

Rio Blanco County

Colorado



Basic Financial Statements

and

Supplementary Information

December 31, 2016



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RIO BLANCO COUNTY
FINANCIAL STATEMENTS
December 31, 2016

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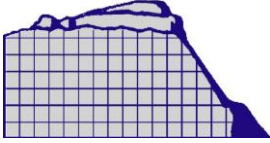
**RIO BLANCO COUNTY, COLORADO
TABLE OF CONTENTS**

Independent Auditor’s Report	1
Management’s Discussion and Analysis (RSI).....	A-1
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	B-1
Statement of Activities	B-2&3
Governmental Fund Financial Statements	
Balance Sheet	B-4&5
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	B-6
Statement of Revenues, Expenditures and Changes in Fund Balances	B-7&8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	B-9
Proprietary Fund Financial Statements	
Statement of Net Assets	B-10
Statement of Revenues, Expenses and Changes in Net Assets – Proprietary Funds	B-11
Statement of Cash Flows	B-12
Fiduciary Fund Financial Statements	
Statement of Fiduciary Net Assets	B-13
Notes to the Financial Statements.....	C-1
Required Supplementary Information (other than MD&A)	
Information for Governments Using The Modified Approach.....	D-1
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
General Fund	D-2&3
Road & Bridge Fund	D-4
Use Tax Fund	D-5
Other Supplementary Information	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Capital Projects Funds (major funds not included in RSI)	
County Capital Improvement Trust Fund	E-1
Impact Fee Trust Fund	E-2
Capital Expenditure Fund.....	E-3
Capital Improvement Plan Fund.....	E-4
Explanation of Non-major funds	E-5
Combining Statements of Non-major Governmental Funds	
Combining Balance Sheet	E-6
Combining Statement of Revenues, Expenditures and Changes in Fund Balance	E-7
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual	
Non-major Special Revenue Funds	
Human Services Fund	E-8
Public Health Fund.....	E-9
Conservation Trust	E-10
Contingent	E-11

TABLE OF CONTENTS

Continued

Combining Statements of Non-major Enterprise Funds	
Combining Statement of Net Assets.....	E-12
Combining Statement of Revenues, Expenses, and Changes in Net Assets.....	E-13
Combining Statement of Cash Flows	E-14
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget and Actual	
Enterprise Funds	
Solid Waste Landfill (major fund)	E-15
Weed and Pest Control (with pest control districts as blended component units).....	E-16
(includes Piceance Creek Pest Control District and Lower White River Pest Control District)	
Fairfield Complex	E-17
Combining Statements of Internal Service Funds	
Combining Statement of Net Assets.....	E-18
Combining Statement of Revenues, Expenses and Changes in Net Assets.....	E-19
Combining Statement of Cash Flows	E-20
Schedule of Revenues, Expenses and Changes in Fund Equity – Budget and Actual	
Internal Service Funds	
Central Services	E-21
Fleet Management.....	E-22
Additional Reports	
Local Highway Finance Report.....	F-1&2
Single Audit Reports and Schedules	G-1
Schedule of Expenditures of Federal Awards	H-1
Note to the Schedule of Expenditures of Federal Awards.....	I-1



Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

Board of County Commissioners
Rio Blanco County
Meeker, CO

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rio Blanco County, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements 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

My responsibility is to express opinions on these financial statements based on my audit. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Rio Blanco County, Colorado, as of December 31, 2016, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

-1-

Paul D. Miller, C.P.A.
pauldmiller@live.com

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on page A-1, information for governments using the Modified Approach on page D-1, and the budgetary comparison information on pages D-2 – D-5, 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. I have applied certain limited procedures to the required supplementary information on pages A-1 and D-1, 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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. The budgetary comparison information on pages D-2 – D-5 has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Rio Blanco County, Colorado's basic financial statements. The Schedules on pages E-1 – E-4, combining and individual major funds not included in RSI, and nonmajor fund financial statements, are presented for purposes of additional analysis 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The combining and individual major funds not included in RSI, nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2017 on my consideration of the Rio Blanco County, Colorado's internal control over financial reporting and on my 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 my 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 Rio Blanco County, Colorado's internal control over financial reporting and compliance.

Paul D. Miller, CPA, LLC

Grand Junction, CO
June 30, 2017

Management's Discussion and Analysis

Unaudited

The management of Rio Blanco County presents this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2016. We encourage readers to consider the information presented here along with the additional information in the basic financial statements to gain a better understanding of the financial position of Rio Blanco County.

Financial Highlights

- Rio Blanco County's assets (\$174.1 million) exceeded liabilities plus deferred inflows (\$10.3 million) by \$163.8 million at the end of 2016. This compares to \$152.3 million in 2015. The difference of \$11.4 million is an increase of 7.5%. The amount invested in net capital assets increased by \$18.5 million while restricted funds decreased by \$1.5 million and unrestricted funds decreased by \$1.5 million.
- Growth in net capital assets and reductions in restricted and unrestricted net positions relates almost entirely to continuing momentum in a plan of capital investment and improvement. During 2016, cash and cash equivalents reduced by \$5.6 million while \$18.5 million in new assets were completed and capitalized. At the end of 2016, costs of \$19.0 million had been spent on capital projects that were still in progress. And, an additional \$5.5 million had been set aside to complete those projects in 2017.
- Revenues of \$31.5 million exceeded expenditures of \$20.0 million for the current year change in net position. This was a decrease of \$2.1 million in revenue and a decrease of \$2.9 million in expenditures from the prior year. Charges for services and fees increased by \$1.0 million and operating grants and contributions increased \$0.3 million, while all other revenues (generally supporting operations and capital grants) decreased by \$3.4 million. General governmental costs increased by \$0.3 million while public works was down by \$1.6 million and judicial and public safety was down \$1.8 million.
- Construction of the new justice center was complete in early 2016. Construction of expanded broadband services continued through 2016 and will continue through 2017. Construction on the courthouse renovation started in 2016 and will finish in 2017. Construction of the Meeker Fairgrounds enhancement project started in 2016 and will continue into 2017. The Colorado Department of Local Affairs (DOLA) Energy Impact Assistance Fund (EIAF) is supporting all of these projects with grants. County funds used to fund the balance of these projects accumulated between 2008 and 2014.
- Rio Blanco County has no outstanding long-term debt other than its liability for employees' compensated absences and for the landfill closure and post-closure costs.
- The County's solid waste landfill at Wray Gulch continued to operate without any County tax revenue transfers in 2016. As of December 31, 2016, the County recognized future closure and post-closure care liability in the total amount of \$378,584 and maintained \$763,803 more as restricted fund balance for financial assurance. The County's other two enterprise funds required support similar to the prior year via transfers from governmental funds. The county-wide portion of the Weed & Pest Control Fund received \$130,000 while the Fairfield Complex Fund received \$30,000 (in addition to the \$82,836 paid by the County in the form of rent). These financial statements include the activity of the Piceance Creek Pest Control District and the Lower White River Pest Control District within the County's Weed and Pest Control Fund. Page E-16 delineates the activity and ending balances of these two districts.
- Governmental funds reported combined ending fund balances of \$58.2 million, a decrease of \$8.6 million in comparison with the prior year. The County's General Fund balance was \$18.8 million as of December 31, 2016 and \$21.6 million as of December 31, 2015, a decrease of \$2.8 million. The following also decreased: Use Tax Fund \$1.1 million, Capital Expenditure Fund \$0.4 Million, and Capital Improvement Plan Fund \$4.1 million.

- The County’s General Fund policy is to have an unreserved fund balance equal to at least three months of annual General Fund expenditures. At December 31, 2016 the County’s unassigned General Fund balance was \$11.1 million, an increase of \$1 million, which would cover 13 months of current level General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Rio Blanco County’s basic financial statements, which are comprised of: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains required and other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of Rio Blanco County finances and in a manner similar to a private sector business.

The *statement of net position* presents information on all of the County’s assets and liabilities plus deferred inflows, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County is improving or deteriorating.

The *statement of activities* presents information showing how the County’s net assets changed over the past year. All changes in net position are reported as soon as an “event” causing a change occurs, regardless of when related cash flows actually take place. As a result, revenues and expenses are reported in this statement for some items that will only result in cash flows in future financial periods; for example, grant expenditures not yet reimbursed or vacation leave which has been earned but not yet used.

Both of the government-wide financial statements distinguish activities of Rio Blanco County that are primarily supported by taxes and state/federal monies (intergovernmental activities) from activities that are intended to be funded primarily from user fees and charges. The governmental activities of the County include general government, health and welfare, judicial and public safety, public works, and recreation and culture. The business-type activities of the County include solid waste landfill, weed and pest control, and Fairfield Complex operations.

Reconciling “schedules” are used in the financial statements to reconcile the “government-wide” financial statements to the “fund” financial statements. These schedules show reconciling amounts caused by the differences in measurement focus and basis of accounting between the two types of financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been set aside for specific activities or purposes. Rio Blanco County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the County’s funds can be categorized into three fund types: governmental, proprietary, and fiduciary funds.

Governmental Funds - *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, governmental fund financial statements focus on near-term flows of spendable resources, as well as on balances of spendable resources available at the end of the year. This information is helpful in evaluating the County’s near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements, as readers may better understand the impact of the County’s near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison.

Rio Blanco County maintains seven governmental funds. Information is presented separately in the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balance for the *General Fund*, the *Road and Bridge Fund*, the *Use Tax Fund*, the *County Capital Improvement Trust Fund*, the *Impact Fee Trust Fund*, the *Capital Expenditure Fund*, and the *Capital Improvement Plan Fund*, all of which are considered to be major funds. Information from an additional four governmental funds, *Human Services Fund*, *Public Health Agency Fund*, *Conservation Trust Fund*, and *Contingent Fund*, are combined into a single, aggregated presentation.

Proprietary Funds - Rio Blanco County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The County uses enterprise funds to account for solid waste landfill, weed and pest control, and the Fairfield Complex. The landfill is considered a major fund while the latter two are combined into a single aggregate presentation for the enterprise fund financial statements. *Internal Service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The *Fleet Management Fund* is used to account for the County's motorized vehicles and the *Central Services Fund* is used to account for shared services like property and casualty insurance, annual audit services, cost allocation report, etc. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not included in the government-wide financial statements because the resources of these funds are not available to support the County's operations. Rio Blanco County has two fiduciary funds. The Treasurer's Agency Fund is used to account for cash held by the County Treasurer for distribution to other governments. The Sheriff's Inmate Agency Fund is used to account for inmate cash held by the Sheriff for distribution upon release.

Budgetary Comparisons - Rio Blanco County adopts an annual appropriated budget for all of its funds. Budget to actual comparisons for each fund are provided in this report.

Notes to the Financial Statements - These notes provide additional information that is necessary in gaining a full understanding of the data provided in the government-wide and fund financial statements.

Other Information - The combining statements referred to earlier in connection with non-major governmental, enterprise and internal service funds are presented immediately following the notes to the financial statements. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information.

COUNTY-WIDE FINANCIAL ANALYSIS

Net Position - Net assets may serve over time as a useful indicator of a government's financial position. As of December 31, 2016, assets exceeded liabilities plus deferred inflows by \$163.8 million.

The following table provides a summary comparison of the County's governmental and business-type net position for 2016 and a comparison to 2015.

Net Position						
	Governmental Activities		Business Type Activities		Total Primary Government (Net of Internal Balances)	
	2016	2015	2016	2015	2016	2015
Assets						
Current and other assets	\$ 71,145,408	\$ 84,390,552	\$ 8,696,992	\$ 7,776,232	\$ 79,842,400	\$ 92,166,784
Capital assets	90,825,816	72,174,819	3,434,493	3,611,911	94,260,309	75,786,730
Total assets	161,971,224	156,565,371	12,131,485	11,388,143	174,102,709	167,953,514
Liabilities						
Current and other liabilities	1,135,846	3,402,491	12,251	11,664	1,148,097	3,414,155
Long-term liabilities	528,764	505,918	392,788	137,911	921,552	643,829
Total liabilities	1,664,610	3,908,409	405,039	149,575	2,069,649	4,057,984
Deferred Inflows						
Property tax	8,039,956	10,960,998	229,031	614,912	8,268,987	11,575,910
Total deferred inflows	8,039,956	10,960,998	229,031	614,912	8,268,987	11,575,910
Invested in capital assets						
Restricted	90,825,816	72,174,819	3,434,493	3,611,911	94,260,309	75,786,730
Unrestricted	24,241,032	25,702,439	763,803	803,804	25,004,835	26,506,243
Total net position	37,199,810	43,818,706	7,299,119	6,207,941	44,498,929	50,026,647
Total net position	152,266,658	141,695,964	11,497,415	10,623,656	163,764,073	152,319,620

Rio Blanco County's total assets were 16.84 times the County's total liabilities plus deferred inflows at December 31, 2016. Rio Blanco County had no long-term liabilities from borrowing or other financing at the end of the year. The total amount of the long-term liabilities was a combination of accrued compensated absences due to employees at year-end and amounts expensed and accrued for closure and post-closure costs for the County's landfills.

At the end of 2016, Rio Blanco County had a total net position of \$163.8 million. 58% was invested in capital assets. 11% was held by the General Fund, 12% by the County Capital Improvement Trust Fund, 2% by the Capital Improvement Plan Fund, 1% by the Use Tax Fund, 6% by the Road & Bridge Fund, 1% by the Impact Fee Trust Fund and a balance of 8% in the remaining governmental funds and business-type funds.

The 58% invested in capital is being used in the operation of the County and includes new infrastructure assets that are provided and maintained by the County. Infrastructure assets completed and in place before January 1, 2002 are not included in capital assets. The County has elected to use the modified approach of reporting infrastructure assets placed in service since 2001. There have been no significant changes in the assessed condition of eligible infrastructure assets beyond that which is attributable to normal use.

The portion of total net position which may be used to meet the County's ongoing obligations to citizens (unrestricted) is 27% of the total. This is comparable to 33% in the prior year. The use of 15% was restricted as of December 31, 2016 as compared to 17% the prior year. Current restrictions are generally statutory, but some are imposed by an outside entity relative to grant requirements or specific requirements placed on private contributions.

Changes in Net Position - Governmental and business-type activities increased the County's net position by \$11.4 million in 2016. The following table indicates the changes in net position for governmental and business-type activities for 2016. Comparative data is provided for analysis.

Changes in Net Position						
	Governmental Activities		Business Type Activities		Total Primary Government (Net of Internal Balances)	
	2016	2015	2016	2015	2016	2015
REVENUES						
Program revenues:						
Charges for services	\$ 3,717,722	\$ 3,470,334	\$ 2,312,676	\$ 1,552,313	\$ 6,030,398	\$ 5,022,647
Operating grants/contrib.	5,597,864	5,316,820	96,159	69,475	5,694,023	5,386,295
Capital grants/contrib.	3,725,622	6,045,277	-	-	3,725,622	6,045,277
General revenues:						
Property taxes	10,969,367	10,657,721	592,648	511,653	11,562,015	11,169,374
Other taxes	2,011,950	3,566,620	92	22,333	2,012,042	3,588,953
Other revenues	2,466,379	3,118,675	-	-	2,466,379	3,118,675
Total revenues	28,488,904	32,175,447	3,001,575	2,155,774	31,490,479	34,331,221
EXPENSES						
General government	6,029,943	5,769,937	-	-	6,029,943	5,769,937
Health and welfare	2,976,298	2,943,138	-	-	2,976,298	2,943,138
Intergovernmental	479,528	393,229	-	-	479,528	393,229
Judicial and public safety	2,223,460	4,065,328	-	-	2,223,460	4,065,328
Public works	5,546,045	7,112,928	-	-	5,546,045	7,112,928
Recreation and culture	502,937	852,387	-	-	502,937	852,387
Solid waste landfill	-	-	1,137,613	671,588	1,137,613	671,588
Weed and pest control	-	-	741,409	824,875	741,409	824,875
Fairfield complex	-	-	408,794	308,702	408,794	308,702
Total expenditures	17,758,211	21,136,947	2,287,816	1,805,165	20,046,027	22,942,112
Increase before transfers	10,730,694	11,038,500	713,759	350,609	11,444,453	11,389,109
Transfers	(160,000)	(245,000)	160,000	245,000	-	-
Increase in net position	\$10,570,694	\$10,793,500	\$873,759	\$595,609	\$11,444,453	\$11,389,109

During 2016, total revenues for combined governmental and business-type activities were 49% direct program revenues and 51% general revenues. This is a 1% shift to program revenues from general revenues compared to the prior year.

- The major program revenues for governmental activities were as follows:
 - ❖ Charges for services were 13% of total revenues. Sources of this revenue are charges for permits, fees, fines, goods and services. A significant portion of this revenue is Treasurer, Clerk and Sheriff.
 - ❖ Operating grants and contributions were 20% of total revenues. Major funding came from State shared Highway Users Taxes of \$3.04 million. Federal and state grants are significant revenue sources for operations of Human Services, Public Health and senior nutrition service totaling nearly \$2.0 million.
 - ❖ Capital grants and contributions were 13% of total revenues. \$1.3 million of this revenue was from DOLA for broadband expansion, \$1.5 million was from DOLA for the courthouse renovation, and \$0.3 million was from CDOT/FHWA for CR 0 bridge construction.
- The major program revenues for business-type activities were:
 - ❖ Charges for services were 77% of total revenues for 2016 as compared to 72% of total revenues for 2015. The majority of revenues for each business-type activity are charges for the specific products and/or services for which the fund was established, the landfill being \$2.1 million (an increase from \$0.8 million in 2015).
 - ❖ Operating grants and contributions were 3% of total revenues.
 - ❖ Capital grants and contributions were 0% of total revenues.

- All general revenues except for those collected on behalf of two pest control districts of \$533,984 were credited to governmental activities. A transfer of \$130,000 was made from the Use Tax Fund to the Weed and Pest Control Fund, and a transfer of \$30,000 was made from the Use Tax Fund to the Fairfield Complex Fund. These transfers represent the County Government's annual contributions to business type operations. The General Fund also contributed an additional \$82,836 to the Fairfield Complex Fund as rent for the space the county government offices occupy in the community center.

The major sources of general revenues for 2016 were:

- ❖ Property taxes were 39% of total revenues (vs. 33% for 2015), 71% of general revenues (vs. 61% for 2015).
- ❖ Other taxes included \$855,733 of sales tax (vs. \$1,024,756 for 2015) and \$475,022 of use tax (vs. \$1,326,648 for 2015). These two taxes were 8% of general revenues (vs. 13% for 2015).
- ❖ All other general revenues combined were 20% of general revenues (vs. 25% for 2015). The sources of these revenues were: investment earnings \$406,385, Federal Mineral Leasing (FML) \$1,535,934, Payment in Lieu of Taxes (PILT) \$544,972, Severance Taxes \$317,800, and \$342,576 of miscellaneous revenues.

The total expenditures for combined governmental and business-type activities were made up of \$17,758,211 of expenditures for governmental activities (a decrease of \$3,378,736 as compared to 2015) and \$2,287,816 of expenses for business-type activities (an increase of \$482,651 as compared to 2015). Of the total expenditures 89% were for governmental activities and 11% for business-type activities.

- The percentage of total County expenses for each type of governmental activity is:
 - ❖ 34% – Governmental
 - ❖ 17% – Health and welfare
 - ❖ 3% – Intergovernmental
 - ❖ 13% – Judicial and public safety
 - ❖ 31% – Public works
 - ❖ 3% – Recreation and culture
- The percentage of total County expenses for each business-type activity is:
 - ❖ 50% – Solid Waste Landfill
 - ❖ 32% – Weed and Pest Control (includes activity of two pest control districts)
 - ❖ 18% – Fairfield Complex (Community Center)
- During 2016 the County's combined business-type activities had income of \$713,759 from normal operations as compared to the 2015 income of \$350,609. The difference reflects an increase in landfill commercial user fees of \$785,325 in 2016 and no landfill capital contributions in 2016.

FINANCIAL ANALYSIS OF THE COUNTY'S FUNDS

Rio Blanco County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds - The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of resources. Such information is useful in assessing the County's financing requirements.

Governmental Accounting Standards Board (GASB), Statement No. 54 developed a hierarchy based on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. "Nonspendable" is for those resources that are not in the form of cash. "Restricted" can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. "Committed" can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The Rio Blanco County Commissioners have made a one time commitment of all use taxes collected starting January 1, 2011 to the general purposes of the use tax fund. The RBC Commissioners annually commit a portion of property taxes to operation of the Road & Bridge Fund, the Human Services Fund and the Public Health Fund. "Assigned" are intended uses by the government for specific purposes that do not meet the criteria to be classified as either restricted or committed. Rio Blanco County has assignments as broad as the general purpose of a specific fund, but specific assignments are also made for the completion of projects-in-progress, projects for which funds are being saved over a number of years, and amounts needed to cover budgeted deficits projected for the subsequent year. "Unassigned" is the last category. The only fund allowed to have an unassigned positive fund balance is the General Fund. Other governmental funds only report unassigned fund balances if they are negative which results from overspending for specific purposes for which amounts had been restricted, committed or assigned.

As of the end of 2016, the combined ending fund balance of Rio Blanco County's governmental funds was \$58,181,114, a decrease of 13% (\$8,609,715) from the prior year. Three funds had multi-million dollar declines, related to capital projects and revenue shortfalls. Of the total governmental fund balance, 4% is nonspendable, 42% is restricted, 14% is committed, 21% is assigned and 19% is unassigned. Rio Blanco County had no governmental funds reporting negative unassigned fund balances at December 31, 2016.

The County has seven major governmental funds. These are: (1) General Fund, (2) Road and Bridge Fund, (3) Use Tax Fund, (4) County Capital Improvement Trust Fund, (5) Impact Fee Trust Fund, (6) Capital Expenditure Fund, and (7) Capital Improvement Plan Fund.

I. General Fund

The *General Fund* is the primary operating fund for Rio Blanco County. It accounts for many core services and ordinary operations such as public safety, personnel and administration. The fund balance of the general fund was \$18,825,195 at December 31, 2016. This was a 13% decrease from 2015. 59% or \$11,179,098 of the total balance was unassigned. 34% or \$6,431,530 was assigned for projects and to cover budgeted deficit spending in 2016. 4% or \$682,670 was reserved for emergencies in compliance with Title-X of the Colorado constitution, and 3% or \$531,897 was nonspendable in the form of inventories and prepaids.

The unassigned fund balance is available for working capital and to be used for subsequent operations. Working capital is: cash, cash equivalents, and receivables (soon to be converted to cash) that can be used to eliminate short-term accrued liabilities and deferred inflows of property taxes receivable as well as cash disbursements in subsequent periods.

A comparison of unreserved fund balance to total fund expenditures is often a useful measure of the General Fund's ability to continue financial operations without major changes in spending level and/or additional financing. The total of assigned and unassigned fund balances in the General Fund represented 174% of the General Fund expenditures for the year ended December 31, 2016. Unassigned funds were available to cover expenditures for 13.2 months at December 31, 2016 versus 12.1 months at the end of 2015 and 15.5 months at the end of 2014. For the near term, the general fund will need to conserve its resources as reserve for operations to avoid trouble until the local economy begins to improve.

Most of the ratios that are used to aid in the financial analysis of business organizations provide only very limited information in an analysis of any governmental type fund; however, governmental funds in severely bad liquidity

condition can often be recognized by such an analysis. Therefore the following items and relationships are presented for the Rio Blanco County's General Fund at December 31, 2016:

a. **Working Capital: \$17,610,628**

Governmental funds do not show fixed assets or long-term liabilities on the fund balance sheet; therefore the fund balance is the fund's "working capital." However, a portion of the fund balance may not be available for use as working capital. Therefore, the total of assigned and unassigned fund balance is substituted for "working capital" as a measure of liquidity for the General Fund.

b. **Current Ratio** (current assets divided by current liabilities plus deferred inflows) **5.9:1**

Modified Current Ratio (current assets less property tax accrual and less long-term prepaid expenses divided by current liabilities and not including deferred inflows of property tax) **245.5:1**. The current ratio is used, by business organizations, to display the ability to meet currently maturing obligations.

While the analysis provided above should be combined with other information in order to develop a conclusion as to the liquidity and the probability of continuation of financial operations by the Rio Blanco County General Fund, little would prevent the County's General Fund from continuing operations as it has in the past at least for the subsequent year.

2. *Road and Bridge Fund*

The *Road and Bridge Fund* records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a road and bridge fund. A portion of road and bridge property taxes is allocated to cities and towns for use in their road and street activities.

The fund balance in the Road and Bridge Fund at December 31, 2016 was \$9,906,059. Of the total fund balance: 19% was invested in inventory and prepaids, 1% was held for future Federal Forest Reserve Title III projects, 30% was assigned to cover budgeted deficit spending, and the remaining 50% is committed to the general purpose of the fund.

The fund balance decreased \$141,130 over the prior year. An overlay of CR 8 was completed in 2016 at \$1.80 million, CR 5 Stockpass #4 was completed with a cost of \$0.60 million in 2016, and a bridge replacement on CR 0 began in 2015 and was completed in 2016 for \$0.35 million.

The total of committed fund balances was 50% of the 2016 expenditures. This could provide working capital (in addition to inventory) for about six months of operations.

Because of a somewhat regular cash flow for operations, limited working capital is needed for operations to continue as normal, except when the fund is used for large projects or incurs unforeseen expenditures. For this reason, cost reimbursement grant funded projects are of special interest, and temporary loans from other sources may be needed in some situations (as transfers in/out of the Road & Bridge Fund are not allowed by statute).

3. *Use Tax Fund*

The *Use Tax Fund* accounts for all County use tax collections, the fiscal management of the use tax revenues and for various other special revenues and the associated programs.

The fund balance in the Use Tax Fund at December 31, 2016 was \$2,425,908. This was a decrease of \$1,082,774 from 2015. 76% of the ending fund balance was committed to the general purpose of the fund.

The Use Tax Fund continues to provide internal operating transfers as well as grants to non-taxing public entities. This fund has operated as a funding source for other funds and for sponsored county-wide programs for many years. These grants, programs, and special projects for the citizens of the County are dependent on the continued collection of use tax.

4. *County Capital Improvement Trust Fund*

The *County Capital Improvement Trust Fund* is a special revenue fund established to account for cash received from the State of Colorado Oil Shale Trust Fund (special mineral leasing receipts sources). The original amounts received from the State have been held by the County for investment purposes only. Historically, the income

from these investments has been allocated, on an annual basis, to local government organizations, including Rio Blanco County for county-wide capital improvements.

Of the \$20,147,802 total fund balance 100% is restricted by statute for capital improvement projects. A portion of the County's direct distribution of severance tax (\$400,000) was transferred in 2016 to this fund to help return the principal to the approximate \$20 million the fund was originally formed with.

Due to the state of the economy the amount of annual grants from this fund has dropped throughout the years, but an increase in awards happened in 2016 and is budgeted for 2017. (\$799,000 in 2009, \$313,000 in 2010, \$136,000 in 2011, \$120,000 in 2012, \$50,000 in 2013, \$60,000 in 2014, \$102,000 in 2015, \$376,135 in 2016). Future grants are dependent on future investment earnings.

5. *Impact Fee Trust Fund*

The *Impact Fee Trust Fund* was created by a resolution to adopt by the Board of County Commissioners on June 9, 2008. The purpose of the fund is to provide accurate accounting of impact fees collected and expended. Impact Fees were established to require new development to pay a reasonable, fair and equitable share of the growth-related costs incurred by the County.

The fund balance in the Impact Fee Trust Fund at December 31, 2016 was \$1,438,388 (as compared to \$1,765,745 in 2015). The decrease of \$327,357 reflects the use of fees collected prior to 2015 being used on the courthouse and road/bridge projects.

Impact fees were suspended through 2016, therefore, the only projects with costs were CR 5 \$0.18 million and the Courthouse remodel design at \$0.29 million.

The County has leveraged all the dollars collected as impact fees along with other county general revenues as matching funds to acquire grants to help fund the costs of energy impacts. Impact fees were temporarily suspended in early 2015 and that suspension has now been extended through 2017. Due to a lack of match money, the County did not pursue any grants for new projects in 2017 (incomplete projects carried over).

6. *Capital Expenditure Fund*

The *County Capital Expenditure Fund* is used to record the expenditure of specific general governmental capital related projects and acquisition of specific general government capital assets. The fund is primarily designed to "break even" i.e. for use as a "pass through" accounting tool. The fund is not intended to be used for operations. Specific funding must be provided for each individual project/purchase.

The Capital Expenditure Fund transferred \$3.3 million to the Capital Improvement Plan Fund in 2016 to fund larger projects. Treasurer's fees of \$152,005 were paid by the Capital Expenditures Fund (such fees on property taxes collected are paid by this fund before any subsequent transfer to the Capital Improvement Plan Fund are made).

2016 projects/purchases included: \$92,448 in technology, \$18,827 for Road & Bridge, and \$3,232 for Health & Human Services.

The fund balance in the Capital Expenditure Fund at December 31, 2016 was \$304,696 (as compared to \$753,539 in 2015). The decrease in the fund balance is a result of tax revenue collections being less than total project costs and transfers out.

7. *Capital Improvement Plan Fund*

The *Capital Improvement Plan Fund* is a continuation of the Capital Expenditure fund with similar requirements, but it provides funding for larger projects that help the County provide for its facility and infrastructure needs based on an annual review of a five year plan. The fund balance in the Capital Improvement Plan Fund at December 31, 2016 was \$3,227,610 (as compared to \$7,312,186 in 2015). This fund paid Treasurer's fees of \$42,772 on grant revenues it received in 2016.

2016 projects included: \$21,153 for an OHV trail expansion between the Town of Meeker and CR 8, \$5,397,491 (offset by \$1,314,117 DOLA grant) on expansion of broadband service, \$5,522,137 (offset by \$1,527,910 DOLA

grant) on Courthouse renovation, \$757,267 (offset by \$18,168 DOLA grant) on the justice center, \$890,946 (offset by \$131,155 DOLA grant) on the Meeker Fairgrounds projects, \$222,066 and \$226,880 at the Rangely and Meeker Airports respectively (offset by \$426,497 in FAA/CDOT grants), and \$3,500 on the R&B Generators.

8. Other Governmental Funds

This summary category includes four funds that are not considered major: *Human Services Fund, Public Health Fund, Conservation Trust Fund and Contingent Fund.*

Proprietary Funds - The County’s proprietary funds statements provide the same type of information found in the government-wide financial statements, but in greater detail.

The County has one major proprietary fund – the *Solid Waste Landfill Fund*. The net assets (equity) in the Solid Waste Landfill at December 31, 2016 was \$7,652,047 (as compared to \$6,252,658 in 2015). The landfill had a difference between budget vs actual cost for closure and post-closure of \$261,733. This has made the fund go over budget. New estimates were given due to the impact of drill cuttings on the landfill. This decreased the remaining years from 68 in 2015 to 51 in 2016 and the percent capacity from 11.7% in 2015 to 37.0% in 2016. The impact on the closure and post closure costs were necessary in order to display the correct liability. However, it should be noted that this was a non-cash transaction.

These financial statements also include two additional enterprise funds and two internal service funds that are not reported as major funds: *Weed & Pest Control Fund, Fairfield Complex Fund, Central Services Fund and Fleet Management Fund.*

CAPITAL ASSET AND DEBT ADMINISTRATION

The County’s capital assets at December 31, 2016 are presented in the following table.

	Governmental Activities	Business Type Activities	Total
Land	\$ 2,365,752	\$ 303,605	\$ 2,669,357
Land improvements	15,307,540	243,747	15,551,287
Buildings and building improvements	24,937,142	2,267,747	27,204,889
Equipment and furniture	6,082,482	619,394	6,701,876
Infrastructure	23,108,379	-	23,108,379
Construction-in-progress	19,024,520	-	19,024,520
	\$ 90,825,816	\$ 3,434,492	\$ 94,260,308

None of the above capital assets have any associated debt as of December 31, 2016.

Rio Blanco County uses the modified approach to account for infrastructure and, since the modified approach does not require depreciation of these assets, the County committed to preserving and maintaining eligible road and bridge assets at a level of 5 on a scale of 1 to 10 with 10 being very good. All of the eligible assets are fairly new and normal use has not yet brought any of them near to a rating of 5 (no amounts are needed to prevent ratings from dropping below a 5).

BUDGETARY HIGHLIGHTS

The County's budget was prepared in compliance with the State of Colorado statutes. In December of 2016, the Rio Blanco County Commissioners budgeted total expenditures (including transfers out) of \$82,716,692 for 2016. During 2016 supplemental budgets were approved, decreasing the budgeted expenditures by \$2,990,369 to \$79,726,323. At year end, 62% of the total budget was utilized, or \$49,123,080.

In general, Rio Blanco County budgets revenue conservatively and includes additional expenditures (like contingency) to prevent budget law violations and to insure adequate fund balance (and cash) availability. Both revenues and expenditures can be significantly impacted by capital projects. Capital projects are normally budgeted in full to insure the County's match has been fully appropriated, but some projects cannot be completed in one year (or don't get started in the year budgeted). Unused expenditures and related grant reimbursements are rebudgeted in the following year.

	Original Budget	Amendments	Final Budget	Actual	%	Variance (Under)/Over
Revenues & Transfers In						
General	\$ 6,253,709	\$ 3,362,324	\$ 9,616,033	\$ 9,738,243	101%	\$ 122,211
Road and Bridge	9,743,778	(115,260)	9,628,518	9,705,506	101%	76,987
Use Tax	858,105	-	858,105	574,288	67%	(283,817)
County Capital Imp. Trust	512,476	-	512,476	565,139	110%	52,663
Impact Fee Trust	328,057	(154,404)	173,654	174,316	100%	663
Capital Expenditure	3,122,375	-	3,122,375	3,121,092	100%	(1,283)
Capital Improvement Plan	10,660,131	2,047,500	12,707,631	9,482,834	75%	(3,224,798)
Human Services	2,075,511	-	2,075,511	1,835,104	88%	(240,407)
Public Health	424,738	14,896	439,634	452,005	103%	12,371
Conservation Trust	9,510	-	9,510	10,327	109%	817
Contingent	-	-	-	-	0%	-
Solid Waste Landfill	560,000	75,000	635,000	2,145,112	338%	1,510,112
Weed and Pest Control	861,939	2,500	864,439	868,993	101%	4,554
Fairfield Complex	152,836	-	152,836	147,468	96%	(5,368)
Central Services	191,134	-	191,134	188,876	99%	(2,258)
Fleet Management	2,669,829	18,500	2,688,329	2,926,163	109%	237,834
	\$ 38,424,128	\$ 5,251,056	\$ 43,675,184	\$ 41,935,465	96%	\$ (1,739,719)
Expenditures & Transfers Out						
General	\$ 16,320,894	\$ 482,318	\$ 16,803,212	\$ 12,527,773	75%	\$ (4,275,439)
Road and Bridge	25,589,070	(115,260)	25,473,810	9,846,636	39%	(15,627,174)
Use Tax	1,810,803	2,500	1,813,303	1,657,063	91%	(156,240)
County Capital Imp. Trust	3,876,935	(2,000,000)	1,876,935	223,419	12%	(1,653,516)
Impact Fee Trust	2,814,807	(932,771)	1,882,036	501,674	27%	(1,380,362)
Capital Expenditure	3,717,525	(4,400)	3,713,125	3,569,935	96%	(143,190)
Capital Improvement Plan	19,986,770	(578,445)	19,408,325	13,567,410	70%	(5,840,915)
Human Services	2,482,651	-	2,482,651	2,003,892	81%	(478,759)
Public Health	523,503	26,396	549,899	370,767	67%	(179,132)
Conservation Trust	55,013	-	55,013	-	0%	(55,013)
Contingent	100,000	-	100,000	-	0%	(100,000)
Solid Waste Landfill	755,592	75,000	830,592	1,137,614	137%	307,022
Weed and Pest Control	1,035,607	2,500	1,038,107	741,409	71%	(296,698)
Fairfield Complex	308,870	33,293	342,163	408,794	119%	66,630
Central Services	359,846	-	359,846	350,070	97%	(9,775)
Fleet Management	2,978,806	18,500	2,997,306	2,216,624	74%	(780,682)
	\$ 82,716,692	\$ (2,990,369)	\$ 79,726,323	\$ 49,123,080	62%	\$ (30,603,243)

The original budgeted expenditures plus transfers out for the General Fund was \$16,320,894 and it was increased by amendments of \$482,318 for a final budget of \$16,803,212. \$468,640 (offset by \$278,245 of grants) of the budget increase in the General Fund relates to Economic Development projects. Due to there being more activity flowing through the Public Trustee in 2016, expenditures and revenues were both increased by \$100,000. This budget change was necessary to

avoid a budget law violation but has no impact on County fund balance. The remaining is related to reducing budgeted contingency in the General Fund in order to cover unanticipated additional expenditures in other funds.

In 2016, there was a difference of \$4,275,439 between amended budget and actual expenditures plus transfers out in the General Fund. \$300,000 is budgeted transfers that were not made in 2016 (the portion related to broadband was rebudgeted in 2017). \$352,641 related to the Public Trustee, where the budget was increased, and then only a small portion of the increase was actually needed. \$2,074,151 was due to budgeted contingency amounts not being needed. The balance of the difference of \$1,548,647 was normal operations coming in under budget as is required by law (the largest unspent amounts being the Commissioners, Planning & Building, Treasurer, GIS, and County Communications).

The large difference between amended budget and actuals in the Capital Improvement Plan Fund of \$5.84 million reflect budgeted projects not being completed within the year. Most will carry over to 2017, the largest of which is broadband, budgeted at \$3,212,134 in 2017. The Courthouse is the second major project carrying over to 2017 at a budget of \$1,969,206. Most of the difference between amended budget and actuals in the Road & Bridge Fund of \$15.6 million is due to two projects that will carry over to 2017 (CR 5 & SH 64 Intersection \$12.3 million and CR 73 Bridge \$1.8 million).

FUTURE SIGNIFICANCE

Property tax accounted for 37% of the County's total revenues in 2016. This source of revenue increased 4% or \$392,641 from 2015. Property assessed valuations always fluctuate, but changes in the oil/gas and industrial categories have the greatest impact on the County property tax revenues. Together, these categories made up 76% of total assessed value in 2015 and 2016. Oil and gas was 57% of total assessed value in 2015, and decreased to 44% in 2016. Industrial valuations had been 25% of total assessed value in 2015, and increased to 32% in 2016. Total assessed values in 2015 were \$1.211 billion and decreased to \$888.4 million in 2016 for a 27% decrease. This change will be reflected in the taxes collected in 2017, budgeted to decrease \$322.8 million. The preliminary certification of values for 2017 that will be the basis for the revenues collected in 2018 will not be distributed until late August; thus expected decline cannot yet be quantified (the Assessor is already aware of reductions of 6%).

Sales taxes decreased 16% in 2016 after being down 28% in 2015, 20% in 2014, 36% in 2013, 20% in 2012 and 17% in 2011. Use taxes decreased in 2016 by 64% overall after increasing in 2015 by 32%. The big swing in use tax was from a settlement received in 2015. However, both sales and use tax are down due to economic factors.

Impact fees were suspended in early 2015 after having increased by 99% in 2014 (following declines of 6% in 2013, 32% in 2012, 36% in 2011 and 37% in 2010). That suspension has now been extended into early 2018. The County no longer has match money for grants to accomplish projects along CR 5 from impact fees. For 2016, the County appropriated \$2.2 million via property taxes within the Road and Bridge fund to pursue a \$10.1 million federal grant for a \$12.3 million project to replace the intersection/bridge at CR 5 and SH 64. The match money for this grant is still in Road & Bridge fund balance for when the grant is awarded. It is anticipated such a grant, if awarded, would not be in place in time for construction until 2018 or later.

In the June 2017 Economic Outlook by the Colorado Office of State Planning and Budgeting, Federal Mineral Lease (FML) revenue for FY 2016-17 was projected to increase 1.1%, and Severance Tax for the same period was projected to increase 172.3%. Since both of these revenue streams have direct distributions that pass through to Counties (also municipalities and schools), Rio Blanco County can expect to see more from these two sources in August 2017 than in 2016 when they both decreased drastically

Departments continue to manage within flat budgets from year-to-year. A 6% increase in health insurance was budgeted for 2017. In 2017, efforts to expand broadband throughout the county will remain a primary focus with completion of the Courthouse and Fairgrounds restroom remodels as well as renovation of the Fairfield Complex being secondary.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of Rio Blanco County's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Finance Office, Finance Director, P.O. Box 1047, Meeker, CO 81641.

BASIC FINANCIAL STATEMENTS

RIO BLANCO COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 57,227,893	\$ 8,408,433	\$ 65,636,326
Property taxes receivable	8,039,956	229,031	8,268,987
Other receivables	120,183	23,473	143,656
Due from other governmental units	2,764,681	17,653	2,782,334
Prepays and deposits	1,310,806	-	1,310,806
Inventories	1,681,889	18,402	1,700,291
Capital assets, net	90,825,816	3,434,493	94,260,309
Total assets	161,971,224	12,131,485	174,102,709
LIABILITIES			
Accounts payable	643,744	12,251	655,995
Due to other governmental units	391,759	-	391,759
Unearned revenue	100,343	-	100,343
Long-term liabilities			
Due more than one year:			
Compensated absences	528,764	14,204	542,968
Closure and postclosure care	-	378,584	378,584
Total liabilities	1,664,610	405,039	2,069,649
DEFERRED INFLOW OF RESOURCES			
Unavailable property tax	8,039,956	229,031	8,268,987
Total deferred inflows of resources	8,039,956	229,031	8,268,987
NET POSITION			
Invested in capital assets, net of debt	90,825,816	3,434,493	94,260,309
Restricted	24,241,032	763,803	25,004,835
Unrestricted	37,199,810	7,299,119	44,498,929
Total net position	\$ 152,266,658	\$ 11,497,415	\$ 163,764,073

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services and Fees	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 6,029,943	\$ 2,737,494	\$ 271,904	\$ 2,986,425
Health and welfare	2,976,298	12,655	1,977,148	-
Intergovernmental - Grants, etc.	479,528	86,248	12,404	-
Judicial and public safety	2,223,460	155,682	69,593	18,168
Public works	5,546,045	689,726	3,125,408	721,029
Recreation and culture	502,937	35,917	141,407	-
Total governmental activities	17,758,211	3,717,722	5,597,864	3,725,622
Business-type activities:				
Solid Waste Landfill	1,137,613	2,120,865	24,247	-
Weed and Pest Control	741,409	104,343	41,912	-
Fairfield Complex	408,794	87,468	30,000	-
Total business type activities	2,287,816	2,312,676	96,159	-
Total primary government	\$ 20,046,027	\$ 6,030,398	\$ 5,694,023	\$ 3,725,622

General revenues:

Taxes:

Property

Sales

Use

Specific ownership

Other

Unrestricted investment earnings

Federal - unrestricted

Other general revenues

Gain/(loss) on disposition of assets

Transfers in/(out) -- internal activities

Total general revenues and transfers

Changes in net position

Net position, January 1

Net position, December 31

See accompanying notes to the basic financial statements.

Net (Expense)/Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (34,120)	\$ -	\$ (34,120)
(986,495)	-	(986,495)
(380,876)	-	(380,876)
(1,980,017)	-	(1,980,017)
(1,009,882)	-	(1,009,882)
(325,613)	-	(325,613)
(4,717,003)	-	(4,717,003)
-	1,007,499	1,007,499
-	(595,154)	(595,154)
-	(291,326)	(291,326)
-	121,019	121,019
(4,717,003)	121,019	(4,595,984)
10,969,367	592,648	11,562,015
855,733	-	855,733
475,022	-	475,022
293,400	16,460	309,860
387,795	(16,368)	371,427
406,385	-	406,385
2,187,162	-	2,187,162
94,597	-	94,597
(221,765)	-	(221,765)
(160,000)	160,000	-
15,287,696	752,740	16,040,436
10,570,694	873,759	11,444,453
141,695,964	10,623,656	152,319,620
\$ 152,266,658	\$ 11,497,415	\$ 163,764,073

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>Major Special Revenue Funds</u>		
	General Fund	Road and Bridge Fund	Use Tax Fund
ASSETS			
Cash and cash equivalents	\$ 18,092,659	\$ 7,981,863	\$ 2,408,596
Property taxes receivable	3,731,250	3,109,375	-
Accrued interest receivable	6,871	-	-
Due from other funds	-	-	-
Due from other governmental units	170,526	3,427	12,543
Other receivables	48,442	9,045	13,044
Inventories	29,541	1,361,663	-
Prepays and deposits	552,356	556,000	-
Total assets	\$ 22,631,645	\$ 13,021,373	\$ 2,434,183
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES			
Liabilities:			
Accounts payable	\$ 71,331	\$ 5,939	\$ 8,275
Due to other funds	-	-	-
Due to other governmental units	-	-	-
Unearned revenue	3,869	-	-
Total liabilities	75,200	5,939	8,275
Deferred inflow of resources:			
Unavailable property taxes	3,731,250	3,109,375	-
Total deferred inflow of resources	3,731,250	3,109,375	-
Fund balances:			
Nonspendable	531,897	1,918,663	-
Restricted	682,670	144,806	-
Committed	-	4,966,975	1,835,078
Assigned	6,431,530	2,875,615	590,830
Unassigned	11,179,098	-	-
Total fund balances	18,825,195	9,906,059	2,425,908
Total liabilities, deferred inflows and fund balances	\$ 22,631,645	\$ 13,021,373	\$ 2,434,183

See accompanying notes to the basic financial statements.

Major Capital Projects Funds					
County Capital Improvement Trust Fund	Impact Fee Trust Fund	Capital Expenditure Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
\$ 20,114,506	\$ 1,504,990	\$ 305,854	\$ 1,422,053	\$ 1,903,090	\$ 53,733,611
-	-	1,021,652	-	177,679	8,039,956
33,296	-	-	-	-	40,167
-	-	-	-	-	-
-	390	1,904	2,087,654	488,237	2,764,681
-	1,140	-	2,111	1,418	75,200
-	-	-	-	-	1,391,204
-	-	-	200,000	1,450	1,309,806
<u>\$ 20,147,802</u>	<u>\$ 1,506,520</u>	<u>\$ 1,329,410</u>	<u>\$ 3,711,818</u>	<u>\$ 2,571,874</u>	<u>\$ 67,354,625</u>
\$ -	\$ 68,132	\$ 3,062	\$ 484,208	\$ 506	\$ 641,453
-	-	-	-	-	-
-	-	-	-	391,759	391,759
-	-	-	-	96,474	100,343
-	68,132	3,062	484,208	488,739	1,133,555
-	-	1,021,652	-	177,679	8,039,956
-	-	1,021,652	-	177,679	8,039,956
-	-	-	-	1,450	2,452,010
20,147,802	1,438,388	-	1,671,983	155,383	24,241,032
-	-	-	-	1,283,898	8,085,951
-	-	304,696	1,624,472	464,725	12,291,868
-	-	-	(68,845)	-	11,110,253
<u>20,147,802</u>	<u>1,438,388</u>	<u>304,696</u>	<u>3,227,610</u>	<u>1,905,456</u>	<u>58,181,114</u>
<u>\$ 20,147,802</u>	<u>\$ 1,506,520</u>	<u>\$ 1,329,410</u>	<u>\$ 3,711,818</u>	<u>\$ 2,571,874</u>	<u>\$ 67,354,625</u>

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2016

Total governmental fund balances	\$ 58,181,114
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Amounts reported for governmental activities in the statement of activities are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	87,178,951
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Long-term liabilities and compensated absences, are not due and payable in the current period and therefore are not reported in the governmental funds.	(495,693)
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Internal service funds are used by management to charge the costs of insurance and other services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	<u>7,402,286</u>
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Net position of governmental activities	<u><u>\$ 152,266,658</u></u>
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See accompanying notes to the basic financial statements.

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RIO BLANCO COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	<u>Major Special Revenue Funds</u>		
	General Fund	Road and Bridge Fund	Use Tax Fund
REVENUES			
Property taxes	\$ 2,121,148	\$ 5,454,381	\$ -
Specific ownership taxes	56,735	145,890	-
Sales taxes	855,733	-	-
Use taxes	-	-	475,022
Other taxes	17,863	21,775	-
Intergovernmental revenues	2,835,742	3,525,239	58,866
Licenses and permits	14,108	-	-
Charges for services	448,586	-	40,400
Interest earnings	230,775	-	-
Fees, fines and forfeits	2,380,374	76,610	-
Inter-fund charges	186,421	478,434	-
Miscellaneous	107,559	3,177	-
Total revenues	9,255,044	9,705,506	574,288
EXPENDITURES			
Current:			
General government	5,286,798	-	114,267
Judicial and public safety	3,887,554	-	-
Health and welfare	202,098	-	400,431
Recreation and culture	341,621	-	82,464
Intergovernmental (Grants, etc)	121,933	-	134,913
Public Works	287,770	8,671,726	-
Capital outlay	-	1,174,910	-
Total expenditures	10,127,774	9,846,636	732,075
Excess (deficiency) of revenues over expenditures	(872,730)	(141,130)	(157,787)
OTHER FINANCING SOURCES/(USES)			
Transfers in	483,200	-	-
Transfers out	(2,400,000)	-	(924,987)
Total other financing sources/(uses)	(1,916,800)	-	(924,987)
Net change to fund balance	(2,789,530)	(141,130)	(1,082,774)
Fund balance, January 1	21,614,726	10,047,189	3,508,682
Fund balance, December 31	\$ 18,825,196	\$ 9,906,059	\$ 2,425,908

See accompanying notes to the basic financial statements.

Major Capital Projects Funds					
County Capital Improvement Trust Fund	Impact Fee Trust Fund	Capital Expenditure Fund	Capital Improvement Plan Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 3,030,212	\$ -	\$ 363,625	\$ 10,969,366
-	-	81,050	-	9,726	293,401
-	-	-	-	-	855,733
-	-	-	-	-	475,022
-	-	9,830	-	3,352	52,820
-	163,920	-	3,417,848	1,915,164	11,916,779
-	-	-	-	-	14,108
-	-	-	-	4,339	493,325
165,139	10,396	-	-	75	406,385
-	-	-	-	-	2,456,984
-	-	-	-	-	664,855
-	-	-	-	1,154	111,890
<u>165,139</u>	<u>174,316</u>	<u>3,121,092</u>	<u>3,417,848</u>	<u>2,297,435</u>	<u>28,710,668</u>
737	11,330	163,011	52,772	-	5,628,915
-	-	-	21,117	-	3,908,671
-	-	9,432	-	2,374,659	2,986,620
-	-	-	23,553	-	447,638
222,682	-	-	-	-	479,528
-	-	-	448,946	-	9,408,442
-	490,344	97,492	12,537,823	-	14,300,569
<u>223,419</u>	<u>501,674</u>	<u>269,935</u>	<u>13,084,211</u>	<u>2,374,659</u>	<u>37,160,383</u>
<u>(58,280)</u>	<u>(327,358)</u>	<u>2,851,157</u>	<u>(9,666,363)</u>	<u>(77,224)</u>	<u>(8,449,715)</u>
400,000	-	-	6,064,987	-	6,948,187
-	-	(3,300,000)	(483,200)	-	(7,108,187)
<u>400,000</u>	<u>-</u>	<u>(3,300,000)</u>	<u>5,581,787</u>	<u>-</u>	<u>(160,000)</u>
341,720	(327,358)	(448,843)	(4,084,576)	(77,224)	(8,609,715)
19,806,082	1,765,745	753,539	7,312,186	1,982,680	66,790,829
<u>\$ 20,147,802</u>	<u>\$ 1,438,387</u>	<u>\$ 304,696</u>	<u>\$ 3,227,610</u>	<u>\$ 1,905,456</u>	<u>\$ 58,181,114</u>

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

Net change in fund balances - total governmental funds \$ (8,609,715)

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

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

Fixed assets current additions	20,558,670	
Depreciation expense	(1,688,356)	
Excess of capital outlay over depreciation and other adjustments		18,870,316

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

Decrease/(increase) in compensated absences		(33,189)
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and fleet services, to individual funds.

The net revenue/(expense) of the internal service funds is reported with activities as a "lookback" adjustment.		<u>565,046</u>
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Change in net position of governmental activities		<u><u>\$ 10,570,694</u></u>
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See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
December 31, 2016

	Business-type Activities			Governmental
	Solid Waste Landfill Fund	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 7,050,578	\$ 1,357,855	\$ 8,408,433	\$ 3,494,282
Taxes receivable	-	229,031	229,031	-
Due from other governmental units	7,266	10,387	17,653	-
Other receivables	23,361	112	23,473	4,816
Inventories	-	18,402	18,402	290,685
Prepays and deposits	-	-	-	1,000
Total current assets	7,081,205	1,615,787	8,696,992	3,790,783
Noncurrent assets:				
Capital assets:				
Land	33,395	270,210	303,605	-
Buildings, improvements, equipment, net	537,447	2,593,441	3,130,888	3,646,864
Total noncurrent assets	570,842	2,863,651	3,434,493	3,646,864
Total assets	7,652,047	4,479,438	12,131,485	7,437,647
LIABILITIES				
Current liabilities:				
Accounts payable	10,189	2,062	12,251	2,291
Total current liabilities	10,189	2,062	12,251	2,291
Noncurrent liabilities:				
Accrued compensated absences	3,119	11,085	14,204	33,070
Closure and postclosure care	378,584	-	378,584	-
Total noncurrent liabilities	381,703	11,085	392,788	33,070
Total liabilities	391,892	13,147	405,039	35,361
DEFERRED INFLOW OF RESOURCES				
Unavailable property tax	-	229,031	229,031	-
Total deferred inflows of resources	-	229,031	229,031	-
NET ASSETS				
Invested in capital assets	570,842	2,863,651	3,434,493	3,646,864
Restricted for closure & post-closure care	763,803	-	763,803	-
Unrestricted	5,925,510	1,373,609	7,299,119	3,755,422
Total net assets	\$ 7,260,155	\$ 4,237,260	\$ 11,497,415	\$ 7,402,286

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business-type Activities			Governmental
	Solid Waste Landfill Fund	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
Operating revenues:				
Property taxes	\$ -	\$ 592,648	\$ 592,648	\$ -
Specific ownership taxes	-	16,460	16,460	-
Other taxes	-	(16,370)	(16,370)	-
Charges for services	2,145,112	191,811	2,336,923	2,830,521
Grants and private contributions	-	31,117	31,117	-
Intergovernmental revenues	-	40,796	40,796	-
Total operating revenues	2,145,112	856,462	3,001,574	2,830,521
Operating expenses:				
Personnel	207,410	222,617	430,027	648,859
Supplies	35,081	219,959	255,040	551,932
Purchased services	56,731	387,729	444,460	130,416
Special dues, permits and fees	25,246	-	25,246	-
Closure and post-closure costs	281,733	-	281,733	-
Rent and utilities	4,430	39,104	43,534	9,223
Repairs and maintenance	-	4,350	4,350	53,892
Insurance and claims	-	-	-	117,695
Amortization	-	-	-	96,000
Interdepartmental charges	305,784	62,076	367,860	107,327
Capital outlay	-	103,293	103,293	3,312
Depreciation	66,345	111,075	177,420	831,338
Total operating expenses	982,760	1,150,203	2,132,963	2,549,994
Operating income/(loss)	1,162,352	(293,741)	868,611	280,527
Nonoperating revenues/(expenses):				
Gain/(loss) on disposition of assets and inventory	-	-	-	110,837
Capital contributed revenue	-	-	-	173,680
Capital contributed expense	(154,853)	-	(154,853)	-
Total nonoperating revenues/(expenses)	(154,853)	-	(154,853)	284,517
Income/(loss) before transfers in/(out)	1,007,499	(293,741)	713,758	565,044
Transfers in/(out)	-	160,000	160,000	-
Change in net assets	1,007,499	(133,741)	873,758	565,044
Total net assets, January 1	6,252,658	4,371,000	10,623,658	6,837,240
Total net assets, December 31	\$ 7,260,157	\$ 4,237,259	\$ 11,497,416	\$ 7,402,284

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended December 31, 2016

	Business-type Activities			Governmental
	Solid Waste Landfill Fund	Non-major Enterprise Funds	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from external customers	\$ 2,202,869	\$ 743,037	\$ 2,945,906	\$ 51,295
Cash received from internal customers	(3,467)	105,957	102,490	2,778,995
Cash payments to external suppliers for goods and services	(306,484)	(748,740)	(1,055,224)	(886,376)
Cash payments to internal suppliers for goods and services	(305,784)	(62,076)	(367,860)	(107,327)
Cash payments to employees for services	(206,732)	(219,121)	(425,853)	(659,202)
Net cash provided/(used) by operating activities	1,380,402	(180,943)	1,199,459	1,177,385
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	-	160,000	160,000	-
Net cash provided by noncapital financing activities	-	160,000	160,000	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of fixed assets	-	(34,182)	(34,182)	(926,915)
Proceeds from disposal of assets	-	34,182	34,182	377,646
Net cash (used) by capital and related financing activities	-	-	-	(549,269)
Net increase/(decrease) in cash and equivalents	1,380,402	(20,943)	1,359,459	628,116
Cash balances, January 1	5,670,178	1,378,799	7,048,977	2,866,160
Cash balances, December 31	\$ 7,050,580	\$ 1,357,856	\$ 8,408,436	\$ 3,494,276
Reconciling of operating income/(loss) to net cash provided/(used) by operating activities:				
Operating income/(loss)	\$ 1,162,352	\$ (293,741)	\$ 868,611	\$ 280,527
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:				
Depreciation expense	66,345	111,075	177,420	831,338
Miscellaneous nonoperating revenues/(expenses)	(154,853)	-	(154,853)	-
Assets (increase)/decrease:				
Taxes receivable	-	385,881	385,881	-
Other receivables	57,757	2,563	60,320	(231)
Due from other governments	(3,467)	(10,031)	(13,498)	-
Due from other funds	-	-	-	-
Inventories	-	5,993	5,993	635
Prepays and deposits	-	-	-	96,000
Liabilities increase/(decrease):				
Accounts payable	887	(298)	589	(20,541)
Taxes not yet available	-	(385,881)	(385,881)	-
Unearned revenue	-	-	-	-
Accrued compensated absences	678	3,496	4,174	(10,343)
Closure and postclosure care	250,703	-	250,703	-
Total adjustments	218,050	112,798	330,848	896,858
Net cash provided/(used) by operating activities	\$ 1,380,402	\$ (180,943)	\$ 1,199,459	\$ 1,177,385

See accompanying notes to the basic financial statements.

RIO BLANCO COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUND
December 31, 2016

Treasurer's agency funds	\$ 260,835
Sheriff's inmate balances	<u>3,237</u>
Cash and investments	<u><u>\$ 264,072</u></u>

Due to other governments	\$ 260,835
Due to inmates	<u>3,237</u>
Due to other governments	<u><u>\$ 264,072</u></u>

See accompanying notes to the basic financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

Rio Blanco County is located in northwestern Colorado with a population of approximately 6,707. The two principal towns are Rangely and Meeker. Rio Blanco County is a political subdivision of the State of Colorado, governed by an elected three-member Board of County Commissioners. The County has six other elected officials; the Assessor, the Clerk and Recorder, the Coroner, the Sheriff, the Surveyor and the Treasurer. Rio Blanco County is included in the Ninth Judicial District. An elected District Attorney serves Garfield, Pitkin and Rio Blanco Counties.

The County's General Fund accounts for all financial operating transactions of the offices of elected officials and all Rio Blanco County contributions to the Ninth Judicial District Attorney's office. The County's Capital Expenditure Fund and Capital Improvement Plan Fund account for the capital expenditures and capital projects for the elected offices and the County government in general. The County's Impact Fee Trust Fund accounts for certain capital projects made necessary by new development. The County Capital Improvement Trust Fund contributes to capital projects within the boundaries of the county – occasionally projects for the County government, but usually projects for the municipalities, school districts and special taxing districts in the form of grants.

Component units are legally separate organizations for which the County is financially accountable. The County is financially accountable for an organization if the County appoints a voting majority of the organization's governing board, and (1) the County is able to significantly influence the programs or services performed or provided by the organizations or (2) the County is legally entitled to or can otherwise access the organization's resources; the County is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the County is obligated for the debt of the organization. Component units also may include organizations that are fiscally dependent on the County in that the County approves the budget, levies their taxes, or issues their debt.

These financial statements include two legal entities in addition to the County: Piceance Creek Pest Control District and Lower White River Pest Control District. The Pest Control Districts are integrated into the Weed & Pest Control Fund, with all moneys being tracked by separate departments to keep activity and running balances for each district separate from each other and separate from county-wide pursuits as required by state statute.

At December 31, 2016, Rio Blanco County's total taxable assessed valuation was approximately \$888 million. Of this, approximately \$662 million (or 75%) was owned by ten taxpayers: Enterprise Gas Processing LLC, \$234 million; Chevron U. S. A., Inc., \$137 million; Willow Creek, \$77 million; XTO Energy, Inc., \$65 million; WPX Energy Rocky Mountain, \$43 million; EnCana Oil & Gas (USA), Inc., \$27 million; Bargath, LLC, \$26 million; ARP Rangely Production LLC, \$21 million; Blue Mountain Energy, Inc., \$20 million; and, White River Hub LLC, \$12 million.

Approximately 44% of the County's assessed value is derived from oil and gas activities, and an additional 32% is derived from industrial activities. The assessed value of this property is dependent, to a large extent, on quantities of oil and gas production and upon the market price.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and user charges for support.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items that are not properly included among program revenues are reported as *general revenues*.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. The County considers revenues to be available if they are collectible within 180 days except for property taxes which are considered available if they are collectible within sixty days after year-end. Property taxes, sales taxes, licenses, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, however, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

Under the terms of grant agreements, the County funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted funding available to finance the program. It is the County's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

The government reports the following major governmental funds:

- The General Fund is the County's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Road and Bridge Fund records costs related to County road and bridge construction and maintenance. By State law, Colorado counties are required to maintain a road and bridge fund. A portion of road and bridge taxes is allocated to cities and towns for use in their road and street activities.
- The Use Tax Fund accounts for all County use tax collections, the fiscal management of the use tax revenues and various other special revenues.
- The County Capital Improvement Trust Fund was established to account for cash received from the State for oil shale mineral leasing receipts. The original State receipts have been held for investment only. The income from these investments has been allocated to local governmental entities, including Rio Blanco County, for countywide capital improvements.
- The Impact Fee Trust Fund accounts for the collection and spending of impact fees. Impact fees were established to require new development to pay a reasonable, fair, and equitable share of the growth related costs incurred by the County.
- The Capital Expenditure Fund is used to record the expenditures of various capital purchases of general capital assets up to \$100,000.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

- The Capital Improvement Plan Fund is used to record the expenditures of various capital purchases of general capital assets over \$100,000.

The government reports the following major proprietary funds:

- The Solid Waste Landfill Fund accounts for the County's landfill operations.

The balance of governmental funds are considered non-major, and account for human services, public health, and conservation trust activities. The balance of proprietary funds are considered non-major, and account for weed and pest control and Fairfield Complex activities.

The government reports the following fund types:

Internal service funds are considered non-major proprietary funds, and account for insurance, audit fees, rent, telephone and internet services, copies, postage, and fleet management services on a cost reimbursement basis.

Fiduciary funds account for resources held for other parties outside the government. The County has two kinds of fiduciary funds. The Treasurer's agency funds are used to account for cash held by the County Treasurer for distribution to other governments. The Sheriff's inmate balances are cash held for prisoners until release.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the County's enterprise funds and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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

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

D. Assets, Liabilities, Deferred Inflows and Net Assets or Equity

1. Cash and Investments

The County considers cash and cash equivalents to be cash on hand in demand accounts. Because the treasury pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is also deemed to be a cash equivalent.

2. Disaggregation of Receivable and Payable Balances

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual for compensated absences and liabilities for landfill closure and post-closure costs.

3. Prepaid Expenses and Deposits

Of the prepaid expenses and deposits shown on the statement of net position, 35% (\$459,040) is a prepaid IRU to link broadband service directly between the towns of Meeker and Rangely, 3% (\$38,316) is extended warranties for Motorola equipment on the Lobo, Pollard and Marvine DTR radio towers to cover the next year, 0.4% (\$5,000) is extended license for GIS equipment to cover the next two years, 4% (\$50,000) is a deposit for mobilization for the

Rio Blanco County, Colorado
Notes to Basic Financial Statements
 December 31, 2016

broadband project that will be paid back in 2018, 41% (\$540,000) is a prepayment for gravel to be taken from the Wakara pit over a period of 30 years ending December 31, 2043, 12% (\$16,000) is prepayments of royalties for gravel being extracted from other pits, 15% (\$200,000) is a deposit for the broadband project start-up costs, and the balance (\$1,450) is prepayment for CYMA software support and (\$1,000) is prepayment of postage.

4. Property Taxes

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the following year. Taxes are payable either in two installments due on February 28 and June 15 or in full on April 30. The County, through the Rio Blanco County Treasurer, bills and collects its own property taxes as well as property taxes of all other taxing authorities within the County. Taxes levied in 2016 for collection in 2017 are recorded in governmental funds as taxes receivable and deferred inflow of resources as of December 31, 2016 since the amount is measurable but not available until 2017. An allowance for un-collectible taxes is not provided as the uncollectible amounts were determined to be negligible based upon an analysis of historical trends.

Current general local property taxes levied in 2015 and collected in 2016 are as follows:

Fund	Assessed	Mill	Taxes	Taxes	Percent
	Valuations	Levy	Levied	Collected	Collected
General	\$ 1,211,159,950	1.750	\$ 2,119,530	\$ 2,121,148	100%
Road and Bridge	1,211,159,950	4.500	5,450,220	5,454,381	100%
Human Services	1,211,159,950	0.050	60,558	60,604	100%
Public Health Agency	1,211,159,950	0.250	302,790	303,021	100%
Capital Expenditures	1,211,159,950	2.500	3,027,900	3,030,212	100%

5. Interfund Transactions

Transactions between funds that would be treated as revenues, expenditures, or expenses if they involved organizations external to the County are accounted for as revenues, expenditures, or expenses in the funds involved. Transactions which constitute reimbursements of a fund for expenditures or expenses initially made from that fund which are properly applicable to another fund are recorded as expenditures or expenses in the reimbursing fund and as reductions of the expenditure or expense in the fund that is reimbursed. At year end, outstanding balances between funds are reported as “due to/from other funds.”

6. Inventories

Inventories in most governmental funds are recorded as expenditures when purchased. Inventories in the Road and Bridge Fund, aviation fuel in the General Fund, and chemicals in the Weed & Pest Control Fund are adjusted to reflect expenditures when consumed rather than when purchased. The material and supplies inventory (except gravel) held by the Road and Bridge Fund is stated at average cost. The weighted average method is used for gravel inventory. The parts and supplies inventory held by the Fleet Management Fund are stated at the lower of cost or market using the first-in, first-out method. The chemical inventory held by the Weed & Pest Control Fund is valued at cost, which is determined using the first-in, first-out method.

7. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The County defines capital assets, other than infrastructure assets, as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Infrastructure assets are not recorded as capital assets unless the cost is greater than \$5,000. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

Depreciation on capital assets, with the exception of infrastructure, is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	20 to 50 Years
Land improvements (depreciable)	25 to 30 Years
Equipment and Furniture	5 to 40 Years

For reporting infrastructure assets, a modified approach is allowed by GASB 34. This approach is in lieu of the depreciation of infrastructure assets. The County has elected to use this method of reporting infrastructure assets. The County must maintain two requirements in order to qualify to use this approach:

1. The County must manage the eligible infrastructure assets using an asset management system with specific characteristics.
2. The County must document that the eligible infrastructure assets are being preserved approximately at (or above) a condition level established and disclosed by the County.

The County has developed and implemented an asset management system to measure, at least every third year by class of infrastructure asset, if the minimum standards are being maintained. Additional required disclosures are included as part of the Required Supplementary Information.

Rio Blanco qualified as a Phase III county as per GASB Statement 34 and elected not to report infrastructure assets which were acquired and in service at January 1, 2002. Infrastructure assets, acquired subsequent to January 1, 2002, are included with other fixed assets and the disclosure provisions are shown below.

At December 31, 2016 Rio Blanco County has recognized only twelve items of infrastructure; five bridges and seven road sections. The following information is presented in regard to these assets:

1. The Rio Blanco County Commissioners have made the commitment to preserve and maintain these eligible infrastructure assets at a level of 5 on a maintenance scale of 1 to 10.
2. The Rio Blanco County Commissioners are responsible for determining the appropriate condition level at which these assets are rated.
3. No depreciation expense is reported for these assets, nor are amounts capitalized in connection with improvements that lengthen the life of the assets, unless the improvement also increases the service potential of these assets.
4. Rio Blanco County maintains an inventory of these assets and performed condition assessments during 2016 to establish that the specified condition level (1 above) has been maintained. The assessment for 2016 provided condition assessments equal to or greater than 8 for all twelve items currently on the eligible asset list. These high levels of condition are primarily due to the very limited use (low traffic) of the assets and their relatively new installation.
5. The County's estimate of the amount to be expended to preserve and maintain these assets, at the stated condition level of 5, for the subsequent year (2017) is zero dollars.

8. Future Compensated Absences

County employees accumulate sick leave and vacation benefits at rates of 8 hours per month and 8 to 16 hours per month, respectively, depending on position and length of service. In the event of retirement or termination, an employee is paid 100% of accumulated vacation pay, and those with five or more years of continuous service are paid a percentage of their accumulated sick leave from 5% to 20% dependent upon number of years of service. 240 hours of annual vacation accrual may be carried over from one year to the next. 960 hours of sick leave accrual may be carried over from one year to the next. Compensatory time is granted (except for official, professional, and administrative positions) at the rate of one and one-half hours for each overtime hour worked, with various limitations. The entire compensated absence liability is reported on the government-wide financial statements as long-term debt.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

9. Long-term Obligations

In the government-wide financial statements and proprietary fund types in the fund 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 assets. At December 31, 2016, the only long term debt that Rio Blanco County had was from the accrual of compensated absences and the recognition and recording of closure and post-closure costs related to County landfills.

10. Deferred Inflows of Resources

In addition to liabilities, the statement of net position reports a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

11. Fund Equity

Net Position

Net position represents the difference between assets and liabilities plus deferred inflows in the government-wide financial statements. Net investment in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The County first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance

In the fund financial statements, governmental funds report designations of fund balance for amounts that are non-spendable, legally restricted by laws or outside parties, committed internally by the Board of County Commissioners, assigned internally by an appointed body/official (County Finance/Budget Director), or remain unassigned. These classifications comprise a hierarchy based primarily on the extent to which the government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. When funds in more than one classification could be used for an expenditure, the funds highest in the hierarchy (most constrained) are used first.

Net Assets

Net assets represent the difference between assets and liabilities and deferred inflows in proprietary funds. Net assets invested in capital assets consist of fixed assets net of accumulated depreciation. Net assets are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments. When both restricted and unrestricted funds could be used for an expenditure, restricted funds are used first.

12. Emergency Reserve

The reserve for emergencies, as required by Section 20 to Article X of the Colorado Constitution, also known as the Taxpayer's Bill of Rights (TABOR), is classified as restricted on the entity-wide statements. It is recorded as restricted in the General Fund even though the calculation of the amount required includes portions for other governmental funds and small amounts for some of the proprietary funds.

13. Contraband Proceeds

The Colorado Contraband Forfeiture Act requires the proceeds from the seizure of contraband be audited although they are not subject to the appropriations process. During 2016, the County had no proceeds from the seizures of contraband.

14. Estimates

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

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted for all funds, except agency funds, of the County. The Budget Office submits a proposed operating budget for the following calendar year to the County Commissioners prior to October 15 of each year. The budget is prepared using the modified accrual basis of accounting. The operating budget includes proposed expenditures/expenses and anticipated revenues. As required by statute, public hearings are conducted to obtain citizen's comments. Prior to the levy of property tax, the budget is legally adopted through the passage of budget adoption and appropriation resolutions prior to December 15 of each year.

B. Budgeted Level of Expenditures

The budgetary control is maintained at the department level for the General Fund, Use Tax Fund and Weed & Pest Control Fund and at specific fund level for all other funds. Although the budget shows various classifications by object and by function, the department directors are authorized to transfer budgeted amounts within each of the object classifications; however, use of any budgeted contingency amounts must be specifically authorized by the Board of County Commissioners. All annual appropriations lapse at year-end. During 2016, the County Commissioners adopted two supplemental appropriations which included transfer appropriations between funds.

For the budget to actual reporting required by state statutes, the proprietary funds present the adjustments necessary to reconcile ending net income/(loss) on the budgetary basis to the GAAP basis net change in fund equity.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the final amended budget.

The Solid Waste Landfill fund went over budget due to a non-cash transaction. New estimates were received for the percent capacity and remaining life. This greatly impacted the liability shown on the financial statements. The percent capacity went from 11.7% in 2015 to 37.0% in 2016. The remaining years dropped from 68 in 2015 to 51 in 2016. The new estimates were needed due to the amount of drill cuttings the landfill received. So, in order to portray the impact on the landfill, a bigger adjustment to the closure and post-closure costs were needed.

NOTE 3 - CASH AND INVESTMENTS

A. Deposits

Title 11, Article 10.5 of the Colorado Revised Statutes, (the Public Deposit Protection Act of 1989), require all public monies to be deposited in financial institutions that have been designated as eligible public depositories. Eligible public depositories must pledge eligible collateral, as promulgated by the State banking board, having a market value in excess of 102% of the aggregate uninsured public deposits. Eligible collateral must be held in a single financial institution collateral pool in the custody of any federal reserve bank or any branch thereof or of any depository trust company which is a member of the federal reserve system, and which is supervised by the State banking board. The Statutes further restrict such deposits to eligible public depositories having their principal offices within the State of Colorado. Collateral in the pool is considered to be equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At year end the County's deposits were not exposed to credit risk, as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) or collateralized in accordance with PDPA. As of December 31, 2016, the carrying amount of the County's Primary Government's Funds demand account deposits were \$27,759,036 and the bank balance was \$27,308,022. Of the bank balance \$1,000,000 was covered by FDIC insurance and the excess was collateralized in accordance with PDPA.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

B. Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. Authorized investments include obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; written repurchase agreements collateralized by certain authorized securities; certain money market funds; guaranteed investment contracts and local government investment pools.

Rio Blanco County currently has funds invested in the following investment pools:

- (1) Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established by local government entities in Colorado to pool surplus funds for investment purposes. The State Securities Commission oversees this pool. COLOTRUST operates similarly to money market funds and each share is valued at \$1.00. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. Investments consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. All securities owned by the pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each pool investor. The custodian's internal records identify the investments owned by COLOTRUST. These pools are not required to be (and are not) registered with the SEC. COLOTRUST's funds are rated AAA by Standard and Poor's, Fitch's and Moody's rating services. Information on COLOTRUST can be obtained at www.colotruster.com.
- (2) Colorado Surplus Asset Fund Trust (CSAFE) is an original Local Government Investment Pool (LGIP) established in 1988 under Colorado State Statutes CRS 25-75-601 and 701. This pool is an investment vehicle established by local government entities in Colorado to pool operating & surplus funds for overnight investment purposes. The State Securities Commission oversees this pool. CSAFE operates similarly to money market funds and each share is valued at \$1.00. The investment pool is monitored quarterly by the Colorado Division of Securities with regard to operations and investments and audited annually. Investments consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes, Government Agencies, Colorado Rated Bank Deposits that are collateralized at 102% and A1+, A1 and P1 (AAA rated) Commercial Paper. The designated custodial bank, US Bank, provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment. All securities owned by the pooled investments are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by each pool investor. CSAFE is not required to be registered with the SEC. CSAFE's fund is rated AAA by Standard and Poor's rating service. Additional information on CSAFE can be obtained at www.csafe.org.
- (3) PFM Funds Prime Series, Colorado Investors Class is a money market mutual fund marketed as the Colorado Statewide Investment Program (CSIP). The Prime Series is a separate investment portfolio of PFM Funds (the Trust). The Trust is an open-end, diversified, management investment company registered under the Investment Company Act of 1940. The PFM Funds Prime Series invests in obligations of the United States Government and its agencies, high quality debt obligations of U.S. companies and obligations of financial institutions and is rated AAA by Standard & Poor's. PFM Asset Management, LLC serves as the investment advisor, administrator and transfer agent. Shares of the Fund are distributed by PFM Fund Distributors, Inc., member Financial Industry Regulatory Authority (FINRA). U.S. Bank N.A. serves as the custodian and acts as safekeeping agent. To obtain financial statements for PFM Funds Prime Series, Colorado Investors Class, you may visit its website at www.csipinvest.com.

The County's investment policy follows all statutory requirements, concentrates on investments with maturities of 60 months or less in order to limit principal risk caused by changes in interest rates and encourages diversification of the portfolio. The County invests its funds in a manner which will provide the highest investment return while ensuring preservation of capital and protection of investment principal. The County reports investments at fair value. The County's investments are registered in the name of the government.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

Summary of Cash and Investments Held by County for Primary Government's Funds

Cash on hand	\$ 2,752
Demand accounts (bank and money markets)	6,719,036
ColoTrust, CSafe, CSIP	21,921,016
Certificates of deposit	21,040,000
U.S. Treasury Notes	15,953,523
	\$ 65,636,327

Cash and Investments Held by County for Others (Treasury Agency Fund)

Demand accounts	\$ 260,835
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NOTE 4 – INTERFUND TRANSACTIONS

The County reports internal transactions between its funds. Certain eliminations have been made in regards to interfund activities. All internal balances in the Statement of Net Position have been eliminated. Transfers between governmental and business-type activities on the government wide Statement of Activities are reported as general revenues. Transfers between funds reported in the business-type activities column are eliminated.

Due To/Due From Other Funds

Due to and due from balances result from interfund transactions for which the related transfer has not yet occurred, creating a receivable in one fund and an offsetting payable in another fund. There were no outstanding due to/due from interfund transactions at year-end.

Interfund Transfers

Transfers are indicative of funding for capital projects, subsidies of various County operations, and re-allocation of special revenues. The following schedule briefly summarizes the County's transfer activity:

	Transfers in:					
	General Fund	Capital Improvement Plan Fund	County Capital Improvement Trust Fund	Weed & Pest Control Fund	Fairfield Complex Fund	Transfers Total
Transfers out:						
General Fund	\$ -	\$ 2,000,000	\$ 400,000	\$ -	\$ -	\$ 2,400,000
Capital Exp Fund	-	3,300,000	-	-	-	3,300,000
Capital Imp Plan Fund	483,200	-	-	-	-	483,200
Use Tax Fund	-	764,987	-	130,000	30,000	924,987
	\$ 483,200	\$ 6,064,987	\$ 400,000	\$ 130,000	\$ 30,000	\$ 7,108,187

The \$400,000 transferred from the General Fund to the County Capital Improvement Trust Fund was severance tax to help restore the original principal of that fund to around \$20 million. The balance declined in years when grants awarded exceeded annual earnings.

Rio Blanco County normally allocates a portion of its 9.050 mill levy for capital projects each year. The full amount is receipted into the Capital Expenditure Fund. But, because Rio Blanco County maintains two separate capital funds (one for projects under \$100,000 and one for projects over \$100,000), the portion needed for the larger projects in the Capital Improvement Plan Fund must be transferred from the Capital Expenditure Fund. This amount was \$3,300,000 in 2016. \$2,000,000 was budgeted to transfer from the General Fund to the Capital Improvement Plan Fund to be used on the broadband project. \$764,987 was budgeted to transfer from the Use Tax Fund to the Capital Improvement Plan Fund and used on the Meeker Fairgrounds project.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

The \$483,200 that was transferred from the Capital Improvement Plan Fund to the General Fund was to record a prepaid IRU to link broadband service directly between the towns of Meeker and Rangely. The transfer was needed to capture the cost and amortize over 20 years.

Rio Blanco County currently subsidizes two of its three enterprise (business type) funds.

- (1) The Solid Waste Landfill Fund continued to be self-sustaining in 2016.
- (2) Because the Weed & Pest Control Fund includes two districts that have a cap of 2.0 mills on residents within their borders, the County cannot assess additional mills for county-wide weed/pest control efforts; thus, the General Fund's property tax revenues can't be used for this purpose. So, the County transfers funds from the Use Tax Fund to support this function. In 2016, \$130,000 was transferred to the Weed & Pest Control Fund. This amount has fluctuated between \$100,000 and \$200,000 for a number of years.
- (3) In 2016, the County contributed \$30,000 to the Fairfield Complex Fund in the form of transfers plus an additional \$82,836 in the form of internal rent for the spaces the government occupies in the community center. The County's contributions to this fund have been increasing over the years as the Town of Meeker's contributions declined and then stopped, and as the contributions from the Freeman E. Fairfield Trust have become more restrictive and less frequent. \$30,000 is transferred annually from the Use Tax Fund with the balance needed for operations and projects being transferred from the General Fund. Generally, about \$100,000 combined is needed to support operations and more is contributed in years when projects are planned.

NOTE 5 - CAPITAL ASSETS

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

				Balance			Balance
<i>Governmental activities:</i>				1/1/2016	Additions	Deletions	12/31/2016
Capital assets not being depreciated:							
Land				\$ 1,723,208	\$ 642,545	\$ -	\$ 2,365,752
Land Improvements				24,368	596,429	-	620,797
Infrastructure				15,399,755	7,708,624	-	23,108,379
Construction-In-Progress				27,354,315	11,681,448	20,011,243	19,024,520
Total capital assets not being depreciated				44,501,646	20,629,046	20,011,243	45,119,448
Capital assets being depreciated:							
Land Improvements				19,779,070	679,646	-	20,458,716
Buildings and Improvements				10,835,905	17,817,767	-	28,653,673
Equipment and Furniture				13,718,364	2,353,812	1,242,433	14,829,743
Total capital assets being depreciated				44,333,340	20,851,225	1,242,433	63,942,132
Less accumulated depreciation:							
Land Improvements				5,123,238	648,735	-	5,771,973
Buildings and Improvements				3,191,876	524,654	-	3,716,530
Equipment and Furniture				8,345,052	1,346,304	944,096	8,747,261
Total accumulated depreciation				16,660,166	2,519,694	944,096	18,235,764
Total capital assets being depreciated, net				27,673,173	18,331,531	298,338	45,706,367
Governmental activities capital assets, net				\$ 72,174,819	\$ 38,960,577	\$ 20,309,581	\$ 90,825,816

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

Business-type activities:							
Capital assets not being depreciated:							
Land			\$ 303,605	\$ -	\$ -	\$ 303,605	
Construction-In-Progress			34,183	-	34,183	-	
Total capital assets not being depreciated			337,788	-	34,183	303,605	
Capital assets being depreciated:							
Land Improvements			490,979	-	-	490,979	
Buildings and Improvements			3,256,457	34,183	-	3,290,639	
Equipment and Furniture			900,275	-	-	900,275	
Total capital assets being depreciated			4,647,711	34,183	-	4,681,893	
Less accumulated depreciation:							
Land Improvements			209,733	37,499	-	247,232	
Buildings and Improvements			928,377	94,515	-	1,022,893	
Equipment and Furniture			235,476	45,405	-	280,881	
Total accumulated depreciation			1,373,586	177,420	-	1,551,006	
Total capital assets being depreciated, net			3,274,124	(143,237)	-	3,130,887	
Business-type activities capital assets, net			\$ 3,611,912	\$ (143,237)	\$ 34,183	\$ 3,434,492	

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

Governmental activities:			
General Government			\$ 233,447
Health and Welfare			15,829
Judicial and Public Safety			584,272
Public Works			786,909
Recreation and Culture			67,898
Total depreciation expense - governmental activities			1,688,355
Central Services			8,421
Fleet Management			822,917
Total depreciation expense - governmental activities including internal services			\$ 2,519,693
Business-type activities:			
Solid Waste Landfill Fund			\$ 66,345
Weed & Pest Control Fund			1,498
Fairfield Complex Fund			109,577
Total depreciation expense - business-type activities			\$ 177,420

The County maintains a fixed asset capitalization threshold of \$5,000.

NOTE 6 - RISK MANAGEMENT AND SELF-INSURANCE

Colorado Counties Casualty and Property Pool

The County is exposed to various risks of loss related to property and casualty losses. The County has joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The Pool provides the County with general property, vehicle comprehensive and collision, and various liability insurance coverage. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. During 2016, the County paid contributions of \$117,695 as compared to \$157,969 in the prior year. 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

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year. There were no significant reductions in insurance coverage from the prior year by major categories of risk, and there have been no settlements that exceed the County's insurance coverage during the past three years.

County Workers' Compensation Pool

The County is exposed to various risks of loss related to injuries of employees while on the job. In 1985, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. During 2016, the County paid contributions of \$236,309 as compared to \$222,335 in the prior year. 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. There were no significant reductions in insurance coverage from the prior year by major categories of risk, and there have been no settlements that exceed the County's insurance coverage during the past three years.

NOTE 7 - CLOSURE AND POSTCLOSURE CARE COST OF LANDFILLS

The U. S. Environmental Protection Agency rule of October 9, 1991 is the primary basis for Municipal Solid Waste Landfill (SWL) closure care requirements. The Solid Waste Regulations promulgated by the Colorado Board of Health with authority under the Solid Waste Disposal Act of 30-20-104.5 of the Colorado Revised Statutes also apply.

The costs associated with SWL closure and post closure care are properly accounted for by utilizing procedures that are established to insure compliance with Generally Accepted Accounting Principles as outlined in Statement No. 18 of the Governmental Accounting Standards Board. This statement was published in August of 1993 and is effective for financial statements for all periods beginning after June 15, 1993.

Rio Blanco County's estimates of "current total closure and post-closure costs" are based upon current technology and engineering techniques. Due to an increase in drill cuttings, a new estimate of closure and post-closure costs were obtained in 2016 from a Registered Professional Engineer. These new estimates decreased the remaining years from 68 years in 2015 to 51 years in 2016 and the percent capacity went from 11.7% in 2015 to 37.0% in 2016. While the estimates applicable for December 31, 2016 are as accurate as possible, changes in these estimates due to inflation or deflation, technology or changes to laws and regulations will continue and will be subject to annual reevaluation and adjustment during each year.

The "current estimate of total combined closure and post closure cost," for all landfills, as last revised, is \$1,142,387. This amount includes \$310,560 for the Rangely Landfill and \$831,827 for the Meeker (Wray Gulch) Landfill. The total expense that has been recognized for the currently operating landfills in all years through 2015 is \$689,278 (\$400,903 for Rangely, \$288,375 for Meeker). All previously recorded expense, which has not been disbursed, is carried in the books as a noncurrent liability of \$378,584. The Fund has available cash of \$378,584 to pay for recognized closure and post-closure costs for all County landfills. The portion of total costs that have been recognized as expense and recorded as a liability is based upon the portion of landfill capacity used.

The percentages of each landfill's capacity used to date and the estimated remaining landfill lives in years are shown below:

<u>Landfill</u>	<u>Percent of capacity used</u>	<u>Remaining life</u>
Rangely	22.8%	0 years
Meeker (Wray Gulch)	37.0%	51 years

Expense recognition, for landfill closure and post closure costs, is further complicated by the Colorado State Health Department's requirements that the reserves be based upon time (20-year maximum amortization) rather than upon usage of landfill space as per Generally Accepted Accounting Principles (GAAP). The County continues to hold

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

reserves in excess of recognized expenses per GAAP in order to insure compliance with the State of Colorado's statutes and regulations. The differences in calculations would require that \$1,142,387 (\$310,560 for Rangely, \$831,827 for Meeker) be held vs. the \$378,584 liability recognition that is required by GAAP for operating landfills. At the end of 2016, reserves are also held in the Solid Waste Landfill Fund in the amount of \$763,803 to insure adequate reserves for all closure/post-closure costs. By providing these reserves, Rio Blanco County has mostly eliminated the risks of not being financially prepared for unanticipated catastrophic losses.

Calculations of the estimated total current cost of closure/post-closure care applicable to each landfill are as follows:

	Meeker	Rangely
Final cover closure cost	\$ 588,701	\$ -
Post closure-care cost	243,126	310,560
Total closure and post closure costs	\$ 831,827	\$ 310,560

NOTE 8 - LONG-TERM LIABILITIES

The only long term debt Rio Blanco County had was from the accrual of compensated absences (vacation, sick and comp time to be used at some future date) and the recognition of closure and post-closure costs for landfills.

	Balance 1/1/2016	Changes	Balance 12/31/2016
Governmental activities			
Compensated absences	\$ 505,918	\$ 22,846	\$ 528,764
Total governmental	505,918	22,846	528,764
Business type activities			
Compensated absences	10,030	4,174	14,204
Closure/post-closure costs	127,881	250,703	378,584
Total business type	137,911	254,877	392,788
Total long-term obligations	\$ 643,829	\$ 277,723	\$ 921,552

NOTE 9 – COMMITMENTS

The County entered into contractual agreements during the year with amounts outstanding at December 31, 2016 for the following projects: economic development strategy implementation – Meeker \$153,591; economic development strategy implementation - Rangely \$18,377; Meeker Fairgrounds restroom remodel design \$11,826; Rangely directional signage project \$17,398; courthouse renovation \$2,431,244; records digitization \$142,845; engineering for various road and bridge projects \$288,455; broadband expansion \$1,008,504. The completion of all of these projects/commitments is included in the 2017 budget.

NOTE 10 - RESERVATIONS OF FUND BALANCE

Reservations of fund balance either indicate that a portion of fund balance is legally segregated for a specific future use or indicate that a portion of fund balance is not available for appropriation.

Fund balances reserved for prepaid expenditures and inventories do not represent available resources, thus, they are considered non-spendable. For committed fund balances, the Board of County Commissioners is the decision-making authority, and the action required to commit funds or release committed funds is a resolution. For assigned fund balances, the Board of County Commissioners authorized by resolution the County Finance/Budget Director to designate funds for intended uses to be reviewed bi-annually (for the finalization of financial statements and budget). Also defined by resolution, in any case where there are various components of fund balance available to be spent for a specific purpose, the most restricted funds shall be spent first in the order of restricted, then committed, then assigned and unassigned last.

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

Fund balance reserved for emergencies represents a 3% legal restriction pursuant to Article X, Section 20 of the State Constitution (Tabor Amendment). This requirement applies to the majority of the funds to some extent, but the total is set aside in the General Fund for the sake of simplicity.

		Major Special Revenue Funds			
Fund balances:		General Fund	Road & Bridge Fund	Use Tax Fund	Other Governmental Funds
Nonspendable:					
	Inventory	\$ 29,541	\$ 1,362,663	\$ -	\$ -
	Prepays	502,356	556,000	-	1,450
	Nonspendable	531,897	1,918,663	-	1,450
Restricted for:					
	General Purpose of Fund	-	-	-	370
	Emergencies	682,670	-	-	100,000
	Forest Service Title III Projects	-	144,806	-	-
	Capital Projects	-	-	-	-
	Grant Match Requirements	-	-	-	55,013
	Restricted	682,670	144,806	-	155,383
Committed to:					
	General Purpose of Fund	-	4,966,975	1,835,078	1,283,898
	Committed	-	4,966,975	1,835,078	1,283,898
Assigned to:					
	General Purpose of Fund	-	-	-	-
	Electric Sales Tax Grants	157,423	-	-	-
	Incomplete Capital Projects	300,000	25,586	-	-
	Future Capital Projects	-	1,000,000	105,000	-
	Projected Budget Deficit	5,974,107	1,850,029	485,830	464,725
	Assigned	6,431,530	2,875,615	590,830	464,725
Unassigned:		11,179,098	-	-	-
	Unassigned	11,179,098	-	-	-
	Total funds	\$ 18,825,196	\$ 9,906,059	\$ 2,425,908	\$ 1,905,457

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

		Major Capital Projects Funds			
		County Capital Improvement Trust Fund	Impact Fee Trust Fund	Capital Expenditure Fund	Capital Improvement Plan Fund
Fund balances:					
	Nonspendable:				
	Inventory	\$ -	\$ -	\$ -	\$ -
	Prepays	-	-	-	-
	Nonspendable	-	-	-	-
	Restricted for:				
	General Purpose of Fund	-	-	-	-
	Emergencies	-	-	-	-
	Forest Service Title III Projects	-	-	-	-
	Capital Projects	20,147,802	1,438,388	-	-
	Grant Match Requirements	-	-	-	1,671,983
	Restricted	20,147,802	1,438,388	-	1,671,983
	Committed to:				
	General Purpose of Fund	-	-	-	-
	Committed	-	-	-	-
	Assigned to:				
	General Purpose of Fund	-	-	88,799	(984,497)
	Electric Sales Tax Grants	-	-	-	-
	Incomplete Capital Projects	-	-	21,000	1,562,139
	Future Capital Projects	-	-	-	-
	Projected Budget Deficit	-	-	194,897	977,985
	Assigned	-	-	304,696	1,555,627
	Unassigned:				
	Unassigned	-	-	-	-
	Total funds	\$ 20,147,802	\$ 1,438,388	\$ 304,696	\$ 3,227,610

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

NOTE 11 - RETIREMENT PLAN

Rio Blanco County is a member employer of the Colorado County Officials and Employees Retirement Association (CCOERA). This association was formed by Colorado State Statute to provide retirement benefits to employees of Colorado local governments. CCOERA administers two different retirement plans a 401(a) Defined Contribution Plan and a 457 Deferred Compensation Plan.

Rio Blanco County provides pension benefits for all of its full-time employees and all regular part-time employees who work more than 20 hours per week through a defined contribution plan with the Colorado County Officials and Employees Retirement Association Retirement Plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate one year from the date of employment. Elected officials are eligible to participate immediately. Participation is mandatory for all eligible employees and for all elected officials. Both the County and the employee contribute 6% of the employee's monthly base salary to the plan. Employees may also make additional contributions up to a maximum of 10% of compensation.

The County's contribution for each employee (and interest allocated to the employee's account) is 100% vested after five years. If an elected official fails to become re-elected, they immediately become fully vested. Any non-vested County contributions forfeited by an employee who leaves the County's employment are remitted to the County. For the year ended December 31, 2016 the County's total payroll was \$7,644,969, the total payroll covered by the retirement plan was \$6,401,052 and the total contribution paid was \$768,126. The County's portion of the contribution was \$384,063 and the employee's portion was \$384,063. The County has no liability for losses under the plan. Complete financial statements for the retirement plans may be obtained from CCOERA, 4949 S. Syracuse St., Suite 400, Denver, Colorado, 80237.

NOTE 12 - POST EMPLOYMENT BENEFITS

The County provides no post-employment benefits to employees who retire from the County other than those mandated by the State and Federal governments. The "Consolidated Omnibus Budget Reconciliation Act of 1985" (COBRA), that is mandated by the Federal Government, requires that employers allow eligible employees the opportunity to purchase medical and dental insurance for various periods of time after their employment is discontinued. Rio Blanco County complies with the Federal Statutes.

NOTE 13 – COMPONENT UNIT TRANSACTIONS

The financial activity and balances of the Piceance Creek Pest Control District and the Lower White River Pest Control District are included as separate departments within the Weed and Pest Control Fund. The revenues, expenses and ending fund balances for each is detailed on page E-16 of this report.

NOTE 14 - RELATED PARTY TRANSACTIONS

Due to the size of the County, certain related party transactions are unavoidable. During the year various amounts of goods and services were purchased from related parties, these include County Commissioners, elected officials and various department heads. The amounts are not considered to be material to these financial statements.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to December 31, 2016, and prior to publication of these financial statements, the County has entered into contractual agreements for the following significant amounts:

Rio Blanco County, Colorado
Notes to Basic Financial Statements
December 31, 2016

- Contract for RBC economic development strategy implementation for Rangely area \$101,000, contract for RBC furniture purchase \$303,641, contract chip seal project \$635,910, contract for herbicide \$133,000, contract dust control \$291,982, contract Piceance Creek Pest District herbicide spraying \$105,000 and \$105,000, contract Lower White River Pest District aerial spraying \$175,334, contract Meeker Fairgrounds restroom remodel \$366,245, and
- Grant application with Federal Aviation Administration for Meeker Airport beacon and fence relocation \$300,000 and Rangely Airport pavement maintenance \$300,000, grant application with Colorado Department of Local Affairs for Health & Human Services and Public Health renovation project \$157,571, and
- Resolution extending temporary suspension of impact fees into early 2018.

NOTE 16 - BUDGET AMENDMENTS

During 2016 the County amended its budget. The following is a schedule of the changes to the original budget:

Fund	Original Budget	Amendment	Final Budget
General	\$ 16,320,894	\$ 482,318	\$ 16,803,212
Road and Bridge	25,589,070	(115,260)	25,473,810
Use Tax	1,810,803	2,500	1,813,303
County Capital Imp. Trust	3,876,935	(2,000,000)	1,876,935
Impact Fee Trust	2,814,807	(932,771)	1,882,036
Capital Expenditure	3,717,525	(4,400)	3,713,125
Capital Improvement Plan	19,986,770	(578,445)	19,408,325
Human Services	2,482,651		2,482,651
Public Health	523,503	26,396	549,899
Conservation Trust	55,013		55,013
Contingent	100,000		100,000
Solid Waste Landfill	755,592	75,000	830,592
Weed and Pest Control	1,035,607	2,500	1,038,107
Fairfield Complex	308,870	33,293	342,163
Central Services	359,846		359,846
Fleet Management	2,978,806	18,500	2,997,306
Total expenditures	<u>\$ 82,716,692</u>	<u>\$ (2,990,369)</u>	<u>\$ 79,726,323</u>

NOTE 17 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the requirements of the amendment. However, the entity has made certain interpretations of the amendment's language in order to determine its compliance. The Amendment requires that emergency reserves be established. These reserves must be at least three percent of fiscal year spending. Emergency reserves at December 31, 2016 were \$682,670.

REQUIRED SUPPLEMENTARY INFORMATION

RIO BLANCO COUNTY, COLORADO
REQUIRED SUPPLEMENTARY INFORMATION
FOR GOVERNMENTS USING THE MODIFIED APPROACH
Year Ended December 31, 2016

Eligible Asset	Life	Condition (scale of 1 to 10)							Maintenance							Description of Repairs Needed	
	Placed in Service	Condition Assessed							Last Assessment	Actual Cost							
		Average Daily Traffic (ADT)								Estimated Cost							
Age of Asset (years)	12/31/11	12/31/12	12/31/13	12/31/14	12/31/15	12/31/16	Current Change	Rating and/or comment	2011	2012	2013	2014	2015	2016	2017		
County Road 5	2012		10	10	10	10	10	0	Constructed in 2012								None
Mile Post 10.75 - 11.71	4		970	970	970	970	441	-529	Excellent			\$0	\$0	\$0	\$0	\$0	
County Road 5 & 24	2012		10	10	10	10	10	0	Constructed in 2012								None
Mile Post 26.60 - 27.34	4		611	611	611	611	437	-174	Excellent			\$0	\$0	\$0	\$0	\$0	
County Road 5 (SP 7)	2015					10	10	0	Constructed in 2015								None
Mile Post 18.9 to 19.41	1					700	495	-205	New, excellent					\$0	\$0		
County Road 5 (SP 4)	2016						10	NA	Constructed in 2016								None
Mile Post 15.2	0						467	NA	New, excellent							\$0	
County Road 5 & 3	2015					10	10	0	Constructed in 2015								None
Mile Post 17.31 to 18.12	1					700	436	-264	New, excellent					\$0	\$0		
County Road 5 & 20 (SP 17)	2015					10	10	0	Constructed in 2015								None
Mile Post 36.27-36.95	1					600	336	-264	New, excellent					\$0	\$0		
County Road 0	2016						10	NA	Constructed in 2016								None
Bridge RIOB-000-00.01	0						153	NA	New, excellent (est. ADT)							\$0	
County Road 10	2015					10	10	0	Constructed in 2015								None
Bridge RIOB-010-07.27	1					67	50	-17	New, excellent, Sufficiency Rating 94					\$0	\$0		
County Road 14	2004	10	9.5	9.5	9.5	9.5	9.5	0	Lonco Engineering in 2012								None
Bridge RIOB 014-00.23	12	15	23	23	23	23	27	4	Sufficiency 94 (excellent)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
County Road 27	2011	10	9.5	9.5	9.5	9.5	9.5	0	Lonco Engineering in 2012								None
Bridge RIOB 027-00.20	5	50	75	75	75	75	153	78	Sufficiency 94 (Excellent)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
County Road 54	2003	8	8	8	8	8	8	0	Lonco Engineering in 2012	\$0	\$0	\$ 36,234	\$0	\$0	\$0	\$0	None
Bridge RIOB 054-00.06	13	66	116	116	116	116	98	-18	Sufficiency 83 (good)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
County Road 72	2014				10	10	10	0	Constructed in 2014								None
All 1.4 Miles to WGLF	2				100	100	34	-66	New, excellent				\$0	\$0	\$ 37,075	\$0	

The Rio Blanco County Commissioners are responsible for determining the appropriate condition level at which infrastructure assets are to be maintained. They made the commitment to preserve and maintain eligible road and bridge assets at a level of 5 on a maintenance scale of 1 to 10, with 10 being very good condition. The Rio Blanco County Road & Bridge Department maintains an inventory of these assets and performs condition assessments to insure the specified condition level is being maintained.

RIO BLANCO COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 2,119,530	\$ 2,119,530	\$ 2,121,148	\$ 1,618
Specific ownership taxes	66,133	66,133	56,735	(9,398)
Sales taxes	982,406	982,406	855,733	(126,673)
Other taxes	-	-	17,863	17,863
Intergovernmental revenues	196,713	2,883,664	2,835,742	(47,922)
Licenses and permits	38,550	38,550	14,108	(24,442)
Charges for services	635,066	821,066	448,586	(372,480)
Interest earnings	89,000	89,000	230,775	141,775
Fees, fines and forfeits	1,878,590	1,878,590	2,380,374	501,784
Inter-fund charges	186,421	186,421	186,421	-
Private contributions	13,800	13,800	11,262	(2,538)
Miscellaneous	47,500	53,673	96,297	42,624
Total revenues	6,253,709	9,132,833	9,255,044	122,211
EXPENDITURES				
General government				
Assessor	636,040	636,040	581,052	54,988
Board of County Commissioners	3,060,976	2,736,727	486,460	2,250,267
C.D. Project Management	-	-	-	-
C.D. Economic Development	259,866	728,506	528,934	199,572
C.D. Natural Resources	103,530	147,524	146,382	1,142
C.D. Planning	83,900	137,600	121,784	15,816
Clerk and Recorder	598,020	598,020	547,016	51,004
County Attorney	245,732	248,607	213,861	34,746
County Surveyor	62,963	62,963	63,291	(328)
Financial	455,576	455,576	442,847	12,729
Human Resources	191,400	191,400	185,953	5,447
Information Management	560,115	555,176	536,313	18,863
Graphic Information Systems	148,734	158,073	130,829	27,244
Maintenance of Buildings	847,426	847,426	774,331	73,095
Treasurer	951,566	1,051,566	527,745	523,821
Total general government	8,205,844	8,555,204	5,286,798	3,268,406
Judicial and public safety				
Emergency Management	116,824	116,824	115,263	1,561
C.D. Building Inspection	277,397	277,397	231,747	45,650
Coroner	100,391	100,391	96,956	3,435
Dispatch	528,010	528,010	522,561	5,449
District Attorney	243,226	243,226	243,229	(3)
Jail	914,189	914,189	896,923	17,266
Sheriff	2,063,403	2,093,736	1,780,875	312,861
Total judicial and public safety	4,243,440	4,273,773	3,887,554	386,219
Health and welfare				
Extension	185,319	185,319	191,809	(6,490)
Veteran Services	12,899	12,899	10,289	2,610
Total health and welfare	198,218	198,218	202,098	(3,880)
Intergovernmental				
Water Related Programs & Projects	184,157	194,157	121,933	72,224
Total intergovernmental	184,157	194,157	121,933	72,224

RIO BLANCO COUNTY, COLORADO
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
(Continued)
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
Recreation and Culture				
County Fair	31,618	35,118	32,225	2,893
Meeker Fairgrounds	277,818	277,818	267,396	10,422
White River Museum	42,000	42,000	42,000	-
Total recreation and culture	351,436	354,936	341,621	13,315
Public Works				
Meeker Airport	136,575	136,575	119,525	17,050
Rangely Airport	99,059	191,059	168,245	22,814
Total public works	235,634	327,634	287,770	39,864
Total general fund expenditures	13,418,729	13,903,922	10,127,774	3,776,148
Excess (deficiency) of revenues over expenditures	(7,165,020)	(4,771,089)	(872,730)	3,898,359
OTHER FINANCING SOURCES/(USES)				
Transfers in	-	483,200	483,200	-
Transfers out (internal service funds)	-	-	-	-
Transfers out	(2,700,000)	(2,700,000)	(2,400,000)	300,000
Total other financing sources/(uses)	(2,700,000)	(2,216,800)	(1,916,800)	300,000
Net change to fund balance	(9,865,020)	(6,987,889)	(2,789,530)	4,198,359
Fund balance, January 1	21,019,180	21,019,180	21,614,726	595,546
Fund balance, December 31	\$ 11,154,160	\$ 14,031,291	\$ 18,825,196	\$ 4,793,905

RIO BLANCO COUNTY, COLORADO
ROAD AND BRIDGE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 5,450,220	\$ 5,450,220	\$ 5,454,381	\$ 4,161
Specific ownership taxes	170,055	170,055	145,890	(24,165)
Other taxes	-	-	21,775	21,775
Charges for services	5,000	5,000	-	(5,000)
Federal shared revenues	182,255	182,255	122,533	(59,722)
State shared revenues	2,821,500	2,821,500	3,064,310	242,810
Intergovernmental	678,533	478,533	338,396	(140,137)
Inter-fund charges	321,216	405,956	478,434	72,478
Licenses, permits, fees	115,000	115,000	76,610	(38,390)
Miscellaneous	-	-	3,177	3,177
Total revenues	9,743,779	9,628,519	9,705,506	76,987
EXPENDITURES				
Operations	6,408,514	6,493,254	-	6,493,254
Engineering	-	-	90,294	(90,294)
Construction	4,025,983	3,825,983	3,196,031	629,952
Maintenance of condition	-	-	4,668,990	(4,668,990)
Snow and ice removal	-	-	867,763	(867,763)
Traffic services	-	-	230,592	(230,592)
Administration	815,578	815,578	792,966	22,612
Total expenditures	11,250,075	11,134,815	9,846,636	1,288,179
Excess (deficiency) of revenues over expenditures	(1,506,296)	(1,506,296)	(141,130)	1,365,166
OTHER FINANCING SOURCES/(USES)				
Transfers out	-	-	-	-
Total other financing sources	-	-	-	-
Net change to fund balance	(1,506,296)	(1,506,296)	(141,130)	1,365,166
Fund balance, January 1	9,866,225	9,866,225	10,047,189	180,964
Fund balance, December 31	\$ 8,359,929	\$ 8,359,929	\$ 9,906,059	\$ 1,546,130

RIO BLANCO COUNTY, COLORADO
USE TAX FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges/donations for services	\$ 12,800	\$ 12,800	\$ 40,400	\$ 27,600
Intergovernmental revenues	64,305	64,305	58,866	(5,439)
Use taxes	779,000	779,000	475,022	(303,978)
Miscellaneous	2,000	2,000	-	(2,000)
Total revenues	858,105	858,105	574,288	(283,817)
EXPENDITURES				
General Government	119,033	119,033	114,267	4,766
Intergovernmental	143,600	146,100	134,913	11,187
Public health and welfare	424,462	424,462	400,431	24,031
Recreation and culture	90,736	90,736	82,464	8,272
Total expenditures	777,831	780,331	732,075	48,256
Excess (deficiency) of revenues over expenditures	80,274	77,774	(157,787)	(235,561)
OTHER FINANCING SOURCES/(USES)				
Transfers out	(1,029,987)	(1,029,987)	(924,987)	105,000
Total other financing sources/(uses)	(1,029,987)	(1,029,987)	(924,987)	105,000
Net change to fund balance	(949,713)	(952,213)	(1,082,774)	(130,561)
Fund balance, January 1	2,970,430	2,970,430	3,508,682	538,252
Fund balance, December 31	\$ 2,020,717	\$ 2,018,217	\$ 2,425,908	\$ 407,691

RIO BLANCO COUNTY, COLORADO
COUNTY CAPITAL IMPROVEMENT TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interest earnings	\$ 128,081	\$ 128,081	\$ 101,373	\$ (26,708)
Amortized Discounts/(Premiums)	(15,605)	(15,605)	29,151	44,756
Change in fair value of investments	-	-	34,615	34,615
Miscellaneous	-	-	-	-
Total revenues	112,476	112,476	165,139	52,663
EXPENSES				
Administration and fees	800	800	737	63
Intergovernmental	376,135	376,135	222,682	153,453
Total expenditures	376,935	376,935	223,419	153,516
Excess (deficiency) of revenues over expenditures	(264,459)	(264,459)	(58,280)	206,179
OTHER FINANCING SOURCES/(USES)				
Transfers in	400,000	400,000	400,000	-
Total other financing sources/(uses)	400,000	400,000	400,000	-
Net change to fund balance	135,541	135,541	341,720	206,179
Fund balance, January 1	19,826,779	19,826,779	19,806,082	(20,697)
Fund balance, December 31	\$ 19,962,320	\$ 19,962,320	\$ 20,147,802	\$ 185,482

RIO BLANCO COUNTY, COLORADO
IMPACT FEE TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Impact fees	\$ 154,405	\$ 1	\$ -	\$ (1)
Interest earnings	1,000	1,000	10,396	9,396
Grants	172,652	172,652	163,920	(8,732)
Total revenues	328,057	173,653	174,316	663
EXPENDITURES				
Administration Capital Projects	290,000	290,000	289,953	47
Law Enforcement Capital Projects	-	-	-	-
Road & Bridge Capital Projects	1,264,630	331,859	178,601	153,258
Refunds	1,250,000	1,250,000	21,790	1,228,210
Treasury fees	10,176	10,176	11,330	(1,154)
Total expenditures	2,814,806	1,882,035	501,674	1,380,361
Net change to fund balance	(2,486,749)	(1,708,382)	(327,358)	1,381,024
Fund balance, January 1	2,573,362	2,573,362	1,765,745	(807,617)
Fund balance, December 31	\$ 86,613	\$ 864,980	\$ 1,438,387	\$ 573,407

RIO BLANCO COUNTY, COLORADO
CAPITAL EXPENDITURE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 3,027,900	\$ 3,027,900	\$ 3,030,212	\$ 2,312
Specific ownership taxes	94,475	94,475	81,050	(13,425)
Other taxes	-	-	9,830	9,830
Total revenues	3,122,375	3,122,375	3,121,092	(1,283)
EXPENDITURES				
Treasury fees	156,118	156,118	152,004	4,114
Central Service Charges	3,424	3,424	3,424	-
Contingency	23,453	23,453	-	23,453
General government:				
Information Systems	168,530	164,130	92,448	71,682
Judicial and public safety:				
Health and welfare:				
Public Health Agency	6,500	6,500	3,232	3,268
Public works:				
Road & Bridge	28,000	28,000	18,827	9,173
Recreation and culture:				
Columbine Park	21,000	21,000	-	21,000
Meeker Fairgrounds	3,000	3,000	-	3,000
Total expenditures	410,025	405,625	269,935	135,690
Excess (deficiency) of revenues over expenditures	2,712,350	2,716,750	2,851,157	134,407
OTHER FINANCING SOURCES/(USES)				
Transfers out	(3,300,000)	(3,300,000)	(3,300,000)	-
Total other financing sources/(uses)	(3,300,000)	(3,300,000)	(3,300,000)	-
Net change to fund balance	(587,650)	(583,250)	(448,843)	134,407
Fund balance, January 1	709,694	709,694	753,539	43,845
Fund balance, December 31	\$ 122,044	\$ 126,444	\$ 304,696	\$ 178,252

RIO BLANCO COUNTY, COLORADO
CAPITAL IMPROVEMENT PLAN FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 4,190,145	\$ 6,237,645	\$ 3,417,848	\$ (2,819,797)
Total revenues	4,190,145	6,237,645	3,417,848	(2,819,797)
EXPENDITURES				
Treasury fees	67,441	67,441	42,772	24,669
Contingency	765,144	674,353	-	674,353
OHV Trail System	20,000	20,000	21,153	(1,153)
Broadband Improvement/Expansion	9,558,440	8,588,863	5,397,491	3,191,372
Justice Center	1,267,643	1,204,659	757,266	447,393
Courthouse Remodel	6,236,450	6,236,450	5,522,137	714,313
Meeker Fairgrounds	1,064,987	1,031,694	890,946	140,748
Rangely Airport Projects	343,333	343,333	222,066	121,267
Meeker Airport Projects	333,333	333,333	226,880	106,453
Generators for Meeker & Rangely Shops	120,000	120,000	3,500	116,500
Total expenditures	19,776,771	18,620,126	13,084,211	5,535,915
Excess (deficiency) of revenues over expenditures	(15,586,626)	(12,382,481)	(9,666,363)	2,716,118
OTHER FINANCING SOURCES/(USES)				
Transfers in	6,469,987	6,469,987	6,064,987	(405,000)
Transfers out	-	(483,200)	(483,200)	-
Total other financing sources/(uses)	6,469,987	5,986,787	5,581,787	(405,000)
Net change to fund balance	(9,116,639)	(6,395,694)	(4,084,576)	2,311,118
Fund balance, January 1	7,396,050	7,396,050	7,312,186	(83,864)
Fund balance, December 31	\$ (1,720,589)	\$ 1,000,356	\$ 3,227,610	\$ 2,227,254

OTHER SUPPLEMENTARY INFORMATION

RIO BLANCO COUNTY, COLORADO
EXPLANATION OF NON-MAJOR FUNDS

Year Ended December 31, 2016

Governmental Funds - Special Revenue

The *Human Services Fund* accounts for activities and programs related to family and individual independence and well-being in Rio Blanco County. Primary sources of funds are property taxes and federal/state grants.

The *Public Health Agency Fund* accounts for activities and programs related to public health in Rio Blanco County. Primary sources of funds are property taxes, federal/state grants, charges, and fees.

The *Conservation Trust Fund* accounts for funds received from Colorado Lottery proceeds.

The *Contingent Fund* accounts for the funds the County would use to cover unforeseen contingencies.

Proprietary Funds Enterprise Funds

The *Weed and Pest Control Fund* accounts for the County's weed and pest control programs, cost sharing sales of herbicides to County landowners and to control programs established by Federal, State and local organizations. The *Piceance Creek Pest Control District* and the *Lower White River Pest Control District* are included within this fund.

The *Fairfield Complex Fund* accounts for Meeker's community center which provides a location for the senior nutrition program, meeting rooms and a large hall/kitchen for public use and community activities as well as senior housing. The community center also rents space to the County government for administrative offices.

Proprietary Funds - Internal Service Funds

The *Central Services Fund* accounts for all county wide charges, such as insurances, audit fees, and internet access.

The *Fleet Management Fund* accounts for the County's vehicles and heavy equipment.

RIO BLANCO COUNTY, COLORADO
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
December 31, 2016

	Non-Major Special Revenue Funds				Total
	Human Services Fund	Public Health Fund	Conservation Trust Fund	Contingent Fund	Nonmajor Governmental Special Rev. Funds
ASSETS					
Cash and cash equivalents	\$ 1,361,877	\$ 385,830	\$ 55,383	\$ 100,000	\$ 1,903,090
Taxes receivable	-	177,679	-	-	177,679
Due from other governmental units	444,145	44,092	-	-	488,237
Other receivables	-	1,418	-	-	1,418
Prepays and deposits	1,450	-	-	-	1,450
Total assets	\$ 1,807,472	\$ 609,019	\$ 55,383	\$ 100,000	\$ 2,571,874
LIABILITIES, DEFERRED INFLOWS AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ -	\$ 504	\$ -	\$ -	\$ 504
Due to other governmental units	391,759	-	-	-	391,759
Unearned revenue	96,474	-	-	-	96,474
Total liabilities	488,233	504	-	-	488,737
Deferred inflow of resources:					
Unavailable property taxes	-	177,679	-	-	177,679
Total deferred inflow of resources	-	177,679	-	-	177,679
Fund balances:					
Nonspendable	1,450	-	-	-	1,450
Restricted	-	-	55,383	100,000	155,383
Committed	1,011,682	272,216	-	-	1,283,898
Assigned	306,106	158,619	-	-	464,725
Total fund balance	1,319,238	430,835	55,383	100,000	1,905,456
Total liabilities, deferred inflows and fund balances	\$ 1,807,471	\$ 609,018	\$ 55,383	\$ 100,000	\$ 2,571,872

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	Non-Major Special Revenue Funds				Total Nonmajor Governmental Special Rev. Funds
	Human Services Fund	Public Health Fund	Conservation Trust Fund	Contingent Fund	
REVENUES					
Property taxes	\$ 60,604	\$ 303,021	\$ -	\$ -	\$ 363,625
Specific ownership taxes	1,621	8,105	-	-	9,726
Other taxes	1,710	1,642	-	-	3,352
Intergovernmental	1,771,168	133,744	10,252	-	1,915,164
Charges for service	-	4,339	-	-	4,339
Interest earnings	-	-	75	-	75
Miscellaneous	-	1,154	-	-	1,154
Total revenues	1,835,103	452,005	10,327	-	2,297,435
EXPENDITURES					
Current:					
Health and welfare	2,003,892	370,767	-	-	2,374,659
Total expenditures	2,003,892	370,767	-	-	2,374,659
Net change to fund balance	(168,789)	81,238	10,327	-	(77,224)
Fund balance, January 1	1,488,027	349,597	45,056	100,000	1,982,680
Fund balance, December 31	\$ 1,319,238	\$ 430,835	\$ 55,383	\$ 100,000	\$ 1,905,456

RIO BLANCO COUNTY, COLORADO
HUMAN SERVICES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 60,558	\$ 60,558	\$ 60,604	\$ 46
Specific ownership taxes	1,890	1,890	1,621	(269)
Other taxes	-	-	1,710	1,710
Intergovernmental	2,013,063	2,013,063	1,771,168	(241,895)
Total revenues	2,075,511	2,075,511	1,835,103	(240,408)
EXPENDITURES				
Health and welfare	2,476,414	2,476,414	2,003,892	472,522
Total expenditures	2,476,414	2,476,414	2,003,892	472,522
Net change to fund balance	(400,903)	(400,903)	(168,789)	232,114
Fund balance, January 1	1,552,890	1,552,890	1,488,027	(64,863)
Fund balance, December 31	\$ 1,151,987	\$ 1,151,987	\$ 1,319,238	\$ 167,251

RIO BLANCO COUNTY, COLORADO
PUBLIC HEALTH AGENCY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 302,790	\$ 302,790	\$ 303,021	\$ 231
Specific ownership taxes	9,448	9,448	8,105	(1,343)
Other taxes	-	-	1,642	1,642
Intergovernmental	99,500	119,396	133,744	14,348
Charges for service	6,000	6,000	4,339	(1,661)
Miscellaneous	7,000	2,000	1,154	(846)
Total revenues	424,738	439,634	452,005	12,371
EXPENDITURES				
Health and welfare	520,007	546,403	370,767	175,636
Total expenditures	520,007	546,403	370,767	175,636
Net change to fund balance	(95,269)	(106,769)	81,238	188,007
Fund balance, January 1	278,486	278,486	349,597	71,111
Fund balance, December 31	\$ 183,217	\$ 171,717	\$ 430,835	\$ 259,118

RIO BLANCO COUNTY, COLORADO
CONSERVATION TRUST FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Intergovernmental	\$ 9,500	\$ 9,500	\$ 10,252	\$ 752
Interest earnings	10	10	75	65
Total revenues	9,510	9,510	10,327	817
EXPENDITURES				
Recreation	55,013	55,013	-	55,013
Total expenditures	55,013	55,013	-	55,013
Net change to fund balance	(45,503)	(45,503)	10,327	55,830
Fund balance, January 1	45,503	45,503	45,056	(447)
Fund balance, December 31	\$ -	\$ -	\$ 55,383	\$ 55,383

RIO BLANCO COUNTY, COLORADO
CONTINGENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES	\$ -	\$ -	\$ -	\$ -
EXPENDITURES	100,000	100,000	-	100,000
Net change to fund balance	(100,000)	(100,000)	-	100,000
Fund balance, January 1	100,000	100,000	100,000	-
Fund balance, December 31	\$ -	\$ -	\$ 100,000	\$ 100,000

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
December 31, 2016

	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 946,807	\$ 411,048	\$ 1,357,855
Taxes receivable	229,031	-	229,031
Due from other governmental units	10,387	-	10,387
Other receivables	112	-	112
Inventories	18,402	-	18,402
Total current assets	1,204,739	411,048	1,615,787
Noncurrent assets:			
Capital assets:			
Land	-	270,210	270,210
Buildings and equipment, net	42,656	2,550,785	2,593,441
Total noncurrent assets	42,656	2,820,995	2,863,651
Total assets	1,247,395	3,232,043	4,479,438
LIABILITIES			
Current liabilities:			
Accounts payable	-	2,062	2,062
Total current liabilities	-	2,062	2,062
Noncurrent liabilities:			
Compensated absences	3,878	7,207	11,085
Total noncurrent liabilities	3,878	7,207	11,085
Total liabilities	3,878	9,269	13,147
DEFERRED INFLOW OF RESOURCES			
Unavailable property tax	229,031	-	229,031
Total deferred inflows of resources	229,031	-	229,031
NET ASSETS			
Invested in capital assets	42,656	2,820,995	2,863,651
Unrestricted (deficit)	971,830	401,779	1,373,609
Total net assets	\$ 1,014,486	\$ 3,222,774	\$ 4,237,260

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
NON-MAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016

	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
Operating revenues:			
Property taxes	\$ 592,648	\$ -	\$ 592,648
Specific ownership taxes	16,460	-	16,460
Other taxes	(16,370)	-	(16,370)
Charges for services	71,020	4,632	75,652
Private contributions	-	30,000	30,000
Intergovernmental revenues	40,796	-	40,796
Interdepartmental fees	33,152	82,836	115,988
Miscellaneous operating	171	-	171
Total operating revenues	738,994	117,468	856,462
Operating expenses:			
Salaries and wages	90,863	63,290	154,153
Employee benefits	24,957	43,507	68,464
Supplies	60,613	17,948	78,561
Chemicals	140,125	-	140,125
Purchased services	373,337	14,392	387,729
Utilities	-	39,104	39,104
Repairs and maintenance	-	4,350	4,350
Interdepartmental charges	48,743	13,333	62,076
Depreciation	1,498	109,577	111,075
Other	1,273	-	1,273
Total operating expenses	741,409	408,794	1,150,203
Income/(loss) before transfers in/(out)	(2,415)	(291,326)	(293,741)
Transfers in/(out)	130,000	30,000	160,000
Change in net assets	127,585	(261,326)	(133,741)
Total net assets, January 1	886,901	3,484,099	4,371,000
Total net assets, December 31	\$ 1,014,486	\$ 3,222,773	\$ 4,237,259

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
Year Ended December 31, 2016

	Weed and Pest Control Fund	Fairfield Complex Fund	Total Non-major Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from external customers	\$ 707,337	\$ 35,700	\$ 743,037
Cash received from internal customers	23,121	82,836	105,957
Cash payments to external suppliers for goods and services	(569,355)	(179,385)	(748,740)
Cash payments to internal suppliers for goods and services	(48,743)	(13,333)	(62,076)
Cash payments to employees for services	(115,625)	(103,496)	(219,121)
Net cash provided/(used) by operating activities	(3,265)	(177,678)	(180,943)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers from/(to) other funds	130,000	30,000	160,000
Net cash provided by noncapital financing activities	130,000	30,000	160,000
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	(34,182)	-	(34,182)
Proceeds from sale of assets	34,182	-	34,182
Net cash provided by capital and related financing activities	-	-	-
Net increase/(decrease) in cash and equivalents	126,735	(147,678)	(20,943)
Cash balances, January 1	820,073	558,726	1,378,799
Cash balances, December 31	\$ 946,808	\$ 411,048	\$ 1,357,856
Reconciling of operating income/(loss) to net cash provided/(used) by operating activities:			
Operating income/(loss)	\$ (2,415)	\$ (291,326)	\$ (293,741)
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:			
Depreciation expense	1,498	109,577	111,075
Assets (increase)/decrease:			
Other receivables	1,495	1,068	2,563
Due from other governments	(10,031)	-	(10,031)
Inventories	5,993	-	5,993
Liabilities increase/(decrease):			
Accounts payable	-	(298)	(298)
Accrued compensated absences	195	3,301	3,496
Total Adjustments	(850)	113,648	112,798
Net cash provided/(used) by operating activities	\$ (3,265)	\$ (177,678)	\$ (180,943)

RIO BLANCO COUNTY, COLORADO
SOLID WASTE LANDFILL FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges for sales and services	\$ 544,000	\$ 619,000	\$ 2,120,865	\$ 1,501,865
Interdepartmental fees	12,000	12,000	-	(12,000)
Miscellaneous	4,000	4,000	24,247	20,247
Total revenues	560,000	635,000	2,145,112	1,510,112
EXPENSES				
Salaries and wages	143,707	143,707	136,011	7,696
Employee benefits	73,219	73,219	71,399	1,820
Supplies	48,000	48,000	35,081	12,919
Purchased services	36,400	36,400	56,731	(20,331)
Special dues, permits and fees	10,000	10,000	25,246	(15,246)
Closure and post-closure costs	20,000	20,000	281,733	(261,733)
Utilities	7,500	7,500	4,430	3,070
Interdepartmental charges	251,921	326,921	305,784	21,137
Equipment and other	-	-	-	-
Total operating expenses	590,747	665,747	916,415	(250,668)
Capital outlay	157,000	157,000	154,853	2,147
Total expenses	747,747	822,747	1,071,268	(248,521)
Net income/(loss)	\$ (187,747)	\$ (187,747)	1,073,844	\$ 1,261,591

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	154,853
Depreciation (not budgeted)	(66,345)
Total adjustments to basis	(66,345)
Net change in fund equity	1,007,499
Fund equity, January 1	6,252,658
Fund equity, December 31	\$ 7,260,157

RIO BLANCO COUNTY, COLORADO
WEED AND PEST CONTROL FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Property taxes	\$ 614,912	\$ 614,912	\$ 592,648	\$ (22,264)
Specific ownership taxes	16,402	16,402	16,460	58
Other taxes	-	-	(16,370)	(16,370)
Charges for sales and services	30,000	30,000	71,020	41,020
Intergovernmental revenues	35,000	35,000	40,796	5,796
Interdepartmental charges	35,625	35,625	33,152	(2,473)
Miscellaneous	-	-	171	171
Total revenues	731,939	734,439	738,994	4,555
EXPENSES				
Salaries and Wages	96,525	96,525	90,863	5,662
Employee benefits	25,565	25,565	24,957	608
Supplies	47,300	47,300	60,613	(13,313)
Chemicals	130,000	130,000	140,125	(10,125)
Purchased services	667,193	669,693	373,337	296,356
Interdepartmental charges	56,512	56,512	48,743	7,769
Other	6,300	6,300	1,273	5,027
Total operating expenses	1,029,395	1,031,895	739,911	291,984
Capital outlay	5,622	5,622	-	5,622
Total expenses	1,035,017	1,037,517	739,911	297,606
Income/(loss) before other financing sources/(uses)	(303,078)	(303,078)	(917)	302,161
TRANSFERS AND CONTRIBUTED CAPITAL				
Transfers in	130,000	130,000	130,000	-
Total other financing sources/(uses)	130,000	130,000	130,000	-
Net income/(loss)	\$ (173,078)	\$ (173,078)	129,083	\$ 302,161

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	-
Depreciation (not budgeted)	(1,498)
Total adjustments to basis	(1,498)
Net change in fund equity	127,585
Fund equity, January 1	886,901
Fund equity, December 31	\$ 1,014,486

The above includes all county-wide efforts and the efforts of two pest control districts in accordance with Title 35 Agriculture, Article 5 Pest Control Districts. C.R.S. 35-5-111(2) states, "moneys derived from a particular district shall be used only in that district, and moneys derived on a county-wide basis shall be used for the whole county". The segregation of these funds is being tracked in separate departments within this fund.

	County-wide	Piceance Creek Pest Control Dist.	Lower White River Pest Control Dist.	Total
Fund equity, January 1	\$ 279,180	\$ 585,591	\$ 22,130	\$ 886,901
Total revenues	276,083	362,715	230,195	868,993
Total expenses	(307,103)	(301,945)	(132,361)	(741,409)
Fund equity, December 31	\$ 248,160	\$ 646,361	\$ 119,964	\$ 1,014,485

RIO BLANCO COUNTY, COLORADO
FAIRFIELD COMPLEX FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Charges for sales and services	\$ 10,000	\$ 10,000	\$ 4,632	\$ (5,368)
Private contributions	30,000	30,000	30,000	-
Interdepartmental charges	82,836	82,836	82,836	-
Total revenues	122,836	122,836	117,468	(5,368)
EXPENSES				
Salaries and wages	65,984	65,984	63,290	2,694
Employee benefits	43,424	43,424	43,507	(83)
Supplies	25,000	25,000	17,948	7,052
Purchased services	20,700	20,700	14,392	6,308
Utilities	44,300	44,300	39,104	5,196
Repairs and maintenance	20,000	20,000	4,350	15,650
Interdepartmental charges	18,472	18,472	13,333	5,139
Total expenses	307,880	341,173	299,217	41,956
Income/(loss) before other financing sources/(uses)	(185,044)	(218,337)	(181,749)	36,588
TRANSFERS AND CONTRIBUTED CAPITAL				
Transfers in	30,000	30,000	30,000	-
Total other financing sources/(uses)	30,000	30,000	30,000	-
Net income/(loss)	\$ (155,044)	\$ (188,337)	(151,749)	\$ 36,588

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Depreciation (not budgeted)	(109,577)
Total adjustments to basis	(109,577)
Net change in fund equity	(261,326)
Fund equity, January 1	3,484,099
Fund equity, December 31	<u>\$ 3,222,773</u>

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF NET ASSETS
INTERNAL SERVICE FUNDS
December 31, 2016

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 347,271	\$ 3,147,011	\$ 3,494,282
Other receivables	59	4,757	4,816
Inventories	-	290,685	290,685
Prepays and deposits	1,000	-	1,000
Total current assets	348,330	3,442,453	3,790,783
Noncurrent assets:			
Capital assets:			
Buildings and equipment, net	40,294	3,606,570	3,646,864
Total noncurrent assets	40,294	3,606,570	3,646,864
Total assets	388,624	7,049,023	7,437,647
LIABILITIES			
Current liabilities:			
Accounts payable	-	2,291	2,291
Total current liabilities	-	2,291	2,291
Noncurrent liabilities:			
Compensated absences	-	33,070	33,070
Total noncurrent liabilities	-	33,070	33,070
Total liabilities	-	35,361	35,361
NET ASSETS			
Invested in capital assets	40,294	3,606,570	3,646,864
Unrestricted	348,330	3,407,092	3,755,422
Total net assets	\$ 388,624	\$ 7,013,662	\$ 7,402,286

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
Operating revenues:			
Charges for services-internal	\$ 188,134	\$ 2,569,986	\$ 2,758,120
Charges for services-external	742	51,526	52,268
Miscellaneous operating	-	20,133	20,133
Total operating revenues	188,876	2,641,645	2,830,521
Operating expenses:			
Salaries and wages	-	425,248	425,248
Employee benefits	-	223,611	223,611
Supplies	10,962	540,970	551,932
Purchased services	115,417	14,999	130,416
Rent	1,051	-	1,051
Utilities	-	8,172	8,172
Repairs and maintenance	525	53,367	53,892
Insurance and claims	117,695	-	117,695
Amortization	96,000	-	96,000
Interdepartmental charges	-	107,327	107,327
Capital outlay	-	3,312	3,312
Depreciation	8,421	822,917	831,338
Total operating expenses	350,071	2,199,923	2,549,994
Operating income/(loss)	(161,195)	441,722	280,527
Nonoperating revenues:			
Gain/(loss) on disposition of assets and inventory	-	110,837	110,837
Capital contributions	-	173,680	173,680
Total nonoperating revenues/(expenses)	-	284,517	284,517
Change in net assets	(161,195)	726,239	565,044
Total net assets, January 1	549,819	6,287,421	6,837,240
Total net assets, December 31	\$ 388,624	\$ 7,013,660	\$ 7,402,284

RIO BLANCO COUNTY, COLORADO
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
Year Ended December 31, 2016

	Central Service Fund	Fleet Management Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from external customers	\$ 26	\$ 51,269	\$ 51,295
Cash received from internal customers	188,876	2,590,119	2,778,995
Cash payments to external suppliers for goods and services	(246,741)	(639,635)	(886,376)
Cash payments to internal suppliers for goods and services	-	(107,327)	(107,327)
Cash payments to employees for services	-	(659,202)	(659,202)
Net cash provided/(used) by operating activities	(57,839)	1,235,224	1,177,385
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of fixed assets	-	(926,915)	(926,915)
Proceeds from disposal of assets and reimbursements	(1)	377,647	377,646
Net cash (used) by capital and related financing activities	(1)	(549,268)	(549,269)
Net increase/(decrease) in cash and equivalents	(57,840)	685,956	628,116
Cash balances, January 1	405,108	2,461,052	2,866,160
Cash balances, December 31	\$ 347,268	\$ 3,147,008	\$ 3,494,276

Reconciling of operating income to net cash provided/(used) by operating activities:

Operating income/(loss)	\$ (161,195)	\$ 441,722	\$ 280,527
Adjustments to reconcile operating income/(loss) to net cash provided/(used) by operating activities:			
Depreciation expense	8,421	822,917	831,338
Assets (increase)/decrease:			
Other receivables	26	(257)	(231)
Inventories	-	635	635
Prepays and deposits	96,000	-	96,000
Liabilities increase/(decrease):			
Accounts payable	(1,091)	(19,450)	(20,541)
Accrued compensated absences	-	(10,343)	(10,343)
Total Adjustments	103,356	793,502	896,858
Net cash provided/(used) by operating activities	\$ (57,839)	\$ 1,235,224	\$ 1,177,385

RIO BLANCO COUNTY, COLORADO
CENTRAL SERVICES FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interfund Charges	\$ 188,134	\$ 188,134	\$ 188,134	\$ -
Charges for sales and services	3,000	3,000	742	(2,258)
Total revenues	191,134	191,134	188,876	(2,258)
EXPENSES				
Supplies	18,500	18,500	10,962	7,538
Purchased services	14,859	14,859	13,163	1,696
Contracted services	16,014	16,014	13,395	2,619
Audit services	22,000	22,000	22,180	(180)
Internet service	59,260	59,260	65,937	(6,677)
Rent	1,166	1,166	1,051	115
Repairs and maintenance	809	809	525	284
Pass thru costs	3,000	3,000	742	2,258
Insurance	118,237	118,237	117,695	542
Amortization	96,000	96,000	-	96,000
Total operating expenses	349,845	349,845	245,650	104,195
Capital outlay	10,000	10,000	-	10,000
Total expenses	359,845	359,845	245,650	114,195
Net income/(loss)	\$ (168,711)	\$ (168,711)	(56,774)	\$ 111,937

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Amortization	(96,000)
Depreciation (not budgeted)	(8,421)
Total adjustments to basis	(104,421)
Net change in fund equity	(161,195)
Fund equity, January 1	549,819
Fund equity, December 31	\$ 388,624

RIO BLANCO COUNTY, COLORADO
FLEET MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN FUND EQUITY
BUDGET AND ACTUAL
Year Ended December 31, 2016

	Budgeted		Actual	Variance
	Original	Final		
REVENUES				
Interdepartmental fees	\$ 2,559,829	\$ 2,559,829	\$ 2,569,986	\$ 10,157
Charges for sales and services	100,000	100,000	51,526	(48,474)
Miscellaneous	10,000	10,000	20,133	10,133
Total revenues	2,669,829	2,669,829	2,641,645	(28,184)
EXPENSES				
Salaries and wages	421,514	421,514	425,248	(3,734)
Employee benefits	228,635	228,635	223,611	5,024
Supplies	902,550	902,550	540,970	361,580
Purchased services	39,000	39,000	14,999	24,001
Utilities	7,000	7,000	8,172	(1,172)
Repairs and maintenance	22,000	22,000	53,367	(31,367)
Interdepartmental charges	106,404	106,404	107,327	(923)
Equipment and other	-	-	3,312	(3,312)
Total operating expenses	1,727,103	1,727,103	1,377,006	350,097
Capital outlay	1,235,000	1,253,500	710,421	543,079
Total expenses	2,962,103	2,980,603	2,087,427	893,176
Income/(loss) before other financing sources/(uses)	(292,274)	(310,774)	554,218	864,992
TRANSFERS AND CONTRIBUTED CAPITAL				
Gain/(loss) on assets	-	18,500	110,837	92,337
Total other financing sources/(uses)	-	18,500	110,837	92,337
Net income/(loss)	\$ (292,274)	\$ (292,274)	665,055	\$ 957,329

Adjustments to Reconcile Budgetary Basis to GAAP Basis - Adjustment for:

Capital purchased by this fund	710,421
Capital contributed to this fund by another fund	173,680
Depreciation (not budgeted)	(822,917)
Total adjustments to basis	<u>61,184</u>
Net change in fund equity	726,239
Fund equity, January 1	6,287,421
Fund equity, December 31	<u>\$ 7,013,660</u>

ADDITIONAL REPORTS

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

LOCAL HIGHWAY FINANCE REPORT

City or County:
Rio Blanco County
YEAR ENDING :
December 2016

This Information From The Records Of (example - City of _ or County of _) Prepared By: Janae Stanworth, Finance & Budget Director
Phone: (970) 878-9442

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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	5,698,656
4. Miscellaneous local receipts (from page 2)	481,611
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	6,180,267
B. Private Contributions	
C. Receipts from State government (from page 2)	3,339,319
D. Receipts from Federal Government (from page 2)	185,920
E. Total receipts (A.7 + B + C + D)	9,705,506

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	3,286,325
2. Maintenance:	4,668,990
3. Road and street services:	
a. Traffic control operations	230,592
b. Snow and ice removal	867,763
c. Other	
d. Total (a. through c.)	1,098,355
4. General administration & miscellaneous	792,966
5. Highway law enforcement and safety	
6. Total (1 through 5)	9,846,636
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	9,846,636

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

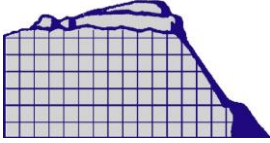
V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	10,047,189	9,705,506	9,846,636	9,906,059	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2016	
II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	5,476,156	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	76,610	f. Charges for Services	478,434
5. Specific Ownership &/or Other	145,890	g. Other Misc. Receipts	3,178
6. Total (1. through 5.)	222,500	h. Other Private Contribution	0
c. Total (a. + b.)	5,698,656	i. Total (a. through h.)	481,611
	(Carry forward to page 1)		(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	3,042,771	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	185,920
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	18,565	d. Federal Transit Admin	
d. Other (Specify) Imp Asst Wildlife	2,974	e. U.S. Corps of Engineers	
e. Other (Specify) State Bridge Grant	275,009	f. Other Federal	0
f. Total (a. through e.)	296,548	g. Total (a. through f.)	185,920
4. Total (1. + 2. + 3.f)	3,339,319	3. Total (1. + 2.g)	
			(Carry forward to page 1)
III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs		90,294	90,294
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		3,196,031	3,196,031
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	3,196,031	3,196,031
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	3,286,325	3,286,325
			(Carry forward to page 1)
Notes and Comments:			

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Paul D. Miller CPA, LLC.

Certified Public Accountant

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

Board of County Commissioners
Rio Blanco County
Meeker, CO

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Rio Blanco County, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Rio Blanco County, Colorado's basic financial statements, and have issued my report thereon dated June 30, 2017.

Internal Control over Financial Reporting

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

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

My 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 my audit I did not identify any deficiencies in internal control that I 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 Rio Blanco County, Colorado's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

G-1

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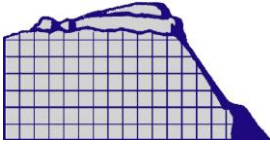
Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Paul D. Miller, CPA, LLC

Grand Junction, CO

June 30, 2017



Paul D. Miller CPA, LLC.

Certified Public Accountant

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

Board of County Commissioners
Rio Blanco County
Meeker, CO

Report on Compliance for Each Major Federal Program

I have audited Rio Blanco County, Colorado'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 Rio Blanco County, Colorado's major federal programs for the year ended December 31, 2016. Rio Blanco County, Colorado'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

My responsibility is to express an opinion on compliance for each of Rio Blanco County, Colorado's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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, Costs Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that I 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 Rio Blanco County, Colorado's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Rio Blanco County, Colorado's compliance.

Opinion on Each Major Federal Program

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

G-3

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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.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.

Paul D. Miller, CPA, LLC

Grand Junction, CO

June 30, 2017

RIO BLANCO COUNTY
 Schedule of Findings and Questioned Costs
 For the Year Ended December 31, 2016

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: UNMODIFIED

Internal control over financial reporting:

Material weakness identified. NONE NOTED

Significant deficiency identified that is not considered material weaknesses. NONE NOTED

Noncompliance material to financial statements noted. NONE NOTED

Federal Awards

Internal control over major programs: Material weakness identified. NONE NOTED

Significant deficiency identified

that is not considered material weaknesses. NONE NOTED

Type of auditor’s report issued:

UNMODIFIED

Any auditing findings that are required to be reported in accordance with the Uniform Guidance NONE NOTED

Identification of major program:

20.205 Highway Planning & Construction

20.106 Airport Improvement Grant

Rio Blanco County
Schedule of Findings and Questioned Costs
For the Year Ended December 31, 2016

Dollar threshold used to distinguish between Type A and type B programs	\$750,000
Auditee qualified as low-risk auditee.	YES

SECTION II – FINANCIAL STATEMENT FINDINGS

There were no financial findings for the year ended December 31, 2016

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no Federal Award Findings or Questioned Costs for the year ending December 31, 2016.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS.

There were no prior year findings or questioned costs.

Rio Blanco County
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2016

C.F.D.A. PROGRAM TITLE	C.F.D.A. PROGRAM NUMBER	AMOUNT OF EXPENDITURES
U.S. DEPARTMENT OF AGRICULTURE		
<i>Passed through State Agencies</i>		
State Administrative Matching Grants for Food Stamp Program	10.561	72,334
		<u>72,334</u>
<i>Passed through CO Dept. Public Health & Environment</i>		
Special Supplemental Nutrition Program for Women, Infants and Children	10.557	46,405
Special Supplemental Nutrition Program for Women, etc. - Non-Cash	10.557	57,837
		<u>104,242</u>
<i>Passed through CO Division of Local Affairs</i>		
Forest Service Title I	10.665	91,163
Forest Service Title II	10.665	16,277
		<u>107,440</u>
	Total	<u>284,016</u>
U.S. DEPARTMENT OF THE INTERIOR		
<i>Direct assistance</i>		
Recreational Resource Management	15.225	2,404
Invasive and Noxious Plant Management	15.230	30,796
		<u>33,200</u>
U.S. DEPARTMENT OF TRANSPORTATION		
<i>Direct assistance</i>		
Airport Improvement Grants (Meeker)	20.106 *	130,391
Airport Improvement Grants (Rangely)	20.106 *	199,859
<i>Passed through CO Department of Transportation</i>		
Federal-Aid Highway Program & Federal Lands Highway Program	20.205 *	275,009
		<u>605,259</u>
	Total	<u>605,259</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
<i>Passed through CO DOLA - Division of Emergency Management</i>		
Emergency Management Performance Grant (EMS Coordinator)	97.042	45,000
		<u>45,000</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES		
<i>Passed through CO Dept. Public Health & Environment</i>		
Family Planning	93.217	19,121
Immunization Grants	93.268	4,651
Maternal and Child Health Services Block Grant to the States	93.994	6,477
Emergency Preparedness and Response	93.069	13,658
Hospital Preparedness & Public Health Emergency Preparedness	93.074	2,076
Preventive Health and Health Services Block Grant	93.977	1,000
		<u>46,983</u>
<i>Passed through Mesa County Department of Human Services</i>		
Special Programs for the Aging Title III, Part C Nutrition	93.045	35,408
<i>Passed through CO Division of Local Affairs</i>		
Community Services Block Grant Formula and Discretionary Awards		
- Community Food and Nutrition Programs (NSIP)	93.569	7,443
- Community Food and Nutrition Programs (CDBG)	93.569	8,397
		<u>15,840</u>
<i>Passed through CO Dept. of Human Services</i>		
Guardianship Assistance	93.090	1,627
Temporary Assistance for Needy Families	93.558	48,391
Child Support Enforcement	93.563	42,482
Low-Income Home Energy Assistance (administered by Moffat County)	93.568	25,174
Child Care and Development Block Grant	93.575	21,398
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	659
Child Welfare Services - State Grants	93.645	3,298
Foster Care - Title IV-E	93.658	131,619
Adoption Assistance	93.659	24,010
Social Services Block Grant	93.667	74,303
Medical Assistance Program	93.778	69,998
Adjustment to Federal Assistance	93.XXX	101
		<u>443,060</u>
	Total	<u>541,291</u>
	Grand Total	<u>1,508,766</u>

* Denotes Major Programs

Rio Blanco County, Colorado
Note to Schedule of Expenditures of Federal Awards
December 31, 2016

NOTE A – BASIS OF PRESENTATION

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