

**LAKE COUNTY, COLORADO**  
**FINANCIAL STATEMENTS**  
**Year Ended December 31, 2016**



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*By the Office of the State Auditor at 7:42 am, Sep 28, 2017*

LAKE COUNTY, COLORADO

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## **INTRODUCTORY SECTION**

**LAKE COUNTY, COLORADO**  
**COMMISSIONERS and ADMINISTRATION**

**Year Ended December 31, 2016**

**County Commissioners**

Dolores Semsack – Commissioner  
Michael J. Bordogna – Commissioner  
Bruce Hix – Commissioner

**Administration**

Miguel Martinez – County Assessor  
Patricia A. Berger – County Clerk/Recorder  
Rodney Fenske – County Sheriff  
Janeen McGee – County Human Services Director  
Padriac Smith – County Treasurer

## **Management's Discussion and Analysis**

# Management's Discussion & Analysis (M.D.A.)

Lake County Government

P.O. Box 964

Leadville, Colorado 80461

\* As of And For The Year Ended December 31, 2016

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*As the management of Lake County, Colorado (the County) we offer the readers of our County's financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2016. Within this section of Lake County, we are pleased to provide this document to the public which discusses and analyzes the context of the accompanying financial statements and disclosures following this section.*

## SUMMARY OF LAKE COUNTY FINANCIAL STATUS \* HIGHLIGHTS

At December 31, 2016:

- The County's assets were \$43,874,752
- Total County's net position was \$31,790,317
- The County's governmental funds had a fund balance of \$11,788,864
- The County's General fund had a fund balance of \$5,908,666

## OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the County's *basic financial statements*. The County's basic financial statements are comprised of 3 components: 1) Government-wide financial statements; 2) Fund Financial Statements; and 3) Notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves. Comparative data is presented when available.

### ***Government-wide Financial Statements***

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

The *Statement of Net position* presents information on all the County's assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating. Evaluation of the overall financial health of the County would extend to other factors such as diversification of the taxpayers base or the condition of County infrastructure, in addition to the financial information provided in this report.

The *Statement of Activities* presents how the County's net position changed during the current calendar year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the County's distinct activities or functions on revenues provided by the County's taxpayers.

### ***Fund Financial Statements***

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported.

## Management's Discussion and Analysis (Unaudited)

Lake County Government

As of And For the Year Ended December 31, 2016

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The County has three types of funds: *Governmental, Proprietary, and Fiduciary Funds*.

*Governmental Funds* are reported in the fund financial statements and encompass the same functions reported as governmental activities in the government-wide financial statements. However, the focus is very different in that these statements report short-term calendar-year accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. Both the governmental fund balance sheet and the governmental fund operating statement provide a reconciliation to assist in understanding the differences between these two perspectives.

The basic governmental fund financial statements are presented on pages 5 through 7 of this report.

*Proprietary Funds* are reported in the fund financial statements and generally report services for which the County charges other funds a fee. The County proprietary fund is classified as an internal service fund and provides separate information for the business-type activity provided by the County.

The basic internal service fund financial statement is presented on pages 8 through 10 of this report.

*Fiduciary Funds* are used to account for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the County's own programs. The Fiduciary Fund used by the County is the Agency Fund which represents funds collected and distributed by the County Treasurer, County Clerk, Public Trustee, and Sheriff.

The basic agency fund financial statement is presented on pages 11 and 48 of this report.

### ***Notes to the Basic Financial Statements***

The accompanying notes to the basic financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 12 of this report.

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

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information to demonstrate compliance with the County's adopted and final revised budget. Budgetary comparison statements are included as "required supplementary information," beginning on page 30, for the general fund and major special revenue funds.

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

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the County as a whole.

**Management's Discussion and Analysis (Unaudited)**

Lake County Government

As of And For the Year Ended December 31, 2016

The County's net position at calendar year-end is \$31,790,317. The following table (TABLE # 1) provides a summary of the County's net position:

**(TABLE # 1)**

**Lake County's Net Position**

	<b>Governmental Activities</b>	
	2016	2015
<b>Assets:</b>		
Current and other assets	\$ 21,755,340	\$ 20,109,868
Capital assets, net	22,119,412	21,550,001
<b>Total Assets</b>	<u>43,874,752</u>	<u>41,659,869</u>
<b>Liabilities:</b>		
Other Liabilities	2,241,811	1,908,226
Long-term liabilities	2,211,808	1,708,932
<b>Total Liabilities</b>	<u>4,453,619</u>	<u>3,617,158</u>
<b>Deferred Inflows of Resources</b>	<u>7,630,816</u>	<u>8,475,261</u>
<b>Net Position:</b>		
Net invested in capital assets	21,434,986	20,832,863
Restricted: Tabor	359,800	353,400
Restricted: Inventories	40,260	12,339
Unrestricted	9,955,271	8,368,848
<b>Total Net Position</b>	<u>\$ 31,790,317</u>	<u>\$ 29,567,450</u>

Traditionally, the largest portion of any government's investments is in its capital assets. Land, buildings, equipment, machinery, and specialized tools are necessary in order to deliver and/or provide services to the County's residents and visitors. The County's capital assets account for 50.4% of its total assets; these assets are not an available source for payment of future spending. Of the remaining \$21,755,340 in assets, \$400,060 is restricted for the following purposes:

<b>Lake County Restricted Reserves, December 31, 2016</b>	<b>Governmental Activities</b>
Emergency reserves (TABOR)	\$ 359,800
Inventories	\$ 40,260
<b>Total Restricted</b>	<u>\$ 400,060</u>

## Management's Discussion and Analysis (Unaudited)

Lake County Government

As of And For the Year Ended December 31, 2016

The County's government – wide net position increased \$2,222,865 during the current fiscal year, primarily due to increases in capital assets and favorable revenue collections. The following table (TABLE #2) provides a summary of the County's changes in net position:

(TABLE #2)

### LAKE COUNTY, COLORADO

SUMMARY OF NET POSITION BY TYPE - DECEMBER 31, 2016

	Governmental Activities	
	2016	2015
<b>Revenues:</b>		
Program revenues:		
Charges for services	\$ 2,065,849	\$ 1,772,386
Grants & contributions	5,017,493	5,370,826
General revenues:		
Taxes	11,503,991	9,125,795
Interest & other revenue	971,241	544,611
<b>Total Revenues</b>	<b>19,558,574</b>	<b>16,813,618</b>
<b>Expenses:</b>		
General government	4,871,167	3,473,218
Public safety	3,931,930	2,581,841
Public works	1,922,319	1,863,217
Public health and welfare	4,420,147	4,288,297
Culture and recreation	2,037,842	1,822,529
Economic development	111,364	105,174
Debt Service	40,940	42,965
<b>Total Expenses</b>	<b>17,335,709</b>	<b>14,177,241</b>
<b>Change in net position</b>	<b>2,222,865</b>	<b>2,636,377</b>
<b>Net Position, January 1</b>	<b>29,567,452</b>	<b>26,931,075</b>
<b>Net Position, December 31</b>	<b>\$ 31,790,317</b>	<b>\$ 29,567,452</b>

### GOVERNMENTAL REVENUES

Program revenues cover 38% of governmental operating expenses. This means that the County's taxpayers and other general governmental revenues fund 62% of the governmental activities. Sales, user, and property taxes are used to support governmental operations and capital additions. Property taxes provided \$9.1 million or 47% of the County's total governmental revenues. The County also relies on Federal and State operating grants and funding to support health and welfare operating expenses which totaled \$2.2 million or 11% of total governmental revenue in 2016. Sales taxes are the third largest revenue source totaling \$1.5 million or 8% of the total governmental revenues.

### GOVERNMENTAL FUNCTIONAL EXPENSES

The general government, public safety, and health and welfare functions make up approximately 76% of the total governmental activities expenses. General government totals 28% of total governmental expenses with public health and welfare totaling 25%, public safety totaling 23%, and public works and recreation totaling 23%. General government

## Management's Discussion and Analysis (Unaudited)

Lake County Government

As of And For the Year Ended December 31, 2016

includes administrative and airport functions. Public health and welfare includes landfill and human services as well as pass-through grants from the Colorado Department of Public Health and Environment.

The following table (TABLE #3) presents the cost of each of the County's programs, including the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden placed on the County's taxpayers by each of these functions.

(TABLE #3)

### Lake County, Colorado Governmental Activities

	Total Cost of Services	% of Total	Net Cost of Services	% of Total
General government	\$ 4,982,531	28.7%	3,540,678	34.2%
Public Safety	3,931,930	22.7%	3,450,760	33.3%
Health and welfare	4,420,147	25.5%	883,519	8.5%
Public works	1,922,319	11.1%	909,299	8.8%
Culture and recreation	2,037,842	11.8%	1,529,237	14.8%
Debt Service	40,940	0.2%	40,940	0.4%
Total	<u>\$ 17,335,709</u>	<u>100%</u>	<u>\$ 10,354,433</u>	<u>100%</u>

## FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

### *Government Funds*

As discussed, *Governmental Funds* are reported in the fund statements with a short-term, inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$11,788,864.

The total ending balances of governmental funds show an increase of \$2,462,308 or a 2.6% increase over the prior year. This increase is primarily the result of the events and programs described in further detail within the analysis of the County's governmental activities that follows.

### *The General Fund*

The *General Fund* is the County's primary operating fund and the largest sources of day-to-day service delivery. The General Fund's fund balance increased by \$1,225,709. The key contributing factors were an unplanned windfall of property tax collections related to a re-calculation of the Climax Mine property leading to a total of \$832,256 unanticipated collection of current and delinquent property tax and increases in planned revenues for treasurer's fees (\$64,269) and other revenues (\$155,097), as well as conservative spending in nearly all categories including general government (\$94,290), public safety (\$153,108), and culture and recreation (\$33,253).

## Management's Discussion and Analysis (Unaudited)

Lake County Government

As of And For the Year Ended December 31, 2016

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### *The Road & Bridge Fund*

The *Road and Bridge Fund* is used to account for the motor fuel tax revenues and other sources of revenue legally restricted to the maintenance of County roads. The Road and Bridge fund balance decreased by \$93,205, which bettered the budgeted decrease by \$287,532. Key contributing factors included excel revenue collections in all categories and expenditures less than budgeted of \$222,388.

### *The Human Services Fund*

The *Human Services Fund* accounts for the operations of the County's welfare services. The Human Services fund balance increased by \$4,945 which was an improvement from the planned fund balance decrease of \$9,427. Lower than planned expenditures resulted in a similar lower than planned revenue stream.

### *The Capital Acquisition Fund*

The *Capital Acquisition Fund* accounts for the County's acquisition of machinery and equipment. The Capital Acquisition fund balance increased by \$48,595, largely helped by excess property taxes collected from the aforementioned Climax Mine tax recalculation.

### *The Grants Fund*

The *Grants Fund* accounts for the County's grant activities from Federal, State, and local sources. The Grant fund balance is zero since all expenditures are funded either by Federal, State, and local revenues or by transfers from other funds to meet grant matching requirements.

### *The Internal Service Fund*

The County operates one internal service fund, for the purpose of funding health, dental, and worker's compensation insurance benefits for its employees as well as general and building liability insurance. Fund balance for the year decreased by \$370,457, largely from decreased contributions of \$343,761.

## BUDGET HIGHLIGHTS

### *Budgetary Information*

The General Fund revenue budget was not amended during the year. Property and delinquent taxes exceeded the planned budget by \$832,256 as a result of the aforementioned Climax Mine property tax recalculation. Realized revenues exceeded original budget estimates in total by \$1,040,094.

In total, the County realized 112% of the estimated revenues.

The expenditure side of the original budget for the General Fund was amended during 2016. Actual expenditures were less than planned expenditures by \$217,000 led by general government activities of \$94,000 and public safety activities of \$153,000.

## Management's Discussion and Analysis (Unaudited)

Lake County Government

As of And For the Year Ended December 31, 2016

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### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### *Capital Assets*

The County's investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2016 was \$21,434,986.

The County's capitalization policy pertains to assets with a purchase value of \$5,000 or greater. Assets of lesser value are treated as operational expenditures.

Additional information as well as a detailed classification of the County's net capital assets can be found in the Notes to the Financial Statement on page 22 of this report.

#### *Debt Administration*

At the end of the calendar year, the County had \$2,211,808 of recorded debt outstanding.

#### LAKE COUNTY, COLORADO

##### Outstanding Borrowings

	Governmental Activities		% Change
	2015	2015	
Capital leases	\$ 684,426	\$ 717,138	-5%
Compensated absences	216,065	201,458	7%
Landfill closure and postclosure care	1,311,317	790,336	66%
Total	<u>\$ 2,211,808</u>	<u>\$ 1,708,932</u>	<u>29%</u>

### CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have any questions about this report or would like to request additional information, contact the Commissioner's Office, Lake County Courthouse, Post Office Box 964, Leadville, Colorado 80461.

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## **FINANCIAL SECTION**

# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

23720 Pondview Place  
Golden, CO 80401

(303) 694-2727

## Independent Auditor's Report

To the Board of Commissioners  
Lake County  
Leadville, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Lake 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, discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County, as of December 31, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other-Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison schedules on pages 30 - 44 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 Lake County's financial statements as a whole. The budgetary comparison schedules of the Internal Service Fund and component unit, the Agency Funds combining statement, and the Local Highway Finance Report are presented for purposes of additional analysis and legal compliance, and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*

The budgetary comparison schedules of the Internal Service Fund and component unit, the Agency Funds combining statement, the Local Highway Finance Report and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedules of the Internal Service Fund and component unit, the Agency Funds combining statement, the Local Highway Finance Report and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with Government Auditing Standards, we have also issued our report dated August 1, 2017, on our consideration of Lake 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 Lake County's internal control over financial reporting and compliance.

*Hamblin and Associates*

August 1, 2017  
Golden, Colorado

## **Basic Financial Statements**

**LAKE COUNTY, COLORADO**

**STATEMENT OF NET POSITION**

**December 31, 2016**

	Primary Government	Component Unit	
	Governmental Activities	Lake County Emergency Telephone Services Authority	TOTAL
<b>ASSETS</b>			
Current Assets			
Cash and Investments	\$ 12,539,273	\$ 97,575	\$ 12,636,848
Property Tax Receivables	7,630,816	-	7,630,816
Other Receivables	970,571	8,639	979,210
Due from Other Governments	462,068	-	462,068
Prepaid Expenses	6,138	-	6,138
Inventories	40,260	-	40,260
Total Current Assets	21,649,126	106,214	21,755,340
Noncurrent Assets			
Non Depreciated Capital Assets	7,877,706	-	7,877,706
Capital Assets	24,944,552	195,966	25,140,518
Accumulated Depreciation	(10,778,477)	(120,335)	(10,898,812)
Total Other Assets	22,043,781	75,631	22,119,412
<b>TOTAL ASSETS</b>	<b>43,692,907</b>	<b>181,845</b>	<b>43,874,752</b>
<b>LIABILITIES</b>			
Current Liabilities			
Accounts Payable	1,119,043	5,966	1,125,009
Accrued Payroll Liability	146,440	-	146,440
Unearned Revenue	970,362	-	970,362
Total Current Liabilities	2,235,845	5,966	2,241,811
Long-Term Liabilities			
Post-Closure Costs	1,311,317	-	1,311,317
Compensated Absences	216,065	-	216,065
Total Long-Term Liabilities	2,211,808	-	2,211,808
<b>TOTAL LIABILITIES</b>	<b>4,447,653</b>	<b>5,966</b>	<b>4,453,619</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Revenue - Property Taxes	7,630,816	-	7,630,816
<b>NET POSITION</b>			
Net Investment in Capital Assets	21,359,355	75,631	21,434,986
Restricted for TABOR	359,800	-	359,800
Restricted for Airport Inventories	40,260	-	40,260
Unrestricted	9,855,023	100,248	9,955,271
<b>TOTAL NET POSITION</b>	<b>\$ 31,614,438</b>	<b>\$ 175,879</b>	<b>\$ 31,790,317</b>

The accompanying notes are an integral part of the financial statements.

LAKE COUNTY, COLORADO

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS	PRIMARY GOVERNMENTAL	COMPONENT	TOTAL
					ACTIVITIES	UNIT	
Governmental Activities							
Current:							
General Government	\$ 4,871,167	\$ 1,114,091	\$ 221,451	\$ 106,311	\$ (3,429,314)	\$ -	\$ (3,429,314)
Health and Welfare	4,420,147	464,337	2,962,923	109,368	(883,519)	-	(883,519)
Public Safety	3,878,967	263,981	164,226	-	(3,450,760)	-	(3,450,760)
Culture and Recreation	2,037,842	168,411	69,184	271,010	(1,529,237)	-	(1,529,237)
Public Works	1,922,319	-	1,113,020	-	(809,299)	-	(809,299)
Economic Development	111,364	-	-	-	(111,364)	-	(111,364)
Debt Service	40,940	-	-	-	(40,940)	-	(40,940)
TOTAL GOVERNMENTAL ACTIVITIES	<u>17,282,746</u>	<u>2,010,820</u>	<u>4,530,804</u>	<u>486,689</u>	<u>(10,254,433)</u>	<u>-</u>	<u>(10,254,433)</u>
Component Unit							
Lake County Emergency Telephone Services	52,963	55,029	-	-	-	2,066	2,066
TOTAL GOVERNMENT	<u>\$ 17,335,709</u>	<u>\$ 2,065,849</u>	<u>\$ 4,530,804</u>	<u>\$ 486,689</u>	<u>(10,254,433)</u>	<u>2,066</u>	<u>(10,252,367)</u>
GENERAL REVENUES							
Taxes Collected for General Operations					11,503,991	-	11,503,991
Licenses and Permits					118,445	-	118,445
Interest Income					159,910	16	159,926
Other Revenues					696,770	-	696,770
Gain (Loss) on Disposition of Assets					(3,900)	-	(3,900)
TOTAL GENERAL REVENUES					<u>12,475,216</u>	<u>16</u>	<u>12,475,232</u>
CHANGE IN NET POSITION					2,220,783	2,082	2,222,865
NET POSITION - Beginning of Year					<u>29,393,655</u>	<u>173,797</u>	<u>29,567,452</u>
NET POSITION- End of Year					<u>\$ 31,614,438</u>	<u>\$ 175,879</u>	<u>\$ 31,790,317</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY, COLORADO**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**

December 31, 2016

	GENERAL FUND	ROAD AND BRIDGE FUND	PUBLIC HEALTH AGENCY FUND	HUMAN SERVICES FUND	GRANTS FUND	AIRPORT FUND	BLOOD LEAD MONITORING FUND
<b>ASSETS</b>							
Cash and Investments	\$ 6,009,408	\$ 1,060,493	\$ 157,769	\$ 696,926	\$ 383,089	\$ 292,198	\$ 229,004
Property Tax Receivables	5,746,939	-	-	105,030	-	-	-
Other Receivables	9,815	71,350	-	408,322	481,084	-	-
Due from Other Funds	443,640	39	-	116	-	-	20
Due from Other Governments	328,632	-	25,499	107,937	-	-	-
Inventories	-	-	-	-	-	40,260	-
Prepaid Expenses	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 12,538,434</b>	<b>\$ 1,131,882</b>	<b>\$ 183,268</b>	<b>\$ 1,318,331</b>	<b>\$ 864,173</b>	<b>\$ 332,458</b>	<b>\$ 229,024</b>
<b>LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES</b>							
<b>LIABILITIES</b>							
Accounts Payable	\$ 611,067	\$ 83,637	\$ 23,906	\$ 151,825	\$ 171,994	\$ 16,120	\$ 6,243
Accrued Payroll Liability	83,891	14,151	5,173	409	370	2,037	1,805
Unearned Revenue	186,471	-	9,275	516,039	258,577	-	-
Due to Other Funds	1,400	-	249	-	433,232	95	-
<b>TOTAL LIABILITIES</b>	<b>882,829</b>	<b>97,788</b>	<b>38,603</b>	<b>668,273</b>	<b>864,173</b>	<b>18,252</b>	<b>8,048</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>							
Unavailable Revenue - Property Taxes	5,746,939	-	-	105,030	-	-	-
<b>FUND BALANCES</b>							
Nonspendable:							
Inventory	-	-	-	-	-	40,260	-
Restricted For:							
Emergencies	359,800	-	-	-	-	-	-
Road and Bridge	-	1,034,094	-	-	-	-	-
Public Health	-	-	144,665	-	-	-	-
Human Services	-	-	-	545,028	-	-	-
Conservation Trust	-	-	-	-	-	-	-
Capital Acquisition	-	-	-	-	-	-	-
Clerk and Recorder EFTF	182,345	-	-	-	-	-	-
Committed To:							
Airport	-	-	-	-	-	273,946	-
Blood Lead Monitoring	-	-	-	-	-	-	220,976
Community Park Replacement	58,092	-	-	-	-	-	-
Landfill	-	-	-	-	-	-	-
Landfill Postclosure	-	-	-	-	-	-	-
Lodging Tax	-	-	-	-	-	-	-
Mineral Belt Trail	-	-	-	-	-	-	-
Sheriff Commissary	-	-	-	-	-	-	-
Mine Closure	-	-	-	-	-	-	-
Contingencies	300,000	-	-	-	-	-	-
Search and Rescue	11,192	-	-	-	-	-	-
Ambulance Service	-	-	-	-	-	-	-
Unassigned	4,997,237	-	-	-	-	-	-
<b>TOTAL FUND BALANCES</b>	<b>5,908,666</b>	<b>1,034,094</b>	<b>144,665</b>	<b>545,028</b>	<b>-</b>	<b>314,206</b>	<b>220,976</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>							
	<b>\$ 12,538,434</b>	<b>\$ 1,131,882</b>	<b>\$ 183,268</b>	<b>\$ 1,318,331</b>	<b>\$ 864,173</b>	<b>\$ 332,458</b>	<b>\$ 229,024</b>

The accompanying notes are an integral part of the financial statements.

LANDFILL FUND	CONSERVATION TRUST FUND	LODGING TAX FUND	SHERIFF COMMISSARY FUND	MINERAL BELT TRAIL FUND	CAPITAL ACQUISITION FUND	MINE CLOSURE FUND	AMBULANCE SERVICE FUND	TOTAL
\$ 1,143,314	\$ 263,016	\$ 74,588	\$ 2	\$ 15,409	\$ 302,152	\$ 1,790,612	\$ 92,907	\$ 12,510,887
-	-	-	-	-	798,771	305,744	674,000	7,630,484
-	-	-	-	-	-	-	-	970,571
-	-	-	-	-	1,225	-	-	445,040
-	-	-	-	-	-	-	-	462,068
-	-	-	-	-	-	-	-	40,260
-	-	-	-	-	6,138	-	-	6,138
<u>\$ 1,143,314</u>	<u>\$ 263,016</u>	<u>\$ 74,588</u>	<u>\$ 2</u>	<u>\$ 15,409</u>	<u>\$ 1,108,286</u>	<u>\$ 2,096,356</u>	<u>\$ 766,907</u>	<u>\$ 22,065,448</u>

\$ 44,018	\$ -	\$ 5,279	\$ 150	\$ 385	\$ 4,419	\$ -	\$ -	\$ 1,119,043
3,819	-	-	-	-	-	-	-	111,655
-	-	-	-	-	-	-	-	970,362
64	10,000	-	-	-	-	-	-	445,040
<u>47,901</u>	<u>10,000</u>	<u>5,279</u>	<u>150</u>	<u>385</u>	<u>4,419</u>	<u>-</u>	<u>-</u>	<u>2,646,100</u>

-	-	-	-	-	798,771	305,744	674,000	7,630,484
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-	-	-	-	-	-	-	-	40,260
-	-	-	-	-	-	-	-	359,800
-	-	-	-	-	-	-	-	1,034,094
-	-	-	-	-	-	-	-	144,665
-	-	-	-	-	-	-	-	545,028
-	253,016	-	-	-	-	-	-	253,016
-	-	-	-	-	305,096	-	-	305,096
-	-	-	-	-	-	-	-	182,345
-	-	-	-	-	-	-	-	273,946
-	-	-	-	-	-	-	-	220,976
-	-	-	-	-	-	-	-	58,092
105,413	-	-	-	-	-	-	-	105,413
990,000	-	-	-	-	-	-	-	990,000
-	-	69,309	-	-	-	-	-	69,309
-	-	-	-	15,024	-	-	-	15,024
-	-	-	(148)	-	-	-	-	(148)
-	-	-	-	-	-	1,790,612	-	1,790,612
-	-	-	-	-	-	-	-	300,000
-	-	-	-	-	-	-	-	11,192
-	-	-	-	-	-	-	92,907	92,907
-	-	-	-	-	-	-	-	4,997,237
<u>1,095,413</u>	<u>253,016</u>	<u>69,309</u>	<u>(148)</u>	<u>15,024</u>	<u>305,096</u>	<u>1,790,612</u>	<u>92,907</u>	<u>11,788,864</u>

<u>\$ 1,143,314</u>	<u>\$ 263,016</u>	<u>\$ 74,588</u>	<u>\$ 2</u>	<u>\$ 15,409</u>	<u>\$ 1,108,286</u>	<u>\$ 2,096,356</u>	<u>\$ 766,907</u>	<u>\$ 22,065,448</u>
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TOTAL FUND BALANCE - GOVERNMENTAL FUNDS	\$ 11,788,864
Capital assets used in governmental activities are not resources and are not reported in the funds:	
Non Depreciated Capital Assets	7,877,706
Capital Assets	24,944,552
Accumulated Depreciation	(10,778,477)
Earned but unpaid accumulated leave balances are not reported in the funds:	
Accrued Payroll Liability	(34,785)
Accrued Compensation	(216,065)
Long-term liabilities are not due and payable in the current period	
Leases Payable	(684,426)
Landfill Post-Closure	(1,311,317)
Internal Service Funds are blended into governmental activities:	
Net Position of Internal Service Fund	28,386
	<u>\$ 31,614,438</u>

## LAKE COUNTY, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS**

**For the Year Ended December 31, 2016**

	GENERAL FUND	ROAD AND BRIDGE FUND	PUBLIC HEALTH AGENCY FUND	HUMAN SERVICES FUND	GRANTS FUND	AIRPORT FUND	BLOOD LEAD MONITORING FUND
<b>REVENUES</b>							
Taxes	\$ 8,180,446	\$ 387,492	\$ -	\$ 252,032	\$ -	\$ -	\$ -
Licenses and Permits	118,445	-	-	-	-	-	-
Intergovernmental	141,058	1,152,027	137,289	2,150,541	1,379,638	-	-
Charges for Services	1,081,842	22,225	68,861	347	-	390,298	-
Interest	159,910	-	-	-	-	-	-
Other Revenues	225,747	-	27,319	3,061	-	205,262	195,891
<b>TOTAL REVENUES</b>	<b>9,907,448</b>	<b>1,561,744</b>	<b>233,469</b>	<b>2,405,981</b>	<b>1,379,638</b>	<b>595,560</b>	<b>195,891</b>
<b>EXPENDITURES</b>							
Current							
General Government	3,135,924	-	-	-	524,259	462,101	-
Health and Welfare	-	-	476,017	2,401,036	899,609	-	86,183
Public Safety	2,778,129	-	-	-	227,186	-	-
Culture and Recreation	1,546,464	-	-	-	21,626	-	-
Public Works	169,180	1,654,949	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	9,250	-
<b>TOTAL EXPENDITURES</b>	<b>7,629,697</b>	<b>1,654,949</b>	<b>476,017</b>	<b>2,401,036</b>	<b>1,672,680</b>	<b>471,351</b>	<b>86,183</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>2,277,751</b>	<b>(93,205)</b>	<b>(242,548)</b>	<b>4,945</b>	<b>(293,042)</b>	<b>124,209</b>	<b>109,708</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers In	-	-	359,000	-	293,042	110,000	-
Transfers (Out)	(1,052,042)	-	-	-	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(1,052,042)</b>	<b>-</b>	<b>359,000</b>	<b>-</b>	<b>293,042</b>	<b>110,000</b>	<b>-</b>
<b>EXCESS OF REVENUES AND OTHER SOURCES OVER (UNDER) EXPENDITURES AND OTHER USES</b>	<b>1,225,709</b>	<b>(93,205)</b>	<b>116,452</b>	<b>4,945</b>	<b>-</b>	<b>234,209</b>	<b>109,708</b>
Fund Balances, Beginning	4,682,957	1,127,299	28,213	540,083	-	79,997	111,268
Fund Balances, Ending	<u>\$ 5,908,666</u>	<u>\$ 1,034,094</u>	<u>\$ 144,665</u>	<u>\$ 545,028</u>	<u>\$ -</u>	<u>\$ 314,206</u>	<u>\$ 220,976</u>

The accompanying notes are an integral part of the financial statements.

LANDFILL FUND	CONSERVATION TRUST FUND	LODGING TAX FUND	SHERIFF COMMISSARY FUND	MINERAL BELT TRAIL FUND	CAPITAL ACQUISITION FUND	MINE CLOSURE FUND	AMBULANCE SERVICE FUND	TOTAL 2016
\$ -	\$ -	\$ 134,551	\$ -	\$ -	\$ 1,307,593	\$ 415,305	\$ 826,572	\$ 11,503,991
-	-	-	-	-	-	-	-	118,445
-	52,949	-	-	-	-	-	-	5,013,502
447,247	-	-	-	-	-	-	-	2,010,820
-	-	-	-	-	-	-	-	159,910
-	-	-	1,458	6,582	31,450	-	-	696,770
447,247	52,949	134,551	1,458	6,582	1,339,043	415,305	826,572	19,503,438
-	-	-	-	-	-	-	-	4,122,284
469,777	-	-	-	-	-	-	-	4,332,622
-	-	-	2,293	-	-	-	733,665	3,741,273
-	34,000	-	-	10,225	-	-	-	1,612,315
-	-	-	-	-	-	-	-	1,824,129
-	-	108,803	-	-	-	-	-	108,803
-	-	-	-	-	1,290,448	-	-	1,299,698
469,777	34,000	108,803	2,293	10,225	1,290,448	-	733,665	17,041,124
(22,530)	18,949	25,748	(835)	(3,643)	48,595	415,305	92,907	2,462,314
290,000	-	-	-	-	-	-	-	1,052,042
-	-	-	-	-	-	-	-	(1,052,042)
290,000	-	-	-	-	-	-	-	-
267,470	18,949	25,748	(835)	(3,643)	48,595	415,305	92,907	2,462,314
827,943	234,067	43,561	687	18,667	256,501	1,375,307	-	9,326,550
\$ 1,095,413	\$ 253,016	\$ 69,309	\$ (148)	\$ 15,024	\$ 305,096	\$ 1,790,612	\$ 92,907	\$ 11,788,864

LAKE COUNTY, COLORADO

**STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES -  
GOVERNMENTAL FUNDS (Continued)**

For the Year Ended December 31, 2016

	<u>TOTAL</u>
NET CHANGE IN FUND BALANCES - ALL GOVERNMENTAL FUNDS	\$ 2,462,312
Principal payments on debt are reported as expenditures in the funds:	
Lease Payments	32,713
Liabilities not due and payable in the current period:	
Decrease in Landfill Post Closure	(520,983)
Change in Accrued Compensated Absences	25,889
Purchases of capital assets are expensed in governmental funds and depreciated on the statement of activities:	
Capitalized Assets	1,503,409
Depreciation Expense	(908,200)
Loss on capital asset disposition	(3,900)
Internal Service Funds are blended into governmental activities:	
Change in net assets of internal service funds	<u>(370,457)</u>
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ 2,220,783</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY, COLORADO**

**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**

**December 31, 2016**

	<u>Internal Service Fund</u>
<b>ASSETS</b>	
Current Assets	
Cash and Investments	\$ 28,386
Property Tax Receivables	<u>332</u>
Total Current Assets	<u>28,718</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Unavailable Revenue - Property Taxes	<u>332</u>
<b>NET POSITION</b>	
Unrestricted	<u>28,386</u>
<b>TOTAL NET POSITION</b>	<u><u>\$ 28,386</u></u>
 Reconciliation of Proprietary Net Position to Business-Type Activity Net Position:	
NET POSITION - Proprietary Funds	\$ 28,386
Internal Service Funds are blended into governmental activities:	
Net position of internal service funds allocated to governmental activities	<u>(28,386)</u>
NET POSITION - Business-type Activities	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

LAKE COUNTY, COLORADO

**STATEMENT OF REVENUES, EXPENSES**  
**and CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

**For the Year Ended December 31, 2016**

	Internal Service Fund
Revenues	
Taxes	
Property Taxes	\$ 189,272
Delinquent Taxes	25,732
Interest & Penalties	263
Total Taxes	215,267
Operating Revenues	
Contributions	840,239
Insurance Reimbursement	-
Other Revenues	94,885
Total Operating Revenues	935,124
Total Revenues	1,150,391
Operating Expenses	
Insurance Premiums	1,425,860
Other - Leadville Sanitation District	94,988
Total Operating Expenses	1,520,848
Change in Net Position	(370,457)
Net Position, Beginning	398,843
Net Position, Ending	\$ 28,386
Reconciliation of Proprietary Fund Change in Net Position to Business-type Activity	
Change in Net Position - Proprietary Funds	\$ (370,457)
Internal Service Funds are blended into governmental activities:	
Change in net position of internal service funds allocated to governmental activities	370,457
Change in Net Position - Business-type Activities	\$ -

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY, COLORADO**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**INTERNAL SERVICE FOR THE INSURANCE FUND**

**For the Year Ended December 31, 2016**

Cash Flows From Operating Activities:	
Cash Received from Customers	\$ 935,124
Cash Received from Taxes	215,267
Cash Paid for Premiums	<u>(1,520,848)</u>
Net Cash Provided by Operating Activities	<u>(370,457)</u>
Net Increase (Decrease) in Cash	(370,457)
Cash - Beginning	<u>398,843</u>
Cash - Ending	<u><u>\$ 28,386</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities:	
Operating Income (Loss)	<u>\$ (370,457)</u>
Changes in Assets and Liabilities Related to Operations:	
(Increase) Decrease in:	
Property Tax Receivables	171,668
Increase (Decrease) in:	
Unavailable Revenue - Property Taxes	(171,668)
Total Adjustments	<u>-</u>
Net Cash Provided by Operating Activities	<u><u>\$ (370,457)</u></u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY, COLORADO**

**AGENCY FUNDS**  
**STATEMENT OF FIDUCIARY NET POSITION**

December 31, 2016

	<u>Treasurer</u>	<u>Clerk</u>	<u>Public Trustee</u>	<u>Sheriff - Jail Inmate Fund</u>	<u>Total</u>
<b>ASSETS</b>					
Current Assets					
Cash and Investments	\$ 170,943	\$ 247,962	\$ 12,704	\$ 67,706	\$ 499,315
<b>LIABILITIES</b>					
Current Liabilities					
Taxes Paid in Advance	\$ 40,577	\$ -	\$ -	\$ -	\$ 40,577
Funds Held for Others	10,210	-	12,704	67,706	90,620
Funds Held for Other Governments	120,156	247,962	-	-	368,118
Total Liabilities	<u>\$ 170,943</u>	<u>\$ 247,962</u>	<u>\$ 12,704</u>	<u>\$ 67,706</u>	<u>\$ 499,315</u>

The accompanying notes are an integral part of the financial statements.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. History and Function of Organization**

Lake County, Colorado (the "County") was formed in 1861. The County operates under the regulations pursuant to the Colorado Revised Statutes that designate a three-member Board of County Commissioners to act as the governing authority. The County provides the following services: public safety (sheriff); highways and streets; sanitation (landfill); health and human services; public improvements; planning; library; airport; recreation; and general administrative services.

**B. Reporting Entity**

In defining and determining the County as an appropriate reporting entity, the County has considered manifestations of oversight over, and scope of public service of, various boards, commissions, authorities, and other entities. More specifically, these considerations include, but are not limited to: (1) their scope of public service; (2) the County's ability to select another entity's governing authority or management to significantly influence operations, approve budgetary appropriations and revisions; and (3) its responsibilities to fund deficits, operating deficiencies or determine revenue policy. Based on these considerations, the entities described below have been included in the County financial statements.

Elected Officials All financial transactions of the offices of elected officials of Lake County (Assessor, Clerk and Recorder, Coroner, District Attorney, Sheriff, and Treasurer) are recorded in the General Fund. The Board of County Commissioners has budgetary authority over elected officials and is accountable for all fiscal matters.

Lake County Emergency Telephone Service Authority The Authority was created for the purpose of providing 911 emergency phone services for Lake County. The Authority is a legally separate entity, governed by a five member Board. The Authority Board is appointed by the County Commissioners. The Authority is a component unit of the County and is included in the financial statements of the County as a discrete component unit.

**C. Basis of Presentation**

Government-Wide and Fund Financial Statements The government-wide financial statements (i.e., the statement of net position and the statement of activities) present financial information of the County as a whole. The reporting information includes all of the non-fiduciary activities of the County.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**C. Basis of Presentation** (Continued)

For the most part, the effect of interfund activity has been removed from these statements. These statements are to distinguish between the governmental and business-type activities of the County.

Governmental activities normally are supported by taxes and intergovernmental revenues, and are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by the recipients of goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Fund Financial Statements The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category - governmental, proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All enterprise funds are aggregated and reported as non-major funds. The fiduciary funds are presented separately.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The County reports the following major governmental funds described below:

General Fund This fund is the general operating fund of the County. It accounts for all financial resources except those required to be accounted for in another fund.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation (Continued)**

Special Revenue Funds These are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes.

Road and Bridge Fund - accounts for the proceeds of highway taxes and other specific revenue sources that are legally restricted to expenditures for maintenance and construction of the County road system.

Public Health Agency Fund – accounts for Federal, State, and local revenue sources restricted for providing health care services.

Human Services Fund - accounts for Federal, State and local revenues to be used to provide welfare services to eligible individuals within the County.

Grant Fund - accounts for the proceeds of grant monies received by the County.

Airport Fund – accounts for airport revenues used to provide airport services.

Blood Lead Monitoring Fund – accounts for proceeds received from the Asarco Trust to provide monitoring of biological and residential lead testing.

Landfill Fund – accounts for landfill operations funded by site collections.

Conservation Trust Fund – accounts for proceeds from the Colorado Lottery which is restricted for open space and recreation purposes.

Lodging Tax Fund – accounts for lodging tax collected within the County & expended for local marketing efforts.

Sheriff Commissary Fund – accounts for profits earned on commissary sales in the County Jail to be expended for jail operations.

Mineral Belt Trail Fund – accounts for contributions and donations received to maintain the Mineral Belt recreation trail.

Capital Acquisition Fund – accounts for the property taxes collected that are designated for the purchase of capital assets or the capital improvement thereof.

Mine Closure Fund – accounts for the property taxes collected that are designated for potential future costs associated with closure of the Climax Mine.

Ambulance Services Fund - accounts for the property taxes collected that are designated to provide for ambulance service in Lake County.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Basis of Presentation (Continued)**

Proprietary Funds There is one proprietary internal service fund, the Insurance Fund. The Insurance fund accounts for health insurance, workers' compensation, building liability, and dental insurance. Revenues are derived from charges to the applicable departments and funds. Additional revenue is derived from employee withholding from employees who elect a higher level of health and dental coverage than the standard plan provided by the County.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the County's internal service fund are charges for services. Operating expenses of the internal service fund include costs of services. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary Funds Fiduciary funds account for assets held by the County in a trustee capacity or as an agent on behalf of others.

The agency funds are custodial in nature and do not present results of operations or a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. Those funds are used to account for assets that the County holds for others in an agent capacity. The County's agency funds include the Treasurer's office, Clerk's office, Sheriff Inmate, and Public Trustee.

**D. Measurement Focus and Basis of Accounting**

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

Governmental Fund Financial Statements Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The County considers all revenues reported in the governmental funds to be available within sixty days after year-end. These could include federal, state, and county grants, and some charges for services.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**D. Measurement Focus and Basis of Accounting** (Continued)

Expenditures are recorded when the related fund liability is incurred, except for claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Acquisitions under capital leases are reported as other financing sources.

**E. Budgetary Data**

The budgets of the County have been prepared in conformity with generally accepted accounting principles similar to that basis on which these financial statements have been prepared. The County adheres to the procedures listed below in establishing budgeting data reflected in the financial statements.

- Budgets are required by state law for all funds. By October 15, the County submits a proposed budget to the Commissioners for the fiscal year commencing the following January 1. The budget includes proposed expenditures and the means of financing them. All budgets lapse at year-end.
- Public hearings are conducted by the Commissioners to obtain taxpayer comments.
- Prior to December 31, the budget is adopted by formal resolution.
- The County Commissioners may transfer budgeted amounts between departments of any budgeted fund. Revisions that alter the total expenditures of any budgeted fund must be approved by the Commissioners.
- Expenditures may not legally exceed appropriations at the fund level.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted or as revised by the County.
- Encumbrance accounting is not utilized.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities and Fund Balance**

Cash The County pools cash resources of its various funds in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts that are legally authorized. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Receivables All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets The County's capital assets are recorded at original cost. Donated assets are listed at their fair value at the date of donation. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets. It is the policy of the County to capitalize all fixed assets costing more than \$5,000 with an estimated useful life of two or more years.

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

Buildings	3 - 40 years
Grounds	30 years
Vehicles, Heavy Equipment	5 - 10 years
Office, Shop Equipment	5 years

Long-Term Obligations In the government-wide financial statements and proprietary fund types in the financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Vacation, Sick Leave, Salary Related Payments, and Other Compensated Absences County employees are entitled to certain compensated absences based on their length of employment. Employees are allowed to accumulate benefits up to predetermined maximums and are compensated for these accumulated benefits either through paid time off or at termination or retirement.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

**F. Assets, Liabilities and Fund Balance** (Continued)

Net Position Net position in the government-wide financial statements are classified as: (1) invested in capital assets, net of related debt; (2) restricted; and (3) unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments, or imposed by law through state statute.

The County applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balances In the governmental fund financial statements, the following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid expenses) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders or other debt holders, contributors, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority through an ordinance or resolution. Committed fund balance can also include contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements. To be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Revenues and Expenditures**

Revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Property Tax Revenues The County Assessor certifies assessed property values on December 10. The County Commissioners certify the mill levy in December. Property taxes are levied based on the assessed valuation and mill levy on January 1. Assessed values are an approximation of market value. Taxpayers may pay their property taxes in one payment due April 30, or pay in two half payments due February 28 and June 15. The billings are considered due on these dates. The bill becomes delinquent and penalties and interest may be assessed by the County Treasurer on the post mark day following these dates.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments is as follows:

<b>Governmental Activities - Unrestricted</b>	\$ 12,539,273
<b>Fiduciary Funds</b>	499,315
<b>Component Unit</b>	<u>97,575</u>
<b>Grand Total - Cash and Investments</b>	<b><u><u>\$ 13,136,163</u></u></b>

The County's cash and investment balances are comprised of the following:

<b>Cash</b>	\$ 4,610,128
<b>Investments</b>	<u>8,428,460</u>
<b>Total Cash and Investments - Primary Government</b>	13,038,588
<b>Cash Deposits - Component Unit</b>	<u>97,575</u>
<b>Grand Total - Cash and Investments</b>	<b><u><u>\$ 13,136,163</u></u></b>

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The County's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102 percent of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2016, all of the County's bank deposits as shown above were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

**B. Investments**

Credit Risk

The County invests excess funds under the prudent investor rule. Safety of principal is the foremost objective of the government of Lake County. The County Treasurer is responsible for managing all of the investments. The County has not adopted a formal investment policy limiting the allocation of cash or investments.

Eligible investments shall conform to state law and are limited by the County to include any of the following:

- Obligations of the United States and certain U.S. government agencies securities
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 2: CASH AND INVESTMENTS (Continued)**

As of December 31, 2016, the County's investments consisted of the following:

	<b>Fair Value</b>	<b>% of Portfolio</b>	<b>Rating (S&amp;P)</b>
U.S. instrumentalities	\$ 6,919,811	82.10%	AAA
Local government investment pools	59,649	0.71%	AAAm
Certificates of deposit	1,449,000	17.19% *	
Total Investments	<b>\$ 8,428,460</b>	<b>100.00%</b>	

\* - Rating not readily available

During the year ended December 31, 2016, the County invested funds in the Colorado Surplus Asset Fund (CSAFE) and Colotrust. As investment pools, they operate under the Colorado Revised Statutes (24-75-701) and are overseen by the Colorado Securities Commissioner. They invest in securities that are specified by 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). The pools operate 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. These funds are rated AAAM by the Standard and Poor's Corporation.

**Interest Rate Risk**

The County manages its interest rate risk by setting a maximum maturity date no more than five years from the date of purchase.

**Concentration of Credit Risk**

The County places no limit on the amount that may be invested in any one issuer. More than 5 percent of the County's investments are in U.S. Treasury Notes, FHLB, and FHLMC securities. The allocation percentages of the County's investments are shown above.

**Custodial Credit Risk - Investments**

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the County will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2016, the County's U.S. Treasury and Instrumentality securities were held by third party trustees in the name of the County.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended December 31, 2016**

**NOTE 3: CAPITAL ASSETS**

Changes in Capital Assets for the year are shown in the table below.

<b><u>Governmental Activities</u></b>	Balance January 1, 2016	Additions	Disposals	Balance December 31, 2016
Capital assets not being depreciated:				
Land	\$ 4,557,238	\$ -	\$ 2,549	\$ 4,554,689
Land improvements	3,268,279	-	-	3,268,279
Construction in progress	54,738	-	-	54,738
Total capital assets not being depreciated	<u>7,880,255</u>	<u>-</u>	<u>2,549</u>	<u>7,877,706</u>
Capital assets being depreciated:				
Buildings	7,416,125	112,145	-	7,528,270
Improvements	3,651,794	85,172	-	3,736,966
Infrastructure	2,719,145	790,496	-	3,509,641
Equipment	9,844,257	515,601	190,183	10,169,675
Total capital assets being depreciated	<u>23,631,321</u>	<u>1,503,414</u>	<u>190,183</u>	<u>24,944,552</u>
Less: accumulated depreciation:				
Buildings	(2,955,548)	(182,469)	-	(3,138,017)
Improvements	(1,382,894)	(102,194)	-	(1,485,088)
Infrastructure	(157,945)	(100,507)	-	(258,452)
Equipment	(5,562,722)	(523,030)	(188,832)	(5,896,920)
Total accumulated depreciation	<u>(10,059,109)</u>	<u>(908,200)</u>	<u>(188,832)</u>	<u>(10,778,477)</u>
Governmental activities capital assets, net	<u>\$ 21,452,467</u>	<u>\$ 595,214</u>	<u>\$ 3,900</u>	<u>\$ 22,043,781</u>
<b><u>Component Unit</u></b>				
Capital assets being depreciated:				
Equipment	\$ 195,966	\$ -	\$ -	\$ 195,966
Less: accumulated depreciation	<u>(98,432)</u>	<u>(21,903)</u>	<u>-</u>	<u>(120,335)</u>
Component unit capital assets, net	<u>\$ 97,534</u>	<u>\$ (21,903)</u>	<u>\$ -</u>	<u>\$ 75,631</u>

Depreciation expense was charged to functions as follows:

General government	\$ 290,651
Health and welfare	28,790
Public safety	119,095
Culture and recreation	257,102
Public works	212,562
Total	<u>\$ 908,200</u>

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 4: LONG-TERM DEBT**

The following table summarizes the changes in the County's long-term liability activity for the year ended December 31, 2016:

<b>Governmental Activities</b>	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016	Due within One Year
Obligations under Capital Leases	\$ 717,139	\$ -	\$ 32,713	\$ 684,426	\$ 34,672
Landfill Closure and Post-Closure Costs	790,336	520,981	-	1,311,317	-
Compensated Absences	201,458	226,386	211,779	216,065	-
Totals	<u>\$ 1,708,933</u>	<u>\$ 747,367</u>	<u>\$ 244,492</u>	<u>\$ 2,211,808</u>	<u>\$ 34,672</u>

**A. Capital Leases**

In 2015, the County entered into a 15-year lease purchase agreement with Alpine Bank to purchase solar panels. The \$735,000 lease has an interest rate of 5.75% with monthly payments of \$6,128 through May 1, 2030.

Future Debt service requirements are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2017	\$ 34,672	\$ 38,982	\$ 73,654
2018	36,748	36,906	73,654
2019	38,948	34,705	73,653
2020	41,281	32,373	73,654
2021	43,753	29,901	73,654
2022-2026	261,345	106,922	368,267
2027-2030	227,679	23,970	251,649
	<u>\$ 684,426</u>	<u>\$ 303,759</u>	<u>\$ 988,185</u>

**B. Operating Leases**

The County is committed under various leases for office equipment. For accounting purposes, these leases are considered to be operating leases, and therefore, the liability and the related assets have not been recorded in these financial statements.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 4: LONG-TERM DEBT (Continued)**

**C. Landfill Post-Closure Costs**

The County is required by state and federal statutes to cover its landfill and perform certain maintenance and monitoring functions for no less than 30 years from the date the landfill is certified as covered. In addition to operating expenses related to current activities of the landfill, the County recognizes a liability for future closure and post-closure costs based on the proportion of the landfill that has been used. As of December 31, 2016, the estimated usage of the landfill was 60.1 percent.

The estimated liability for landfill closure and post-closure costs has a balance of \$1,311,317 as of December 31, 2016. It is estimated that an additional \$1,082,339 will be recognized between 2016 and 2019, when the landfill is expected to be filled to capacity. The estimated total closure costs of \$1,702,156 and post-closure costs of \$170,519 are based on the amounts that would be paid if all equipment, facilities, and services to close, monitor, and maintain the landfill were acquired as of December 31, 2016. However, the actual closure and post-closure costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations. The portion of costs to be funded in future years may require new charges to landfill users, taxpayers, or both.

State of Colorado "Regulations Pertaining to Solid Waste Disposal Sites and Facilities, 6 CCR 1007-2" require that owners or operators of any solid waste disposal site/facility shall maintain in written documented form current cost estimates for hiring a third party to close such site and facility and to conduct post-closure care of such site/facility. The owner or operator of any solid waste disposal site and facility shall establish financial assurance sufficient to ensure payment of such costs. The County uses the "Local Government Financial Test" as its financial mechanism to financially assure full payment of all closure, post-closure, and if applicable, corrective action estimated costs.

The County makes annual contributions to finance closure and post-closure care costs. At December 31, 2016, cash and investments of \$990,000 are held by the Landfill Fund for these purposes.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 5: INTERFUND BALANCES AND TRANSFERS**

Interfund balances at December 31, 2016, consisted of the following amounts and represent charges for services or reimbursable expenses. These remaining balances resulted from the time lag between the dates that (1) interfund goods or services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting period, and (3) payments between funds are made. The County expects to repay all interfund balances within one year.

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 1,400	\$ 443,640
Road and Bridge Fund	-	39
Public Health Fund	249	-
Human Services Fund	-	116
Grants Fund	433,232	-
Airport Fund	95	-
Capital Acquisition Fund	-	1,225
Conservation Trust Fund	10,000	-
Blood Lead Monitoring Fund	-	20
Landfill Fund	64	-
Total - All Funds	<u>\$ 445,040</u>	<u>\$ 445,040</u>

Interfund transfers for the year ended December 31, 2016, consisted of the following:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ -	\$ 1,052,042
Public Health Fund	359,000	-
Grants Fund	293,042	-
Airport Fund	110,000	-
Landfill Fund	290,000	-
Total - All Funds	<u>\$ 1,052,042</u>	<u>\$ 1,052,042</u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them; (2) move unrestricted revenues collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations, (3) provide additional resources for current operations and (4) return money to the fund from which it was originally provided once a project, program, or grant is completed.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 6: FUND BALANCE**

TABOR Amendment: The three (3) percent reserve of \$359,800, as required by the Colorado Tax Payers Bill of Rights (TABOR), has been reserved in the County's General Fund.

**NOTE 7: RISK MANAGEMENT**

The County is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to obtain insurance coverage at a cost which it considered to be economically justifiable, the County became a member of Colorado Counties, Inc., which had previously served as the administrator of the two self-funded public entity insurance pools described below.

**A. Colorado Counties Casualty and Property Pool (CCCPP)**

CCCPP was formed on July 1, 1986 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the pool is to provide a risk management fund for defined property and casualty coverage of the 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 that the Pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

**B. County Workers' Compensation Pool (CWCP)**

CWCP was formed on January 1, 1985 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the joint venture is to provide a joint workers' compensation pool for employees of the member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 8: EMPLOYEE BENEFITS**

**A. Deferred Compensation**

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency. There is no liability to the County under this plan and they are not included in the financial statements.

**B. Retirement Plan**

County employees are members of the Colorado Counties Officials and Employee Retirement Association (CCOERA). The CCOERA administers a multiple-employer defined contribution plan. The Plan's purpose is to provide benefits to its members and their dependents at retirement. Employees' rights vest in employer contributions and in the earnings, losses, and changes in fair market value of the Plan assets after five (5) years of service credit. Employer contributions to the Plan are between three and six percent of compensation, based on the contribution amount selected by each employee. Employer contributions match employee contributions and are funded on a current basis.

Net earnings or losses are allocated quarterly to the Plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination are allocated earnings through the date of the distribution.

Lake County's total payroll for the fiscal year ended December 31, 2016 was \$4,917,031. The total payroll of employees covered by the Plan was \$4,624,751. During 2016, the County's and employee's contribution to CCOERA was \$256,971 each. As of December 31, 2016, the Plan's assets did not include any Lake County securities or loans.

**C. Vacation and Sick Leave**

Vacation time accumulates for full-time employees at rates between 104 and 192 hours annually. Employees are paid annually for unused vacation pay at 30 percent of accumulated value. Employees separating from service are paid 100 percent of accumulated vacation time value. Sick leave accumulates for full-time employees at the rate of 120 hours annually to a maximum of 920 hours. Employees hired after 2003 are limited to a maximum of 480 hours. Employees are not paid for unused sick leave.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 9: CONTINGENCIES**

**A. Federal Grant Awards**

The County receives financial assistance from federal and state government agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. In the County's opinion, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the County at December 31, 2016.

**B. Tax Spending and Debt Limitations (TABOR Amendment)**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least three (3) percent of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increase.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded, unless the voters approve retention of such revenue.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise, will require judicial interpretation.

In 1996 a majority of the County's electors authorized the County to collect, retain and spend all revenues and other funds collected from any source, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution.

Emergency Reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. \$359,800 of the fund balance in the General Fund has been reserved in compliance with this requirement.

**LAKE COUNTY, COLORADO**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year Ended December 31, 2016**

**NOTE 9: CONTINGENCIES** (Continued)

**C. Other Contingencies**

Mount Massive Golf Course The County is a co-signer with Mount Massive Golf Course, a Colorado not-for-profit corporation which operates the golf course, on a \$407,000 loan. In the event that the golf course operator were to default on the loan, the County would become liable for any outstanding balance. At December 31, 2016, Mount Massive was current on its loan.

Cooper Hill Ski Area The County funds property, vehicle and retail inventory insurance for Cooper Hill Ski Area, Inc., a Colorado not-for-profit corporation, in accordance with the terms of a lease with Cooper Hill.

Legal Liabilities The County is exposed to various risks of loss related to: torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to obtain insurance coverage at a cost which it considered to be economically justifiable, the County became a member of Colorado Counties, Inc., which had previously served as the administrator of the two self-funded public entity insurance pools described in Note 7.

**NOTE 10: CONTRABAND FORFEITURES**

The Colorado Contraband Forfeiture Act allows law enforcement agencies to retain proceeds from the seizure of contraband. Proceeds are recorded within the Grant Fund and are used for drug enforcement activities.

## **Required Supplementary Information**

## **Budgetary Comparison Schedules**

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE GENERAL FUND**

For the Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Taxes:			
Property Taxes	\$ 5,827,544	\$ 6,414,899	\$ 587,355
Delinquent Taxes	10,000	254,901	244,901
Interest & Penalties	11,000	10,802	(198)
Sales Taxes	1,709,100	1,495,207	(213,893)
Payments in Lieu of Tax	4,200	4,637	437
Total Taxes	<u>7,561,844</u>	<u>8,180,446</u>	<u>618,602</u>
Licenses and Permits:			
Drivers License Fees	17,000	27,557	10,557
Marriage License Fees	650	1,426	776
Permits	91,900	89,462	(2,438)
Total Licenses and Permits	<u>109,550</u>	<u>118,445</u>	<u>8,895</u>
Intergovernmental:			
Cigarette Taxes	5,000	3,599	(1,401)
Mineral Leases	150,000	137,459	(12,541)
Total Intergovernmental	<u>155,000</u>	<u>141,058</u>	<u>(13,942)</u>
Charges for Services:			
Election Fees	14,000	4,139	(9,861)
Clerk Fees	150,000	152,522	2,522
Treasurer's Fees	291,500	355,769	64,269
Building Dept Fees	3,950	19,760	15,810
Public Trustee Fees	10,000	8,365	(1,635)
Assessors Fees	11,000	10,448	(552)
Sheriff's Fees	109,860	138,197	28,337
Animal Control	500	1,741	1,241
DUI Fines	500	998	498
Library	11,250	14,678	3,428
Recreation	63,000	67,063	4,063
Traffic Code Fines	36,000	68,553	32,553
Pool	62,700	71,512	8,812
Ice Rink	10,500	8,415	(2,085)
Miscellaneous	121,500	159,682	38,182
Total Charges for Services	<u>896,260</u>	<u>1,081,842</u>	<u>185,582</u>
Interest Revenue:	<u>100,000</u>	<u>159,910</u>	<u>59,910</u>
Miscellaneous:			
Contributions	6,000	6,385	385
Refund of Expenditures	2,500	1,953	(547)
Veterans Service Revenue	1,200	8,316	7,116
Expense Reimbursement	20,000	38,996	18,996
Other Revenues	15,000	170,097	155,097
Total Miscellaneous	<u>44,700</u>	<u>225,747</u>	<u>181,047</u>
<b>TOTAL REVENUES</b>	<u><b>8,867,354</b></u>	<u><b>9,907,448</b></u>	<u><b>1,040,094</b></u>

(Continued)

See the accompanying Independent Auditors' Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE GENERAL FUND**

For the Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
EXPENDITURES				
General Government:				
Board of Commissioners	568,128	695,040	609,221	85,819
Finance	260,690	260,690	296,111	(35,421)
Human Resources	102,567	102,567	57,413	45,154
Information Technology	140,529	182,529	206,924	(24,395)
Clerk and Recorder	523,391	523,391	481,467	41,924
Treasurer	434,560	434,560	467,723	(33,163)
Assessor	452,585	452,585	468,572	(15,987)
Public Trustee	19,500	19,500	14,438	5,062
County Attorney	100,000	100,000	102,190	(2,190)
Office of the District Attorney	114,321	114,321	114,321	-
Coroner	77,580	77,580	78,369	(789)
Land Use	267,451	267,451	239,175	28,276
Total General Government	<u>3,061,302</u>	<u>3,230,214</u>	<u>3,135,924</u>	<u>94,290</u>
Public Safety				
Sheriff's Department	1,797,637	1,797,637	1,705,521	92,116
Fire Control	1,119,900	1,119,900	1,060,541	59,359
Search and Rescue	13,700	13,700	12,067	1,633
Total Public Safety	<u>2,931,237</u>	<u>2,931,237</u>	<u>2,778,129</u>	<u>153,108</u>
Culture and Recreation				
Recreation	1,070,238	1,070,238	1,053,155	17,083
Library Board	503,062	503,062	452,723	50,339
Senior Citizens	-	-	33,167	(33,167)
Veterans	6,417	6,417	7,419	(1,002)
Total Culture and Recreation	<u>1,579,717</u>	<u>1,579,717</u>	<u>1,546,464</u>	<u>33,253</u>
Economic Development				
Economic Development	106,000	106,000	169,180	(63,180)
TOTAL EXPENDITURES	<u>7,678,256</u>	<u>7,847,168</u>	<u>7,629,697</u>	<u>217,471</u>
Excess of Revenues Over Expenditures	1,189,098	1,020,186	2,277,751	1,257,565
Other Financing Sources (Uses)				
Transfers (Out)	(892,500)	(892,500)	(1,052,042)	(159,542)
Excess of Revenues and Other Sources Over Expenditures and Other Sources	296,598	127,686	1,225,709	1,098,023
Fund Balances, Beginning	4,588,666	4,682,957	4,682,957	-
Fund Balances, Ending	<u>\$ 4,885,264</u>	<u>\$ 4,810,643</u>	<u>\$ 5,908,666</u>	<u>\$ 1,098,023</u>

See the accompanying Independent Auditor's Report.

**LAKE COUNTY, COLORADO**

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE ROAD AND BRIDGE FUND**

**For the Year Ended December 31, 2016**

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
<b>REVENUES</b>			
Taxes			
Specific Ownership Taxes	\$ 373,000	\$ 387,494	\$ 14,494
Intergovernmental:			
Highway Users Tax	700,000	720,101	20,101
PILT	400,000	431,926	31,926
Total Intergovernmental	1,100,000	1,152,027	52,027
Charges for Services:			
Sale of Assets	10,000	-	(10,000)
Other Revenues	13,600	22,225	8,625
Total Charges for Services	23,600	22,225	(1,375)
<b>TOTAL REVENUES</b>	1,496,600	1,561,744	65,144
<b>EXPENDITURES</b>			
Public Works:	1,877,337	1,654,949	222,388
Excess of Revenues Over Expenditures	(380,737)	(93,205)	287,532
Fund Balances, Beginning	1,069,866	1,127,299	334,862
Fund Balances, Ending	\$ 689,129	\$ 1,034,094	\$ 622,394

See the accompanying Independent Auditor's Report.

**LAKE COUNTY, COLORADO**

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE PUBLIC HEALTH AGENCY FUND**

**For the Year Ended December 31, 2016**

	<u>ORIGINAL &amp; FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Intergovernmental			
Grants	\$ 110,154	\$ 137,289	\$ 27,135
Charges for Services	63,102	68,861	5,759
Other Revenues	<u>30,000</u>	<u>27,319</u>	<u>(2,681)</u>
TOTAL REVENUES	<u>203,256</u>	<u>233,469</u>	<u>30,213</u>
HEALTH AND WELFARE EXPENDITURES	<u>492,836</u>	<u>476,017</u>	<u>16,819</u>
Excess of Revenues Over (Under) Expenditures	(289,580)	(242,548)	47,032
Other Financing Sources			
Transfers In	<u>359,000</u>	<u>359,000</u>	<u>-</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	69,420	116,452	47,032
Fund Balances, Beginning	<u>18,595</u>	<u>28,213</u>	<u>9,618</u>
Fund Balances, Ending	<u>\$ 88,015</u>	<u>\$ 144,665</u>	<u>\$ 56,650</u>

See the accompanying Independent Auditor's Report.

**LAKE COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE HUMAN SERVICES FUND**

**For the Year Ended December 31, 2016**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes			
Property Tax	\$ 221,000	\$ 243,166	\$ 22,166
Delinquent Property Tax	-	8,528	8,528
Interest On Taxes	-	338	338
Total Taxes	<u>221,000</u>	<u>252,032</u>	<u>31,032</u>
Intergovernmental			
Grants	3,123,653	2,150,541	(973,112)
Charges for Services	-	347	347
Other Revenues	<u>2,500</u>	<u>3,061</u>	<u>561</u>
TOTAL REVENUES	<u>3,347,153</u>	<u>2,405,981</u>	<u>(941,172)</u>
HEALTH AND WELFARE EXPENDITURES	<u>3,356,580</u>	<u>2,401,036</u>	<u>955,544</u>
Excess of Revenues Over (Under) Expenditures	(9,427)	4,945	14,372
Fund Balances, Beginning	<u>511,484</u>	<u>540,083</u>	<u>28,599</u>
Fund Balances, Ending	<u>\$ 502,057</u>	<u>\$ 545,028</u>	<u>\$ 42,971</u>

See the accompanying Independent Auditor's Report.

**LAKE COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE GRANTS FUND**

**For the Year Ended December 31, 2016**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental	\$ 1,576,500	\$ 1,379,638	\$ (196,862)
EXPENDITURES			
General Government	1,309,423	524,259	785,164
Public Safety	196,169	227,186	(31,017)
Public Health and Welfare	194,408	899,609	(705,201)
Culture and Recreation	-	21,626	(21,626)
TOTAL EXPENDITURES	<u>1,700,000</u>	<u>1,672,680</u>	<u>27,320</u>
Excess of Revenues Over (Under) Expenditures	(123,500)	(293,042)	(169,542)
Other Financing Sources			
Transfers In	<u>123,500</u>	<u>293,042</u>	<u>169,542</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	-	-	-
Fund Balances, Beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See the accompanying Independent Auditors' Report.

**LAKE COUNTY, COLORADO**

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE AIRPORT FUND**

**For the Year Ended December 31, 2016**

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
Revenues:				
Fuel Sales	\$ 203,000	\$ 203,000	\$ 381,017	\$ 178,017
Fuel Taxes	6,000	6,000	9,281	3,281
Leases and Rentals	16,500	16,500	81,253	64,753
Other	50,200	50,200	124,009	73,809
Total Revenues	275,700	275,700	595,560	319,860
Expenditures:				
Operations	428,635	539,635	462,101	77,534
Capital Outlay	8,500	8,500	9,250	(750)
Total Expenditures	437,135	548,135	471,351	76,784
Excess Of Revenues Over (Under) Expenditures	(161,435)	(272,435)	124,209	396,644
Other Financing Sources				
Transfers In	110,000	110,000	110,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	(51,435)	(162,435)	234,209	396,644
Fund Balances, Beginning	71,601	79,997	79,997	-
Fund Balances, Ending	\$ 20,166	\$ (82,438)	\$ 314,206	\$ 396,644

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE BLOOD LEAD MONITORING FUND**

For the Year Ended December 31, 2016

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Contributions	<u>\$ 176,000</u>	<u>\$ 195,891</u>	<u>\$ 4,361</u>
EXPENDITURES			
Public Health and Welfare	<u>146,627</u>	<u>86,183</u>	<u>104,201</u>
Excess of Revenues Over (Under) Expenditures	29,373	109,708	108,562
Fund Balances, Beginning	<u>99,759</u>	<u>111,268</u>	<u>11,509</u>
Fund Balances, Ending	<u>\$ 129,132</u>	<u>\$ 220,976</u>	<u>\$ 120,071</u>

See the accompanying Independent Auditors' Report.

**LAKE COUNTY, COLORADO**

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE LANDFILL FUND**

**For the Year Ended December 31, 2016**

	ORIGINAL BUDGET	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES:				
Charges for Services	\$ 305,000	\$ 305,000	\$ 446,652	\$ 141,652
Other Revenue	-	-	595	595
TOTAL REVENUES	305,000	305,000	447,247	142,247
EXPENDITURES				
Public Health and Welfare	425,096	437,096	469,777	(32,681)
Excess of Revenues Over (Under) Expenditures	(120,096)	(132,096)	(22,530)	109,566
Other Financing Sources (Uses)				
Transfers In	290,000	290,000	290,000	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	169,904	157,904	267,470	109,566
Fund Balances, Beginning	877,990	877,990	827,943	(50,047)
Fund Balances, Ending	\$ 1,047,894	\$ 1,035,894	\$ 1,095,413	\$ 59,519

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE CONSERVATION TRUST FUND**

For the Year Ended December 31, 2016

	<u>ORIGINAL &amp; FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Intergovernmental:			
Lottery Funds from State	<u>\$ 60,000</u>	<u>\$ 52,949</u>	<u>\$ (7,051)</u>
EXPENDITURES			
Culture and Recreation	<u>40,000</u>	<u>34,000</u>	<u>6,000</u>
Excess of Revenues Over (Under) Expenditures	20,000	18,949	(1,051)
Fund Balances, Beginning	<u>234,067</u>	<u>234,067</u>	<u>-</u>
Fund Balances, Ending	<u><u>\$ 254,067</u></u>	<u><u>\$ 253,016</u></u>	<u><u>\$ (1,051)</u></u>

See the accompanying Independent Auditor's Report.

**LAKE COUNTY, COLORADO**  
**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE LODGING TAX FUND**

**For the Year Ended December 31, 2016**

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES:			
Taxes			
Lodging	<u>\$ 106,500</u>	<u>\$ 134,551</u>	<u>\$ 28,051</u>
TOTAL REVENUES	<u>106,500</u>	<u>134,551</u>	<u>28,051</u>
EXPENDITURES			
Lodging Tax Marketing	<u>112,370</u>	<u>108,803</u>	<u>3,567</u>
Excess of Revenues Over (Under) Expenditures	(5,870)	25,748	31,618
Fund Balances, Beginning	<u>49,156</u>	<u>43,561</u>	<u>(5,595)</u>
Fund Balances, Ending	<u>\$ 43,286</u>	<u>\$ 69,309</u>	<u>\$ 26,023</u>

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE SHERIFF COMMISSARY FUND**

For the Year Ended December 31, 2016

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
Inmate Revenues	<u>\$ 3,000</u>	<u>\$ 1,458</u>	<u>\$ (1,542)</u>
EXPENDITURES			
Jail Supplies and Expenses	<u>3,000</u>	<u>2,293</u>	<u>707</u>
Excess Of Revenues Over Expenditures	-	(835)	(835)
Fund Balance, Beginning	<u>18</u>	<u>687</u>	<u>669</u>
Fund Balance, Ending	<u><u>\$ 18</u></u>	<u><u>\$ (148)</u></u>	<u><u>\$ (166)</u></u>

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE MINERAL BELT TRAIL FUND**

For the Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
Contributions	\$ 8,000	\$ 8,000	\$ 6,582	\$ (1,418)
EXPENDITURES				
Culture and Recreation	3,000	9,850	10,225	(375)
Excess of Revenues Over (Under) Expenditures	5,000	(1,850)	(3,643)	(1,793)
Fund Balances, Beginning	17,201	18,667	18,667	-
Fund Balances, Ending	\$ 22,201	\$ 16,817	\$ 15,024	\$ (1,793)

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE CAPITAL ACQUISITION FUND**

For the Year Ended December 31, 2016

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES				
TAXES:				
Property Taxes	\$ 1,128,717	\$ 1,128,717	\$ 1,242,392	\$ 113,675
Delinquent Taxes	1,500	1,500	63,320	61,820
Interest & Penalties	500	500	1,881	1,381
Other Revenue	8,000	8,000	31,450	23,450
TOTAL REVENUES	1,138,717	1,138,717	1,339,043	200,326
EXPENDITURES				
Capital Projects	1,178,654	1,279,613	1,290,448	(10,835)
TOTAL EXPENDITURES	1,178,654	1,279,613	1,290,448	(10,835)
Excess of Revenues Over (Under) Expenditures	(39,937)	(140,896)	48,595	189,491
Other Financing Sources				
Capital Lease Proceeds	10,000	10,000	-	(10,000)
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Sources	(29,937)	(130,896)	48,595	179,491
Fund Balances, Beginning	281,197	256,501	256,501	-
Fund Balances, Ending	\$ 251,260	\$ 125,605	\$ 305,096	\$ 179,491

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE MINE CLOSURE FUND**

For the Year Ended December 31, 2016

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
TAXES:			
Property Taxes	\$ 376,000	\$ 413,873	\$ 37,873
Delinquent Taxes	-	847	847
Interest & Penalties	-	585	585
	<hr/>	<hr/>	<hr/>
Total Revenues	376,000	415,305	39,305
	<hr/>	<hr/>	<hr/>
Excess of Revenues and Other Sources Over Expenditures	376,000	415,305	39,305
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning	\$ 1,374,915	1,375,307	\$ 392
	<hr/>	<hr/>	<hr/>
Fund Balances, Ending	<u>\$ 1,750,915</u>	<u>\$ 1,790,612</u>	<u>\$ 39,697</u>

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**FOR THE AMBULANCE SERVICE FUND**

For the Year Ended December 31, 2016

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
REVENUES			
TAXES:			
Property Taxes	\$ 750,000	\$ 826,572	\$ 76,572
EXPENDITURES			
Ambulance Service Payments	750,000	733,665	16,335
Excess of Revenues and Other Sources Over	-	92,907	92,907
Fund Balances, Beginning	\$ -	\$ -	\$ -
Fund Balances, Ending	<u>\$ -</u>	<u>\$ 92,907</u>	<u>\$ 92,907</u>

See the accompanying Independent Auditors' Report.

**LAKE COUNTY, COLORADO**

**BUDGETARY COMPARISON SCHEDULE**  
**PROPRIETARY FUND - INTERNAL SERVICE**  
**FOR THE INSURANCE FUND**

**For the Year Ended December 31, 2016**

	<u>ORIGINAL BUDGET</u>	<u>FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE POSITIVE (NEGATIVE)</u>
<b>REVENUES:</b>				
<b>Taxes</b>				
Property Taxes	\$ 172,000	\$ 172,000	\$ 189,273	\$ 17,273
Delinquent Taxes	700	700	25,732	25,032
Interest & Penalties	600	600	263	(337)
Total Taxes	<u>173,300</u>	<u>173,300</u>	<u>215,268</u>	<u>41,968</u>
<b>Operating Revenues</b>				
Contributions	1,134,000	1,184,000	840,239	(343,761)
Insurance Reimbursement	-	-	-	-
Other Revenues	<u>80,000</u>	<u>80,000</u>	<u>94,885</u>	<u>14,885</u>
Total Operating Revenues	<u>1,214,000</u>	<u>1,264,000</u>	<u>935,124</u>	<u>(328,876)</u>
<b>TOTAL REVENUES</b>	<u>1,387,300</u>	<u>1,437,300</u>	<u>1,150,392</u>	<u>(286,908)</u>
<b>EXPENDITURES</b>				
Insurance Premiums	1,482,065	1,485,065	1,425,861	59,204
Other - Leadville Sanitation District	<u>80,831</u>	<u>80,831</u>	<u>94,988</u>	<u>(14,157)</u>
<b>TOTAL EXPENDITURES</b>	<u>1,562,896</u>	<u>1,565,896</u>	<u>1,520,849</u>	<u>45,047</u>
Excess of Revenues Over (Under) Expenditures	(175,596)	(128,596)	(370,457)	(241,861)
Fund Balances, Beginning	<u>354,060</u>	<u>398,843</u>	<u>398,843</u>	<u>-</u>
Fund Balances, Ending	<u>\$ 178,464</u>	<u>\$ 270,247</u>	<u>\$ 28,386</u>	<u>\$ (241,861)</u>

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**BUDGETARY COMPARISON SCHEDULE**  
**COMPONENT UNIT - EMERGENCY TELEPHONE SERVICE AUTHORITY**

For the Year Ended December 31, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE POSITIVE (NEGATIVE)
REVENUES			
Telecommunication Charges	\$ 59,500	\$ 55,029	\$ (4,471)
Interest	-	16	16
TOTAL OPERATING REVENUES	59,500	55,045	(4,455)
EXPENSES			
Telecommunication Network Fees	7,800	4,131	3,669
Dispatch Position	40,000	-	40,000
Telecommunication Collection Fees	-	1,005	(1,005)
Maintenance	30,500	25,810	4,690
Miscellaneous	-	114	(114)
TOTAL OPERATING EXPENSES	78,300	31,060	47,240
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES - Non-GAAP Basis	\$ (18,800)	23,985	\$ 42,785
Adjustment to GAAP Basis:			
Depreciation		(21,903)	
EXCESS OF REVENUES OVER EXPENDITURES - GAAP Basis		2,082	
Fund Balance, Beginning		173,797	
Fund Balance, Ending		\$ 175,879	

See the accompanying Independent Auditor's Report.

LAKE COUNTY, COLORADO

**AGENCY FUNDS**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**

For the Year Ended December 31, 2016

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
<u>Treasurer</u>				
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 145,886	\$ 12,454,369	\$ 12,429,312	\$ 170,943
<b>LIABILITIES</b>				
Current Liabilities				
Taxes Paid in Advance	\$ 43,927	\$ (3,350)	\$ -	\$ 40,577
Funds Held for Others	6,769	139,105	135,664	10,210
Funds Held for Other Governments	95,190	12,318,614	12,293,648	120,156
Total Liabilities	\$ 145,886	\$ 12,454,369	\$ 12,429,312	\$ 170,943
<u>Clerk</u>				
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 229,067	\$ 1,736,519	\$ 1,717,624	\$ 247,962
<b>LIABILITIES</b>				
Current Liabilities				
Funds Held for Other Governments	\$ 229,067	\$ 1,736,519	\$ 1,717,624	\$ 247,962
<u>Public Trustee</u>				
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 109,952	\$ 252,645	\$ 349,893	\$ 12,704
Current Liabilities				
Funds Held for Others	\$ 109,952	\$ 252,645	\$ 349,893	\$ 12,704
<u>Sheriff - Jail Inmate Fund</u>				
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 58,075	\$ 80,233	\$ 70,602	\$ 67,706
Current Liabilities				
Funds Held for Others	\$ 58,075	\$ 80,233	\$ 70,602	\$ 67,706
<u>Total</u>				
<b>ASSETS</b>				
Current Assets				
Cash and Investments	\$ 542,980	\$ 14,523,766	\$ 14,567,431	\$ 499,315
<b>LIABILITIES</b>				
Current Liabilities				
Taxes Paid in Advance	\$ 43,927	\$ (3,350)	\$ -	\$ 40,577
Funds Held for Others	174,796	471,983	556,159	90,620
Funds Held for Other Governments	324,257	14,055,133	14,011,272	368,118
Total Liabilities	\$ 542,980	\$ 14,523,766	\$ 14,567,431	\$ 499,315

See the accompanying Independent Auditors' Report.

## **Other Supplementary Information**

Supplemental Data for Oversight Agencies

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

<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: LAKE
		YEAR ENDING : December 2016
This Information From The Records Of (example - City of _ or County of County of Lake	Prepared By: Phone:	Kayla Marcella 719-486-3338

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES		III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES	
ITEM	AMOUNT	ITEM	AMOUNT
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	404,533
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	608,817
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	18,557
2. General fund appropriations		b. Snow and ice removal	546,197
3. Other local imposts (from page 2)	362,973	c. Other	0
4. Miscellaneous local receipts (from page 2)	22,223	d. Total (a. through c.)	564,754
5. Transfers from toll facilities		4. General administration & miscellaneous	74,555
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	2,290
a. Bonds - Original Issues		6. Total (1 through 5)	1,654,949
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	385,196	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government (from page 2)</b>	744,622	2. Notes:	
<b>D. Receipts from Federal Government (from page 2)</b>	431,926	a. Interest	
<b>E. Total receipts (A.7 + B + C + D)</b>	1,561,744	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	1,654,949

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>				0

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,127,299	1,561,744	1,654,949	1,034,094	0

**Notes and Comments:**

<b>LOCAL HIGHWAY FINANCE REPORT</b>		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	
<b>II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments		a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses		f. Charges for Services	1,456
5. Specific Ownership &/or Other	362,973	g. Other Misc. Receipts	20,767
6. Total (1. through 5.)	362,973	h. Other	
c. Total (a. + b.)	362,973	i. Total (a. through h.)	22,223
	(Carry forward to page 1)		(Carry forward to page 1)
<b>III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL</b>			
<b>ITEM</b>	<b>AMOUNT</b>	<b>ITEM</b>	<b>AMOUNT</b>
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	720,101	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	24,521	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	431,926
f. Total (a. through e.)	24,521	g. Total (a. through f.)	431,926
4. Total (1. + 2. + 3.f)	744,622	3. Total (1. + 2.g)	
			(Carry forward to page 1)
		ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)
		TOTAL (c)	
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		125,414	125,414
(4). System Enhancement & Operation		279,119	279,119
(5). Total Construction (1) + (2) + (3) + (4)		0	404,533
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)		0	404,533
			(Carry forward to page 1)
<b>Notes and Comments:</b>			

**COMPLIANCE SECTION**

**Federal Financial Assistance Reports**

Lake County  
Schedule of Expenditures of Federal Awards By Grant  
For the Year Ended December 31, 2016

Federal Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Grantor and Number	Name of Grant - Grant ID No.	Federal Expenditures(\$)
<b>CCDF Cluster-Cluster</b>				
Department of Health and Human Services				
Child Care and Development Block Grant				
Child Care and Development Block Grant	93.575	Colorado Dept of Human Services		43,283
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Dept of Human Services		<u>16,348</u>
Total Department of Health and Human Services				<u>59,631</u>
<b>Total CCDF Cluster-Cluster</b>				
<b>Other Programs</b>				
Department of Homeland Security				
Emergency Management Performance Grants	97.042	Colorado Dept of Local Affairs		38,000
United States Department of Justice				
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Colorado Dept of Justice		22,389
Department of Transportation				
Airport Improvement Program	20.106	Colorado Dept of Transportation		144,238
Highway Planning and Construction	20.205	Colorado Dept of Transportation		5,194
Formula Grants for Rural Areas	20.509	Colorado Dept of Transportation		<u>83,626</u>
Total Department of Transportation				227,864
United States Environmental Protection Agency				
Brownfields Assessment and Cleanup Cooperative Agreements	66.818			<u>87,233</u>
<i>Total United States Environmental Protection Agency</i>				
Department of Health and Human Services				
Public Health Emergency Preparedness Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.069	CDPHE		11,785
Guardianship Assistance	93.090	COLORADO DEPT OF PUBLIC HEALTH AND ENVIRONMENT		8,604
Family Planning_Services	93.217	Colorado Dept of Human Services		1,131
Immunization Cooperative Agreements	93.268	CDPHE		9,245
Temporary Assistance for Needy Families	93.558	Colorado Dept of Human Services		4,175
Child Support Enforcement	93.563	Colorado Dept of Human Services		160,900
Low-Income Home Energy Assistance	93.568	Colorado Dept of Human Services		114,942
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Dept of Human Services		35,776
Foster Care_Title IV-E	93.658	Colorado Dept of Human Services		2,869
Adoption Assistance	93.659	Colorado Dept of Human Services		136,596
Social Services Block Grant	93.667	Colorado Dept of Human Services		28,614
Child Lead Poisoning Prevention Surveillance financed in part by Prevention and Public Health (PPHF) Program	93.753	COLORADO DEPT OF PUBLIC HEALTH AND ENVIRONMENT		63,766
Preventive Health and Health Services Block Grant funded solely with Prevention and Public Health Funds (PPHF)	93.758	Colorado Dept of Public Health and Environment		5,000
Medical Assistance Program	93.778	Rio Grande County	EPSDT	6,875
Medical Assistance Program	93.778	Colorado Dept of Human Services	Title XIX Medicaid	8,700
Total Medical Assistance Program				<u>94,463</u>
Child Health and Human Development Extramural Research	93.865	Upper Ark Area Council of Governments		103,163
Block Grants for Prevention and Treatment of Substance Abuse Preventive Health Services_Sexually Transmitted Diseases Control Grants	93.959	Colorado Dept of Human Services	Build a Generation	7,409
Maternal and Child Health Services Block Grant to the States	93.994	CDPHE		119,020
<i>Total Department of Health and Human Services</i>				
National Endowment for the Humanities				
National Leadership Grants	45.312	Colorado Department of Education		740
United States Department of Agriculture				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	CDHS		<u>14,740</u>
<b>Total Other Programs</b>				
<b>Total Expenditures of Federal Awards</b>				
				<u>1,349,899</u>
				<u>\$ 1,409,530</u>

The accompanying notes are an integral part of this schedule

**LAKE COUNTY, COLORADO**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year Ended December 31, 2016**

Note A - Basis of Presentation

The schedule of expenditures of federal awards includes the federal award activity of Lake County under programs of the federal government for the year ended December 31, 2016, and is presented on the accrual basis. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Because this schedule presents only a selected portion of the operations of Lake County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B - Summary of Significant Accounting Policies

(1) Expenditures reported on this schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The County has elected not to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance

# HAMBLIN AND ASSOCIATES, LLC

Certified Public Accountants

Member of the American Institute of Certified Public Accountants

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

To the Board of Commissioners  
Lake County  
Leadville, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the governmental activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of Lake County (the County) as of and for the year ended December 31, 2016, which collectively comprise the County's basic financial statements, and have issued our report thereon dated August 1, 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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

## ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether Lake 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 purposes.

*Hamblin and Associates*

Golden, Colorado  
August 1, 2017

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Commissioners  
Lake County  
Leadville, Colorado

### Report on Compliance for Each Major Federal Program

We have audited Lake County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Lake County's major federal programs for the year ended December 31, 2016. Lake 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 Lake County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and 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 on the County's compliance.

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

In our opinion, Lake 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 Lake County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Lake 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.

*Hamblin and Associates*

Golden, Colorado  
August 1, 2017

LAKE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

**I - Summary of Auditors' Results**

*Financial Statements*

Type of auditors' 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 programs:

- Material weaknesses identified? no
- Significant deficiencies identified? none reported

Type of auditors' report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? no

Identification of programs tested as major programs:

- CFDA 93.658 Foster Care Title IV-E
- CFDA 93.558 Temporary Assistance for Needy Families

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

Auditee qualified as low-risk auditee? yes

**LAKE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended December 31, 2016**

**II. Findings Related to the Financial Statement Audit as Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

**A. Reportable Conditions in Internal Control**

The audit of the financial statements of Lake County as of and for the year ended December 31, 2016 did not disclose any reportable conditions in the internal control of Lake County that would be considered a material weakness.

**B. Compliance Findings**

The audit of the financial statements of Lake County as of and for the year ended December 31, 2016 did not disclose any instances of noncompliance with certain provisions of laws, regulations, and grants that were material to those financial statements.

**III. Findings and Questioned Costs**

**A. Reportable Conditions in Internal Control**

The audit of the federal awards of Lake County as of and for the year ended December 31, 2016, did not disclose any reportable conditions in the internal control of Lake County that would be considered a material weakness.

**B. Compliance Findings**

The audit of the federal awards of Lake County as of and for the year ended December 31, 2016 did not disclose any instances of noncompliance with certain provisions of laws, regulations, and grants that were material to those financial statements.

**SECTION IV – SCHEDULE OF PRIOR YEAR AUDIT FINDINGS**

**A. Reportable Conditions in Internal Control**

The audit of the financial statements of Lake County as of and for the year ended December 31, 2015 did not disclose any reportable conditions in the internal control of Lake County that would be considered a material weakness.

**B. Compliance Findings**

The audit of the financial statements of Lake County as of and for the year ended December 31, 2015 did not disclose any instances of noncompliance with certain provisions of laws, regulations, and grants that were material to those financial statements.