

Baca County, Colorado
Financial Statements
December 31, 2016



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a certified public accounting and consulting firm

Independent Auditor's Report

Board of County Commissioners
Baca County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Baca County, Colorado's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County, Colorado, as of December 31, 2016, and the respective changes in financial position 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 and budgetary comparison information, 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.

Management has not presented the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be present to supplement the basic financial statements. Such missing 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Baca County's basic financial statements. The accompanying supplementary information, as listed in the Table of Contents, including the combining and individual nonmajor fund financial statements, the Local Highway Finance Report, the Schedule of Due From/Due To, and schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 15, 2017 on our consideration of Baca 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 Baca County's internal control over financial reporting and compliance.

rfarmer, llc

May 15, 2017

Baca County, Colorado
Statement of Net Position
December 31, 2016

	Governmental Activities	Total
ASSETS		
Cash and Equivalents	\$ 5,201,530	\$ 5,201,530
Receivables	2,514,798	2,514,798
Due from Other Governmental Agencies	49,315	49,315
Capital Assets		
Land	16,480	16,480
Buildings and Improvements	4,447,136	4,447,136
Machinery and Equipment	10,244,973	10,244,973
Less: Accumulated Depreciation	(8,312,632)	(8,312,632)
Total Capital Assets	6,395,957	6,395,957
Total Assets	14,161,600	14,161,600
LIABILITIES		
Accounts payable and accrued expenses	125,106	125,106
Unearned revenues	87,357	87,357
Long-term liabilities		
Due within one year		
Capital leases	283,254	283,254
Due in more than one year		
Compensated absences	129,748	129,748
Total liabilities	625,465	625,465
Deferred cash inflow of resources:		
Deferred Property taxes	2,510,782	2,510,782
NET POSITION		
Net investment in capital assets	6,112,703	6,112,703
Restricted for:		
Other projects	28,171	28,171
Unrestricted	4,884,479	4,884,479
Total net position	\$ 11,025,353	\$ 11,025,353

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

Baca County, Colorado
Statement of Activities
For the Year Ended December 31, 2016

	Net (Expense) Revenue and Changes in Net Assets			
	Primary Government			Total
Functions/Programs	Charges for Services	Program Revenue Operating Grants and Contributions	Capital Grants and Contributions	
Primary government				
Governmental Activities				
General Government	\$ 1,938,958	\$ 413,306	\$ 86,326	\$ (1,439,326)
Public Safety	1,436,696	76,716	44,884	(1,075,496)
Public Works	2,751,175	1,117	2,498,633	(251,425)
Health & Welfare	1,341,712	550,981	576,226	(214,505)
Culture and Recreation	202,322	-	8,245	(194,077)
Interest on Long-term debt	452	-	-	(452)
Total governmental activities	<u>7,671,315</u>	<u>1,042,120</u>	<u>3,214,314</u>	<u>(3,175,281)</u>
Total primary government	<u>7,671,315</u>	<u>1,042,120</u>	<u>3,214,314</u>	<u>(3,175,281)</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				\$ 2,373,987
Miscellaneous taxes				1,168
SO tax				273,651
Grants and contributions not restricted to specific programs				525,409
Unrestricted investment earnings				24,577
Miscellaneous				138,571
Special item - gain (loss) on disposition assets				(19,091)
Total general revenues, special items, and transfers				<u>3,318,272</u>
Change in net assets				142,991
Net position - beginning				10,882,362
Net position - ending				<u>\$ 11,025,353</u>

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

Baca County, Colorado
Balance Sheet
Governmental Funds
December 31, 2016

	<u>General</u>	<u>Road & Bridge</u>	<u>Public Welfare</u>	<u>Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 2,131,681	\$ 1,840,898	\$ 622,865	\$ 296,430	\$ 309,657	\$ 5,201,531
Taxes receivable, net	2,091,704	226,336	135,801	-	56,941	2,510,782
Due from other funds	2,000	-	-	-	-	2,000
Receivable from other governments	9,535	-	39,780	-	-	49,315
Other receivables	-	-	4,016	-	-	4,016
Total assets	<u>4,234,920</u>	<u>2,067,234</u>	<u>802,462</u>	<u>296,430</u>	<u>366,598</u>	<u>7,767,644</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	52,583	72,144	175	-	203	125,105
Due to other funds	-	-	-	-	2,000	2,000
Unearned revenue	-	-	87,357	-	-	87,357
Total liabilities	<u>52,583</u>	<u>72,144</u>	<u>87,532</u>	<u>-</u>	<u>2,203</u>	<u>214,462</u>
Deferred cash inflow of resources:						
Deferred property taxes	<u>2,091,704</u>	<u>226,336</u>	<u>135,801</u>	<u>-</u>	<u>56,941</u>	<u>2,510,782</u>
Fund balances:						
Reserved for:						
Other purposes	-	-	45,763	-	-	45,763
Unassigned	2,090,633	-	-	-	-	2,090,633
Assigned	-	1,768,754	533,366	296,430	307,454	2,906,004
Total fund balances	<u>2,090,633</u>	<u>1,768,754</u>	<u>579,129</u>	<u>296,430</u>	<u>307,454</u>	<u>5,042,400</u>
Total liabilities and fund balances	<u>\$ 4,234,920</u>	<u>\$ 2,067,234</u>	<u>\$ 802,462</u>	<u>\$ 296,430</u>	<u>\$ 366,598</u>	<u>\$ 7,767,644</u>

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

Baca County, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2016

Total fund balance, governmental funds	\$	5,042,400
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
<p>Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statements, but are reported in the governmental activities of the Statement of Net Position.</p>		6,395,957
<p>Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Bonds Payable), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.</p>		(413,002)
Rounding		(2)
Net Assets of Governmental Activities in the Statement of Net Position	\$	11,025,353

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

Baca County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2016

	<u>General</u>	<u>Road & Bridge</u>	<u>Public Welfare</u>	<u>Capital</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 1,966,075	\$ 215,712	\$ 135,052	\$ -	\$ 57,147	\$ 2,373,986
SO Tax	267,101	-	-	-	6,551	273,652
Sales and miscellaneous taxes	1,168	-	-	-	-	1,168
Fees and fines	20,403	-	-	-	-	20,403
Licenses and permits	-	13,344	-	-	-	13,344
Intergovernmental	789,589	2,770,910	971,836	-	8,245	4,540,580
Charges for services	411,147	701	-	-	35,763	447,611
Investment earnings	24,302	-	-	-	275	24,577
Miscellaneous	106,162	17,836	-	-	-	123,998
Rent	14,078	-	-	-	-	14,078
Total revenues	<u>3,600,025</u>	<u>3,018,503</u>	<u>1,106,888</u>	<u>-</u>	<u>107,981</u>	<u>7,833,397</u>
EXPENDITURES						
Current:						
General government	1,858,433	31,994	-	11,454	3,215	1,905,096
Public safety	1,274,613	-	-	-	113,659	1,388,272
Public works	-	2,425,947	-	-	-	2,425,947
Health and welfare	181,614	-	1,107,777	-	-	1,289,391
Culture and recreation	162,993	-	-	-	7,753	170,746
Debt Service:						
Principal	-	10,503	-	-	-	10,503
Interest and other charges	-	452	-	-	-	452
Capital Outlay	21,701	409,490	-	-	-	431,191
Total Expenditures	<u>3,499,354</u>	<u>2,878,386</u>	<u>1,107,777</u>	<u>11,454</u>	<u>124,627</u>	<u>7,621,598</u>
Excess (deficiency) of revenues over expenditures	<u>100,671</u>	<u>140,117</u>	<u>(889)</u>	<u>(11,454)</u>	<u>(16,646)</u>	<u>211,799</u>
Net change in fund balances	100,671	140,117	(889)	(11,454)	(16,646)	211,799
Fund balances - beginning	1,989,962	1,628,637	580,018	307,884	324,100	4,830,601
Fund balances - ending	<u>\$ 2,090,633</u>	<u>\$ 1,768,754</u>	<u>\$ 579,129</u>	<u>\$ 296,430</u>	<u>\$ 307,454</u>	<u>\$ 5,042,400</u>

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

Baca County, Colorado
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2016

Net change in fund balances - total governmental funds: \$ 211,799

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlay of \$431,191 was less than depreciation of \$483,335 in the current period. (52,144)

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in net assets differs from the change in fund balance by the cost of the asset sold. (19,091)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceeded repayments. 10,503

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:
Change in Compensated Absences not reflected on Governmental funds (8,076)

Change in net assets of governmental activities \$ 142,991

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

Baca County, Colorado
Statement of Fiduciary Net Assets
Fiduciary Funds
December 31, 2016

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	<u>\$ 1,413,689</u>
Total assets	<u><u>1,413,689</u></u>
LIABILITIES:	
Due to other governmental units	<u>1,413,689</u>
Total Liabilities	<u><u>\$ 1,413,689</u></u>

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

Baca County, Colorado
Notes to the Financial Statements
December 31, 2016

Note 1 Summary of Significant Accounting Policies

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

Reporting Entity

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

Based on the criteria above, the County is not financially accountable for any other entity, nor is the County a component unit of any other government.

Government-wide and Fund Financial Statements

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

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

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

Fund Financial Statements

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

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

The County reports the following major governmental funds:

The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the County, except those required to be accounted for in another fund. The major sources of revenue include property taxes, specific ownership taxes, intergovernmental revenues, and charges for services. The major expenditures include general government and public safety.

The *Road and Bridge Fund* accounts for assets and earnings to be used for road maintenance. The major sources of revenue include property taxes and intergovernmental revenue-highway user's trust fund. The major expenditures are for road and bridge maintenance.

The *Capital Fund* accounts for major capital expenditures such as the courthouse renovation. The major source of revenues is grants, if applicable, for capital improvements and transfers-in. The major expenditures include capital improvements as designated by the County Commissioners.

The *Public Welfare Fund* accounts for assets and earnings to be used for welfare expenditures. The major sources of revenues include property taxes and intergovernmental revenue-public welfare funds for the State of Colorado. The major expenditures include welfare benefits paid to welfare recipients and expenditures relating to administering benefits.

The County reports the following non-major governmental funds:

The *Pest Control District Fund* accounts for assets and earnings that are used for the reimbursement of expenses incurred spraying noxious weeds.

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

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

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

The County has no proprietary or business-type funds.

The County reports the Treasurer's Office as a fiduciary fund. The fiduciary fund is not reported in any other financial statement.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Long-term Economic Focus and Accrual Basis

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

Current Financial Focus and Modified Accrual Basis

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

Financial Statement Presentation

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

Investments

Investments, if any, are stated at cost, which is approximately the same as fair value due to the type of investments. All investments are maintained in the Treasurer's office.

Property Taxes

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

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

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

Capital Assets

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

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

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

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

<u>Assets</u>	<u>Years</u>
Land improvements	25
Buildings and improvements	75
Machinery and equipment	10
Vehicles	5
Infrastructure	50

Vacation Days & Sick Leave - Compensated Absences

All County employees, who are considered full-time employees, are eligible to receive paid vacation. Any unused vacation can be carried forward. Upon termination, any unused vacation up to a maximum number of days will be paid. The number of days depends on length of service. Sick leave can be accumulated up to 60 days with the maximum amount carried forward year-to-year.

Long-Term Obligations

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

Use of Estimates

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

Legal Provisions and Authorization for Deposits

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

Contraband

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

Note 2 Stewardship, Compliance, and Accountability

Budgetary Information

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

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

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

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

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

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

Taxes levied in one year are collected in the succeeding year. Thus, taxes certified in 2015 were collected in 2016 and taxes certified in 2016 will be collected in 2017. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 16th.

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

TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax,

tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

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

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

Note 3 Deposits and Investments

Deposits

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

The Colorado Division of Banking is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At year-end, the County Treasurer's cash deposits had a bank balance of \$5,369,410 which is insured by the Federal Deposit Insurance Corporation (FDIC) and collateralized in single institution pools.

Custodial Credit Risk—Baca County is not exposed to custodial risk due to funds deposited in local financial institutions that meet PDPA requirements and have FDIC coverage.

Investments

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

Repurchase agreements,

Obligations of the United States or obligations unconditionally guaranteed by the United States,

Obligations of the State of Colorado and most general obligations of units of local government,

Federally insured mortgages and student loans,

Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments, and must comply with the same restrictions on cash deposits and investments. (One such trust formed under the statute is ColoTrust). MBIA's COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool.

The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

The County Treasurer, who has the authority to invest funds, per the County policies, invested \$800,000 in FHLMC, FHLMC, and FNMA step coupons. The fair market value is approximately the same as cost.

Note 4 Pension Plan

The County has adopted a defined contribution retirement plan, which provides for contributions equal to 3% of earnings by each full-time employee with a matching amount contributed by the County. The employer contributed \$73,179 and the employees contributed \$73,179 in 2016, based on qualifying salaries of approximately \$2,439,288 with total salaries being approximately \$3,092,245. The plan is with Colorado County Officials and Employees Retirement Association.

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

There were approximately 132 employees as of December 31 that are considered general employees.

Note 5 Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Land	\$ 16,480	\$ -	\$ -	\$ 16,480
Buildings & Improvements	4,447,136	-	-	4,447,136
Machinery & Equipment	9,857,182	431,191	(43,400)	10,244,973
Total	14,320,798	431,191	(43,400)	14,708,589
Less: Accum Deprec	(7,853,606)	(483,335)	24,309	(8,312,632)
Net amount	\$ 6,467,192	\$ (52,144)	\$ (19,091)	\$ 6,395,957

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

Governmental activities:	
General government	\$ 109,057
Public Safety	45,209
Highways and streets	289,346
Health & Welfare	8,147
Culture and recreation	31,576
Total depreciation expense	\$ 483,335

Note 6 Long-term Liabilities

Accrued vacation at year-end consists of the following:

	Beginning Balance	Additions to Long-Term Debt	Retirement of Long- Term Debt	Ending Balance
Social Services	\$ 26,303	\$ 2,971	\$ -	\$ 29,274
Road & Bridge	46,511	3,888	-	50,399
General	48,858	1,217	-	50,075
Total	\$ 121,672	\$ 8,076	\$ -	\$ 129,748

During 2012, the County entered into 2 lease-purchase agreements for 2 motor graders, with terms as follows:

	Principle	Interest	Total
2017	\$ 283,254	\$ 35,688	\$ 318,942

One of the agreements accrues interest that will be paid with the final principle payment due in 2017. The amount accrued during 2014 was \$9,180 and is included in the 2017 principle amount.

The schedule of long-term debt is as follows:

	January 1	Additions	Deletions	December 31	Current
Compensated Absences	\$ 121,672	\$ 8,076	\$ -	\$ 129,748	\$ -
Lease Purchase	293,757	-	(10,503)	283,254	283,254
	<u>\$ 415,429</u>	<u>\$ 8,076</u>	<u>\$ (10,503)</u>	<u>\$ 413,002</u>	<u>\$ 283,254</u>

Note 7 Risk Management

County Workers' Compensation Pool

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

Colorado Counties Casualty and Property Pool

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

The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

The County, in their opinion, has obtained adequate coverage as required by Colorado Revised Statutes to settle claims in the ordinary course of business. However, do to the unknown nature of potential liability, some claims may arise that fall outside the coverage limits for which the County would be financially responsible. Claims have not exceeded coverages during the past three years.

Note 8 Joint Ventures

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

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

Note 9 Contingent Liabilities

The County is not aware of any contingent liabilities that need to be disclosed.

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

Note 10 Operating Leases

The County enters into various operating leases whereby the County leases computer, voting machines, and telephone equipment. The lease terms vary with monthly or annual lease payments. The amounts are charged to expenditures as incurred. The County is current on all operating leases.

Note 11 Fund Balances

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

Non-Spendable

Non-spendable balances represent amounts, which have been paid for but not, consumed and will include inventories and prepaid expenses.

Assigned

Assigned balances represent balances where the intent is expressed by (1) the governing body itself or (2) a body or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes.

Unassigned

Unassigned balances can be used for any legal purpose and are limited to the General Fund.

The County considers that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications could be used.

Note 12 EBT Authorization

Refer to the following page for the Schedule of EBT Authorizations, Warrant Expenditures, and Total Expenditures for the year ended December 31, 2016, for the public welfare (department of human services) fund.

Note 12

**Baca County Department of Social Services
Public Welfare Fund
Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures
for the year ended December 31, 2016**

Program	County EBT Authorizations	County Share of Authorizations	Expenditures By County Warrant	County EBT Authorizations and Expenditures by County Warrant	Total Expenditures
Regular County Administration	\$ -	\$ -	\$ 167,451	\$ 167,451	\$ 167,451
APS	-	-	14,523	14,523	14,523
Old Age Pension - OAP	77,026	3,216	-	77,026	3,216
Child Care	23,946	8,401	23,778	47,724	32,179
TANF/Colo Works	111,598	11,866	84,272	195,870	96,138
Child Welfare - 100 & 80/20	39,111	7,822	187,465	226,576	195,287
Child Welfare - 90& New Caseworker	-	-	60,625	60,625	60,625
Collaborative Management Grant	-	-	27,291	27,291	27,291
Core Services & Spec. Econ. Asst.	(131)	-	21,157	21,026	21,157
General Assistance - County Only	-	-	27,166	27,166	27,166
IV-D Administration	-	-	22,780	22,780	22,780
Low Energy Assistance - LEAP	92,139	-	14,431	106,570	14,431
Medicaid Transportation	-	-	85,692	85,692	85,692
PCA/Ombudsman/AAA	-	-	287,543	287,543	287,543
PSSFP Grant	21,986	4,397	26,621	26,621	26,621
Aid to Needy Disabled - AND	-	-	-	21,986	4,397
Sub-Total	365,675	35,702	1,050,795	1,416,470	1,086,497
Food Assistance EBT	682,884	-	-	682,884	-
Food Assistance Fraud	-	-	21,281	21,281	21,281
Grand Total	\$ 1,048,559	\$ 35,702	\$ 1,072,076	\$ 2,120,635	\$ 1,107,778

Baca County, Colorado
Budget and Actual
General
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property taxes	\$ 1,974,046	\$ 1,974,046	\$ 1,966,075
SO taxes	250,000	250,000	267,101
Sales and miscellaneous taxes	600	600	1,168
Fees and fines	20,000	20,000	20,403
Intergovernmental	1,086,452	1,086,452	789,589
Charges for services	371,600	371,600	411,147
Investment earnings	13,000	13,000	24,302
Sale of equipment	9,500	9,500	14,078
Miscellaneous	55,200	55,200	106,162
Total revenues	<u>3,780,398</u>	<u>3,780,398</u>	<u>3,600,025</u>
EXPENDITURES			
Current:			
General government	2,056,302	2,056,302	1,858,433
Public safety	1,686,725	1,686,725	1,274,613
Health and sanitation	230,032	230,032	181,614
Culture and recreation	169,778	169,778	162,993
Capital Outlay	126,000	126,000	21,701
Total Expenditures	<u>4,268,837</u>	<u>4,268,837</u>	<u>3,499,354</u>
Excess (deficiency) of revenues over expenditures	<u>(488,439)</u>	<u>(488,439)</u>	<u>100,671</u>
Net change in fund balances	(488,439)	(488,439)	100,671
Fund balances - beginning	1,731,825	1,731,825	1,989,962
Fund balances - ending	<u>\$ 1,243,386</u>	<u>\$ 1,243,386</u>	<u>\$ 2,090,633</u>

Baca County, Colorado
Budget and Actual
Road & Bridge
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 224,595	\$ 224,595	\$ 215,712
Licenses and permits	14,000	14,000	13,344
Intergovernmental	2,602,250	2,602,250	2,770,910
Charges for services	2,000	2,000	701
Miscellaneous	2,850	2,850	17,836
Total revenues	<u>2,845,695</u>	<u>2,845,695</u>	<u>3,018,503</u>
EXPENDITURES			
Current:			
General government	25,000	25,000	31,994
Highways and roads	2,736,994	2,736,994	2,425,947
Debt Service:			
Principal	11,000	11,000	10,503
Interest and other charges	2,500	2,500	452
Capital Outlay	409,000	409,000	409,490
Total Expenditures	<u>3,184,494</u>	<u>3,184,494</u>	<u>2,878,386</u>
Excess (deficiency) of revenues over expenditures	<u>(338,799)</u>	<u>(338,799)</u>	<u>140,117</u>
Net change in fund balances	(338,799)	(338,799)	140,117
Fund balances - beginning	1,370,589	1,370,589	1,628,637
Fund balances - ending	<u>\$ 1,031,790</u>	<u>\$ 1,031,790</u>	<u>\$ 1,768,754</u>

Baca County, Colorado
Budget and Actual
Public Welfare
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 134,265	\$ 134,265	\$ 135,052
Intergovernmental	1,278,354	1,278,354	971,836
Total revenues	<u>1,412,619</u>	<u>1,412,619</u>	<u>1,106,888</u>
EXPENDITURES			
Current:			
Health and welfare	<u>1,482,140</u>	<u>1,482,140</u>	<u>1,107,777</u>
Total Expenditures	<u>1,482,140</u>	<u>1,482,140</u>	<u>1,107,777</u>
Excess (deficiency) of revenues over expenditures	<u>(69,521)</u>	<u>(69,521)</u>	<u>(889)</u>
Net change in fund balances	(69,521)	(69,521)	(889)
Fund balances - beginning	447,802	447,802	580,018
Fund balances - ending	<u>\$ 378,281</u>	<u>\$ 378,281</u>	<u>\$ 579,129</u>

Baca County, Colorado
Budget and Actual
Capital
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts,</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>
REVENUES			
Miscellaneous	\$ 200,341	\$ 200,341	\$ -
Total revenues	<u>200,341</u>	<u>200,341</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	5,000	5,000	11,454
Capital Outlay	<u>507,430</u>	<u>507,430</u>	<u>-</u>
Total Expenditures	<u>512,430</u>	<u>512,430</u>	<u>11,454</u>
expenditures	<u>(312,089)</u>	<u>(312,089)</u>	<u>(11,454)</u>
Net change in fund balances	(312,089)	(312,089)	(11,454)
Fund balances - beginning	<u>312,089</u>	<u>312,089</u>	<u>307,884</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 296,430</u>

**Baca County, Colorado
Balance Sheet
Other Governmental Funds
December 31, 2016**

	E911	Contingency	Conservation Trust	Pest Control District	Total Other Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 119,833	\$ 124,868	\$ 11,302	\$ 53,654	\$ 309,657
Taxes receivable, net	-	-	-	56,941	56,941
Total assets	<u>119,833</u>	<u>124,868</u>	<u>11,302</u>	<u>110,595</u>	<u>366,598</u>

LIABILITIES AND FUND BALANCES

Liabilities:					
Accounts payable	203	-	-	-	203
Due to other funds	2,000	-	-	-	2,000
Total liabilities	<u>2,203</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,203</u>

Deferred cash inflow of resources:

Deferred property taxes				56,941	56,941
Fund balances:					
Assigned	117,630	124,868	11,302	53,654	307,454
Total fund balances	<u>117,630</u>	<u>124,868</u>	<u>11,302</u>	<u>53,654</u>	<u>307,454</u>
Total liabilities and fund balances	<u>\$ 119,833</u>	<u>\$ 124,868</u>	<u>\$ 11,302</u>	<u>\$ 110,595</u>	<u>\$ 366,598</u>

Baca County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Other Governmental Funds

For the Year Ended December 31, 2016

	E911	Contingency	Conservation Trust	Pest Control District	Total Other Governmental Funds
REVENUES					
Property Taxes	\$ -	\$ -	-	\$ 57,147	\$ 57,147
SO Taxes	-	-	-	6,551	6,551
Intergovernmental	-	-	8,245	-	8,245
Charges for services	35,763	-	-	-	35,763
Investment earnings	123	-	11	141	275
Total revenues	<u>35,886</u>	<u>-</u>	<u>8,256</u>	<u>63,839</u>	<u>107,981</u>
EXPENDITURES					
Current:					
General government	358	-	-	2,857	3,215
Public Safety	44,871	-	-	68,788	113,659
Culture and recreation	-	-	7,753	-	7,753
Total Expenditures	<u>45,229</u>	<u>-</u>	<u>7,753</u>	<u>71,645</u>	<u>124,627</u>
Excess (deficiency) of revenues over expenditures	<u>(9,343)</u>	<u>-</u>	<u>503</u>	<u>(7,806)</u>	<u>(16,646)</u>
Net change in fund balances	(9,343)	-	503	(7,806)	(16,646)
Fund balances - beginning	126,973	124,868	10,799	61,460	324,100
Fund balances - ending	<u>\$ 117,630</u>	<u>\$ 124,868</u>	<u>\$ 11,302</u>	<u>\$ 53,654</u>	<u>\$ 307,454</u>

Baca County, Colorado
Budget and Actual
E911
For the year ended December 31, 2016

	Budgeted Amounts		Actual
	Original	Final	Amounts, Budgetary Basis
REVENUES			
Charges for services	\$ 39,000	\$ 39,000	\$ 35,763
Investment earnings	100	100	123
Total revenues	<u>39,100</u>	<u>39,100</u>	<u>35,886</u>
EXPENDITURES			
Current:			
General government	50	50	358
Public Safety	60,800	60,800	44,871
Total Expenditures	<u>60,850</u>	<u>60,850</u>	<u>45,229</u>
Excess (deficiency) of revenues over expenditures	<u>(21,750)</u>	<u>(21,750)</u>	<u>(9,343)</u>
Net change in fund balances	(21,750)	(21,750)	(9,343)
Fund balances - beginning	21,750	21,750	126,973
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 117,630</u>

Baca County, Colorado
Budget and Actual
Contingency
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Charges for services	-	-	-
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	124,868	124,868	-
Total Expenditures	<u>124,868</u>	<u>124,868</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(124,868)</u>	<u>(124,868)</u>	<u>-</u>
Net change in fund balances	(124,868)	(124,868)	-
Fund balances - beginning	<u>124,868</u>	<u>124,868</u>	<u>124,868</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 124,868</u>

Baca County, Colorado
Budget and Actual
Conservation Trust
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Intergovernmental	\$ 8,000	\$ 8,000	\$ 8,245
Investment earnings	5	5	11
Total revenues	<u>8,005</u>	<u>8,005</u>	<u>8,256</u>
EXPENDITURES			
Current:			
Culture and recreation	8,000	8,000	7,753
Total Expenditures	<u>8,000</u>	<u>8,000</u>	<u>7,753</u>
Excess (deficiency) of revenues over expenditures	<u>5</u>	<u>5</u>	<u>503</u>
Net change in fund balances	5	5	503
Fund balances - beginning	<u>9,642</u>	<u>9,642</u>	<u>10,799</u>
Fund balances - ending	<u><u>\$ 9,647</u></u>	<u><u>\$ 9,647</u></u>	<u><u>\$ 11,302</u></u>

**Baca County, Colorado
Budget and Actual
Pest Control District
For the year ended December 31, 2016**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 58,981	\$ 58,981	\$ 57,147
SO taxes	4,200	4,200	6,551
Investment earnings	200	200	141
Total revenues	<u>63,381</u>	<u>63,381</u>	<u>63,839</u>
EXPENDITURES			
Current:			
General government	-	-	2,857
Public Safety	72,700	72,700	68,788
Total Expenditures	<u>72,700</u>	<u>72,700</u>	<u>71,645</u>
Excess (deficiency) of revenues over expenditures	<u>(9,319)</u>	<u>(9,319)</u>	<u>(7,806)</u>
Net change in fund balances	(9,319)	(9,319)	(7,806)
Fund balances - beginning	9,319	9,319	61,460
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,654</u>

Baca County, Colorado
Schedule of Findings and Questioned Costs
For The Year Ended December 31, 2016

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Federal Awards

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

Internal control over major program compliance:

Are any material weaknesses identified?	No
Are any significant deficiencies identified not considered to be material weaknesses?	None Reported
Are any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major programs:

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

97.067	Department of Homeland Security, Department of Public Safety
--------	--

Enter the dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Is the auditee qualified as a low-risk auditee?	Yes

Section II: Financial Statement Findings

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

Section III: Federal Awards Findings

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

Baca County, Colorado
Schedule of Expenditure of Federal Awards
for the year ended Dec 31, 2016

GRANT TITLE	PASS THRU AGENCIES:	FEDERAL CFDA NUMBER	AMOUNT OF AWARD EXPENDED
DEPARTMENT OF HEALTH & HUMAN SERVICES			
IV-E Rel Guard As	Colo. Dept of Human Services	93.090	334
IV-E FC	Colo. Dept of Human Services	93.658	39,575
Block Grant - Title XX	Colo. Dept of Human Services	93.667	28,610
Child Welfare Services State Grants	Colo. Dept of Human Services	93.645	2,386
IV-D Administration	Colo. Dept of Human Services	93.563	21,680
LEAP	Colo. Dept of Human Services	93.568	97,416
Promoting Safe & Stable Families	Colo. Dept of Human Services	93.556	20,694
Title XIX Medicaid	Colo. Dept of Human Services	93.778	83,381
IV-E Adoption	Colo. Dept of Human Services	93.659	5,584
TANF	Colo. Dept of Human Services	93.558	177,105
Child Care Development Funds	Colo. Dept of Human Services	93.596	6,600
Child Care Development Funds/Discretionary	Colo. Dept of Human Services	93.575	23,665
Subtotal			<u>507,030</u>
KA15H	Colo. Dept of Public Health & Environment	93.268	4,559
HW17J	Colo. Dept of Public Health & Environment	93.074	5,406
HW16J	Colo. Dept of Public Health & Environment	93.069	13,832
ND16L and ND17L	Colo. Dept of Public Health & Environment	93.994	3,452
Subtotal			<u>27,249</u>
Community Services Block Grant	Colo. Dept of Local Affairs	93.569	19,507
Subtotal			<u>19,507</u>
 DEPARTMENT OF HOMELAND SECURITY			
Department of Public Safety	Division of Homeland Security & Emergency Mgmt	97.067	239,600 *
Subtotal			<u>239,600</u>
 DEPARTMENT OF AGRICULTURE			
Food Assistance Admin.	Colo. Dept of Human Services	10.561	35,993
WIC Compass	Colo. Dept of Public Health & Environment	10.557	57,613
Subtotal			<u>93,606</u>
Women, Infant & Children	Colo. Dept of Public Health & Environment	10.557	25,774
Subtotal			<u>25,774</u>
 TOTAL FEDERAL FINANCIAL ASSISTANCE			 <u><u>\$ 912,766</u></u>

* Major Programs

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Baca County, Colorado and is presented on the modified accrual basis of accounting.

Baca County did not have any subrecipients.

**Baca County, Colorado
Schedule of Due From/ Due To
Public Welfare Fund
December 31, 2016**

<u>DUE FROM/DUE TO STATE</u>	<u>Due From</u>	<u>Due To</u>
County Administration	\$ 4,325	\$
County Administration/HCPF Reg		1,394
County Administration/HCPF Enhanced		8,806
Child Care Direct		676
Child Care Administration	1,290	
Child Welfare Administration 100%	740	
Child Welfare Administration 80%/20%	12,536	
Child Welfare - New Caseworker	4,671	
Child Welfare EBT/Mental Health		196
Child Welfare EBT/OOH		1,903
Child Welfare EBT/RCC	93	
Child Welfare EBT/Subadopt		69
Colo Works - Administration	4,076	
Colo Works - Non-Administration		1,283
Child Support	1,581	
LEAP Administration	1,272	
AND		546
Federal Incentives	73	
Non Allocated Programs		77
State Incentives	294	
Old Age Pension Administration	149	
Food Assistance Benefits		20
APS	648	
PSSF	482	
TANF IV-D Retained	618	
Food Assistance Fraud	1,370	
TOTALS	<u>\$ 34,218</u>	<u>\$ 14,970</u>
Net due from (to) State	<u>\$ 19,248</u>	

ANNUAL HIGHWAY FINANCE REPORT - CY16

Step 1: Enter your email and select your City or County from the list below.

Step 2: Click on "Start" to edit/update your data.

Step 3: Click on "Submit" at the bottom of the form to edit/update your data.

Your Email Address:

Select County:

II - RECEIPTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Receipts from local sources

2. General Fund Appropriations:	\$	0.00
3. Other local imposts: <i>from A.3. Total below</i>	\$	216,523.00
4. Miscellaneous local receipts: <i>from A.4. Total below</i>	\$	18,122.00
5. Transfers from toll facilities	\$	0.00
6. Proceeds of sale of bonds and notes		
a. Bonds - Original Issues:	\$	0.00
b. Bonds - Refunding Issues:	\$	0.00
c. Notes:	\$	0.00

SubTotal: \$ 234,645.00

B. Private Contributions \$ 0.00

II - RECEIPTS FOR ROAD AND STREET PURPOSES (Detail)

Please no commas or dollar signs for the input

A.3. Other local imposts

a. Property Taxes and Assessments	\$	215712.00
b. Other Local Imposts		

1. Sales Taxes:	\$	0.00
2. Infrastructure and Impact Fees:	\$	0.00
3. Liens:	\$	0.00
4. Licenses:	\$	416.00
5. Specific Ownership and/or Other:	\$	395.00
Total: <i>(a + b) carried to 'Other local imposts' above</i>		\$ 216,523.00

A.4. Miscellaneous local receipts

Please no commas or dollar signs for the input

a. Interest on Investments:	\$	0.00
b. Traffic fines & Penalties:	\$	0.00
c. Parking Garage Fees:	\$	0.00
d. Parking Meter Fees:	\$	0.00
e. Sale of Surplus Property:	\$	4392.00
f. Charges for Services:	\$	701.00
g. Other Misc. Receipts:	\$	6303.00
h. Other:	\$	6726.00
Total: <i>(a through h) carried to 'Misc local receipts' above</i>		\$ 18,122.00

C. Receipts from State Government

Please no commas or dollar signs for the input

1. Highway User Taxes:	\$	2498633.00
3. Other State funds:		
c. Motor Vehicle Registrations:	\$	12949.00
d. Other (Specify):		
Comments: <u>undefined</u>	\$	0.00
e. Other (Specify):		
Comments: <u>undefined</u>	\$	0.00
Total: <i>(1+3c,d,e)</i>		\$ 2,511,582.00

D. Receipts from Federal Government

Please no commas or dollar signs for the input

2. Other Federal Agencies		
a. Forest Service:	\$	272276.00
b. FEMA:	\$	0.00
c. HUD:	\$	0.00

d. Federal Transit Administration:	\$	0.00
e. U.S. Corp of Engineers	\$	0.00
f. Other Federal:	\$	0.00
Total: (2a-f)		\$ 272,276.00

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES

Please no commas or dollar signs for the input

A. Local highway disbursements

1. Capital outlay: <i>(from A.1.d. Total Capital Outlay' below)</i>	\$	0.00
2. Maintenance:	\$	2824735.00
3. Road and street services		
a. Traffic control operations:	\$	0.00
b. Snow and ice removal:	\$	0.00
c. Other:	\$	0.00
4. General administration & miscellaneous	\$	42709.00
5. Highway law enforcement and safety	\$	0.00
Total: (A.1-5)		\$ 2,867,444.00

Please no commas or dollar signs for the input

B. Debt service on local obligations

1. Bonds		
a. Interest	\$	0.00
b. Redemption	\$	0.00
2. Notes		
a. Interest	\$	452.00
b. Redemption	\$	10490
SubTotal: (1+2)		\$ 10,942.00

Please no commas or dollar signs for the input

C. Payments to State for Highways:	\$	0.00
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D. Payments to Toll Facilities: \$ 0.00

Total Disbursements: (A+B+C+D) \$ 2,878,386.00

Please no commas or dollar signs for the input

III - DISBURSEMENTS FOR ROAD AND STREET PURPOSES - (Detail)

Please no commas or dollar signs for the input

	A. ON NATIONAL HIGHWAY SYSTEM	B. OFF NATIONAL HIGHWAY SYSTEM	C. TOTAL
A.1. Capital Outlay			
a. Right-Of-Way Costs:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
b. Engineering Costs:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
c. Construction			
1. New Facilities:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
2. Capacity Improvements:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
3. System Preservation:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
4. System Enhancement:	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.
5. Total Construction:			\$ <u>0.</u>
d. Total Capital Outlay: (Lines A.1.a. + 1.b. + 1.c.5)			\$ <u>0.</u>

IV. LOCAL HIGHWAY DEBT STATUS

Please no commas or dollar signs for the input

	OPENING DEBT	AMOUNT ISSUED	REDEMPTIONS	CLOSING DE
A. Bonds (Total)	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.0
1. Bonds (Refunding Portion)		\$ <u>0.00</u>	\$ <u>0.00</u>	\$ 0.0
B. Notes (Total):	\$ <u>293757.00</u>	\$ <u>0.00</u>	\$ <u>10503.00</u>	\$ 283,254.0

V - LOCAL ROAD AND STREET FUND BALANCE

Please no commas or dollar signs for the input

A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliati
\$ 1628637	\$ 3,018,503.00	\$ 2,878,386.00	\$ 1768754.00	\$ 0.0

Notes & Comments:

undefined

Please enter your name: Cindi Parsons

Please provide a telephone number where you may be reached: 7195236532

Save | Print Report

Note: Printing your form will *NOT* save it. Save *BEFORE* printing.

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

Independent Auditor's Report

Board of County Commissioners
Baca County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Baca County as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Baca County's basic financial statements, and have issued our report thereon dated May 15, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Baca 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 Baca County's internal control. Accordingly, we do not express an opinion on the effectiveness of Baca 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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Baca 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.

rfarmer, Uc

May 15, 2017

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND
REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Independent Auditor's Report

Board of County Commissioners
Baca County, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Baca 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 (CFR) 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 Baca 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 Baca County's compliance.

Opinion on Each Major Federal Program

In our opinion, Baca 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 Baca 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 Baca County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing 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 Baca 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. 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.

rfarmer, llc

May 17, 2017