased; investments in deferred maintenance and capital replacement have been ramped up and the freeze on employee wage rates have given way to adjustments to bring all employees back in line with the marketplace.

**CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers and investors and creditors with a general overview of the County's finances and to show the County's accountability for the funds and assets it receives. If you have questions about this report, or should you need additional financial information, contact the County's Finance Department at Archuleta County, PO Box 1507, Pagosa Springs, CO 81147, or at [finance@archuletacounty.org](mailto:finance@archuletacounty.org).

**ARCHULETA COUNTY, COLORADO**

**BASIC FINANCIAL STATEMENTS**

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET POSITION**  
**December 31, 2016**

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and Cash Equivalents	\$ 11,900,577	\$ 1,767,994	\$ 13,668,571
Investments	5,978,997	-	5,978,997
Property Taxes Receivable	5,424,956	-	5,424,956
Other Receivables	1,082,198	84,977	1,167,175
Inventories	109,627	532	110,159
Prepaid Items	119,487	38	119,525
Due from Other Governments	308,853	50,667	359,520
<b>Total Current Assets</b>	<b>24,924,695</b>	<b>1,904,208</b>	<b>26,828,903</b>
<b>Noncurrent Assets:</b>			
Capital Assets:			
Land	748,711	3,574,230	4,322,941
Construction in Progress	32,787	6,022	38,809
Runway Improvements, net	-	21,477,350	21,477,350
Buildings and Improvements, net	1,299,930	1,798,373	3,098,303
Machinery and Equipment, net	1,370,920	251,523	1,622,443
Vehicles, net	591,474	79,672	671,146
Improvements -Non-building, net	20,911	56,730	77,641
Computer Equipment, net	116,432	-	116,432
Infrastructure, net	10,306,416	225,508	10,531,924
<b>Total Noncurrent Assets</b>	<b>14,487,581</b>	<b>27,469,408</b>	<b>41,956,989</b>
<b>TOTAL ASSETS</b>	<b>39,412,276</b>	<b>29,373,616</b>	<b>68,785,892</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Accounts Payable	455,261	69,933	525,194
Due to Other Governments	-	-	-
Internal Balances	117,084	(117,084)	-
Accrued Interest Payable	13,618	-	13,618
Accrued Payroll and Liabilities	35,867	3,846	39,713
Deposits Payable	9,348	-	9,348
Accrued Compensated Absences, Current Portion	129,752	2,570	132,322
Notes and Capital Leases Payable, Due Within One Year	474,458	-	474,458
<b>Total Current Liabilities</b>	<b>1,235,388</b>	<b>(40,735)</b>	<b>1,194,653</b>
<b>Noncurrent Liabilities:</b>			
Closure and Post Closure Costs	-	551,497	551,497
Accrued Compensated Absences, Noncurrent	259,567	16,364	275,931
Notes and Capital Leases Payable, Due After One Year	2,955,922	-	2,955,922
<b>Total Noncurrent Liabilities</b>	<b>3,215,489</b>	<b>567,861</b>	<b>3,783,350</b>
<b>TOTAL LIABILITIES</b>	<b>4,450,877</b>	<b>527,126</b>	<b>4,978,003</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unearned Revenue - Property Taxes	5,424,956	-	5,424,956
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>5,424,956</b>	<b>-</b>	<b>5,424,956</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	11,057,201	27,469,408	38,526,609
Restricted for:			
TABOR	527,416	-	527,416
Capital Projects	500,468	-	500,468
Forest Reserve Title III	2,663	-	2,663
Parks and Recreation	264,538	-	264,538
Unrestricted	17,184,157	1,377,082	18,561,239
<b>TOTAL NET POSITION</b>	<b>\$ 29,536,443</b>	<b>\$ 28,846,490</b>	<b>\$ 58,382,933</b>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

Functions/Programs	Program Revenues				Net (Expense) Revenue and Change in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
					Governmental Activities	Business-Type Activities
<b>Primary Government:</b>						
<b>Governmental Activities:</b>						
General Government	\$ 5,098,364	\$ 1,568,548	\$ 1,112,459	\$ 77,809	\$ (2,339,548)	\$ -
Public Safety	4,173,249	727,051	-	-	(3,446,198)	-
Health and Welfare	4,095,809	-	3,818,251	-	(277,558)	-
Highways and Streets	4,550,485	31,130	1,884,213	-	(2,635,142)	-
Economic Development	136,128	-	-	-	(136,128)	-
Recreation and Culture	398,142	-	-	-	(398,142)	-
Interest Expense	94,102	-	-	-	(94,102)	-
<b>Total Governmental Activities</b>	<b>18,546,279</b>	<b>2,326,729</b>	<b>6,814,923</b>	<b>77,809</b>	<b>(9,326,818)</b>	<b>-</b>
<b>Business-Type Activities:</b>						
Airport	1,810,889	123,912	-	1,108,214	(578,763)	(578,763)
Solid Waste	675,084	851,660	-	-	176,576	176,576
<b>Total Business-Type Activities</b>	<b>2,485,973</b>	<b>975,572</b>	<b>-</b>	<b>1,108,214</b>	<b>(402,187)</b>	<b>(402,187)</b>
<b>Total Primary Government</b>	<b>\$ 21,032,252</b>	<b>\$ 3,302,301</b>	<b>\$ 6,814,923</b>	<b>\$ 1,186,023</b>	<b>(9,326,818)</b>	<b>(9,729,005)</b>
<b>General revenues:</b>						
Taxes:						
Property and Specific Ownership Taxes					6,223,788	-
Sales and Use Taxes					4,759,534	-
Payments in Lieu of Taxes					1,185,511	-
Net Earnings on Investments					147,671	-
Miscellaneous					1,249,465	-
Loss on sale of capital assets					(118,981)	-
Transfers					(580,000)	580,000
<b>Total General Revenues and Transfers</b>					<b>12,866,988</b>	<b>580,000</b>
					<b>3,540,170</b>	<b>177,813</b>
Change in Net Position					<b>25,996,273</b>	<b>28,668,677</b>
<b>Net Position - Beginning</b>					<b>\$ 29,536,443</b>	<b>\$ 28,846,490</b>
<b>Net Position - Ending</b>					<b>\$ 55,532,716</b>	<b>\$ 58,382,933</b>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**December 31, 2016**

	<b>GENERAL FUND</b>	<b>ROAD &amp; BRIDGE FUND</b>	<b>HUMAN SERVICES FUND</b>	<b>OTHER GOVERNMENTAL FUNDS</b>	<b>TOTAL GOVERNMENTAL FUNDS</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 5,707,615	\$ 3,948,456	\$ 678,350	\$ 848,275	\$ 11,182,696
Investments	5,978,997	-	-	-	5,978,997
Property Taxes Receivable	3,801,535	1,352,752	270,669	-	5,424,956
Other Receivables	561,485	443,163	9,353	65,366	1,079,367
Inventories	222	28,969	-	-	29,191
Prepaid Items	89,458	21,675	-	8,354	119,487
Due From Other Governments	168,157	30,657	110,039	-	308,853
<b>TOTAL ASSETS</b>	<u>\$ 16,307,469</u>	<u>\$ 5,825,672</u>	<u>\$ 1,068,411</u>	<u>\$ 921,995</u>	<u>\$ 24,123,547</u>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 337,505	\$ -	\$ 65,580	\$ -	\$ 403,085
Accrued Payroll and Liabilities	-	-	34,457	907	35,364
Inmate Deposits	9,348	-	-	-	9,348
<b>TOTAL LIABILITIES</b>	<u>346,853</u>	<u>-</u>	<u>100,037</u>	<u>907</u>	<u>447,797</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Revenue - Property Taxes	3,801,535	1,352,752	270,669	-	5,424,956
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u>3,801,535</u>	<u>1,352,752</u>	<u>270,669</u>	<u>-</u>	<u>5,424,956</u>
<b>FUND BALANCE</b>					
Nonspendable for:					
Inventory and Prepaid Items	89,680	50,644	-	8,354	148,678
Restricted for:					
TABOR	290,783	170,788	51,268	14,577	527,416
Capital Projects	-	-	-	500,468	500,468
Title III	-	2,663	-	-	2,663
Parks and Recreation	-	-	-	264,538	264,538
Committed to:					
1A Projects - Parks & Recreation	443,920	-	-	-	443,920
1A Projects - Facilities & Technology	76,366	-	-	-	76,366
Fund Reserves Policy	5,967,158	-	-	-	5,967,158
Assigned to:					
Highways and Streets	-	4,248,825	-	-	4,248,825
Public Safety	-	-	-	133,151	133,151
Health and Welfare	-	-	646,437	-	646,437
Clerk eRecording System	86,221	-	-	-	86,221
Livestock Auction	12,265	-	-	-	12,265
Subsequent Year Expenditures	581,646	-	-	-	581,646
Unassigned	4,611,042	-	-	-	4,611,042
<b>TOTAL FUND BALANCE</b>	<u>12,159,081</u>	<u>4,472,920</u>	<u>697,705</u>	<u>921,088</u>	<u>18,250,794</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 16,307,469</u>	<u>\$ 5,825,672</u>	<u>\$ 1,068,411</u>	<u>\$ 921,995</u>	<u>\$ 24,123,547</u>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**WITH THE GOVERNMENT-WIDE STATEMENT OF NET POSITION**  
**December 31, 2016**

**Total governmental fund balances** \$ 18,250,794

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. 12,855,858

Long-term liabilities are not due and payable in the current period and therefore are not reported in the fund financial statements.

Capital Leases Payable	\$	(3,202,974)	
Notes Payable		(227,406)	
Compensated Absences		(385,532)	
Accrued Interest Payable		<u>(13,618)</u>	(3,829,530)

Internal service funds are used by management to charge the cost of fleet management to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position. 2,259,321

**Net position of governmental Activities** \$ 29,536,443

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	GENERAL FUND	ROAD & BRIDGE FUND	HUMAN SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b>REVENUES</b>					
Property and Specific Ownership Taxes	\$ 4,371,465	\$ 1,543,587	\$ 308,736	\$ -	\$ 6,223,788
Intergovernmental	1,933,975	1,884,213	3,818,251	363,995	8,000,434
Sales and Use Taxes	2,450,066	2,309,468	-	-	4,759,534
Licenses and Permits	501,858	-	-	-	501,858
Charges for Services	1,557,175	31,130	-	225,193	1,813,498
Other	950,807	297,734	157	767	1,249,465
Earnings on Investments	139,346	-	-	8,325	147,671
<b>TOTAL REVENUES</b>	<b>11,904,692</b>	<b>6,066,132</b>	<b>4,127,144</b>	<b>598,280</b>	<b>22,696,248</b>
<b>EXPENDITURES</b>					
General Government	5,070,956	-	-	-	5,070,956
Public Safety	3,370,224	-	-	721,910	4,092,134
Health and Welfare	95,687	-	4,000,798	-	4,096,485
Highway and Streets	113,978	3,692,478	-	98,900	3,905,356
Economic Development	136,128	-	-	-	136,128
Culture and Recreation	388,753	-	-	-	388,753
Capital Outlay	-	2,720,540	-	-	2,720,540
Debt Service					
Principal Retirement	60,097	353,374	-	48,751	462,222
Interest	12,695	74,270	-	8,913	95,878
<b>TOTAL EXPENDITURES</b>	<b>9,248,518</b>	<b>6,840,662</b>	<b>4,000,798</b>	<b>878,474</b>	<b>20,968,452</b>
Excess (Deficiency) of Revenues Over Expenditures	2,656,174	(774,530)	126,346	(280,194)	1,727,796
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from the Sale of Capital Assets	738,000	-	-	-	738,000
Transfers In	-	-	-	321,214	321,214
Transfers Out	(1,601,214)	-	-	-	(1,601,214)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(863,214)</b>	<b>-</b>	<b>-</b>	<b>321,214</b>	<b>(542,000)</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	1,792,960	(774,530)	126,346	41,020	1,185,796
<b>Fund Balances - Beginning</b>	<b>10,366,121</b>	<b>5,247,450</b>	<b>571,359</b>	<b>880,068</b>	<b>17,064,998</b>
<b>Fund Balances - Ending</b>	<b>\$ 12,159,081</b>	<b>\$ 4,472,920</b>	<b>\$ 697,705</b>	<b>\$ 921,088</b>	<b>\$ 18,250,794</b>

**ARCHULETA COUNTY, COLORADO**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**WITH THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES**  
**For the Year Ended December 31, 2016**

**Net change in fund balances - total governmental funds** \$ 1,185,796

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the difference between depreciation and capital outlay in the current period.

Capital asset purchases	\$ 2,638,582	
Depreciation expense	<u>(805,203)</u>	1,833,379

Proceeds from the sale of capital assets are shown as an other financing source, but are reduced by the net book value of the asset to calculate the gain or loss on sale of capital assets on the statement of activities. This is the net book value of the disposed capital assets. (959,702)

Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Loan and capital lease payments 462,222

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Compensated Absences	\$ 3,423	
Accrued Interest Payable	<u>1,776</u>	5,199

Internal service funds are used by management to charge the cost of fleet management to individual funds. A portion of the net revenue or loss of these services is reported with governmental activities. 1,013,276

**Change in net position of governmental activities** \$ 3,540,170

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**December 31, 2016**

	<u>Business-type Activities</u>			<u>Governmental- Activities</u>
	<u>SOLID WASTE FUND</u>	<u>AIRPORT FUND</u>	<u>Total BUSINESS- TYPE ACTIVITIES</u>	<u>INTERNAL SERVICE FUND</u>
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 1,154,152	\$ 613,842	\$ 1,767,994	\$ 717,881
Accounts Receivable	79,790	5,187	84,977	2,831
Prepaid Items	-	38	38	-
Inventories	-	532	532	80,436
Due from Other Governments	-	50,667	50,667	-
<b>Total Current Assets</b>	<u>1,233,942</u>	<u>670,266</u>	<u>1,904,208</u>	<u>801,148</u>
<b>Capital Assets</b>				
Land	309,166	3,265,064	3,574,230	-
Construction in Progress	-	6,022	6,022	-
Runway, net	-	21,477,350	21,477,350	-
Buildings and Improvements, net	-	1,798,373	1,798,373	-
Machinery and Equipment, net	103,359	148,164	251,523	1,053,224
Vehicles, net	-	79,672	79,672	567,674
Improvements Non-building, net	8,645	48,085	56,730	-
Computer Equipment, net	-	-	-	10,825
Infrastructure, net	225,508	-	225,508	-
<b>Total Noncurrent Assets</b>	<u>646,678</u>	<u>26,822,730</u>	<u>27,469,408</u>	<u>1,631,723</u>
<b>TOTAL ASSETS</b>	<u>1,880,620</u>	<u>27,492,996</u>	<u>29,373,616</u>	<u>2,432,871</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	50,380	19,553	69,933	52,176
Accrued Payroll and Liabilities	-	3,846	3,846	503
Accrued Compensated Absences	2,570	-	2,570	2,142
<b>Total Current Liabilities</b>	<u>52,950</u>	<u>23,399</u>	<u>76,349</u>	<u>54,821</u>
<b>Noncurrent Liabilities</b>				
Accrued Compensated Absences	4,374	11,990	16,364	1,645
Closure and Post-Closure Costs	551,497	-	551,497	-
<b>Total Noncurrent Liabilities</b>	<u>555,871</u>	<u>11,990</u>	<u>567,861</u>	<u>1,645</u>
<b>TOTAL LIABILITIES</b>	<u>608,821</u>	<u>35,389</u>	<u>644,210</u>	<u>56,466</u>
<b>NET POSITION</b>				
Net Investment in Capital Assets	646,678	26,822,730	27,469,408	1,631,723
Unrestricted	625,121	634,877	1,259,998	744,682
<b>TOTAL NET POSITION</b>	<u>\$ 1,271,799</u>	<u>\$ 27,457,607</u>	<u>28,729,406</u>	<u>\$ 2,376,405</u>

Amounts reported for business-type activities in the statement of net position are different because

Cumulative portion of internal services fund net operating income attributed to business-type activities	<u>117,084</u>
	<u>\$ 28,846,490</u>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	<b>Business-type Activities</b>			<b>Governmental- Activities</b>
	<b>SOLID WASTE FUND</b>	<b>AIRPORT FUND</b>	<b>Total BUSINESS- TYPE ACTIVITIES</b>	<b>INTERNAL SERVICE FUND</b>
<b>OPERATING REVENUES</b>				
Charges for Services Intragovernment	\$ -	\$ -	\$ -	\$ 1,630,264
Charges for Services Outside	851,660	114,201	965,861	-
Other	-	9,711	9,711	11,373
<b>Total Operating Revenues</b>	<u>851,660</u>	<u>123,912</u>	<u>975,572</u>	<u>1,641,637</u>
<b>OPERATING EXPENSES</b>				
Salaries and Benefits	272,496	116,862	389,358	274,287
Materials and Supplies	29,698	263,965	293,663	933,048
Purchased Services	255,027	17,629	272,656	-
Other	65,322	379,482	444,804	-
Depreciation	67,082	1,033,298	1,100,380	286,668
<b>Total Operating Expenses</b>	<u>689,625</u>	<u>1,811,236</u>	<u>2,500,861</u>	<u>1,494,003</u>
Operating Income (Loss)	<u>162,035</u>	<u>(1,687,324)</u>	<u>(1,525,289)</u>	<u>147,634</u>
<b>NONOPERATING REVENUES</b>				
Intergovernmental	-	1,108,214	1,108,214	-
Transfers In	55,000	525,000	580,000	700,000
Gain on Sale of Capital Assets	-	-	-	102,721
<b>Total Nonoperating Revenues</b>	<u>55,000</u>	<u>1,633,214</u>	<u>1,688,214</u>	<u>802,721</u>
<b>Income Before Contributions</b>	217,035	(54,110)	162,925	950,355
Capital Contributions	-	-	-	77,809
Change in Net Position	217,035	(54,110)	162,925	1,028,164
<b>Net Position at Beginning of Year</b>	<u>1,054,764</u>	<u>27,511,717</u>		<u>1,348,241</u>
<b>Net Position at End of Year</b>	<u>\$ 1,271,799</u>	<u>\$ 27,457,607</u>		<u>\$ 2,376,405</u>

Amounts reported for business-type activities in the statement of net position are different because

Internal service fund decrease in expenses for costs in excess of charges to the business-type activities	<u>14,888</u>
	<u>\$ 177,813</u>

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**For the Year Ended December 31, 2016**

	Business-type Activities			Governmental- Activities
	SOLID WASTE FUND	AIRPORT FUND	Total BUSINESS- TYPE ACTIVITIES	INTERNAL SERVICE FUND
<b>Cash Flows From Operating Activities:</b>				
Cash Received From Customers	\$ 816,941	\$ 119,262	\$ 936,203	\$ 8,542
Cash Received From Interfund Service Provided	-	-	-	1,630,264
Cash Paid To Employees	(281,558)	(123,325)	(404,883)	(283,053)
Cash Paid To Suppliers	(305,328)	(1,446,891)	(1,752,219)	(1,151,188)
Net Cash Flows From Operating Activities	<u>230,055</u>	<u>(1,450,954)</u>	<u>(1,220,899)</u>	<u>204,565</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>				
Transfers In	55,000	525,000	580,000	700,000
Change in Interfund Payable	-	416,955	416,955	-
Intergovernmental Revenue Received	-	875,349	875,349	-
Net Cash Flows From Non-Capital Financing Activities	<u>55,000</u>	<u>1,817,304</u>	<u>1,872,304</u>	<u>700,000</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Capital Acquisitions	(8,645)	(471,060)	(479,705)	(713,776)
Proceeds from the sale of capital assets	-	-	-	29,137
Net Cash Flows From Capital and Related Financing Activities	<u>(8,645)</u>	<u>(471,060)</u>	<u>(479,705)</u>	<u>(684,639)</u>
<b>Increase in Cash and Cash Equivalents</b>	276,410	(104,710)	171,700	219,926
<b>Cash and Cash Equivalents, Beginning of the Year</b>	<u>877,742</u>	<u>718,552</u>	<u>1,596,294</u>	<u>497,955</u>
<b>Cash and Cash Equivalents, End of the Year</b>	<u><u>\$ 1,154,152</u></u>	<u><u>\$ 613,842</u></u>	<u><u>\$ 1,767,994</u></u>	<u><u>\$ 717,881</u></u>
<b>Non-cash Capital and Related Financing Activities</b>				
Contributed Capital Assets	\$ -	\$ -	\$ -	\$ 77,809
Trade-in Value of Capital Assets Disposed	\$ -	\$ -	\$ -	\$ 79,000
Reconciliation of Operating Income (Loss) to Net Cash Flows Provided by Operating Activities				
<b>Operating Income (Loss)</b>	\$ 162,035	\$ (1,687,324)	\$ (1,525,289)	\$ 147,634
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By Operating Activities</b>				
Depreciation Expense	67,082	1,033,298	1,100,380	286,668
(Increase) Decrease in Accounts Receivables	(34,719)	(4,650)	(39,369)	(2,831)
(Increase) Decrease in Inventory	-	1,251	1,251	(3,695)
(Increase) Decrease in Prepaid Items	-	32	32	-
Increase (Decrease) in Accounts Payable and Accrued Expenses	8,538	(789,961)	(781,423)	(214,445)
Increase (Decrease) in Accrued Employee Expense	(9,062)	(3,600)	(12,662)	(8,766)
Increase (Decrease) in Accrued Post Closure Liability	36,181	-	36,181	-
Total Adjustments	<u>68,020</u>	<u>236,370</u>	<u>304,390</u>	<u>56,931</u>
<b>Net Cash Flows From By Operating Activities</b>	<u><u>\$ 230,055</u></u>	<u><u>\$ (1,450,954)</u></u>	<u><u>\$ (1,220,899)</u></u>	<u><u>\$ 204,565</u></u>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**December 31, 2016**

	<b>TREASURER'S AGENCY FUND</b>
<b>ASSETS</b>	
Cash and Cash Equivalents	<u>\$ 523,003</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 523,003</u></u>
<b>LIABILITIES</b>	
Funds Held for Others	<u>\$ 523,003</u>
<b>TOTAL LIABILITIES</b>	<u><u>\$ 523,003</u></u>

The notes to the financial statements are an integral part of this financial statement

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of Archuleta County, Colorado (the “County”) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America (“GAAP”) applicable to state and local governments. GAAP for local governments are those promulgated by the Governmental Accounting Standards Board (“GASB”) in Governmental Accounting and Financial Reporting Standards.

**REPORTING ENTITY**

***Primary Government***

The County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (the “Board”). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, sheriff, coroner, surveyor, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including public safety, highways and streets, health and human services, planning, zoning, property tax assessment, property tax collection and distribution, extension service, landfill operations, airport operations, recording, and general administrative services.

***Component Units***

The County’s financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County’s reporting entity, as set forth in Section 2100 of GASB’s *Codification of Governmental Accounting and Financial Reporting Standards*. The financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit’s governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointed by a higher level of government or (3) a jointly appointed board.

Based on the application of these criteria, there are no component units included in the County’s reporting entity.

**GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

The government-wide financial statements include the statement of net position and the statement of activities. Government-wide statements report information on all of the activities of the County, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment.
- Grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Cost reimbursement grant revenue is considered to be available at the point the expenditure is incurred. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales and use taxes, other taxes, charges for services, intergovernmental revenues, and interest are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the County.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The **Road and Bridge Fund**, a special revenue fund, is used to account for the maintenance and improvements of streets and highways. The sources of funds include property taxes, sales tax, highway users' fees, and other revenue sources.
- The **Human Services Fund**, a special revenue fund, is used to account for the operations of social programs; i.e. Temporary Aid to Needy Families, Old Age Pension, Aide to the Blind, Aide to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

Proprietary funds are accounted for using the accrual basis of accounting as follows:

- Revenues are recognized when earned, and expenses are recognized when the liabilities are incurred.
- Current-year contributions, administrative expenses, and premium payments, which are not received or paid until the subsequent year, are considered to have been incurred.

The County reports the following major proprietary funds:

- The ***Solid Waste Fund*** is used to account for the operation, maintenance, and the development of the County landfill.
- The ***Airport Fund*** is used to account for the operations of the County Airport.

The County reports the following internal service fund type:

- ***Internal Service Fund*** accounts for fleet services provided to other departments or agencies of the County on a cost reimbursement basis.

The Fiduciary fund consists of an agency fund established to record transactions relating to assets held by the County in a trustee capacity or as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34, *Basic Financial Statements – And Management’s Discussion and Analysis – For State and Local Governments*, in regards to interfund activities, payables, and receivables. All internal balances in the statement of net position have been eliminated. In the statement of activities, internal service fund transactions have been eliminated.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the internal service fund are service fees charged to the other funds. Operating expenses for the internal service fund includes cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**ASSETS, LIABILITIES, AND NET POSITION OR EQUITY**

***Cash, Cash Equivalents, and Investments***

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less at the date of acquisition. Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

***Property Taxes***

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on the last day of February and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable.

The 2016 property tax levy due January 1, 2017, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

***Inventories and Prepaid Items***

Inventory is valued at the lower of cost (first-in, first-out) or market. Inventory consists of expendable supplies held for use. Reported inventories are equally offset by nonspendable fund balance, which indicates that they do not constitute available spendable resources even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with the fund financial statements.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

***Capital Assets***

Capital assets, which include land, buildings and improvements, equipment, vehicles, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Costs related to the construction of assets including interest, engineering, legal, surveying and landscaping that were incurred from the beginning of construction until the assets were substantially complete were capitalized.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Land Improvements	15
Machinery and Equipment	5 - 7
Vehicles	5
Computer Equipment	5

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

***Long-Term Obligations***

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as expenditures.

***Compensated Absences***

A maximum of 80 to 160 hours of vacation time, per year, may be accumulated by each employee (depending on length of service). Employees who have over five years of continued employment and are eligible for either 120 or 160 hours of earned vacation have the option of receiving payment. Such contributions shall be the monetary equivalent of any vacation time earned over 80 hours in a given year and shall not exceed a maximum of 80 hours.

Employees will be paid for up to the maximum accumulated unused vacation hours upon separation from County service.

Full-time employees may accumulate up to 480 hours of sick leave; Part time employees working less than 30 hours per work week, seasonal, temporary, and contract employees are not eligible for sick leave. After the maximum accumulated sick leave is reached (480) accrual ceases until the balance has been reduced.

After five years of continuous service, upon termination an employee will be paid for accumulated sick leave at the rate of 50% of all unused sick leave up to the maximum accumulative number of hours, which is 480 hours.

The County accrues a liability for compensated absences that meets the following criteria:

- 1) The County's obligation relating to employee rights to receive compensation for future absences is attributable to employee services already rendered.
- 2) The obligation relates to rights that vest or accumulate.
- 3) Payment of the compensation is probable.
- 4) The amount can be reasonably estimated.

The total compensated absences liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only when due.

***Unearned Revenue***

Revenues on grants, which are restricted by the grant document for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

***Fund Equity***

*Net Position* - Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. The net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

*Fund Balance* – Beginning in fiscal year 2011, the County implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement is intended to improve the usefulness of information provided to financial report users about fund balance by providing clearer, more structured fund balance classification and by clarifying the definitions of existing governmental fund types.

As a result, fund balances are classified based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. In accordance with the Statement, fund balances are now classified in one of the five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventories and prepaid items.
- *Restricted Fund Balance* – restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balance because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose. The General Fund is the only fund that would report a positive amount in unassigned fund balance. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amount that are restricted, committed or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the County considers restricted resources to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

***Sales Tax Allocation***

The County collects a 2% sales tax. The tax has historically been allocated 50% to the General Fund and 50% to the Road & Bridge Fund for capital expenditures. On December 8, 2014, the Federal government made effective a revised rule titled “Policy and Procedures Concerning the Use of Airport Revenue; Proceeds from Taxes on Aviation Fuel”. Under the new rule, sales tax generated by the sale of aviation fuel must be used to support aviation related activities. The rule must be followed no later than Dec. 8, 2017, but early adoption was strongly encouraged. The County decided to comply with the rule in 2016, ahead of the requirement. As a result of this compliance, the airport related part of collected sales tax is allocated directly to the Airport Fund. The balance of the collected sales tax is allocated 50% to the General Fund and 50% to the Road & Bridge fund, as in prior years.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

***Use of Estimates***

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

The County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

1. In accordance with State statutes, prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require more detailed line item budgets be submitted in summary form. In addition, more detailed line item budgets are included for administrative control. The level of control for the detailed budgets is at the department head/function level.
2. Public hearings are conducted to obtain taxpayer comment.
3. Prior to December 31, the budget is legally enacted through passage of a resolution. The associated appropriations resolution is adopted at the fund level.
4. The County's policy states that no authorization is given to spend, contract, or incur a liability that was not appropriated in the current year's budget without written approval of the Finance Director. The Finance Director will approve only those expenditures for which a qualifying budget supplement has been properly prepared and submitted.
5. Formal budgetary integration is employed as a management control device during the year.
6. Budgets for the General Fund, Special Revenue Funds, Capital Projects Funds, and Internal Service Funds are adopted on a basis consistent with GAAP. For the Enterprise Funds, proceeds from long-term debt is budgeted as revenue, note and lease principal payments are budgeted as expenses, and purchases of capital assets are budgeted as capital outlay expenses.
7. Appropriations lapse at the end of each fiscal year.
8. The Board of County Commissioners may authorize supplemental appropriations during the year. The Board of County Commissioners adopted supplemental appropriations during 2016.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

The following is a summary of the original budget, total revisions and revised budget for those funds with amended budgets for the year ended December 31, 2016:

	<u>Original Budget</u>	<u>Total Revisions</u>	<u>Revised Budget</u>
Governmental Funds:			
General Fund	\$ 11,431,914	\$ 1,112,997	\$ 12,544,911
Special Revenue Funds:			
Road and Bridge Fund	7,173,724	414,742	7,588,466
Human Services Fund	4,445,238	225,262	4,670,500
Conservation Trust Fund	342,728	-	342,728
Combined Dispatch Fund	805,312	-	805,312
Capital Project Fund:			
Fairfield Settlement Fund	497,318	-	497,318
Internal Service Fund			
Fleet Fund	2,012,158	301,609	2,313,767
Enterprise Funds:			
Solid Waste Fund	572,874	50,000	622,874
Airport Fund	1,277,562	255,000	1,532,562
Total Funds	<u>\$ 28,558,828</u>	<u>\$ 2,359,610</u>	<u>\$ 30,918,438</u>

**NOTE 3 CASH, DEPOSITS AND INVESTMENTS**

**CASH AND DEPOSITS**

At December 31, 2016 the financial statements reflected cash, cash equivalents and investments as follows:

Governmental Type Activities:		
Cash and Cash Equivalents	\$	11,900,577
Investments		5,978,997
Business Type Activities:		
Cash and Cash Equivalents		1,767,994
Fiduciary Fund:		
Cash and Cash Equivalents		523,003
	<u>\$</u>	<u>20,170,571</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

The carrying amounts of deposits and investments are as follows:

	Moody Rating	S & P Rating	Fair Value	Concentration of Credit Risk	Weighted average Maturity Date (in days)
Cash on hand	-	-	\$ 4,743	N/A	-
Cash in financial institutions	-	-	838,032	N/A	-
Certificates of deposit	-	-	24,297	0.13%	319
FFCB	Aaa	AA+	5,954,700	30.81%	453
COLOTRUST	N/A	AAAm	12,848,248	66.47%	N/A
CSAFE	N/A	AAAm	<u>500,551</u>	2.59%	N/A
<b>Total</b>			<u>\$ 20,170,571</u>		

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance ("FDIC") on deposits held.

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

## INVESTMENTS

The County's investments are subject to interest rate, credit risk, and concentration of credit risk.

The types of investments which are authorized to be made with County funds are controlled by state statute and the investment policies of the County. Colorado statutes and the County's investment policies specify investment instruments meeting defined rating and risk criteria in which the County may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investment contracts
- Corporate or bank debt issued by eligible corporations or banks

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

***Credit Risk***

The County categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

At December 31, 2016, assets measured at fair value on a recurring basis have been categorized into the hierarchy as follows:

Investments	Level 1	Level 2	Level 3	Total
Certificates of deposit	\$ -	\$ 24,297	\$ -	\$ 24,297
FFCB	-	5,954,700	-	5,954,700
<b>Total</b>	<b>\$ -</b>	<b>\$ 5,978,997</b>	<b>\$ -</b>	<b>\$ 5,978,997</b>

The County does not have a formal investment policy. The County has investments in two local government investment pools, which are regulated by State statute so that the funds held are fully collateralized. As of December 31, 2016, the local government investment pools (COLOTRUST and CSAFE) in which the County had invested, were rated AAAM by Standard & Poor’s. CSAFE measures all of its investments at amortized cost in accordance with GASB 79. Additionally, COLOTRUST adheres to FASB and reports its investment in accordance with ASC 820. COLOTRUST maintains a stable net asset value of \$1 per share using the fair value method.

***Interest Rate Risk***

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. The County has no investments with maturities past five years.

The Colorado Government Liquid Asset Trust (“COLOTRUST”) and the Colorado Surplus Asset Fund Trust (“CSAFE”) are investment vehicles established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the pool. Investments of the pool consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

**NOTE 4 PROPERTY TAXES RECEIVABLE**

At December 31, 2016, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$ 3,801,535
Road and Bridge Fund	1,352,752
Human Services	270,669
	<u>\$ 5,424,956</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The County reports interfund balances between its funds. The balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, (3) payments between funds are made, and (4) the need to cover the temporary negative cash positions in individual funds. Interfund balances are generally expected to be repaid within one year of the financial statement date. There were no interfund receivable and payable balances at December 31, 2016.

Interfund transfers during 2016 were as follows:

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>
Non-Major Fund	General Fund	\$ 321,214
Internal Service Fund	General Fund	700,000
Solid Waste Fund	General Fund	55,000
Airport Fund	General Fund	525,000
		<u>\$ 1,601,214</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 6 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Activities				
Capital Assets Not Being Depreciated				
Land	\$ 1,437,235	\$ -	\$ 688,524	\$ 748,711
Construction in Progress	-	32,787	-	32,787
Total Capital Assets Not Being Depreciated	<u>1,437,235</u>	<u>32,787</u>	<u>688,524</u>	<u>781,498</u>
Capital Assets Being Depreciated				
Improvements Non-building	29,208	-	-	29,208
Building and Improvements	2,165,268	-	263,010	1,902,258
Machinery and Equipment	5,519,066	517,148	199,757	5,836,457
Vehicles	2,556,096	341,183	302,524	2,594,755
Computer Equipment	1,999,058	12,255	-	2,011,313
Infrastructure	10,361,388	2,605,794	-	12,967,182
Total Capital Assets Being Depreciated	<u>22,630,084</u>	<u>3,476,380</u>	<u>765,291</u>	<u>25,341,173</u>
Less Accumulated Depreciation for:				
Improvements Non-building	6,350	1,947	-	8,297
Building and Improvements	551,557	50,771	-	602,328
Machinery and Equipment	4,376,176	280,951	191,590	4,465,537
Vehicles	2,146,449	153,939	297,107	2,003,281
Computer Equipment	1,823,697	71,184	-	1,894,881
Infrastructure	2,127,687	533,079	-	2,660,766
	<u>11,031,916</u>	<u>1,091,871</u>	<u>488,697</u>	<u>11,635,090</u>
Total Capital Assets Being Depreciated, Net	<u>11,598,168</u>	<u>2,384,509</u>	<u>276,594</u>	<u>13,706,083</u>
Governmental Activities Capital Assets, Net	<u>\$ 13,035,403</u>	<u>\$ 2,417,296</u>	<u>\$ 965,118</u>	<u>\$ 14,487,581</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-Type Activities</b>				
Capital Assets Not Being Depreciated				
Land	\$ 3,574,230	\$ -	\$ -	\$ 3,574,230
Construction in Progress	-	6,022	-	6,022
<b>Total Capital Assets Not Being Depreciated</b>	<b>3,574,230</b>	<b>6,022</b>	<b>-</b>	<b>3,580,252</b>
Capital Assets Being Depreciated				
Infrastructure	451,399	-	-	451,399
Runway	29,658,115	465,038	-	30,123,153
Improvements Non-building	92,115	8,645	-	100,760
Building and Improvements	2,520,541	-	-	2,520,541
Machinery and Equipment	1,092,022	-	-	1,092,022
Vehicles	251,969	-	-	251,969
<b>Total Capital Assets Being Depreciated</b>	<b>34,066,161</b>	<b>473,683</b>	<b>-</b>	<b>34,539,844</b>
Less Accumulated Depreciation for:				
Infrastructure	195,606	30,285	-	225,891
Runway	7,757,719	888,084	-	8,645,803
Improvements Non-building	37,889	6,141	-	44,030
Building and Improvements	659,154	63,014	-	722,168
Machinery and Equipment	763,536	76,963	-	840,499
Vehicles	136,404	35,893	-	172,297
	<u>9,550,308</u>	<u>1,100,380</u>	<u>-</u>	<u>10,650,688</u>
<b>Total Capital Assets Being Depreciated, Net</b>	<b>24,515,853</b>	<b>(626,697)</b>	<b>-</b>	<b>23,889,156</b>
<b>Business-Type activities Capital Assets, Net</b>	<b>\$ 28,090,083</b>	<b>\$ (620,675)</b>	<b>\$ -</b>	<b>\$ 27,469,408</b>

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

Governmental activities:	
General Government	\$ 53,513
Public Safety	81,115
Highways and Streets	661,186
Recreation	9,389
<b>Total Governmental Activities</b>	<b>805,203</b>
Fleet Fund	286,668
<b>Total Combined Depreciation</b>	<b>\$ 1,091,871</b>
Business-type activities:	
Solid Waste	67,082
Airport	1,033,298
	<u>\$ 1,100,380</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 7 CAPITAL ASSET IMPAIRMENT**

In April 2015, the County courthouse was flooded during a roof repair/replacement, which left a portion of the asset impaired. The County evaluated its capital assets in accordance with GASB Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, and realized a loss from impairment of \$545,792 in fiscal year ended December 31, 2015. In 2016, the County received insurance proceeds of \$304,433 and is included in the General Fund Other Revenues on the statement of revenues, expenditures, and changes in fund balances.

**NOTE 8 LONG-TERM LIABILITIES**

*Changes in Long-term Liabilities*

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
Capital Leases Payable	\$ 3,616,445	\$ -	\$ 413,471	\$ 3,202,974	\$ 423,947
Notes Payable	276,157	-	48,751	227,406	50,511
Compensated Absences	401,508	442,744	454,933	389,319	129,752
Governmental activities long-term liabilities	<u>\$ 4,294,110</u>	<u>\$ 442,744</u>	<u>\$ 917,155</u>	<u>\$ 3,819,699</u>	<u>\$ 604,210</u>
Business-type activities:					
Compensated Absences	\$ 22,503	\$ 33,185	\$ 36,754	\$ 18,934	\$ 2,570
Business-type activities long-term liabilities	<u>\$ 22,503</u>	<u>\$ 33,185</u>	<u>\$ 36,754</u>	<u>\$ 18,934</u>	<u>\$ 2,570</u>

**GOVERNMENTAL ACTIVITIES:**

***Capital Leases Payable***

The County has adopted the policy of acquiring certain capital assets through the use of lease-purchase agreements. For the lease-purchase backed by the full faith and credit of the County, debt service is accounted for in the fund that accounts for the function associated with the asset.

During 2012, the County entered into a \$5,206,717 capital lease payable to defease the 2010 capital lease by placing the proceeds of the new capital lease totaling \$5,132,543 (after payment of \$74,464 in debt issuance costs), in an irrevocable trust to provide for all future debt payments of the defeased debt. Accordingly the trust assets and liabilities for the defeased debt is not included in the County's financial statements. The County refunded the 2010 capital lease to reduce its total debt service payments. The capital lease payable to Colorado Business Bank, is payable in quarterly installments of \$125,093, at 2.5% interest. Final payment is due in 2023. Collateral includes the county courthouse, road and bridge equipment, and vacant land. These assets are recorded in the capital assets of the government-wide financial statements at \$1,988,939, less accumulated depreciation of \$789,538 at December 31, 2016. The lease payments will be made from the Road and Bridge and General Funds. At December 31, 2016, the balance outstanding was \$3,202,974.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

Annual debt service for the capital lease is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2017	\$ 423,947	\$ 76,425	\$ 500,372
2018	434,689	65,683	500,372
2019	445,702	54,670	500,372
2020	456,995	43,377	500,372
2021	468,574	31,798	500,372
2022-2023	973,067	27,677	1,000,744
	<u>\$ 3,202,974</u>	<u>\$ 299,630</u>	<u>\$ 3,502,604</u>

***Note Payable***

During 2014, the County along with Town of Pagosa Springs, Pagosa Fire Protection District and Upper San Juan Health Service District jointly and severally refunded its 2011 note payable and entered into a \$357,478 promissory note payable to the Bank of the San Juans, payable in monthly payments of \$4,805 at 3.5% interest. Final payment is due in 2021. At December 31, 2016, the balance outstanding was \$227,406.

Annual debt service for the note payable is as follows:

YEAR	PRINCIPAL	INTEREST	TOTALS
2017	\$ 50,511	\$ 7,153	\$ 57,664
2018	52,307	5,356	57,663
2019	54,168	3,496	57,664
2020	56,088	1,575	57,663
2021	14,332	84	14,416
	<u>\$ 227,406</u>	<u>\$ 17,664</u>	<u>\$ 245,070</u>

**NOTE 9 OPERATING LEASES**

The County is committed under various leases for office equipment and software. These leases are considered for accounting purposes as operating leases. Lease expenses for the year totaled \$112,671.

The future minimum lease payments are as follows:

2017	\$ 36,489
2018	34,900
2019	26,148
2020	12,898
2021	1,200
Thereafter	1,200
	<u>\$ 112,835</u>

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

**NOTE 10 RETIREMENT PLANS**

***Defined Contribution Plan***

The County provides pension benefits for all of its full-time employees through an agent multi-employer public retirement system, the Colorado County Officials and Employees Retirement Association (“CCOERA”), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Full-time employees are eligible to participate immediately upon hire. The County has established that employees contribute 4% and the County contributes a matching 4% of the employee’s wages each bi-weekly pay period. The County’s contributions for each employee (and interest allocated to the employee’s account) are fully vested after five years of continuous plan participation. The participants in this plan are offered various investment options through the plan and are allowed to invest all monies in their account, at their own discretion, among the options.

County contributions for, and interest forfeited by, employees who leave employment before five years of participation are used to reduce the County’s current contribution requirements. The County’s total payroll in 2016 was \$6,313,696. Both the County and the covered employees made the required contributions, amounting to \$254,589 from the County and \$254,589 from employees. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners. That report may be obtained by writing to Colorado County Officials and Employee Retirement Association, 4949 South Syracuse, Suite 400, Denver, CO 80237 or by calling 1-800-352-0313.

***Deferred Compensation Plan***

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f).

The plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergencies. The County has no other liability other than to make the required bi-weekly contribution on behalf of the employees. The County made no contributions to the deferred compensation plan in 2016 and employees contributed \$90,596.

**NOTE 11 TAX, SPENDING, AND DEBT LIMITATIONS**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue rising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

Fiscal year spending and revenue limits are determined based on the prior years’ spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue. The voters of the County passed a ballot issue in 2006 allowing for the retention of revenues generated in excess of the limits imposed by the amendment, during the years 2007 through 2011.

The amendment also requires that Emergency Reserves be established. These reserves must be at least 3 percent of adjusted revenues. The County has restricted \$527,416 for this purpose. The County is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The amendment also requires voter approval for any long-term financing entered into by the County.

The voters of the County passed a ballot issue in 1999 which removed the TABOR restriction on all revenues (except property tax) and authorized the collection, retention and spend, or reserve for growth related issues, all excess revenues and other funds collected during 1999 and each subsequent year from any source, other than that generated by the Archuleta County mill levy notwithstanding any TABOR restrictions.

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

The County believes it is in compliance with the requirements of the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

**NOTE 12 RISK MANAGEMENT**

***Colorado Counties Casualty and Property Pool ("CAPP")***

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 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 inter-governmental 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 that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2016, CAPP had assets of \$25,380,003, liabilities of \$9,842,724 (including \$7,179,370 reserved for losses and claims), and members' surplus of \$15,537,279. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2016 amounted to \$6,644,912 and total expenses were \$5,998,318, resulting in net income before return of surplus of \$646,594.

***Colorado Workers' Compensation Pool ("CWCP")***

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the 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 that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

At December 31, 2016, CWCP had assets of \$41,463,122, liabilities of \$22,425,987 (including \$21,026,093 reserved for losses and claims) and members' surplus of \$19,037,135. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2016 amounted to \$11,305,540, total expenses were \$8,548,795, resulting in net income before return of surplus of \$2,756,745.

**NOTE 13 COLORADO CONTRABAND FORFEITURE ACT**

Management has reviewed financial activities in the Sheriff's Department for compliance with the Colorado Revised Statute 16-13-506. There were no sales of contraband during the year ended December 31, 2016.

**NOTE 14 LANDFILL CLOSURE AND POST CLOSURE CARE COSTS**

State and Federal laws require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County completed the necessary update to engineering studies in 2014 to estimate the landfill's capacity and closure and post closure costs. In addition to operating expenses related to current activities of the landfill, an expense provision and related liability are being recognized in the Solid Waste Fund based on the estimated future closure

**ARCHULETA COUNTY, COLORADO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2016**

and post closure care costs that will be incurred near or after the date the landfill no longer will accept waste. The amount recognized each year is based on the landfill capacity used as of the balance sheet date. At December 31, 2016 the estimated liability for landfill closure and post closure care costs of \$551,497 is based on the use of 57% of capacity of all landfill cells. The estimated total current cost of the landfill closure and post closure is based on the amount that would be paid if all equipment facilities, and services required to close, monitor, and maintain the landfill were acquired as of December 31, 2016. The County will recognize the estimated remaining costs of closure and post-closure care of \$411,560 as the remaining estimated capacity is filled. The County expects to close the landfill in 2026. Actual cost of closure and post closure care may change due to inflation or deflation, changes in technology, or changes in landfill laws and regulations. Those costs may need to be covered by charges to future landfill users, taxpayers or both.

**NOTE 15 COMMITMENTS AND CONTINGENCIES**

***Grant Programs*** – The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies, cannot be determined at this time although the County expects any such amounts to be immaterial.

***Litigation*** – The County is currently the defendant in several lawsuits arising principally in the normal course of operations. In the opinion of legal counsel, the outcome of these lawsuits will not have a material adverse effect on the accompanying combined financial statements; accordingly, no provision for losses has been recorded.

***Insurance Pools*** – The County is a member of the CAPP and CWCP. CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

***Operating Leases*** – The County is committed under various leases for facilities and equipment. See Note 9 relating to the future minimum lease payments for the operating leases.

**NOTE 16 VIOLATION OF STATE STATUTES**

During the year ended December 31, 2016, expenditures exceeded budget appropriations by \$8,314 in the Solid Waste Fund, which may be in violation of state statutes.

**NOTE 17 SUBSEQUENT EVENTS**

The County has evaluated events and transactions occurring subsequent to the end of the fiscal year through September 29, 2017, the date these financial statements were available to be issued. There were no subsequent events identified that required recognition or additional disclosure in the financial statements.

## **ARCHULETA COUNTY, COLORADO**

### **REQUIRED SUPPLEMENTARY INFORMATION**

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Year Ended December 31, 2016**

	<b>BUDGETED AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE</b>
	<b>ORIGINAL</b>	<b>FINAL</b>		<b>WITH FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Property and Specific Ownership Taxes	\$ 4,320,013	\$ 4,320,013	\$ 4,371,465	\$ 51,452
Intergovernmental	1,124,060	2,120,057	1,933,975	(186,082)
Sales and Use Taxes	2,382,314	2,382,314	2,450,066	67,752
Licenses and Permits	440,800	440,800	501,858	61,058
Charges for Services	1,466,195	1,504,195	1,557,175	52,980
Other	396,300	449,300	950,807	501,507
Earnings on Investments	115,000	141,000	139,346	(1,654)
<b>TOTAL REVENUES</b>	<b>10,244,682</b>	<b>11,357,679</b>	<b>11,904,692</b>	<b>547,013</b>
<b>EXPENDITURES</b>				
Current:				
General Government	5,351,923	6,209,278	5,070,956	1,138,322
Public Safety	3,180,759	3,503,901	3,370,224	133,677
Health and Welfare	96,044	102,044	95,687	6,357
Economic Development	124,120	124,120	136,128	(12,008)
Highway and Streets	104,044	114,044	113,978	66
Culture and Recreation	873,810	790,310	388,753	401,557
Debt Service	-	-	72,792	(72,792)
Capital Outlay	100,000	100,000	-	100,000
<b>TOTAL EXPENDITURES</b>	<b>9,830,700</b>	<b>10,943,697</b>	<b>9,248,518</b>	<b>1,695,179</b>
Excess Revenues Over Expenditures	413,982	413,982	2,656,174	2,242,192
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from the Sale of Capital Assets	-	-	738,000	738,000
Transfers Out	(1,601,214)	(1,601,214)	(1,601,214)	-
<b>TOTAL OTHER FINANCING USES</b>	<b>(1,601,214)</b>	<b>(1,601,214)</b>	<b>(863,214)</b>	<b>738,000</b>
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Uses	(1,187,232)	(1,187,232)	1,792,960	2,980,192
<b>Fund Balance at Beginning of Year</b>	<b>10,023,858</b>	<b>10,023,858</b>	<b>10,366,121</b>	<b>342,263</b>
<b>Fund Balance at End of Year</b>	<b>\$ 8,836,626</b>	<b>\$ 8,836,626</b>	<b>\$ 12,159,081</b>	<b>\$ 3,322,455</b>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP.  
The schedule is presented on the GAAP basis.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**ROAD & BRIDGE FUND**  
**For the Year Ended December 31, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>REVENUES</b>				
Property and Specific Ownership Taxes	\$ 1,532,218	\$ 1,532,218	\$ 1,543,587	\$ 11,369
Sales and Use Taxes	2,233,194	2,358,194	2,309,468	(48,726)
Intergovernmental	1,682,728	1,744,470	1,884,213	139,743
Charges for Services	18,000	27,000	31,130	4,130
Miscellaneous	23,473	242,473	297,734	55,261
<b>TOTAL REVENUES</b>	<u>5,489,613</u>	<u>5,904,355</u>	<u>6,066,132</u>	<u>161,777</u>
<b>EXPENDITURES</b>				
Highway and Streets	3,646,080	3,655,080	3,692,478	(37,398)
Capital Outlay	3,100,000	3,505,742	2,720,540	785,202
Debt Service:				
Principal Retirement	353,374	353,374	353,374	-
Interest	74,270	74,270	74,270	-
<b>TOTAL EXPENDITURES</b>	<u>7,173,724</u>	<u>7,588,466</u>	<u>6,840,662</u>	<u>747,804</u>
Excess (Deficiency) of Revenues over Expenditures	(1,684,111)	(1,684,111)	(774,530)	909,581
<b>Fund Balance at Beginning of Year</b>	<u>4,666,540</u>	<u>4,666,540</u>	<u>5,247,450</u>	<u>580,910</u>
<b>Fund Balance at End of Year</b>	<u>\$ 2,982,429</u>	<u>\$ 2,982,429</u>	<u>\$ 4,472,920</u>	<u>\$ 1,490,491</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP

The schedule is presented on the GAAP basis.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**HUMAN SERVICES FUND**  
**For the Year Ended December 31, 2016**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		
<b>REVENUES</b>				
Property and Specific Ownership Taxes	\$ 306,567	\$ 306,567	\$ 308,736	\$ 2,169
Intergovernmental	3,786,019	4,011,281	3,818,251	(193,030)
Other	120,461	120,461	157	(120,304)
<b>TOTAL REVENUES</b>	<u>4,213,047</u>	<u>4,438,309</u>	<u>4,127,144</u>	<u>(311,165)</u>
<b>EXPENDITURES</b>				
Health and Welfare	<u>4,445,238</u>	<u>4,670,500</u>	<u>4,000,798</u>	<u>669,702</u>
<b>TOTAL EXPENDITURES</b>	<u>4,445,238</u>	<u>4,670,500</u>	<u>4,000,798</u>	<u>669,702</u>
Excess of Revenues Over Expenditures	(232,191)	(232,191)	126,346	358,537
<b>Fund Balance at Beginning of Year</b>	<u>453,220</u>	<u>453,220</u>	<u>571,359</u>	<u>118,139</u>
<b>Fund Balance at End of Year</b>	<u>\$ 221,029</u>	<u>\$ 221,029</u>	<u>\$ 697,705</u>	<u>\$ 476,676</u>

**Notes to Required Supplementary Information**

The basis of budgeting is the same as GAAP  
The schedule is presented on the GAAP basis.

## **ARCHULETA COUNTY, COLORADO**

### **OTHER SUPPLEMENTARY INFORMATION**

The Combining Financial Statements represent the second level of financial reporting for the County. These financial statements present more detailed information for the individual funds in a format that segregates information by fund type.

# ARCHULETA COUNTY, COLORADO NONMAJOR GOVERNMENTAL FUNDS

## SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expend for particular purposes.

***Conservation Trust Fund*** - This fund is used to account for the County's share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

***Combined Dispatch Fund*** - This fund was formerly the Emergency 911 fund and has been changed to include the combined dispatch of the County, Town of Pagosa Springs, Upper San Juan Health Service District, and the Pagosa Fire Protection District to account for the activity of providing emergency telephone services to the County's residents.

## CAPITAL PROJECT FUNDS

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

***Fairfield Settlement Fund*** - This fund is used to partially compensate property owners in the eligible subdivision when they complete the extension of electrical power to their lot.

**ARCHULETA COUNTY, COLORADO  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
December 31, 2016**

	<b>Special Revenue</b>		<b>Capital Projects</b>	<b>TOTALS</b>
	<b>Combined Dispatch Fund</b>	<b>Conservation Trust Fund</b>	<b>FairField Settlement Fund</b>	
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 109,838	\$ 237,886	\$ 500,551	\$ 848,275
Other Receivables	38,547	26,819	-	65,366
Prepaid Items	8,354	-	-	8,354
<b>TOTAL ASSETS</b>	<b>\$ 156,739</b>	<b>\$ 264,705</b>	<b>\$ 500,551</b>	<b>\$ 921,995</b>
<b>LIABILITIES AND FUND BALANCE</b>				
<b>LIABILITIES</b>				
Accrued Payroll and Liabilities	\$ 907	\$ -	\$ -	\$ 907
<b>TOTAL LIABILITIES</b>	<b>907</b>	<b>-</b>	<b>-</b>	<b>907</b>
<b>FUND BALANCE</b>				
Nonspendable for:				
Prepaid Items	8,354	-	-	8,354
Restricted for:				
TABOR	14,327	167	83	14,577
Capital Projects	-	-	500,468	500,468
Parks and Recreation	-	264,538	-	264,538
Assigned to:				
Public Safety	133,151	-	-	133,151
<b>TOTAL FUND BALANCE</b>	<b>155,832</b>	<b>264,705</b>	<b>500,551</b>	<b>921,088</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 156,739</b>	<b>\$ 264,705</b>	<b>\$ 500,551</b>	<b>\$ 921,995</b>

**ARCHULETA COUNTY, COLORADO**  
**COMBINING SCHEDULE OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended December 31, 2016**

	<u>Special Revenue</u>		<u>Capital Projects</u>	<u>TOTALS</u>
	<u>Combined Dispatch Fund</u>	<u>Conservation Trust Fund</u>	<u>FairField Settlement Fund</u>	
<b>REVENUES</b>				
Charges for Services	\$ 225,193	\$ -	\$ -	\$ 225,193
Intergovernmental	252,383	111,612	-	363,995
Earnings on Investments	-	5,557	2,768	8,325
Other	767	-	-	767
<b>TOTAL REVENUES</b>	<u>478,343</u>	<u>117,169</u>	<u>2,768</u>	<u>598,280</u>
<b>EXPENDITURES</b>				
Public Safety	721,910	-	-	721,910
Highway and Streets	-	98,900	-	98,900
Debt Service				
Principal Retirement	48,751	-	-	48,751
Interest	8,913	-	-	8,913
<b>TOTAL EXPENDITURES</b>	<u>779,574</u>	<u>98,900</u>	<u>-</u>	<u>878,474</u>
Excess (Deficiency) of Revenues Over Expenditures	(301,231)	18,269	2,768	(280,194)
<b>OTHER FINANCING SOURCES</b>				
Transfers In	321,214	-	-	321,214
<b>TOTAL OTHER FINANCING SOURCES</b>	<u>321,214</u>	<u>-</u>	<u>-</u>	<u>321,214</u>
Excess (Deficiency) of Revenues over Expenditures and Other Financing Sources	19,983	18,269	2,768	41,020
<b>Fund Balance at Beginning of Year</b>	<u>135,849</u>	<u>246,436</u>	<u>497,783</u>	<u>880,068</u>
<b>Fund Balance at End of Year</b>	<u>\$ 155,832</u>	<u>\$ 264,705</u>	<u>\$ 500,551</u>	<u>\$ 921,088</u>

**ARCHULETA COUNTY, COLORADO**

**OTHER SCHEDULES AND REPORTS**

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES AND TRANSFERS OUT**  
**ALL NON-MAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS**  
**BUDGET AND ACTUAL**

For the Year Ended December 31, 2016

	BUDGETED AMOUNTS	EXPENDITURES REPORTED ON THE GAAP BASIS	ADJUSTMENTS TO BUDGETARY BASIS	EXPENDITURES ON THE BUDGETARY BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL			
<b>Governmental Funds</b>					
Non-major Governmental Funds:					
Special Revenue Funds:					
Conservation Trust Fund	\$ 342,728	\$ 342,728	\$ -	\$ 98,900	\$ 243,828
Combined Dispatch Fund	805,312	805,312	-	779,574	25,738
Capital Projects Funds:					
Fairfield Settlement Fund	497,318	497,318	-	-	497,318
<b>Total Non-major Governmental Funds</b>	<b>\$ 1,645,358</b>	<b>\$ 1,645,358</b>	<b>\$ -</b>	<b>\$ 878,474</b>	<b>\$ 766,884</b>
<b>Proprietary Funds</b>					
Enterprise Funds:					
Solid Waste Fund	\$ 572,874	\$ 622,874	\$ (58,437)	\$ 631,188	\$ (8,314)
Airport Fund	1,277,562	1,532,562	(562,238)	1,248,998	283,564
<b>Total Enterprise Funds</b>	<b>1,850,436</b>	<b>2,155,436</b>	<b>(620,675)</b>	<b>1,880,186</b>	<b>275,250</b>
Internal Service Fund:					
Fleet Fund	2,012,158	2,313,767	506,108	2,000,111	313,656
<b>Total Internal Service Fund</b>	<b>2,012,158</b>	<b>2,313,767</b>	<b>506,108</b>	<b>2,000,111</b>	<b>313,656</b>
<b>Total Proprietary Funds</b>	<b>\$ 3,862,594</b>	<b>\$ 4,469,203</b>	<b>\$ (114,567)</b>	<b>\$ 3,880,297</b>	<b>\$ 588,906</b>

Adjustments to budgetary basis include costs of capitalized assets and depreciation expense.

**ARCHULETA COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
Year Ended December 31, 2016

<b>FEDERAL GRANTOR /PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE</b>	<b>FEDERAL CFDA NUMBER</b>	<b>PASS-THROUGH ENTITY IDENTIFYING NUMBER</b>	<b>FEDERAL EXPENDITURES</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
COLORADO DEPT. OF HUMAN SERVICES			
<i>SNAP Cluster</i>			
State Administrative Matching Grants for Supplemental Nutrition Assistance Program	10.561		\$ 106,507
Total for <i>SNAP Cluster</i>			<u>106,507</u>
COLORADO DEPT. OF TREASURY			
<i>Schools and Roads Cluster</i>			
Secure Payments for States and Counties Containing Federal Lands			
Title I Funds Passed to Subrecipients	10.665		305,322
Cooperative Forest Road Agreements	10.705		15,490
Total for <i>Schools and Roads Cluster</i>			<u>320,812</u>
<b>U.S. DEPARTMENT OF THE INTERIOR</b>			
COLORADO DIVISION OF PARKS & WILDLIFE			
Outdoor Recreation/Acquisition, Development and Planning	15.916		64,476
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
COLORADO DEPT. OF HUMAN SERVICES			
Temporary Assistance for Needy Families	93.558		210,478
Child Support Enforcement	93.563		103,026
Low-Income Home Energy Assistance	93.568		82,180
<i>CCDF Cluster</i>			
Guardianship Adjustment	93.090		1,204
Child Care and Development Block Grant	93.575		52,882
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596		13,480
Total for <i>CCDF Cluster</i>			<u>67,566</u>
Child Welfare Services-State Grants	93.645		5,547
Foster Care-Title IV-E	93.658		146,838
Adoption Assistance	93.659		34,962
Social Services Block Grant	93.667		79,961
Medical Assistance Program ( <i>Medicaid Cluster</i> )	93.778		81,007
<b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>			
COLORADO DEPT. OF LOCAL AFFAIRS			
Hazardous Mitigation Grant (HMGP)	97.039		1,819
Emergency Management Performance Grant (EMPG/LEMS)	97.042	14 EM-15-04	38,286
<b>U.S. DEPARTMENT OF TRANSPORTATION</b>			
DIRECT			
<i>Airport Improvement Grants</i>			
Airport Improvement Program No.3-08-0066-22	20.106		732,751
Airport Improvement Program No.3-08-0066-23	20.106		290,741
Total for <i>Airport Program</i>			<u>1,023,492</u>
COLORADO DEPT. OF TRANSPORTATION			
Highway Planning and Construction	20.205		<u>70,072</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<b>\$ 2,437,029</b>

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**NOTE A BASIS OF PRESENTATION**

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



## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

To the Board of County Commissioners of Archuleta County, Colorado  
Pagosa Springs, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Archuleta County, Colorado (the "County"), as of and for the year ended December 31, 2016, and the related notes to financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 29, 2017.

### **Internal Control Over Financial Reporting**

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

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

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

### **Compliance and Other Matters**

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



### **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.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
September 29, 2017



## **Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance**

To the Board of County Commissioners of Archuleta County, Colorado  
Pagosa Springs, Colorado

### **Report on Compliance for Each Major Federal Program**

We have audited Archuleta County, Colorado's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2016. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### ***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

#### ***Auditor's Responsibility***

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

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

#### ***Opinion on Each Major Federal Program***

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.



## Report on Internal Control Over Compliance

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

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

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

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

*Anton Collins Mitchell LLP*

Greeley, Colorado  
September 29, 2017

**Archuleta County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2016**

**Section I - Summary of Auditor's Results**

***Financial Statements***

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ Yes      X   No

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ Yes      X   No
- Significant deficiency(ies) identified? \_\_\_\_\_ Yes      X   None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) \_\_\_\_\_ Yes      X   No

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
20.106	Airport Improvement Program
93.558	Temporary Assistance for Needy Families

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ no

**Archuleta County, Colorado**  
**Schedule of Findings and Questioned Costs**  
**Year Ended December 31, 2016**

**Section II – Financial Statement Findings**

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

**Section III – Federal Award Findings and Questioned Costs**

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).

**Section IV – Prior Year Findings**

There were no findings in the prior year there were required to be reported.

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Archuleta County
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of _): County of Archuleta	Prepared By: Phone:	LeeAnn Martin (970)264-8554

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

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

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

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	2,615,535
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,367,585
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	184,979
3. Other local imposts (from page 2)	3,884,185	c. Other	417,811
4. Miscellaneous local receipts (from page 2)	297,735	d. Total (a. through c.)	602,791
5. Transfers from toll facilities		4. General administration & miscellaneous	827,107
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	6,413,017
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	-	a. Interest	
7. Total (1 through 6)	4,181,920	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	-
<b>C. Receipts from State government</b> (from page 2)	1,806,981	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	77,232	a. Interest	74,270
<b>E. Total receipts (A.7 + B + C + D)</b>	6,066,132	b. Redemption	353,374
		c. Total (a. + b.)	427,644
		3. Total (1.c + 2.c)	427,644
		<b>C. Payments to State for highways</b>	-
		<b>D. Payments to toll facilities</b>	-
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	6,840,662

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	5,247,450	6,066,132	6,840,662	4,472,920	-

Notes and Comments:

<b>LOCAL HIGHWAY FINANCE REPORT</b>	STATE:
	Colorado
	YEAR ENDING (mm/yy):
	December 2016

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	1,403,974	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	2,309,468	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licences & Permits	31,130	f. Charges for Services	
5. Specific Ownership &/or Other	139,613	g. Other Misc. Receipts	297,735
6. Total (1. through 5.)	2,480,211	h. Other	
c. Total (a. + b.)	3,884,185	i. Total (a. through h.)	297,735
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	1,741,599	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	77,232
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	65,382	d. Federal Transit Admin	
d. Other - Bridges		e. U.S. Corps of Engineers	
e. Other - Piedra Road		f. Other Federal	
f. Total (a. through e.)	65,382	g. Total (a. through f.)	77,232
4. Total (1. + 2. + 3.f)	1,806,981	3. Total (1. + 2.g)	
			(Carry forward to page 1)

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

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			-
b. Engineering Costs			-
c. Construction:			
(1). New Facilities			-
(2). Capacity Improvements			-
(3). System Preservation		2,615,535	2,615,535
(4). System Enhancement & Operation			-
(5). Total Construction (1) + (2) + (3) + (4)	-	2,615,535	2,615,535
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	-	2,615,535	2,615,535
			(Carry forward to page 1)

**Notes and Comments:**