

Huerfano County, Colorado

Financial Statements

December 31, 2016



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Huerfano County, Colorado
Financial Statements
For The Year Ended December 31, 2016

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***r*farmer, llc**
a certified public accounting and consulting firm

Independent Auditor's Report

Board of County Commissioners
Huerfano County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huerfano 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 Huerfano County 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 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.

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 accompanying supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by 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), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and the Schedule of Expenditures of Federal Awards 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 as listed in the table of contents and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Management has elected to omit 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 omitted 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 omission.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 14, 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 the County's internal control over financial reporting and compliance.

rfarmer, llc

June 14, 2017

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

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Equivalents	\$ 3,875,369	\$ 244,763	\$ 4,120,132
Receivables	2,724,125	123,678	2,847,803
Due from Other Governmental Agencies	465,496	-	465,496
Inventories	34,588	-	34,588
Capital Assets			
Land and infrastructure	1,463,049	-	1,463,049
Construction in progress	1,582,827	-	1,582,827
Building	13,338,645	330,898	13,669,543
Equipment	8,510,858	1,911,679	10,422,537
Other capital assets	82,999	1,538,137	1,621,136
Less accumulated depreciation	<u>(15,979,897)</u>	<u>(1,582,554)</u>	<u>(17,562,451)</u>
Total capital assets	<u>8,998,481</u>	<u>2,198,160</u>	<u>11,196,641</u>
Total assets	<u>16,098,059</u>	<u>2,566,601</u>	<u>18,664,660</u>
LIABILITIES			
Accounts payable and accrued expenses	312,916	6,658	319,574
Long-term liabilities			
Due within one year			
Capital leases	79,692	-	79,692
Unearned revenues	252,914	-	252,914
Due in more than one year			
Capital leases	<u>169,195</u>	<u>-</u>	<u>169,195</u>
Total liabilities	<u>814,717</u>	<u>6,658</u>	<u>821,375</u>
Deferred Inflows of Resources			
Deferred property taxes	<u>2,583,063</u>	<u>-</u>	<u>2,583,063</u>
Total	<u>3,397,780</u>	<u>6,658</u>	<u>3,404,438</u>
NET POSITION			
Net investment in Capital Assets	8,749,594	2,198,160	10,947,754
Unrestricted	<u>3,950,685</u>	<u>361,783</u>	<u>4,312,468</u>
Total net position	<u>\$ 12,700,279</u>	<u>\$ 2,559,943</u>	<u>\$ 15,260,222</u>

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

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

Functions/Programs	Program Revenue				Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental Activities							
General Government	\$ 3,101,714	\$ 627,922	\$ 341,571	\$ 1,838,958	\$ (293,263)	\$ -	\$ (293,263)
Public Safety	1,858,454	5,212	141,120	-	(1,712,122)	-	(1,712,122)
Public Works	2,160,382	82,312	1,695,772	-	(382,298)	-	(382,298)
Human Services	2,293,292	-	2,021,656	-	(271,636)	-	(271,636)
Health and Sanitation	212,590	48,095	-	-	(164,495)	-	(164,495)
Culture and Recreation	49,411	70,514	510,560	-	531,663	-	531,663
Interest on Long-term debt	1,854	-	-	-	(1,854)	-	(1,854)
Total governmental activities	<u>9,677,697</u>	<u>834,055</u>	<u>4,710,679</u>	<u>1,838,958</u>	<u>(2,294,005)</u>	<u>-</u>	<u>(2,294,005)</u>
Business-type activities:							
Correctional Facility	36,110	-	-	-	-	(36,110)	(36,110)
Ambulance	598,760	267,020	15,000	5,000	-	(311,740)	(311,740)
Gardner Water and Sewer Improv District	91,898	81,247	-	-	-	(10,651)	(10,651)
Total business-type activities	<u>726,768</u>	<u>348,267</u>	<u>15,000</u>	<u>5,000</u>	<u>-</u>	<u>(358,501)</u>	<u>(358,501)</u>
Total primary government	<u>\$ 10,404,465</u>	<u>\$ 1,182,322</u>	<u>\$ 4,725,679</u>	<u>\$ 1,843,958</u>	<u>(2,294,005)</u>	<u>(358,501)</u>	<u>(2,652,506)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					2,506,562	-	2,506,562
Franchise & miscellaneous taxes					23,582	-	23,582
SO and sales tax					1,259,303	-	1,259,303
Unrestricted investment earnings					5,534	47	5,581
Miscellaneous					534,488	7,176	541,664
Transfers					(94,000)	94,000	-
Total general revenues, special items, and transfers					<u>4,235,469</u>	<u>101,223</u>	<u>4,336,692</u>
Change in net assets					1,941,464	(257,278)	1,684,186
Net position - beginning					10,758,815	2,817,221	13,576,036
Net position - ending					<u>\$ 12,700,279</u>	<u>\$ 2,559,943</u>	<u>\$ 15,260,222</u>

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

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

	<u>General</u>	<u>Road & Bridge</u>	<u>Department of Human Services</u>	<u>Special Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 1,451,971	\$ 1,060,046	\$ 662,997	\$ 112,322	\$ 588,035	\$ 3,875,371
Taxes receivable, net	2,146,692	12,468	311,693	-	112,210	2,583,063
Due from other funds	-	-	-	-	35,000	35,000
Due from State	-	-	111,482	338,014	16,000	465,496
Other receivables	41,265	-	16,625	-	83,172	141,062
Inventories	-	34,588	-	-	-	34,588
Total assets	<u>3,639,928</u>	<u>1,107,102</u>	<u>1,102,797</u>	<u>450,336</u>	<u>834,417</u>	<u>7,134,580</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	61,474	33,721	2,544	203,899	11,278	312,916
Unearned revenues	-	-	252,914	-	-	252,914
Due to other funds	-	-	-	-	35,000	35,000
Total liabilities	<u>61,474</u>	<u>33,721</u>	<u>255,458</u>	<u>203,899</u>	<u>46,278</u>	<u>600,830</u>
Deferred Inflow of Resources						
Deferred property taxes	2,146,692	12,468	311,693	-	112,210	2,583,063
Fund balances:						
Unassigned	1,431,762	-	-	-	-	1,431,762
Nondisposable-inventories	-	34,588	-	-	-	34,588
Assigned	-	1,026,325	535,646	246,437	675,929	2,484,337
Total fund balances	<u>1,431,762</u>	<u>1,060,913</u>	<u>535,646</u>	<u>246,437</u>	<u>675,929</u>	<u>3,950,687</u>
Total liabilities and fund balances	<u>\$ 3,639,928</u>	<u>\$ 1,107,102</u>	<u>\$ 1,102,797</u>	<u>\$ 450,336</u>	<u>\$ 834,417</u>	<u>\$ 7,134,580</u>

The accompanying notes to financial statements
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Huerfano County, Colorado
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets
December 31, 2016

Total fund balance, governmental funds	\$ 3,950,687
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Assets.	8,998,481
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 Assets.	(248,887)
Rounding	(2)
Net Assets of Governmental Activities in the Statement of Net Position	<u><u>\$ 12,700,279</u></u>

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

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

	General	Road & Bridge	Department of Human Services	Special Projects	Other Governmental Funds	Total Governmental Funds
REVENUES						
Property Taxes	\$ 2,084,007	\$ 12,144	\$ 301,112	\$ -	\$ 109,299	\$ 2,506,562
SO Tax	232,838	1,352	-	-	12,171	246,361
Sales and miscellaneous taxes	409,157	1,500	33,807	-	594,212	1,038,676
Fees and fines	584	-	-	-	-	584
Licenses and permits	245,726	28,841	-	-	-	274,567
Intergovernmental	758	1,695,772	2,021,656	1,994,102	577,004	6,289,292
Charges for services	587,357	33,858	-	-	104,855	726,070
Investment earnings	5,534	-	-	-	-	5,534
Miscellaneous	224,511	133,875	-	-	8,940	367,326
Total revenues	3,790,472	1,907,342	2,356,575	1,994,102	1,406,481	11,454,972
EXPENDITURES						
Current:						
General government	2,365,025	31,949	-	42,710	148,037	2,587,721
Public safety	1,274,848	-	-	-	480,071	1,754,919
Public works	11,433	1,827,607	-	-	116,623	1,955,663
Health services	129,389	-	-	-	80,877	210,266
Culture and recreation	-	-	-	-	22,919	22,919
Human Services	-	-	2,293,292	-	-	2,293,292
Debt Service:						
Principal	-	43,513	-	58,280	-	101,793
Interest	-	7,774	-	1,854	-	9,628
Capital outlay	46,142	72,435	-	2,580,665	-	2,699,242
Total Expenditures	3,826,837	1,983,278	2,293,292	2,683,509	848,527	11,635,443
Excess (deficiency) of revenues over expenditures	(36,365)	(75,936)	63,283	(689,407)	557,954	(180,471)
OTHER FINANCING SOURCES (USES)						
Transfers in	40,000	6,000	-	810,000	163,786	1,019,786
Transfers out	-	-	(40,000)	-	(1,073,786)	(1,113,786)
Total other financing sources and uses	40,000	6,000	(40,000)	810,000	(910,000)	(94,000)
SPECIAL ITEM						
Net change in fund balances	3,635	(69,936)	23,283	120,593	(352,046)	(274,471)
Fund balances - beginning	1,428,127	1,130,849	512,363	125,844	1,027,975	4,225,158
Fund balances - ending	\$ 1,431,762	\$ 1,060,913	\$ 535,646	\$ 246,437	\$ 675,929	\$ 3,950,687

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

Huerfano 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: \$ (274,471)

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 \$2,699,242 is more than depreciation of \$585,101 in the current period. 2,114,141

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 repayments exceeded proceeds. 101,793

Rounding 1

Change in net assets of governmental activities: \$ 1,941,464

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

Huerfano County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2016

	Enterprise Funds			
	Correctional Facility	Ambulance	Gardner Water and Sewer Improvement District	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 28,045	\$ 131,174	\$ 85,545	\$ 244,764
Accounts Receivable, net	-	117,186	6,493	123,679
Total current assets	28,045	248,360	92,038	368,443
Non-current assets:				
Capital Assets:				
Utility System	-	-	1,538,137	1,538,137
Buildings	-	330,898	-	330,898
Equipment and Furniture	645,180	926,680	339,819	1,911,679
Less Accumulated depreciation	(564,891)	(747,117)	(270,546)	(1,582,554)
Total non-current assets	80,289	510,461	1,607,410	2,198,160
Total assets	108,334	758,821	1,699,448	2,566,603
LIABILITIES				
Current Liabilities:				
Accounts payable	-	4,759	1,899	6,658
Total current liabilities	-	4,759	1,899	6,658
Total liabilities	-	4,759	1,899	6,658
NET POSITION				
Net Investment in Capital Assets	80,289	510,461	1,607,410	2,198,160
Unrestricted	28,045	243,601	90,139	361,785
Total net position	\$ 108,334	\$ 754,062	\$ 1,697,549	\$ 2,559,945

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

Huerfano County, Colorado
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2016

	Enterprise Funds			Total
	Correctional Facility	Ambulance	Gardner Water and Sewer Improvement District	
REVENUES				
Charges for services	\$ -	\$ 267,020	\$ 81,247	\$ 348,267
Miscellaneous revenue	-	6,465	711	7,176
Operating grants and contributions	-	15,000	-	15,000
Other grants	-	5,000	-	5,000
Total operating revenues	<u>-</u>	<u>293,485</u>	<u>81,958</u>	<u>375,443</u>
OPERATING EXPENSES				
Monitoring, security services and wages	-	314,506	-	314,506
Contractual services	-	36,736	32,347	69,083
Utilities	-	11,483	5,879	17,362
Repairs and maintenance	-	23,997	2,509	26,506
Bad debts	-	88,618	-	88,618
Other supplies and expenses	-	34,847	554	35,401
Professional fees	-	37,925	-	37,925
Miscellaneous expenses	10,230	6,183	11,323	27,736
Depreciation	25,880	44,463	39,286	109,629
Total Operating Expenses	<u>36,110</u>	<u>598,758</u>	<u>91,898</u>	<u>726,766</u>
Operating income (loss)	<u>(36,110)</u>	<u>(305,273)</u>	<u>(9,940)</u>	<u>(351,323)</u>
NON-OPERATING REVENUES (EXPENSES)				
Interest and investment revenue	47	-	-	47
Total non-operating revenue (expenses)	<u>47</u>	<u>-</u>	<u>-</u>	<u>47</u>
Income (loss) before contributions and transfers	(36,063)	(305,273)	(9,940)	(351,276)
Transfers in	-	100,000	-	100,000
Transfers out	-	-	(6,000)	(6,000)
Change in net position	<u>(36,063)</u>	<u>(205,273)</u>	<u>(15,940)</u>	<u>(257,276)</u>
Total net position - beginning	144,397	959,335	1,713,489	2,817,221
Total net position - ending	<u>\$ 108,334</u>	<u>\$ 754,062</u>	<u>\$ 1,697,549</u>	<u>\$ 2,559,945</u>

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

Huerfano County, Colorado
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended December 31, 2016

	Enterprise Funds			
	Correctional Facility	Ambulance	Gardner Water and Sewer Improvement District	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash Received from Charges for Services	\$ -	\$ 355,638	\$ 79,144	\$ 434,782
Cash Received from EMS Subsidy and Grants	-	15,000	-	15,000
Cash Received from Miscellaneous	-	6,465	711	7,176
Cash Received from Other Grants	-	5,000	-	5,000
Cash Payments to Suppliers for Goods & Services	(10,230)	(241,888)	(51,983)	(304,101)
Cash Payments for Salaries & Benefits	-	(314,506)	-	(314,506)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(10,230)</u>	<u>(174,291)</u>	<u>27,872</u>	<u>(156,649)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers In	-	100,000	-	100,000
Transfers Out	-	-	(6,000)	(6,000)
Cash Received from Interest Earnings	46	-	-	46
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>46</u>	<u>100,000</u>	<u>(6,000)</u>	<u>94,046</u>
 NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	 (10,184)	 (74,291)	 21,872	 (62,603)
Cash & Cash Equivalents:				
Beginning of Year	<u>38,229</u>	<u>205,465</u>	<u>63,673</u>	<u>307,367</u>
End of Year	<u><u>28,045</u></u>	<u><u>131,174</u></u>	<u><u>85,545</u></u>	<u><u>244,764</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating Income	(36,110)	(305,273)	(9,940)	(351,323)
Adjustments to Reconcile Operating Income To Net Cash Provided by Operating Activities:				
Depreciation	25,880	44,463	39,286	109,629
Change in Assets and Liabilities:				
(Increase) Decrease in Receivables	-	88,618	(2,103)	86,515
Increase (Decrease) in Accounts Payable	-	(2,099)	629	(1,470)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>\$ (10,230)</u></u>	<u><u>\$ (174,291)</u></u>	<u><u>\$ 27,872</u></u>	<u><u>\$ (156,649)</u></u>

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

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

	TOTAL AGENCY FUNDS
ASSETS:	
Cash and cash equivalents	<u>\$ 238,216</u>
Total assets	<u><u>238,216</u></u>
LIABILITIES:	
Due to other governmental units	<u>238,216</u>
Total Liabilities	<u><u>\$ 238,216</u></u>

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

Huerfano County, Colorado
Notes to Financial Statements
December 31, 2016

Note 1 Reporting Entity

Huerfano County, Colorado (the County) is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. There are also four other elected officials of the County (Assessor, Clerk and Recorder, Sheriff, and Treasurer).

All financial transactions of the offices of elected officials of Huerfano County are included in the General Fund of the County's financial statements. The Board of County Commissioners has budgetary authority over the elected officials and is accountable for all fiscal matters. County property taxes fund a significant portion of the costs of operating the elected officials' offices. Services provided by the elected officials are of the benefit of Huerfano County residents and are conducted within the boundaries of the County.

These financial statements present the financial position of the County (the primary government) and its component units in accordance with applicable standards of the Governmental Accounting Standards Board, "The Financial Reporting Entity". The County has no component units.

Note 2 Summary of Significant Accounting Policies

The accounting and reporting policies of the County conform to accounting principles generally accepted in the United States of America (USGAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the County's financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

Government-Wide and Fund Financial Statements The County government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of Governmental and Business-Type Activities for the County accompanied by the total column. Fiduciary activities of the County are not included in these statements. *Government activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the *primary government* is reported

separately from certain legally separate *component units* for which the primary government is financially accountable.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segments and (2) 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 among program revenues are reported instead of *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 funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are presented on an *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all of the County's assets and liabilities, including capital assets, as well as infrastructure assets, if any, and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred.

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

The primary revenue sources, which have been treated as susceptible to accrual by the County, are property tax, sales tax, intergovernmental revenues and other taxes. 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:

General Fund: This is the County's primary operating fund. It accounts for all activities of the general government except those required to be accounted for in another fund.

Road & Bridge Fund: This fund accounts for maintenance of all county roads and bridges which includes salaries and benefits and other expenses related to maintenance. The main revenues are highway users trust fund receipts and property taxes. The fund also sells fuel to other departments and governmental agencies within Huerfano County.

Human Services: This fund accounts for public welfare costs paid to qualifying clients. The majority of federal funds expended are incurred through this fund. In addition to federal funds received this fund also receives state funds and property taxes.

Special Projects: This fund accounts for certain projects and specific funds received that are for the overall good of the County that are not classified as being from one particular fund.

Proprietary funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. Accordingly, all assets and liabilities (whether current or non-current) are included on the Statement of Net Assets. The Statement of Revenues, Expenses and Changes in Fund Net Assets presents increases (revenue) and decreases (expenses) in total net assets. Under the accrual basis of accounting, revenues are recognized in the period in which they are earned while expenses are recognized in the period in which the liability is incurred. Operating revenues in the proprietary funds are those revenues that are generated from the primary operations of the fund. All other revenues are reported as non-operating revenues. Operating expenses are those expenses that are essential to the primary operating of the fund. All other expenses are reported as non-operating expenses.

The County reports the following major proprietary funds:

Ambulance Fund: This fund accounts for all activities necessary for the operation of the County's ambulance services.

Correctional Facility: This fund accounts for funds received from a contract with CCA for the housing of prisoners. Currently no revenues of a material amount are being received as the local prison was closed.

Gardner Water & Sewer Improvement District: During 2011 the voters of the County approved a ballot question authorizing the County to take over operations of the improvement district. The fund accounts for water and sewer services to the Gardner area.

The County reports the following non-major governmental funds:

Conservation Trust Fund: This fund accounts for lottery proceeds required to be expended solely on park and recreation improvements.

P.I.L.T.: This fund accounts for payments in lieu of taxes received from the federal government due to the amount of federally owned land in the County. The funds can be spent for any legal purpose.

Retirement: This fund receives the CCOERA retirement contributions from the eligible employees of each fund and pays the employee's and employer's share for the benefit of each eligible employee's retirement.

Mineral Leasing: This fund accounts for state mineral leasing money received. The fund normally spends the revenues on capital items such as equipment, but the fund can spend money for any legal purpose.

Federal Forest Project: This fund accounts for reimbursements received for search and rescue missions and for the cost of those missions.

Lodging Tax Tourism: During 2006 the voters approved a lodging tax that is levied against each hotel or motel room rented. The funds collected will be spent for economic development.

Waste Transfer Station: This fund accounts for fees and related costs of operating a waste transfer station.

Emergency Services Fund: During 2009, the voters approved an additional 1% sales tax to be used for emergency/dispatch services for all residents of the County.

The County has one fiduciary fund type which is the Treasurer's Office. The Treasurer's Office collects tax revenues and other monies. The Treasurer's Office also holds funds received by the County Clerk. The fiduciary fund is not included with any other fund.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regard to interfund activities, payables and receivables. All internal balances in the Statement of Net Position have been eliminated except those representing balances between the governmental activities and the business-type activities, which are presented as internal balances and eliminated in the total primary government column. In the Statement of Activities, internal service fund transactions have been eliminated; however, those transactions between governmental and business-type activities have not been eliminated.

The County applies all applicable GASB pronouncements to the business-type activities.

Reconciliation of the Fund financial statements to the Government-Wide financial statements is provided in the financial statements to explain the differences created by the integrated approach of GASB Statement No. 34.

The County follows the policy of capitalizing all assets that cost more than \$1,000 with an estimated useful life of more than one year. The useful lives of the assets are:

Infrastructure	75 years
Buildings & Improvements	50-75 years
Furniture & Fixtures	7-10 years
Machinery, Equipment, & Vehicles	5-10 years

The County will capitalize all infrastructure purchased after July 1, 1980.

Program revenues derive directly from the program itself or from parties outside the reporting government's taxpayers or citizenry, as a whole; they reduce the net cost of the function to be financed from the government's general revenues. The statement of activities reports separately three categories of program revenues: (a) charges for services, (b) program-specific *operating* grants and contributions, and (c) program-specific *capital* grants and contributions.

Charges for services include revenues based on exchange or exchange-like transactions. These revenues arise from charges to customers or applicants who purchase, use or directly benefit from the goods, services or privileges provided. Revenues in this category include fees charged for specific services, such as water use or garbage collection; licenses and permits, such as dog licenses, liquor licenses and building permits; operating special assessments, such as for street cleaning or special street lighting; and any other amounts charged to service recipients.

Program-specific grants and contributions (operating and capital) include revenues arising from mandatory and voluntary nonexchange transactions with other governments, organizations or individuals that are restricted for use in a particular program. Some grants and contributions consist of capital assets or resources that are restricted for capital purposes - to purchase, construct, or renovate capital assets associated with a specific program. These are reported separately from grants and contributions that may be used either for operating expenses or for capital expenditures of the program at the discretion of the reporting government. These categories of program revenue are specifically attributable to a program and reduce the net expense of that program to the reporting government. Multi-purpose grants (those that provide financing for more than one program) are reported as program revenue if the amounts restricted to each program are specifically identified in either the grant award or the grant application. Multi-purpose grants that do not provide for specific identification of the programs and amounts are reported as general revenues.

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

Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Interfund Transactions: Transactions between funds that would be treated as revenues, expenditures or expenses if they involved organizations external to the County are accounted for as revenues, expenditures or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expended in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year-end, outstanding balances between funds are reported as “due to/from other funds”. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Budgets and Budgetary Accounting: Annual budgets are adopted as required by Colorado Statutes. Formal budgetary integration is employed as a management control device during the year.

The budget calendar is as follows:

- August 25 Assessors must submit abstract of assessments reflecting all assessed values of property in the County by class and subclass to the Division of Property Taxation.

 Assessors must certify to all taxing entities and the Division of Local Government the new total assessed valuation and the amounts for the various factors needed to compute the statutory property tax revenue limits.
- October 15 Statutory deadline for submission of proposed budget to the local governing body. “Notice of Budget” is to be published when the budget is received.
- December 15 Statutory deadline for certification of mill levies to the Board of County Commissioners. Local government levying a property tax must adopt their budget before certifying the levy to the County.

Local Governing Body shall enact an ordinance or resolution making appropriations for the ensuing fiscal period.

December 22 Statutory deadline for Board of County Commissioners to certify levies and revenues to Assessor and the Division of Property Taxation.

Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP). Budgetary comparisons in this report are presented on the GAAP basis except those adopted by the proprietary funds.

Appropriations are adopted by resolution for each fund in total. Over expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations. All appropriations lapse at year-end. Supplemental budgets were adopted during 2016.

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

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 collections on a monthly basis to the County. County property tax revenues are recognized as they become current receivables from the County Treasurer. One-half of the property taxes are due by February 28 and one-half due by June 15 or all may be paid by April 30 to avoid penalties and interest.

Taxes receivable represent 2016 assessed taxes to be collected in 2017. This receivable has been offset with a charge to Deferred Revenue.

Enterprise Fund - Ambulance Fund Allowance for Bad Debt: The Ambulance Fund recognizes bad debts by using the percentage method whereby the allowance for doubtful accounts is adjusted to approximately sixty percent of ending accounts receivable. Specific accounts are written during the year when deemed necessary.

Vacation Days and Sick Leave: For all county employees vacation leave must be taken during the calendar year in which the days are accumulated. Sick leave is accumulated according to the number of days worked and can only be accumulated up to sixty working days during the entire period of employment. If not used, they are canceled with no cash payments being made for unused sick leave. Public Welfare employees may be paid sick leave if certain age and length of employment requirements are met. No liability is recognized for vacation and sick leave days.

Contraband: Per Colorado Contraband Forfeiture Act (CRS 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. The County did not receive any contraband proceeds during the year.

Note 3

Deposits and Investments

Deposits: Colorado State Statutes, specifically the Public Deposit Protection Act (PDPA) of 1989, require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the Federal Reserve System, and which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado.

Custodial Credit Risk: Deposits are exposed to custodial credit risk if they are not covered by depository insurance or PDPA and the deposits are:

- a. Uncollateralized,
- b. Collateralized with securities held by the pledging financial institution, or
- c. Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

The County is not exposed to custodial credit risk in that all cash and investments, except the amounts with COLOTRUST and CSAFE are deposited in local financial institutions that meet PDPA requirements and have FDIC coverages. The County does receive notification from the banks that they are in compliance with the Public Depository Protection Act as defined in Colorado Revised Statutes, as amended. The amount covered by depository insurance is \$250,000 per bank.

Investments: Colorado State Statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, repurchase agreements, money market funds and local government investment pools with a maturity date no more than five years from the date of purchase. Investments are reported at fair value except for non-participating contracts which are reported at amortized cost.

The County has invested in COLOTRUST in the amount of \$306,530 as of year-end. COLOTRUST PRIME and PLUS+ pools are a 2a7-like

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

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.
- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.
- Interest rate risk: 2a7-like investment pools are excluded from this disclosure requirement per paragraph 15 of the GASB 40 statement.

As of year-end, the County had \$202,121 invested in the Colorado Surplus Asset Fund Trust (CSAFE), a local government investment pool. As an investment pool, CSAFE operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. CSAFE invests in securities that are specified by the Colorado Revised Statutes (24-75-601). Authorized securities include U.S. Treasuries, U.S. Agencies, commercial paper (rated A1 or better) and bank deposits (collateralized through PDPA). CSAFE operates similar to a 2a-7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. CSAFE is rated AAAM by the Standard & Poor's Corporation. U.S. Bank provides banking services and trust custody for securities held on behalf of the participating governments in CSAFE. The custodian's internal records identify the investments owned by the participating governments.

The County has also invested in government and agency bonds consisting of Federal National Mortgage Association Notes, Federal Home Loan Mortgage Corporation Notes, Federal Home Loan Bank Bonds, and Federal Farm Credit Bank Bonds. All the investments are rated AAA by Moody's and S&P. The cost at year end was \$2,391,800 and market value was approximately \$2,395,000. The investments have varying interest rates and maturities.

The County also had \$302,884 invested in the Colorado Statewide Investment Program (CSIP) as of year-end.

The County shall invest all funds in accordance with the Colorado Revised Statutes to accomplish the following objectives: safety, liquidity, and yield.

The County also has \$2,900 cash on hand.

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

Note 4 Changes in Fixed Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental-type activities:				
Capital Assets being depreciated:				
Land and Infrastructure	\$ 364,055	\$ 1,098,994	\$ -	\$ 1,463,049
Buildings	13,338,645	-	-	13,338,645
Other Capital Assets	82,999	-	-	82,999
Equipment	8,471,703	118,576	(79,422)	8,510,857
Construction in Progress	101,157	1,481,670	-	1,582,827
Total capital assets being depreciated	22,358,559	2,699,240	(79,422)	24,978,377
Total Accumulated Depreciation	(15,474,219)	(585,101)	79,422	(15,979,898)
Governmental-type activities capital assets, net	\$ 6,884,340	\$ 2,114,139	\$ -	\$ 8,998,479
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, being depreciated:				
Equipment	\$ 541,737	\$ -	\$ -	\$ 541,737
Building	330,898	-	-	330,898
Vehicles	1,079,942	-	-	1,079,942
Distribution Assets	1,828,137	-	-	1,828,137
Total capital assets being depreciated	3,780,714	-	-	3,780,714
Total accumulated depreciation	(1,472,925)	(106,629)	\$ -	(1,582,554)
Business-type activities capital assets, net	\$ 2,307,789	\$ (106,629)	\$ -	\$ 2,198,160

Note 5 Depreciation Expense

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

Governmental activities:	
General Government	\$ 149,488
Public Safety	120,701
Public Works	300,534
Culture & Recreation	2,963
Health & Welfare	<u>11,415</u>
Total depreciation expense-governmental activities	<u>\$ 585,101</u>
Business-type activities:	
Correctional Facility	\$ 25,880
Ambulance	44,463
Water & Sewer	<u>39,286</u>
Total depreciation expense-business-type activities	<u>\$ 109,629</u>

Note 6 Joint Ventures

The County participates in the Colorado Counties, Inc. (CCI) Insurance Pool and the 911 Emergency Telephone Authority. These joint ventures do not meet the criteria for inclusion within the reporting entity because the CCI Insurance Pool and the 911 Emergency Telephone Authority each cash the entity:

- Is financially independent and responsible for its own financial deficits and entitled to its own surpluses.
- Has a separate governing board from that of the County, which is comprised of 1 voting member from each participating County/entity.
- The governing board and management 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
- Has absolute authority over all funds and fiscal responsibility, including budgetary responsibility and reporting to state agencies, and controls fiscal management.

Financial information is not included, but can be obtained from the respective entities.

Note 7**Pension Plan**

The County provides pension benefits for all of its employees that work at least 35 hours per week for 12 months out of the year through a defined contribution plan administered by CCOERA. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate after twelve (12) months of service. The County rate of contribution is 4%. The employee must contribute 4% and may contribute more at their election. The County's contributions for each employee (and interest allocated to the employee's account) are vested 20% per year and fully vested after five (5) years. Plan provisions and contribution requirements are established and may be amended by the Commissioners.

A deferred compensation plan under Section 457 of the Internal Revenue Code is also available to all eligible employees for voluntary contributions of up to a maximum specified by the Internal Revenue Service.

Employees are eligible to participate after one year of service. The plan is administered by CCOERA and plan provisions are established and may be amended by the Commissioners.

During 2016, the employer and employee contributed approximately \$141,237 each to CCOERA.

Upon retirement, the employee is entitled to all funds deposited to 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 the total County contribution up to 100% in his name for each year of employment.

Note 8**Leases**

The County has various leases for office equipment. The amounts are charged to expenses as incurred and are current at year-end.

Note 9**Contingent Liabilities**

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

of the errors is not known and the impact on the financial statements, if any, cannot be determined.

Note 10 Transfers and Due To/Due From

Transfers made during 2016 were as follows:

FROM	TO	AMOUNT
P.I.L.T.	Waste Transfer	\$ 35,000
Emergency Services	Ambulance	\$ 100,000
P.I.L.T.	Special Projects	\$ 810,000
Mineral Leasing	P.I.L.T	\$ 128,786
Human Services	General	\$ 40,000
Gardner Improvement	Road & Bridge	\$ 6,000

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

Non-recurring or non-routine transfers of equity between funds are referred to as residual equity transfers and are reported as additions to or deductions from the fund balance of Governmental Funds. Transfers of equity to Proprietary Funds are treated as contributed capital and such transfers from proprietary funds are reported as reductions of retained earnings or contributed capital as is appropriate in the circumstances. All other legally authorized transfers are treated as operating transfers and are included in the results of operations of both Governmental and Proprietary Funds.

During 2012 P.I.L.T. loaned the Lodging Tax fund \$80,000. The loan is to be repaid in four annual installments of \$20,000 each. A loan payment was not made in the current year.

Note 11 Fund Balances:

In the fund financial statements the following classifications describe the relative strength of spending constraints.

- Non-Spendable Balance: The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.
- Restricted Fund Balance: The portion of fund balance constrained to being used for a specific purpose by external parties (such as

grantors or bondholders), constitutional provisions or enabling legislation.

- Committed Fund Balance: The portion of fund balance constrained for specific purposes according to the limitations imposed by the County's highest level of decision making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- Assigned Fund Balance: The portion of fund balance set aside for planned or intended purposes but is neither restricted nor committed. The intended use may be expressed by the County Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.
- Unassigned Fund Balance: The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

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 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' Compensations 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 inter-governmental 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.

Note 13 Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The entity believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance.

Note 14 Long Term Debt

During 2012, the County entered into a lease-purchase agreement for the purpose of enhancing the court house and other county properties. The lease-purchase agreement requires monthly payments of \$5,011 for sixty months with interest at 2.149%.

Principle and interest payments are as follows:

	Principle	Interest	Total
2017	\$ 34,755	\$ 322	\$ 35,077

During 2015 the County entered into a lease-purchase agreement for a motor grader. The lease-purchase agreement requires monthly payments of \$4,261 for 59 months plus a 60th payment of \$79,136 which includes a regular payment of \$4,261 and a balloon payment of \$74,875. The interest rate throughout the agreement is 3.2002%.

Principle and interest payments are as follows:

	Principle	Interest	Total
2017	\$ 44,937	\$ 6,195	\$ 51,132
2018	46,396	4,736	51,132
2019	122,799	3,226	126,025
Total	<u>\$ 214,132</u>	<u>\$ 14,157</u>	<u>\$ 228,289</u>

Changes in long-term debt are as follows:

	Jan 1	Debt	Payments	Dec 31	Current
Long-Term Debt	<u>\$ 350,680</u>	<u>\$ -</u>	<u>\$ (101,793)</u>	<u>\$ 248,887</u>	<u>\$ 79,692</u>

Note 15 Schedule of EBT Authorizations

Refer to the following page for EBT authorizations during the year.

Note 15

**Huerfano County Department of Human Services
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
Eligibility Determination, Adult Protection and Common Support	\$ -	\$ -	\$ 352,049	\$ 352,049	\$ 352,049
Adult Protective Services	-	-	28,837	28,837	28,837
Child Support Enforcement	-	-	95,604	95,604	95,604
Low-Income Energy Assistance	338,349	-	31,714	370,063	31,714
Colorado/Huerfano County Works	387,556	104,813	189,666	577,222	294,479
Aid Needy Disabled/Homecare	126,817	25,382	-	126,817	25,382
Old Age Pension	356,332	1,364	-	356,332	1,364
Child Care/Child Care Grant	60,355	11,444	52,816	113,171	64,260
Child Welfare	510,678	120,049	563,918	1,074,596	683,967
Core Services - Child Welfare	39,740	1,755	57,342	97,082	59,097
HB1414, Parental Fees	-	-	5,397	5,397	5,397
IV-E Waiver Grant	-	-	53,582	53,582	53,582
Medicaid Transportation	-	-	48,546	48,546	48,546
Options for Long Term Care	-	-	133,972	133,972	133,972
County Only	-	-	85,534	85,534	85,534
Promoting Safe and Stable Families/Admin.	-	-	41,167	41,167	41,167
Family Resource Center Admin Fund	-	-	10,468	10,468	10,468
HB 1451 Collaborative Management	-	-	95,546	95,546	95,546
Miscellaneous Grants	-	-	205,805	205,805	205,805
Basic Center Grant	-	-	3,544	3,544	3,544
Reconnecting Youth	-	-	11,699	11,699	11,699
Sub-Total	<u>1,819,827</u>	<u>264,807</u>	<u>2,067,206</u>	<u>3,887,033</u>	<u>2,332,013</u>
Food Assistance	<u>2,673,293</u>	<u>-</u>	<u>-</u>	<u>2,673,293</u>	<u>-</u>
Grand Total	<u>\$ 4,493,120</u>	<u>\$ 264,807</u>	<u>\$ 2,067,206</u>	<u>\$ 6,560,326</u>	<u>\$ 2,332,013</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 2,195,532	\$ 2,195,532	\$ 2,084,007
SO Taxes	216,000	216,000	232,838
Sales and miscellaneous taxes	842,150	842,150	409,157
Fees and fines	600	600	584
Licenses and permits	92,510	92,510	245,726
Intergovernmental	63,590	63,590	758
Charges for services	557,591	557,591	587,357
Investment earnings	2,800	2,800	5,534
Miscellaneous	120,283	120,283	224,511
Total revenues	<u>4,091,056</u>	<u>4,091,056</u>	<u>3,790,472</u>
EXPENDITURES			
Current:			
General government	2,466,583	2,466,583	2,365,025
Public Safety	1,324,447	1,324,447	1,274,848
Highways and roads	10,000	10,000	11,433
Health and sanitation	196,667	196,667	129,389
Capital Outlay	60,200	60,200	46,142
Total Expenditures	<u>4,057,897</u>	<u>4,057,897</u>	<u>3,826,837</u>
Excess (deficiency) of revenues over expenditures	<u>33,159</u>	<u>33,159</u>	<u>(36,365)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	40,000	40,000	40,000
Total other financing sources and uses	<u>40,000</u>	<u>40,000</u>	<u>40,000</u>
Net change in fund balances	73,159	73,159	3,635
Fund balances - beginning	1,303,873	1,303,873	1,428,127
Fund balances - ending	<u>\$ 1,377,032</u>	<u>\$ 1,377,032</u>	<u>\$ 1,431,762</u>

Huerfano County, Colorado
Budget and Actual
Department of Human Services
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 306,802	\$ 306,802	\$ 301,112
SO Taxes	30,000	30,000	33,807
Intergovernmental	2,043,464	2,043,464	2,021,656
Miscellaneous	1,300	1,300	-
Total revenues	<u>2,381,566</u>	<u>2,381,566</u>	<u>2,356,575</u>
EXPENDITURES			
Current:			
Welfare	2,457,540	2,457,540	2,293,292
Total Expenditures	<u>2,457,540</u>	<u>2,457,540</u>	<u>2,293,292</u>
Excess (deficiency) of revenues over expenditures	<u>(75,974)</u>	<u>(75,974)</u>	<u>63,283</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(40,000)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(40,000)</u>
Net change in fund balances	(75,974)	(75,974)	23,283
Fund balances - beginning	330,311	330,311	512,363
Fund balances - ending	<u>\$ 254,337</u>	<u>\$ 254,337</u>	<u>\$ 535,646</u>

Huerfano County, Colorado
Budget and Actual
Road & Bridge
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	\$ 14,307	\$ 14,307	\$ 12,144
SO Taxes	1,245	1,245	1,352
Sales and miscellaneous taxes	2,500	2,500	1,500
Licenses and permits	25,500	25,500	28,841
Intergovernmental	1,605,855	1,605,855	1,695,772
Charges for services	34,000	34,000	33,858
Miscellaneous	139,020	139,020	133,875
Total revenues	<u>1,822,427</u>	<u>1,822,427</u>	<u>1,907,342</u>
EXPENDITURES			
Current:			
General government	28,100	28,100	31,949
Public Works	1,661,504	1,661,504	1,827,607
Debt Service:			
Principal	43,526	43,526	43,513
Interest and other charges	7,610	7,610	7,774
Capital Outlay	347,179	347,179	72,435
Total Expenditures	<u>2,087,919</u>	<u>2,087,919</u>	<u>1,983,278</u>
Excess (deficiency) of revenues over expenditures	<u>(265,492)</u>	<u>(265,492)</u>	<u>(75,936)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	6,000	6,000	6,000
Total other financing sources and uses	<u>6,000</u>	<u>6,000</u>	<u>6,000</u>
Net change in fund balances	(259,492)	(259,492)	(69,936)
Fund balances - beginning	1,001,955	1,001,955	1,130,849
Fund balances - ending	<u>\$ 742,463</u>	<u>\$ 742,463</u>	<u>\$ 1,060,913</u>

Huerfano County, Colorado
Budget and Actual
Special Projects
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 1,707,700	\$ 1,707,700	\$ 1,994,102
Total revenues	<u>1,707,700</u>	<u>1,707,700</u>	<u>1,994,102</u>
EXPENDITURES			
Current:			
General government	-	-	42,710
Principal	58,280	58,280	58,280
Interest and other charges	1,854	1,854	1,854
Capital Outlay	2,242,044	2,242,044	2,580,665
Total Expenditures	<u>2,302,178</u>	<u>2,302,178</u>	<u>2,683,509</u>
Excess (deficiency) of revenues over expenditures	<u>(594,478)</u>	<u>(594,478)</u>	<u>(689,407)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	424,506	424,506	810,000
Total other financing sources and uses	<u>424,506</u>	<u>424,506</u>	<u>810,000</u>
Net change in fund balances	(169,972)	(169,972)	120,593
Fund balances - beginning	172,925	172,925	125,844
Fund balances - ending	<u>\$ 2,953</u>	<u>\$ 2,953</u>	<u>\$ 246,437</u>

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

	<u>P.I.L.T.</u>	<u>Conservation Trust</u>	<u>Waste Transfer Station</u>	<u>Retirement</u>	<u>Federal Forest Project</u>	<u>Emergency Services</u>	<u>Lodging Tax Tourism</u>	<u>Total Governmental Funds</u>
ASSETS								
Cash and cash equivalents	\$ 39,101	\$ 6,283	\$ 9,418	\$ 91,676	\$ 28,317	\$ 327,519	\$ 85,721	\$ 588,035
Taxes receivable, net	-	-	-	112,210	-	-	-	112,210
Due from other funds	35,000	-	-	-	-	-	-	35,000
Receivable from other governments	-	-	-	-	-	16,000	-	16,000
Other receivables	-	-	-	-	-	83,172	-	83,172
Total assets	<u>74,101</u>	<u>6,283</u>	<u>9,418</u>	<u>203,886</u>	<u>28,317</u>	<u>426,691</u>	<u>85,721</u>	<u>834,417</u>
LIABILITIES AND FUND BALANCES								
Liabilities:								
Accounts payable	-	-	8,306	-	-	2,372	600	11,278
Due to other funds	-	-	-	-	-	-	35,000	35,000
Total liabilities	<u>-</u>	<u>-</u>	<u>8,306</u>	<u>-</u>	<u>-</u>	<u>2,372</u>	<u>35,600</u>	<u>46,278</u>
Deferred Inflow of Resources								
Deferred property taxes	-	-	-	112,210	-	-	-	112,210
Fund balances:								
Assigned	74,101	6,283	1,112	91,676	28,317	424,319	50,121	675,929
Total fund balances	<u>74,101</u>	<u>6,283</u>	<u>1,112</u>	<u>91,676</u>	<u>28,317</u>	<u>424,319</u>	<u>50,121</u>	<u>675,929</u>
Total liabilities and fund balances	<u>\$ 74,101</u>	<u>\$ 6,283</u>	<u>\$ 9,418</u>	<u>\$ 203,886</u>	<u>\$ 28,317</u>	<u>\$ 426,691</u>	<u>\$ 85,721</u>	<u>\$ 834,417</u>

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

	<u>P.I.L.L.T.</u>	<u>Conservation Trust</u>	<u>Waste Transfer Station</u>	<u>Retirement</u>	<u>Mineral Leasing</u>	<u>Federal Forest Project</u>	<u>Emergency Services</u>	<u>Lodging Tax Tourism</u>	<u>Total-Other Governmental Funds</u>
REVENUES									
Property Taxes	\$ -	\$ -	\$ -	\$ 109,299	\$ -	\$ -	\$ -	\$ -	\$ 109,299
SO Taxes	-	-	-	12,171	-	-	-	-	12,171
Sales and miscellaneous taxes	-	-	-	-	-	-	594,212	-	594,212
Intergovernmental	495,096	15,464	-	-	-	20,944	45,500	-	577,004
Lodging Taxes	-	-	48,095	-	-	-	-	56,760	104,855
Miscellaneous	-	-	-	632	-	2,435	5,873	-	8,940
Total revenues	<u>495,096</u>	<u>15,464</u>	<u>48,095</u>	<u>122,102</u>	<u>-</u>	<u>23,379</u>	<u>645,585</u>	<u>56,760</u>	<u>1,406,481</u>
EXPENDITURES									
Current:									
General government	16,398	-	1,191	106,919	-	-	-	23,529	148,037
Public safety	-	-	-	-	-	4,582	475,489	-	480,071
Highways and roads	116,623	-	-	-	-	-	-	-	116,623
Health services	-	-	80,877	-	-	-	-	-	80,877
Culture and recreation	5,000	17,919	-	-	-	-	-	-	22,919
Total Expenditures	<u>138,021</u>	<u>17,919</u>	<u>82,068</u>	<u>106,919</u>	<u>-</u>	<u>4,582</u>	<u>475,489</u>	<u>23,529</u>	<u>848,527</u>
Excess (deficiency) of revenues over expenditures	<u>357,075</u>	<u>(2,455)</u>	<u>(33,973)</u>	<u>15,183</u>	<u>-</u>	<u>18,797</u>	<u>170,096</u>	<u>33,231</u>	<u>557,954</u>
OTHER FINANCING SOURCES (USES)									
Transfers in	128,786	-	35,000	-	-	-	-	-	163,786
Transfers out	(845,000)	-	-	-	(128,786)	-	(100,000)	-	(1,073,786)
Total other financing sources and uses	<u>(716,214)</u>	<u>-</u>	<u>35,000</u>	<u>-</u>	<u>(128,786)</u>	<u>-</u>	<u>(100,000)</u>	<u>-</u>	<u>(910,000)</u>
SPECIAL ITEM									
Net change in fund balances	(359,139)	(2,455)	1,027	15,183	(128,786)	18,797	70,096	33,231	(352,046)
Fund balances - beginning	433,240	8,738	85	76,493	128,786	9,520	354,223	16,890	1,027,975
Fund balances - ending	<u>\$ 74,101</u>	<u>\$ 6,283</u>	<u>\$ 1,112</u>	<u>\$ 91,676</u>	<u>\$ -</u>	<u>\$ 28,317</u>	<u>\$ 424,319</u>	<u>\$ 50,121</u>	<u>\$ 675,929</u>

Huerfano County, Colorado
Budget and Actual
Correctional Facility
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Investment earnings	\$ 84	\$ 84	\$ 47
Total revenues	<u>84</u>	<u>84</u>	<u>47</u>
EXPENDITURES			
Miscellaneous	-	-	10,230
Depreciation	20,555	20,555	25,880
Total Operating Expenses	<u>20,555</u>	<u>20,555</u>	<u>36,110</u>
Operating income (loss)	<u>(20,471)</u>	<u>(20,471)</u>	<u>(36,063)</u>
Net change in fund balances	(20,471)	(20,471)	(36,063)
Fund balances - beginning	20,471	20,471	144,397
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 108,334</u>

Huerfano County, Colorado
Budget and Actual
Ambulance
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	\$ 377,000	\$ 377,000	\$ 267,020
Operating grants and contributions	30,000	30,000	15,000
Miscellaneous	1,000	1,000	11,465
Total revenues	<u>408,000</u>	<u>408,000</u>	<u>293,485</u>
EXPENDITURES			
Personal services	382,977	382,977	314,506
Contractual services	41,600	41,600	36,736
Utilities	15,755	15,755	11,483
Repairs and maintenance	15,000	15,000	23,997
Bad debts	-	-	88,618
Other supplies and expenses	38,000	38,000	34,847
Miscellaneous	10,280	10,280	6,183
Insurance claims and expenses	48,520	48,520	37,925
Depreciation	48,000	48,000	44,463
Total Operating Expenses	<u>600,132</u>	<u>600,132</u>	<u>598,758</u>
Operating income (loss)	<u>(192,132)</u>	<u>(192,132)</u>	<u>(305,273)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Total other financing sources and uses	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Net change in fund balances	(92,132)	(92,132)	(205,273)
Fund balances - beginning	<u>180,896</u>	<u>180,896</u>	<u>959,335</u>
Fund balances - ending	<u>\$ 88,764</u>	<u>\$ 88,764</u>	<u>\$ 754,062</u>

Huerfano County, Colorado
Budget and Actual
Gardner Water and Sewer Improvement District
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	\$ 73,468	\$ 73,468	\$ 81,247
Total revenues	<u>73,468</u>	<u>73,468</u>	<u>81,958</u>
EXPENDITURES			
Contractual services	30,980	30,980	32,347
Utilities	7,603	7,603	5,879
Repairs and maintenance	4,261	4,261	2,509
Other supplies and expenses	1,000	1,000	554
Miscellaneous	3,582	3,582	11,323
Insurance claims and expenses	1,467	1,467	-
Depreciation	11,000	11,000	39,286
Total Operating Expenses	<u>59,893</u>	<u>59,893</u>	<u>91,898</u>
Operating income (loss)	<u>13,575</u>	<u>13,575</u>	<u>(9,940)</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(6,000)	(6,000)	(6,000)
Total other financing sources and uses	<u>(6,000)</u>	<u>(6,000)</u>	<u>(6,000)</u>
Net change in fund balances	7,575	7,575	(15,940)
Fund balances - beginning	63,024	63,024	1,713,489
Fund balances - ending	<u>\$ 70,599</u>	<u>\$ 70,599</u>	<u>\$ 1,697,549</u>

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

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 13,750	\$ 13,750	\$ 15,464
Investment earnings	25	25	-
Total revenues	<u>13,775</u>	<u>13,775</u>	<u>15,464</u>
EXPENDITURES			
Current:			
Culture and recreation	18,325	18,325	17,919
Total Expenditures	<u>18,325</u>	<u>18,325</u>	<u>17,919</u>
Excess (deficiency) of revenues over expenditures	<u>(4,550)</u>	<u>(4,550)</u>	<u>(2,455)</u>
Net change in fund balances	(4,550)	(4,550)	(2,455)
Fund balances - beginning	6,403	6,403	8,738
Fund balances - ending	<u>\$ 1,853</u>	<u>\$ 1,853</u>	<u>\$ 6,283</u>

Huerfano County, Colorado
Budget and Actual
P.I.L.T.
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 385,500	\$ 844,234	\$ 495,096
Charges for services	10,000	10,000	-
Total revenues	<u>395,500</u>	<u>854,234</u>	<u>495,096</u>
EXPENDITURES			
Current:			
General government	34,500	34,500	16,398
Highways and roads	11,359	11,359	116,623
Culture and recreation	8,500	8,500	5,000
Total Expenditures	<u>54,359</u>	<u>54,359</u>	<u>138,021</u>
Excess (deficiency) of revenues over expenditures	<u>341,141</u>	<u>799,875</u>	<u>357,075</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	128,786	128,786	128,786
Transfers out	(459,506)	(928,661)	(845,000)
Total other financing sources and uses	<u>(330,720)</u>	<u>(799,875)</u>	<u>(716,214)</u>
Net change in fund balances	10,421	-	(359,139)
Fund balances - beginning	396,830	396,830	433,240
Fund balances - ending	<u>\$ 407,251</u>	<u>\$ 396,830</u>	<u>\$ 74,101</u>

Huerfano County, Colorado
Budget and Actual
Retirement
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	\$ 115,331	\$ 115,331	\$ 109,299
SO Taxes	10,480	10,480	12,171
Miscellaneous	200	200	632
Total revenues	<u>126,011</u>	<u>126,011</u>	<u>122,102</u>
EXPENDITURES			
Current:			
General government	106,824	106,824	106,919
Total Expenditures	<u>106,824</u>	<u>106,824</u>	<u>106,919</u>
Excess (deficiency) of revenues over expenditures	<u>19,187</u>	<u>19,187</u>	<u>15,183</u>
Net change in fund balances	19,187	19,187	15,183
Fund balances - beginning	67,699	67,699	76,493
Fund balances - ending	<u>\$ 86,886</u>	<u>\$ 86,886</u>	<u>\$ 91,676</u>

Huerfano County, Colorado
Budget and Actual
Mineral Leasing
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	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	(128,786)	(128,786)	(128,786)
Total other financing sources and uses	<u>(128,786)</u>	<u>(128,786)</u>	<u>(128,786)</u>
Net change in fund balances	(128,786)	(128,786)	(128,786)
Fund balances - beginning	128,786	128,786	128,786
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Huerfano County, Colorado
Budget and Actual
Federal Forest Project
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 22,000	\$ 22,000	\$ 20,944
Total revenues	<u>22,000</u>	<u>22,000</u>	<u>23,379</u>
EXPENDITURES			
Current:			
Public Safety	22,000	22,000	4,582
Total Expenditures	<u>22,000</u>	<u>22,000</u>	<u>4,582</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>18,797</u>
Net change in fund balances	-	-	18,797
Fund balances - beginning	-	-	9,520
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,317</u>

Huerfano County, Colorado
Budget and Actual
Emergency Services
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Sales and miscellaneous taxes	\$ 545,750	\$ 545,750	\$ 594,212
Intergovernmental	27,000	27,000	45,500
Miscellaneous	8,000	8,000	5,873
Total revenues	<u>580,750</u>	<u>580,750</u>	<u>645,585</u>
EXPENDITURES			
Current:			
Public Safety	504,371	504,371	475,489
Total Expenditures	<u>504,371</u>	<u>504,371</u>	<u>475,489</u>
Excess (deficiency) of revenues over expenditures	<u>76,379</u>	<u>76,379</u>	<u>170,096</u>
Net change in fund balances	(23,621)	(23,621)	70,096
Fund balances - beginning	248,935	248,935	354,223
Fund balances - ending	<u>\$ 225,314</u>	<u>\$ 225,314</u>	<u>\$ 424,319</u>

Huerfano County, Colorado
Budget and Actual
Lodging Tax Tourism
For the year ended December 31, 2016

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Lodging taxes	\$ 46,250	\$ 46,250	\$ 56,760
Total revenues	<u>46,250</u>	<u>46,250</u>	<u>56,760</u>
EXPENDITURES			
Current:			
General government	50,000	50,000	23,529
Debt Service:			
Principal payment on due to other fund	10,000	10,000	15,000
Total Expenditures	<u>60,000</u>	<u>60,000</u>	<u>38,529</u>
Excess (deficiency) of revenues over expenditures	<u>(13,750)</u>	<u>(13,750)</u>	<u>18,231</u>
SPECIAL ITEM			
Principal payment on due to other fund	-	-	15,000
Net change in fund balances	(13,750)	(13,750)	33,231
Fund balances - beginning	39,796	39,796	16,890
Fund balances - ending	<u>\$ 26,046</u>	<u>\$ 26,046</u>	<u>\$ 50,121</u>

Huerfano County, Colorado
Budget and Actual
Waste Transfer Station
For the year ended December 31, 2016

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 42,000	\$ 42,000	\$ 48,095
Total revenues	<u>42,000</u>	<u>42,000</u>	<u>48,095</u>
EXPENDITURES			
Current:			
General government	1,630	1,630	1,191
Health and sanitation	71,868	71,868	80,877
Total Expenditures	<u>73,498</u>	<u>73,498</u>	<u>82,068</u>
Excess (deficiency) of revenues over expenditures	<u>(31,498)</u>	<u>(31,498)</u>	<u>(33,973)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Total other financing sources and uses	<u>35,000</u>	<u>35,000</u>	<u>35,000</u>
Net change in fund balances	3,502	3,502	1,027
Fund balances - beginning	270	270	85
Fund balances - ending	<u>\$ 3,772</u>	<u>\$ 3,772</u>	<u>\$ 1,112</u>

LOCAL HIGHWAY FINANCE REPORT		City or County: Huerfano
		YEAR ENDING : December 2016
This Information From The Records Of Huerfano County:	Prepared By: Phone:	John Galusha 719 738-3000, ext. 110

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
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,900,042
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	
3. Other local imposts (from page 2)	14,997	c. Other	
4. Miscellaneous local receipts (from page 2)	180,492	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	31,949
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	1,931,991
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	195,489	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	1,717,853	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	7,774
E. Total receipts (A.7 + B + C + D)	1,913,342	b. Redemption	43,513
		c. Total (a. + b.)	
		3. Total (1.c + 2.c)	51,287
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	1,983,278

IV. LOCAL HIGHWAY DEBT STATUS
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Ending Debt
A. Bonds (Total)				
1. Bonds (Refunding Portion)				
B. Notes (Total)	257,654	0	43,522	214,132
				0

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	
	1,130,849	1,913,342	1,983,278	1,060,913	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	12,145	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	0	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	0	d. Parking Meter Fees	
3. Liens	0	e. Sale of Surplus Property	68,666
4. Licenses		f. Charges for Services	20,258
5. Specific Ownership &/or Other	2,852	g. Other Misc. Receipts	44,951
6. Total (1. through 5.)	2,852	h. Other Permits	46,617
c. Total (a. + b.)	14,997	i. Total (a. through h.)	180,492
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,695,772	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	22,081	d. Federal Transit Admin	
d. Other (Specify) Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify) Energy Impact	0	f. Other Federal Taylor Grazing	0
f. Total (a. through e.)	22,081	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	1,717,853	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

Huerfano County, Colorado
Schedule of Due From/ Due To the State of Colorado
Public Welfare Fund
December 31, 2016

Due From/Due To State of Colorado:	<u>Due From</u>	<u>Due To</u>
Colorado Works	\$ 10,127	\$ -
Child Care	1,902	-
Child Welfare Allocation	25,528	-
County Administration CDHS	12,631	-
County Administration HCPF	3,418	-
County Administration HCPF Enhanced	8,645	-
Non-Allocated Programs	14,600	-
Core Services	-	195
Child Support Enforcement	1,546	-
LEAP	8,024	-
Adult Protective Services	2,146	-
Aid to Needy Disabled	-	2,462
Home Care Allowance	-	180
SSI Home Care Allowance	-	152
Old Age Pension	419	-
Food Assistance Fraud	286	-
Food Assistance Benefits and Collection	-	70
Child Welfare IV-E Interventions	4,681	-
Child Welfare Discretionary Grants	4,404	-
Title IV-B (PSSF)	4,175	-
County Wide Cost Allocation Plan	3,695	-
Other Settlements by CFMS	918	-
Total Due From/Due To State of Colorado	<u>107,145</u>	<u>3,059</u>
 Net Due From/Due To all Sources	 <u>\$ 107,145</u>	 <u>\$ 3,059</u>
 Net Due from State	 \$ 104,086	
Miscellaneous Grants	7,396	

Huerfano County, Colorado
Schedule of Findings and Questioned Costs
(Uniform Guidance)
For the 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 weaknesses identified?	No
Significant deficiencies identified?	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs: unmodified	
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
CFDA Number(s)	Name of federal program or cluster
93.568	LEAP
93.558	TANF
Dollar threshold used to distinguish between type A and type B programs:	\$187,500
Auditee qualified as a low-risk auditee?	Yes

Section II: Financial Statement Findings

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

Section III: Federal Awards Findings

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

Huerfano County, Colorado
Schedule of Federal Awards Expended
for the year ended December 31, 2016

GRANT TITLE	PASS-THRU AGENCY	FEDERAL CFDA NUMBER	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
IV-D Administration	Colo. Dept of Human Services	93.563	\$ 54,441	
LEAP	Colo. Dept of Human Services	93.568	335,537	*
Title IV-E-FC	Colo. Dept of Human Services	93.658	250,694	
Block Grant- Title XX	Colo. Dept of Human Services	93.667	77,428	
Medicaid Title XIX	Colo. Dept of Human Services	93.778	128,091	
Guard As	Colo. Dept of Human Services	93.090	2,882	
IV-B Child Care	Colo. Dept of Human Services	93.645	9,996	
CO Works- TANF	Colo. Dept of Human Services	93.558	553,137	*
Child Care Development Funds	Colo. Dept of Human Services	93.596	22,592	
Family Preservation-PSSF	Colo. Dept of Human Services	93.556	41,272	
CCDF Disc.	Colo. Dept of Human Services	93.575	53,406	
PREP	Colo. Dept of Human Services	93.092	153,390	
IV-E Adoption	Colo. Dept of Human Services	93.659	<u>23,115</u>	1,705,981
DEPARTMENT OF AGRICULTURE:				
Food Stamp Admin.	Colo. Dept of Human Services	10.561	<u>77,339</u>	77,339
DEPARTMENT OF TRANSPORTATION:				
Airport Improvement Program	Federal Aviation Administration	20.106	<u>1,077,341</u>	1,077,341
DEPARTMENT OF LOCAL AFFAIRS:				
Community Development Block Grant	Colo. Dept of Local Affairs	14.228	<u>234,501</u>	234,501
DEPARTMENT OF HOMELAND SECURITY:				
Emergency Management		97.039	65,000	
Emergency Management		97.067	16,264	
Emergency Management		97.042	<u>29,500</u>	110,764
TOTAL FEDERAL FINANCIAL AWARDS				<u><u>\$ 3,205,926</u></u>

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 Huerfano County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the federal requirements.

* Major Programs

** Pass-Thru Grant

The county had one subrecipient during the year.

**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
Huerfano County, Colorado

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Huerfano County, Colorado 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, and have issued our report thereon dated June 14, 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 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 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.

rfarmer, llc

June 14, 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
Huerfano County, Colorado

Report on Compliance for Each Major Federal Program

We have audited Huerfano 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 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 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 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 (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 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, Huerfano 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 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 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. 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

June 14, 2017