

SAGUACHE COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2016



RECEIVED

By the Office of the State Auditor at 11:38 am, Sep 27, 2017



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SAGUACHE COUNTY, COLORADO
TABLE OF CONTENTS
December 31, 2016

	<u>PAGE</u>
Independent Auditors' Report	1
Basic Financial Statements:	
Government -wide Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements:	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Proprietary Fund Financial Statements	
Statement of Net Position	10
Statement of Revenues, Expenses, and Changes in Net Position	11
Statement of Cash Flows	12
Fiduciary Fund Financial Statements	
Statement of Fiduciary Assets and Liabilities	13
Notes to the Basic Financial Statements	14
Required Supplementary Information:	
Schedules of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual General Fund and Major Special Revenue Funds:	
General Fund	30
Road and Bridge Fund	31
Social Services Fund	32
Supplementary Information:	
Nonmajor Governmental Funds:	
Combining Schedules of Nonmajor Governmental Funds:	
Combining Balance Sheet	33
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	34
Combining Enterprise Funds Schedules:	
Combining Schedule of Net Position	35
Combining Schedule of Revenues, Expenses, and Changes in Net Position	36
Combining Schedule of Cash Flows	37
Schedule of Expenditures and Transfers Out – All Nonmajor Governmental Funds and All Proprietary Funds – Budget and Actual	38
Other Schedules and Reports:	
Schedule of Expenditures of Federal Awards	39
Notes to the Schedule of Expenditures of Federal Awards	43
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	44
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	46
Schedule of Findings and Questioned Costs	48
Summary Schedule of Prior Audit Findings	50
Corrective Action Plan	
Local Highway Finance Report	

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Saguache County, Colorado

Report on the Financial Statements

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

Auditors' Responsibility

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

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

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

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Opinions

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

Other Matters

Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information on pages 30-32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial schedules and the Local Highway Finance Report 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* 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 fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining fund financial schedules, the schedule of expenditures of federal awards, and the Local Highway Finance Report 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*, we have also issued our report dated September 25, 2017 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Wall, Smith, Bateman Inc." in a cursive script.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 25, 2017

SAGUACHE COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

SAGUACHE COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2016

	Primary Government		TOTAL
	Governmental Activities	Business-Type Activities	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 2,058,116	\$ 187,366	\$ 2,245,482
Investments	3,720,041	-	3,720,041
Accounts Receivable	-	1,153	1,153
Property Taxes Receivable	1,501,931	-	1,501,931
Due from Other Governments	398,087	-	398,087
Inventory	473,898	-	473,898
Total Current Assets	8,152,073	188,519	8,340,592
Noncurrent Assets:			
Capital Assets:			
Land	293,693	52,000	345,693
Buildings, net	2,038,238	244,627	2,282,865
Vehicles & Heavy Equipment, net	2,320,776	-	2,320,776
Equipment, net	182,855	2,000	184,855
Infrastructure, net	912,189	-	912,189
Total Noncurrent Assets	5,747,751	298,627	6,046,378
TOTAL ASSETS	13,899,824	487,146	14,386,970
LIABILITIES			
Current Liabilities:			
Accounts Payable	127,894	9,424	137,318
Accrued Payroll	18,565	-	18,565
Security Deposits	-	6,840	6,840
Compensated Absences	9,080	-	9,080
Leases Payable	131,455	-	131,455
Notes Payable	-	23,890	23,890
Total Current Liabilities	286,994	40,154	327,148
Noncurrent Liabilities:			
Leases Payable	147,179	-	147,179
Notes Payable	-	342,973	342,973
Closure and Post Closure Costs	396,645	-	396,645
Compensated Absences	183,983	-	183,983
Total Noncurrent Liabilities	727,807	342,973	1,070,780
TOTAL LIABILITIES	1,014,801	383,127	1,397,928
DEFERRED INFLOWS OF RESOURCES - CURRENT			
Deferred Revenue - Property Tax	1,501,931	-	1,501,931
NET POSITION			
Net Investment in Capital Assets	5,072,472	(68,236)	5,004,236
Restricted for TABOR	250,000	-	250,000
Unrestricted	6,060,620	172,255	6,232,875
TOTAL NET POSITION	\$ 11,383,092	\$ 104,019	\$ 11,487,111

The accompanying notes are an integral part of this financial statement.

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

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	TOTAL
Primary Government:							
Governmental Activities:							
General Government	\$ 3,160,637	\$ 533,966	\$ 18,914	\$ -	\$ (2,607,757)	\$ -	\$ (2,607,757)
Public Safety	1,253,556	285,038	108,614	-	(859,904)	-	(859,904)
Health and Welfare	4,680,867	216,831	4,180,945	-	(283,091)	-	(283,091)
Public Works	2,793,139	126,972	4,169,616	52,231	1,555,680	-	1,555,680
Culture and Recreation	161,126	-	38,460	-	(122,666)	-	(122,666)
Interest on Long-Term Debt	12,255	-	-	-	(12,255)	-	(12,255)
Total Governmental Activities	12,061,580	1,162,807	8,516,549	52,231	(2,329,993)	-	(2,329,993)
Business-Type Activities:							
Housing Authority	216,779	223,152	-	-	-	6,373	6,373
Total Business-Type Activities	216,779	223,152	-	-	-	6,373	6,373
Total Primary Government	\$ 12,278,359	\$ 1,385,959	\$ 8,516,549	\$ 52,231	(2,329,993)	6,373	(2,323,620)
General Revenues:							
Taxes:							
					1,565,169	-	1,565,169
					281,752	-	281,752
					278,868	-	278,868
					751,448	-	751,448
					19,904	353	20,257
					141,839	2,629	144,468
					<u>3,038,980</u>	<u>2,982</u>	<u>3,041,962</u>
					708,987	9,355	718,342
					<u>10,674,105</u>	<u>94,664</u>	<u>10,768,769</u>
					<u>\$ 11,383,092</u>	<u>\$ 104,019</u>	<u>\$ 11,487,111</u>

The accompanying notes are an integral part of this financial statement.

SAGUACHE COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2016

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS					
Cash and Investments	\$ 2,625,865	\$ 2,528,339	\$ 383,188	\$ 240,765	\$ 5,778,157
Property Taxes Receivable	1,258,582	-	210,464	32,885	1,501,931
Due from Other Funds	-	95,950	-	5,156	101,106
Due from Other Governments	51,918	208,986	91,127	46,056	398,087
Inventory	-	473,898	-	-	473,898
TOTAL ASSETS	\$ 3,936,365	\$ 3,307,173	\$ 684,779	\$ 324,862	\$ 8,253,179
LIABILITIES AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 76,906	\$ 65,333	\$ -	\$ 4,220	\$ 146,459
Due to Other Funds	96,106	-	-	5,000	101,106
TOTAL LIABILITIES	173,012	65,333	-	9,220	247,565
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue - Property Tax	1,258,582	-	210,464	32,885	1,501,931
FUND BALANCE					
Nonspendable					
Inventory	-	473,898	-	-	473,898
Restricted					
Tabor	250,000	-	-	-	250,000
Assigned					
Highway and Streets	-	2,767,942	-	-	2,767,942
Health and Welfare	-	-	474,315	45,961	520,276
Culture and Recreation	-	-	-	135,930	135,930
Emergency Services	-	-	-	34,678	34,678
Renewable Energy	-	-	-	41,188	41,188
Sales Tax Contingency	-	-	-	25,000	25,000
Unassigned	2,254,771	-	-	-	2,254,771
TOTAL FUND BALANCE	2,504,771	3,241,840	474,315	282,757	6,503,683
TOTAL LIABILITIES AND FUND BALANCE	\$ 3,936,365	\$ 3,307,173	\$ 684,779	\$ 324,862	\$ 8,253,179

The accompanying notes are an integral part of this financial statement.

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

Total governmental fund balances		\$ 6,503,683
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		5,747,751
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.		
Compensated Absences	\$ (193,063)	
Landfill Closure and Post-Closure Costs	(396,645)	
Capital Lease Payable	(278,634)	
		(868,342)
Net position of governmental activities		\$ 11,383,092

The accompanying notes are an integral part of this financial statement.

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

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES					
Taxes	\$ 1,538,970	\$ 4	\$ 255,862	\$ 330,953	\$ 2,125,789
Intergovernmental Revenue	2,089,824	2,969,020	4,034,218	185,187	9,278,249
Licenses and Permits	164,211	60,318	-	-	224,529
Interest on Deposits	19,836	-	68	-	19,904
Charges for Services	951,922	92,391	-	216,831	1,261,144
Miscellaneous	103,884	36,554	-	1,401	141,839
TOTAL REVENUES	4,868,647	3,158,287	4,290,148	734,372	13,051,454
EXPENDITURES					
Current Expenditures:					
General Government	3,241,397	-	-	376	3,241,773
Public Safety	1,108,836	-	-	86,480	1,195,316
Health and Welfare	5,585	-	4,289,555	436,024	4,731,164
Public Works	52,231	2,331,216	-	85,169	2,468,616
Culture and Recreation	-	-	-	145,137	145,137
Capital Outlay	152,807	147,799	-	-	300,606
Debt Service	-	139,576	-	-	139,576
TOTAL EXPENDITURES	4,560,856	2,618,591	4,289,555	753,186	12,222,188
Excess (deficiency) of revenues over expenditures	307,791	539,696	593	(18,814)	829,266
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	33,900	33,900
Transfers Out	(33,900)	-	-	-	(33,900)
TOTAL OTHER FINANCING SOURCES (USES)	(33,900)	-	-	33,900	-
Net Change in Fund Balance	273,891	539,696	593	15,086	829,266
Fund Balance at Beginning of Year	2,230,880	2,702,144	473,722	267,671	5,674,417
Fund Balance at End of Year	\$ 2,504,771	\$ 3,241,840	\$ 474,315	\$ 282,757	\$ 6,503,683

8 The accompanying notes are an integral part of this financial statement.

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

Net change in fund balances - total governmental funds \$ 829,266

Amounts reported for governmental activities in the statements 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 activity in capital assets in the current period.

Capital asset additions	\$	300,606	
Depreciation expense		(577,741)	
			(277,135)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Repayment of principal include:

Capital Lease Payments	127,321
------------------------	---------

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

Compensated Absences	29,535		
Landfill Closure and Post-Closure Costs		-	
			29,535

Change in net position of governmental funds \$ 708,987

SAGUACHE COUNTY, COLORADO
PROPRIETARY FUND TYPES
STATEMENT OF NET POSITION
December 31, 2016

	Business-type Activities
	HOUSING AUTHORITY
ASSETS	
Current Assets:	
Cash and Cash Equivalents	\$ 187,366
Accounts Receivable	1,153
Total Current Assets	188,519
Noncurrent Assets:	
Capital Assets:	
Land	52,000
Buildings and Improvements, net	244,627
Furniture and Equipment, net	2,000
Total Noncurrent Assets	298,627
TOTAL ASSETS	487,146
LIABILITIES	
Current Liabilities:	
Accounts Payable	9,424
Security Deposit	6,840
Notes Payable (current portion)	23,890
Total Current Liabilities	40,154
Noncurrent Liabilities:	
Notes Payable	342,973
Total Noncurrent Liabilities	342,973
TOTAL LIABILITIES	383,127
NET POSITION	
Net Investment in Capital Assets	(68,236)
Unrestricted	172,255
TOTAL NET POSITION	\$ 104,019

The accompanying notes are an integral part of this financial statement.

SAGUACHE COUNTY, COLORADO
PROPRIETARY FUND TYPES
STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2016

	Business-type Activities
	HOUSING AUTHORITY
OPERATING REVENUES	
Rent from Tenants and HUD Operating Subsidy	\$ 223,152
Miscellaneous	2,629
	225,781
Total Charges for Services	225,781
Total operating revenues	225,781
OPERATING EXPENSES	
Administrative	80,922
Utilities	55,685
Operating and Maintenance	31,349
Insurance	4,916
Depreciation Expense	32,223
	205,095
Total operating expenses	205,095
Operating Income (Loss)	20,686
NONOPERATING REVENUES (EXPENSES)	
Interest on Investments	353
Interest Expense	(11,684)
	(11,331)
Total Nonoperating Revenues (Expenses)	(11,331)
Changes in Net Position	9,355
Net Position, Beginning of Year	94,664
Net Position, End of Year	\$ 104,019

The accompanying notes are an integral part of this financial statement.

SAGUACHE COUNTY, COLORADO
PROPRIETARY FUND TYPES
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2016

	Business-type Activities
	HOUSING AUTHORITY
Cash flows from operating activities:	
Cash received from tenants and others	\$ 117,317
Cash received from HUD operating subsidy	110,182
Cash paid to employees for services	(80,922)
Cash paid to suppliers and service providers	(84,734)
	61,843
Net cash provided (used) by operating activities:	61,843
Cash flows from noncapital financing activities:	-
Cash flows from capital and related financing activities:	
Payment of note principal and interest	(36,470)
	(36,470)
Net cash provided (used) by capital and related financing activities	(36,470)
Cash flows from investing activities:	
Interest received	353
	353
Net cash provided (used) by investing activities	353
Increase (decrease) in cash and investments	25,726
Cash and cash equivalents, Beginning of the Year	161,640
Cash and cash equivalents, End of the Year	\$ 187,366
Operating income (loss)	\$ 20,686
Adjustments to reconcile net income to net cash provided (used) by operating activities	
Depreciation	32,223
(Increase) Decrease in Accounts Receivable	(210)
Increase (Decrease) in Accounts Payable	7,216
Increase (Decrease) in Security Deposits	1,928
	41,157
Total adjustments	41,157
Net cash provided (used) by operating activities	\$ 61,843

The accompanying notes are an integral part of this financial statement.

SAGUACHE COUNTY, COLORADO
FIDUCIARY FUND TYPES
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
December 31, 2016

	PUBLIC TRUSTEE	COUNTY TREASURER	COUNTY CLERK	COUNTY SHERIFF	TOTAL AGENCY FUNDS
ASSETS					
Cash and Cash Equivalents	\$ 2,840	\$ 939,834	\$ 41,750	\$ 18,558	\$ 1,002,982
TOTAL ASSETS	\$ 2,840	\$ 939,834	\$ 41,750	\$ 18,558	\$ 1,002,982
LIABILITIES					
Due to Other Governments	\$ -	\$ 939,834	\$ -	\$ -	\$ 939,834
Deposits held for Others	2,840	-	41,750	18,558	63,148
TOTAL LIABILITIES	\$ 2,840	\$ 939,834	\$ 41,750	\$ 18,558	\$ 1,002,982

The accompanying notes are an integral part of this financial statement.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

REPORTING ENTITY

Primary Government

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

The County provides a wide range of services to its residents including general administration, public safety, highways and streets, health and social services, public improvements, planning, zoning, airport, predatory animal and weed control.

Component Units

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- § The organization is legally separate (can sue and be sued in their own name)
- § The County holds the corporate powers of the organization
- § The County appoints a voting majority of the organization's board
- § The County is able to impose its will on the organization
- § The organization has the potential to impose a financial benefit/burden on the County
- § There is fiscal dependency by the organization on the County
- § The organization is financially accountable to the County
- § The organization receives or holds funds that are for the benefit of the County; and the County has access to a majority of the funds held; and the funds that are accessible are also significant to the County

The Saguache County Housing Authority (the Authority) is administered and governed by the Saguache County Commissioners. The Authority is blended into the County's financial statements as an Enterprise Fund.

GOVERNMENT -WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

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

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

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

The County reports the following major governmental funds:

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

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

Proprietary fund financial statements are used to account for activities, which are similar to those often found in the private sector. The measurement focus is based upon determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as non-operating.

§ The *Housing Authority Fund* is reported as an enterprise fund. The principal operating revenue of the Housing Authority Fund are monthly unit rental fees charged to tenants.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the County as an agent for individuals, governmental entities, and non-public organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable. The 2016 property tax levy due January 1, 2017 has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources in the financial statements.

Inventories and Prepaid Items

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

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

Capital Assets

Capital Assets, which include land, buildings and improvements, vehicles and equipment, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, underground pipe, traffic signals, and similar items), are reported in the applicable governmental activities columns in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000.

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

Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings and Improvements	7-40
Vehicles and Equipment	5-15
Infrastructure	25-40

Compensated Absences

Annual leave may be accrued to the maximum of:

Under 5 years	144 hours
5 but less than 10 years	168 hours
10 - 15 or (20) years	192 hours

Upon separation from the County, an employee shall be paid for the amount of annual leave that he/she has accrued, subject to the limitation above. All vacation leave pay is accrued when incurred in the government-wide financial statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Interest Capitalization

Interest costs are capitalized when proceeds are used to finance the construction of assets. Interest earned on proceeds of tax-exempt borrowing arrangements restricted to the acquisition of qualifying assets is offset against interest costs in determining the amount to be capitalized. There was no interest capitalized in 2016.

Unearned Revenue

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

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.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- § *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.

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

- § *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- § *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

Fund Balance

Fund balances are reported based on the extent to which the County is bound to honor constraints for the specific purpose on which amounts in the fund can be spent. Fund balances are classified in the following five categories:

- § *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenses .
- § *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- § *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed by the Board of County Commissioners , the highest level of decision making authority, through resolution or ordinance. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- § *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.
- § *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Encumbrances

The County does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year.

Use of Estimates

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

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

Change in Accounting Principle

GASB Statement No. 72

The County has adopted the provisions of GASB No. 72, *Fair Value Measurement and Application*. Those requirements result in enhanced comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- § Preparation of budget documents by administrative staff, which shall be submitted to the Board no later than October 15 of each year.
- § Publication of a notice stating that the budget is available for public inspection.
- § Discussion of the budget in a meeting open to the public.
- § Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the County. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP), with the exception of the enterprise funds which budget capital outlay versus depreciation expenses.

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners adopted supplemental appropriations during 2016. All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of cash, deposits, and investments for the County are as follow:

Cash on Hand	\$	1,250
Cash Deposited in Banks		3,247,214
Less amounts related to Trust & Agency Fund		(1,002,982)
		2,245,482
Investments		3,720,041
Total Cash, Deposits, and Investments (Book Balance)	\$	5,965,523

Cash and Deposits

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

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

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

Custodial Credit Risk – Deposits

The County's investment policy addresses custodial credit risk. At December 31, 2016, \$3,125,663 was exposed to custodial credit risk. Those deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

Investments

The County's investment policy and Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They 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
- § Local government investment pools
- § Repurchase agreements
- § Money market funds
- § Guaranteed investments contracts
- § Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk - Investments

The County's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities. The policy allows for the investment in local government investment pools.

Interest Rate Risk

Colorado Revised Statutes and the County's investment policy limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

Fair Value

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is

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

equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury Notes. This investment is valued using Level 2 inputs.

The Colorado Surplus Asset Fund Trust (C-SAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions or redemption notice periods. C-SAFE investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. C-SAFE measures all of its investments at amortized cost and is valued using Level 2 inputs.

Investment Type		Moody's Rating	Up to 120 days	121 days to 5 years	Fair Value Measurements Using: Level 2
Fixed Income					
Federal Farm Credit Bank	4%	AAA	\$ -	\$ 137,939	\$ 137,939
Federal National Mortgage Association Financing Corporation	1%	AAA	-	52,473	52,473
Certificate of Deposit	0%	AAA	-	10,729	10,729
	14%	unrated	-	505,884	505,884
			<u>\$ -</u>	<u>\$ 707,025</u>	<u>707,025</u>
Money Market Funds	0%	unrated			18,201
C-SAFE	15%	AAAm			565,202
ColoTrust	65%	AAAm			2,429,613
					<u>3,013,016</u>
					<u>\$ 3,720,041</u>

NOTE 4 PROPERTY TAXES RECEIVABLE

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

General Fund	\$ 1,258,582
Social Services Fund	210,464
Public Health Fund	32,885
	<u>\$ 1,501,931</u>

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

NOTE 5 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

The County reports interfund balances between many of its funds. The balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Interfund balances are generally expected to be repaid within one year of the financial statement date.

Interfund receivable and payable balances at December 31, 2016, were as follows:

Receivable Fund	Payable Fund	Amount
Road & Bridge Fund	General Fund	\$ 95,950
Nonmajor Funds	General Fund	156
Nonmajor Funds	Nonmajor Funds	5,000
		\$ 101,106

Interfund transfers for the year ended December 31, 2016, were as follows:

Transfer In	Transfer Out	Amount
Public Health Fund	General Fund	\$ 33,900
		\$ 33,900

These transfers were made to subsidize operations in the Public Health Fund.

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

NOTE 6 CAPITAL ASSETS

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

	Balance 12/31/2015	Additions	Deletions	Balance 12/31/2016
<i>Governmental Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 293,693	\$ -	\$ -	\$ 293,693
Total capital assets not being depreciated	<u>293,693</u>	<u>-</u>	<u>-</u>	<u>293,693</u>
Capital assets being depreciated:				
Buildings and Improvements	\$ 8,490,716	78,902	-	8,569,618
Vehicles and Heavy Equipment	7,667,976	192,727	-	7,860,703
Equipment	574,831	28,977	-	603,808
Infrastructure	1,072,232	-	-	1,072,232
Total capital assets being depreciated	<u>17,805,755</u>	<u>300,606</u>	<u>-</u>	<u>18,106,361</u>
Less accumulated depreciation for:				
Buildings and Improvements	6,452,693	78,687	-	6,531,380
Vehicles and Heavy Equipment	5,124,146	415,781	-	5,539,927
Equipment	364,486	56,467	-	420,953
Infrastructure	133,237	26,806	-	160,043
Total accumulated depreciation	<u>12,074,562</u>	<u>577,741</u>	<u>-</u>	<u>12,652,303</u>
Total capital assets being depreciated, net	<u>5,731,193</u>	<u>(277,135)</u>	<u>-</u>	<u>5,454,058</u>
<i>Governmental Activities Capital Assets, net</i>	<u><u>\$ 6,024,886</u></u>	<u><u>\$ (277,135)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 5,747,751</u></u>
<i>Business-type Activities:</i>				
Capital assets not being depreciated:				
Land	\$ 52,000	\$ -	\$ -	\$ 52,000
Total capital assets not being depreciated	<u>52,000</u>	<u>-</u>	<u>-</u>	<u>52,000</u>
Capital assets being depreciated:				
Buildings and Improvements	1,105,535	-	-	1,105,535
Furniture and Equipment	71,636	-	-	71,636
Total capital assets being depreciated	<u>1,177,171</u>	<u>-</u>	<u>-</u>	<u>1,177,171</u>
Less accumulated depreciation for:				
Buildings and Improvements	829,685	31,223	-	860,908
Furniture and Equipment	68,636	1,000	-	69,636
Total accumulated depreciation	<u>898,321</u>	<u>32,223</u>	<u>-</u>	<u>930,544</u>
<i>Business-type Activities Capital Assets, net</i>	<u><u>\$ 330,850</u></u>	<u><u>\$ (32,223)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 298,627</u></u>

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

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

Governmental Activities:	
General Government	\$ 27,467
Public Safety	58,240
Health and Welfare	10,689
Highways and Streets	465,356
Culture and Recreation	<u>15,989</u>
	<u>\$ 577,741</u>
Business-type Activities:	
Housing Authority	<u>\$ 32,223</u>

NOTE 7 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability activity for the year ended December 31, 2016, were as follows:

	12/31/2015			12/31/2016	Due Within
	<u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u>	<u>One Year</u>
<i>Governmental Activities:</i>					
Capital Leases	\$ 405,955	\$ -	\$ 127,321	\$ 278,634	\$ 131,455
Landfill Closure and Post-Closure	396,645	-	-	396,645	-
Compensated Absences	<u>222,598</u>	-	<u>29,535</u>	<u>193,063</u>	<u>9,080</u>
Total Governmental Activities	<u>\$ 1,025,198</u>	<u>\$ -</u>	<u>\$ 156,856</u>	<u>\$ 868,342</u>	<u>\$ 140,535</u>
<i>Business-Type Activities:</i>					
DOLA-Division of Housing	\$ 249,062	\$ -	\$ 10,240	\$ 238,822	\$ 10,446
US Department of Agriculture					
Blue Waters Hacienda Project, 2004	26,614	-	13,853	12,761	12,761
Blue Waters Hacienda Project, 2005	<u>115,973</u>	-	<u>693</u>	<u>115,280</u>	<u>683</u>
Total Business-Type Activities	<u>\$ 391,649</u>	<u>\$ -</u>	<u>\$ 24,786</u>	<u>\$ 366,863</u>	<u>\$ 23,890</u>

GOVERNMENTAL ACTIVITIES:

Capital Lease

The County entered into two capital lease agreements with Caterpillar Financial Services on February 6, 2013, in the amount of \$149,800 each, payable in 60 monthly installments of \$5,410, beginning March 2013, at 3.20% interest each, with final payments due in February 2018 of the outstanding principal balances. These leases were entered into for the purchase of two Caterpillar 140M2 motor graders. These payments were made from

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

the Road and Bridge Fund. Principal balance at December 31, 2016, was \$74,250. These assets are recorded in capital assets of the government-wide financial statements for a total of \$471,000, less accumulated depreciation of \$125,600 at December 31, 2016.

The County entered into a capital lease agreement with Caterpillar Financial Services on August 8, 2014, in the amount of \$170,300, payable in 60 monthly installments of \$3,075, beginning September 2014 at 3.20% interest, with final payment due in August 2019 of the outstanding principal balance. This lease was entered into for the purchase of a Caterpillar 140M2 motor grader. These payments were made from the Road and Bridge Fund. Principal balance at December 31, 2016, was \$94,206. This asset is recorded in capital assets of the government-wide financial statements for a total of \$286,220, less accumulated depreciation of \$57,244 at December 31, 2016.

The County entered into a capital lease agreement with Caterpillar Financial Services on February 4, 2015, in the amount of \$169,050, payable in 60 monthly installments of \$3,053, beginning March 2015, at 3.20% interest, with a final payment due in February 2018 of the outstanding principal balance. This lease was entered into for the purchase of a Caterpillar 12M3AWD motor grader. These payments were made from the Road and Bridge Fund. Principal balance at December 31, 2016, was \$110,178. This asset is recorded in capital assets of the government-wide financial statements for a total of \$169,050, less accumulated depreciation of \$22,540 at December 31, 2016.

The annual debt service for the capital leases is as follows:

	Principal	Interest	Total
2017	\$ 131,456	\$ 6,999	\$ 138,455
2018	80,972	3,384	84,356
2019	60,123	1,111	61,234
2020	6,083	24	6,107
	\$ 278,634	\$ 11,518	\$ 290,152

Landfill Closure and Post-Closure Care Costs

State and Federal law require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County uses the “Local Government Finance Test” as its financial mechanism to assure full payment of all closure, post closure, and if applicable, corrective action estimated costs. The estimated liability for landfill closure and post closure care costs represents the County’s total current estimate of such future costs, and is based on the estimated amount to be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2016. As of December 31, 2016, the County estimated that existing landfill capacity was approximately 47% utilized (filled), and that the existing landfill was expected to be filled to capacity in fiscal year 2025. The \$396,645 reported as landfill closure and post-closure care liability at December 31, 2016 represents the cumulative amount reported to date based on the use of 47% of the estimated capacity of the landfill. The aggregate estimated liability of \$743,015 is comprised of \$269,718 of estimated closure costs and \$473,297 of estimated post closure costs. The County will recognize the remaining estimated cost of closure and post-closure care of \$346,370 as the remaining estimated capacity is filled. However, the actual costs of closure and post closure may be higher, due to inflation, changes in technology, or changes in the landfill laws and regulations.

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

BUSINESS -TYPE ACTIVITIES:

Colorado Department of Local Affairs – Division of Housing

The Housing Authority has entered into a mortgage note payable with Colorado Department of Local Affairs – Division of Housing (DOH) to refinance the construction of two projects operated by the Housing Authority. The note has an original principal balance in the amount of \$341,000, maturing May 2033, payable in semi-annual blended payments of \$7,585 beginning November 30, 2003, and with a stated interest rate of 2% annum. The mortgage is secured by a deed of trust on the Housing Authority’s Puerto Del Norte Haciendas housing project, which is located in Saguache County.

The 2009 and 2010 payments were deferred due to cash flow shortages . Payments resumed in December 2011. The note maturity date was extended until December 2035.

United States Department of Agriculture

The Housing Authority has entered into a mortgage note payable with the United States Department of Agriculture (USDA), with an original principal amount of \$306,000, maturing September 2013, payable in blended monthly payments of \$1,077, and with a stated interest rate of 8%. The mortgage note was entered into to refinance the construction of two projects operated by the Housing Authority and is secured by a deed of trust on the Housing Authority’s Blue Waters Haciendas housing project, which is located in Saguache County. This note was reamortized in October 2004. Monthly payments began in January 2005 with a maturity date of 2017.

The Housing Authority has entered into a mortgage note payable with the United States Department of Agriculture (USDA), with an original principal amount of \$118,592, maturing December 2054, payable in blended monthly payments of \$528, and with a stated interest rate of 6.75% per annum. The mortgage note was entered into to refinance the construction of two projects operated by the Housing Authority and is secured by a deed of trust on the Housing Authority’s Blue Waters Haciendas housing project, which is located in Saguache County.

The annual debt service for the mortgage notes payable is as follows:

	Principal	Interest	Total
2017	\$ 23,890	\$ 10,376	\$ 34,266
2018	11,386	10,119	21,505
2019	11,651	9,854	21,505
2020	11,924	9,581	21,505
2021	12,205	30,396	42,601
2022-2026	65,554	40,274	105,828
2027-2031	74,035	31,114	105,149
2032-2036	68,805	20,222	89,027
2037-2041	15,072	11,942	27,014
2042-2046	22,588	4,081	26,669
2047-2051	28,061	-	28,061
2052-2055	21,691	-	21,691
	<u>\$ 366,863</u>	<u>\$ 177,959</u>	<u>\$ 544,822</u>

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

NOTE 8 OPERATING LEASES

The County is committed under various cancellable leases for office equipment and software. These leases are considered, for accounting purposes, as operating leases. Lease expenses for the year totaled \$129,659.

NOTE 9 EMPLOYEE BENEFITS

Pension Plans

The County provides a participatory salary deferral plan under Internal Revenue Code (IRC) section 401(k), a defined contribution plan, administered by Principal Financial Group, for all County employees over the age of 18 with more than six months of employment with the County. Participating employees may contribute, on a tax-deferred basis, any whole percentage 3% or more of their total pay each period to the Plan. Federal law limits the deferral amounts in any tax year. The County matches 100% of the first 4% contributed by each employee. The County's matching contributions vest with the employee over a 4-year period. Nonvested County contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners.

For the year ended December 31, 2016, total employee contributions to the Plan were \$95,224 and matching County contributions totaled \$79,637.

Cafeteria Plan

The County also offers its employees a cafeteria compensation plan organized under Section 125 of the Internal Revenue Code, which includes the following benefits: medical, disability, accident and/or term life insurance, and health expense reimbursement. No cost to the County is recognized, as the plan is a salary reduction plan.

Post-Employment Health Care Benefits

All County employees covered by COBRA insurance may continue their health insurance after a reduction in work hours or termination of employment. The County recognizes no cost for such coverage, as those electing to continue COBRA coverage must reimburse the County for 100% of their premium cost for the extended coverage period.

NOTE 10 COLORADO CONTRABAND FORFEITURE ACT

The County has reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2016.

NOTE 11 TABOR AMENDMENT RESERVE

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding section 20; commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate policy change directly causing a net tax revenue gain to any local government.

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

The initial base for local government spending and revenue limits is 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of fiscal year spending limits must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

TABOR also required local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2016 year-end balances in the General Fund for this purpose in the aggregate amount of \$250,000, which is the approximate required emergency reserve.

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

The electorate of the County passed a referendum allowing the County to collect and expend the full revenues generated during 1997 and each subsequent year, from its existing tax rates, to receive and expand all sales and property revenues without regard to Article X, Section 20 of the Colorado Constitution of law. Approval of this question does not authorize any increase in property tax rates of any kind above the 1995 rates.

NOTE 12 RISK MANAGEMENT

Colorado Counties Casualty and Property Pool (CAPP)

The County is exposed to various risks of loss related to property and casualty losses. The County joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The inter-governmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

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

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

Colorado Workers' Compensation Pool (CWCP)

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

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

NOTE 13 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

Litigation

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Insurance Pools

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

SAGUACHE COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

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

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ 1,437,600	\$ 1,542,600	\$ 1,538,970	\$ (3,630)
Intergovernmental Revenue	2,064,864	2,224,196	2,089,824	(134,372)
Licenses and Permits	75,022	80,022	164,211	84,189
Interest Revenue	7,150	19,150	19,836	686
Charges for Services	746,092	917,548	951,922	34,374
Miscellaneous	43,355	53,580	103,884	50,304
TOTAL REVENUES	4,374,083	4,837,096	4,868,647	31,551
EXPENDITURES				
General Government	3,252,255	3,417,982	3,241,397	176,585
Public Safety	1,050,328	1,123,720	1,108,836	14,884
Health and Welfare	18,500	18,500	5,585	12,915
Public Works	51,000	51,000	52,231	(1,231)
Capital Outlay	2,000	121,000	152,807	(31,807)
TOTAL BUDGETED EXPENDITURES	4,374,083	4,732,202	4,560,856	171,346
Excess (deficiency) of revenues over expenditures	-	104,894	307,791	202,897
OTHER FINANCING SOURCES (USES)				
Transfers Out	-	(33,900)	(33,900)	-
Insurance Proceeds	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	(33,900)	(33,900)	-
Net Change in Fund Balance	-	70,994	273,891	202,897
Fund Balance at Beginning of Year	2,074,859	2,074,859	2,230,880	156,021
Fund Balance at End of Year	\$ 2,074,859	\$ 2,145,853	\$ 2,504,771	\$ 358,918

Notes to Required Supplementary Information

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

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

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
REVENUES				
Taxes	\$ -	\$ -	\$ 4	\$ 4
Intergovernmental Revenue	2,791,383	2,791,383	2,969,020	177,637
Charges for Services	68,222	68,222	92,391	24,169
License and Permits	31,500	31,500	60,318	28,818
Miscellaneous	30,000	30,000	36,554	6,554
TOTAL REVENUES	<u>2,921,105</u>	<u>2,921,105</u>	<u>3,158,287</u>	<u>237,182</u>
EXPENDITURES				
Public Works	2,646,105	2,646,105	2,331,216	314,889
Capital Outlay	145,000	145,000	147,799	(2,799)
Debt Service	130,000	130,000	139,576	(9,576)
TOTAL EXPENDITURES	<u>2,921,105</u>	<u>2,921,105</u>	<u>2,618,591</u>	<u>302,514</u>
Net Change in Fund Balance	-	-	539,696	539,696
Fund Balance at Beginning of Year	<u>2,486,904</u>	<u>2,486,904</u>	<u>2,702,144</u>	<u>215,240</u>
Fund Balance at End of Year	<u>\$ 2,486,904</u>	<u>\$ 2,486,904</u>	<u>\$ 3,241,840</u>	<u>\$ 754,936</u>

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

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

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL		FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Taxes	\$ -	\$ -	\$ 255,862	\$ 255,862
Intergovernmental Revenue	5,780,890	5,780,890	4,034,218	(1,746,672)
Interest Revenue	-	-	68	68
TOTAL REVENUES	5,780,890	5,780,890	4,290,148	(1,490,742)
EXPENDITURES				
Health and Welfare	5,780,890	5,780,890	4,289,555	1,491,335
TOTAL EXPENDITURES	5,780,890	5,780,890	4,289,555	1,491,335
Net Change in Fund Balance	-	-	593	593
Fund Balance at Beginning of Year	503,199	503,199	473,722	(29,477)
Fund Balance at End of Year	\$ 503,199	\$ 503,199	\$ 474,315	\$ (28,884)

Notes to Required Supplementary Information

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

SAGUACHE COUNTY, COLORADO

SUPPLEMENTARY INFORMATION

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

SAGUACHE COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

PUBLIC HEALTH FUND– This fund is used to account for multiple programs of providing health services to County residents. Financing is provided by grants and fees for services.

CONSERVATION TRUST FUND – This fund is used to account for the County share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

SLV TV FUND – This fund is used to account for the operations of the telecommunications translator service.

TOURISM FUND – This fund is used to account for the County share of the lodging tax collected on each hotel/motel that is rented in Saguache County. The monies may be expended to promote Saguache County to tourists.

SALES TAX – EMERGENCY SERVICES FUND, SALES TAX – YOUTH AND SENIORS FUND, AND SALES TAX – RENEWABLE ENERGY FUND – These funds are used to account for the expenditure of County sales tax collected for emergency services, youth and senior activities, and renewable energy activities, respectively.

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

NONMAJOR
SPECIAL REVENUE FUNDS

	PUBLIC HEALTH FUND	CONSERVATION TRUST FUND	SLV TV FUND	TOURISM FUND	SALES TAX- EMERGENCY SERVICES FUND	SALES TAX- YOUTH AND SENIORS FUND	SALES TAX- RENEWABLE ENERGY FUND	TOTAL NONMAJOR GOVERNMENTAL
ASSETS								
Cash and Cash Equivalents	\$ 3,969	\$ 44,533	\$ -	\$ 38,216	\$ 39,678	\$ 73,181	\$ 41,188	\$ 240,765
Property Tax Recievable	32,885	-	-	-	-	-	-	32,885
Due from Other Funds	156	-	-	-	-	5,000	-	5,156
Due from Other Governments	46,056	-	-	-	-	-	-	46,056
TOTAL ASSETS	\$ 83,066	\$ 44,533	\$ -	\$ 38,216	\$ 39,678	\$ 78,181	\$ 41,188	\$ 324,862
LIABILITIES AND FUND BALANCE								
LIABILITIES								
Accounts Payable	\$ 4,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,220
Due to Other Funds	-	-	-	-	5,000	-	-	5,000
TOTAL LIABILITIES	4,220	-	-	-	5,000	-	-	9,220
DEFERRED INFLOWS OF RESOURCES								
Unearned Revenue - Property Tax	32,885	-	-	-	-	-	-	32,885
FUND BALANCE								
Assigned								
Health and Welfare	45,961	-	-	-	-	-	-	45,961
Culture and Recreation	-	44,533	-	38,216	-	53,181	-	135,930
Emergency Services	-	-	-	-	34,678	-	-	34,678
Renewable Energy	-	-	-	-	-	-	41,188	41,188
Sales Tax Contingency	-	-	-	-	-	25,000	-	25,000
TOTAL FUND BALANCE	45,961	44,533	-	38,216	34,678	78,181	41,188	282,757
TOTAL LIABILITIES AND FUND BALANCE	\$ 83,066	\$ 44,533	\$ -	\$ 38,216	\$ 39,678	\$ 78,181	\$ 41,188	\$ 324,862

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

NONMAJOR
SPECIAL REVENUE FUNDS

	PUBLIC HEALTH FUND	CONSERVATION TRUST FUND	SLV TV FUND	TOURISM FUND	SALES TAX- EMERGENCY SERVICES FUND	SALES TAX- YOUTH AND SENIORS FUND	SALES TAX- RENEWABLE ENERGY FUND	TOTAL NONMAJOR GOVERNMENTAL
REVENUES								
Taxes	\$ 38,640	\$ -	\$ -	\$ 24,361	\$ 87,984	\$ 91,984	\$ 87,984	\$ 330,953
Intergovernmental Revenue	146,727	38,460	-	-	-	-	-	185,187
Charges for Services	216,831	-	-	-	-	-	-	216,831
Miscellaneous	1,401	-	-	-	-	-	-	1,401
TOTAL REVENUES	403,599	38,460	-	24,361	87,984	91,984	87,984	734,372
EXPENDITURES								
Current Expenditures								
General Government	-	-	376	-	-	-	-	376
Public Safety	-	-	-	-	86,480	-	-	86,480
Health and Welfare	436,024	-	-	-	-	-	-	436,024
Public Works	-	-	-	-	-	-	85,169	85,169
Culture and Recreation	-	24,133	-	39,172	-	81,832	-	145,137
TOTAL EXPENDITURES	436,024	24,133	376	39,172	86,480	81,832	85,169	753,186
Excess (deficiency) of revenues over expenditures	(32,425)	14,327	(376)	(14,811)	1,504	10,152	2,815	(18,814)
OTHER FINANCING SOURCES (USES)								
Transfer In	33,900	-	-	-	-	-	-	33,900
TOTAL OTHER FINANCING SOURCES (USES)	33,900	-	-	-	-	-	-	33,900
Net Change in Fund Balance	1,475	14,327	(376)	(14,811)	1,504	10,152	2,815	15,086
Fund Balance at Beginning of Year	44,486	30,206	376	53,027	33,174	68,029	38,373	267,671
Fund Balance at End of Year	\$ 45,961	\$ 44,533	\$ -	\$ 38,216	\$ 34,678	\$ 78,181	\$ 41,188	\$ 282,757

SAGUACHE COUNTY, COLORADO
ENTERPRISE FUND TYPES
COMBINING SCHEDULE OF NET POSITION
December 31, 2016

	HOUSING AUTHORITY		TOTAL ENTERPRISE FUND
	BLUE WATERS	PUERTO DEL NORTE HACIENDAS	
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 99,722	\$ 87,644	\$ 187,366
Accounts Receivable	664	489	1,153
Total Current Assets	100,386	88,133	188,519
Noncurrent Assets:			
Capital Assets:			
Land	36,000	16,000	52,000
Buildings and Improvements, net	21,006	223,621	244,627
Furniture & Equipment, net	1,000	1,000	2,000
Total Noncurrent Assets	58,006	240,621	298,627
TOTAL ASSETS	158,392	328,754	487,146
LIABILITIES			
Current Liabilities:			
Accounts Payable	5,706	3,718	9,424
Security Deposit	3,925	2,915	6,840
Notes Payable (current portion)	13,444	10,446	23,890
Total Current Liabilities	23,075	17,079	40,154
Noncurrent Liabilities:			
Notes Payable	114,597	228,376	342,973
Total Noncurrent Liabilities	114,597	228,376	342,973
TOTAL LIABILITIES	137,672	245,455	383,127
NET POSITION			
Net Investment in Capital Assets	(70,035)	1,799	(68,236)
Unrestricted	90,755	81,500	172,255
TOTAL NET POSITION	\$ 20,720	\$ 83,299	\$ 104,019

SAGUACHE COUNTY, COLORADO
ENTERPRISE FUND TYPES
COMBINING SCHEDULE OF REVENUES, EXPENSES, AND
CHANGES IN NET POSITION
For the Year Ended December 31, 2016

	HOUSING AUTHORITY		TOTAL ENTERPRISE FUND
	BLUE WATERS	PUERTO DEL NORTE HACIENDAS	
OPERATING REVENUES			
Rent from Tenants	\$ 28,197	\$ 84,773	\$ 112,970
HUD Operating Subsidy	93,297	16,885	110,182
Miscellaneous	347	2,282	2,629
Total operating revenues	121,841	103,940	225,781
OPERATING EXPENSES			
Administrative	48,787	32,135	80,922
Utilities	26,525	29,160	55,685
Operating and Maintenance	18,156	13,193	31,349
Insurance	2,114	2,802	4,916
Depreciation Expense	21,061	11,162	32,223
Total operating expenses	116,643	88,452	205,095
Operating Income (Loss)	5,198	15,488	20,686
NONOPERATING REVENUES (EXPENSES)			
Interest on Investments	206	147	353
Interest Expense	(6,753)	(4,931)	(11,684)
Total Nonoperating Revenues (Expenses)	(6,547)	(4,784)	(11,331)
Changes in Net Position	(1,349)	10,704	9,355
Net Position, Beginning of Year	22,069	72,595	94,664
Net Position, End of Year	\$ 20,720	\$ 83,299	\$ 104,019

SAGUACHE COUNTY, COLORADO
ENTERPRISE FUND TYPES
COMBINING SCHEDULE OF CASH FLOWS
For the Year Ended December 31, 2016

	HOUSING AUTHORITY		TOTAL ENTERPRISE FUND
	BLUE WATERS	PUERTO DEL NORTE HACIENDAS	
Cash flows from operating activities:			
Cash received from tenants and others	\$ 30,455	\$ 86,862	\$ 117,317
Cash received from HUD operating subsidy	93,297	16,885	110,182
Cash paid to employees for services	(48,787)	(32,135)	(80,922)
Cash paid to suppliers and service providers	(40,782)	(43,952)	(84,734)
Net cash provided (used) by operating activities:	<u>34,183</u>	<u>27,660</u>	<u>61,843</u>
Cash flows from noncapital financing activities:	-	-	-
Cash flows from capital and related financing activities:			
Payment of note principal and interest	(21,299)	(15,171)	(36,470)
Net cash provided (used) by capital and related financing activities	<u>(21,299)</u>	<u>(15,171)</u>	<u>(36,470)</u>
Cash flows from investing activities:			
Interest received	206	147	353
Net cash provided (used) by investing activities	<u>206</u>	<u>147</u>	<u>353</u>
Increase (decrease) in cash and investments	13,090	12,636	25,726
Cash and cash equivalents, Beginning of the Year	<u>86,632</u>	<u>75,008</u>	<u>161,640</u>
Cash and cash equivalents, End of the Year	<u>\$ 99,722</u>	<u>\$ 87,644</u>	<u>\$ 187,366</u>
Operating income (loss)	\$ 5,198	\$ 15,488	\$ 20,686
Adjustments to reconcile net income to net cash provided (used) by operating activities			
Depreciation	21,061	11,162	32,223
(Increase) Decrease in Accounts Receivable	(210)	-	(210)
Increase (Decrease) in Accounts Payable	6,013	1,203	7,216
Increase (Decrease) in Security Deposits	2,121	(193)	1,928
Total adjustments	<u>28,985</u>	<u>12,172</u>	<u>41,157</u>
Net cash provided (used) by operating activities	<u>\$ 34,183</u>	<u>\$ 27,660</u>	<u>\$ 61,843</u>

SAGUACHE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
ALL NON-MAJOR GOVERNMENTAL FUNDS AND ALL PROPRIETARY FUNDS
BUDGET AND ACTUAL
For the Year Ended December 31, 2016

	<u>BUDGETED AMOUNTS</u>		<u>EXPENDITURES</u>	<u>ADJUSTMENTS</u>	<u>EXPENDITURES</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>REPORTED ON</u>	<u>TO BUDGETARY</u>	<u>ON THE</u>	<u>FINAL BUDGET</u>
			<u>THE GAAP</u>	<u>BASIS</u>	<u>BUDGETARY</u>	<u>POSITIVE</u>
			<u>BASIS</u>	<u>BASIS</u>	<u>BASIS</u>	<u>(NEGATIVE)</u>
Governmental Funds						
Non-major Governmental Funds						
Special Revenue Funds						
Public Health Fund	\$ 446,848	\$ 486,658	\$ 436,024	\$ -	\$ 436,024	\$ 50,634
Conservation Trust Fund	33,000	33,000	24,133	-	24,133	8,867
SLV TV Fund	376	376	376	-	376	-
Tourism Fund	20,500	45,500	39,172	-	39,172	6,328
Sales Tax - Emergency Services Fund	90,000	90,000	86,480	-	86,480	3,520
Sales Tax - Youth and Seniors Fund	90,000	90,000	81,832	-	81,832	8,168
Sales Tax - Renewable Energy Fund	90,000	90,000	85,169	-	85,169	4,831
Total Non-major Governmental Funds	<u>\$ 770,724</u>	<u>\$ 835,534</u>	<u>\$ 753,186</u>	<u>\$ -</u>	<u>\$ 753,186</u>	<u>\$ 82,348</u>
Proprietary Funds						
Enterprise Funds						
Blue Waters Housing Authority	\$ 119,618	\$ 119,618	\$ 123,396	\$ (21,061)	\$ 102,335	\$ 17,283
Puerto Del Norte Haciendas Housing Authority	92,217	92,217	93,383	(11,162)	82,221	9,996
Total Proprietary Funds	<u>\$ 211,835</u>	<u>\$ 211,835</u>	<u>\$ 216,779</u>	<u>\$ (32,223)</u>	<u>\$ 184,556</u>	<u>\$ 27,279</u>

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

SAGUACHE COUNTY, COLORADO

OTHER SCHEDULES AND REPORTS

SAGUACHE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Total Amount: \$ 2,515,532

Federal Awarding Agency Prefix	CFDA Three Digit Extension	Name of Federal Award STATE	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee	If column (k) is "N", list Name of Pass-through Entity	Identifying number assigned by the Pass-through Entity, if assigned	Federal Award Passed Through to Subrecipients	Total Amount Passed Through to Subrecipients
10	561	ADMINISTRATIVE MATCHING GRANTS FOR THE SUPPLEMENTAL NUTRITION ASSISTANCE PROGRAM	\$ 58,433	SNAP CLUSTER	\$ 58,433	\$ 58,433	N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	778	MEDICAL ASSISTANCE PROGRAM	\$ 98,778	MEDICAID CLUSTER	\$ 98,778	\$ 98,778	N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	558	TEMPORARY ASSISTANCE FOR NEEDY FAMILIES	\$ 255,019	TANF CLUSTER	\$ 255,019	\$ 255,019	N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	563	CHILD SUPPORT ENFORCEMENT RESEARCH	\$ 79,842	N/A	\$ 79,842		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	568	LOW-INCOME HOME ENERGY ASSISTANCE	\$ 269,878	N/A	\$ 269,878		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	645	STEPHANIE TUBBS CHILD WELFARE SERVICES PROGRAM	\$ 7,244	N/A	\$ 7,244		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	

SAGUACHE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Total Amount: \$ 2,515,532

Federal Awarding Agency Prefix	CFDA Three Digit Extension	Name of Federal Award	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee	If column (k) is "N", list Name of Pass-through Entity	Identifying number assigned by the Pass-through Entity, if assigned	Federal Award Passed Through to Subrecipients	Total Amount Passed Through to Subrecipients
93	596	CHILD CARE MANDATORY AND MATCHING FUNDS OF THE CHILD CARE AND DEVELOPMENT FUND	\$ (469)	CCDF CLUSTER	\$ (469)	\$ 23,675	N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	575	CHILD CARE AND DEVELOPMENT BLOCK GRANT	\$ 24,144	CCDF CLUSTER	\$ 24,144	\$ 23,675	N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	090	GUARDIANSHIP ASSISTANCE	\$ 700	N/A	\$ 700		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	658	FOSTER CARE_TITLE IV-E	\$ 115,523	N/A	\$ 115,523		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	667	SOCIAL SERVICES BLOCK GRANT	\$ 66,654	N/A	\$ 66,654		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	
93	659	ADOPTION ASSISTANCE	\$ 27,620	N/A	\$ 27,620		N	COLORADO DEPARTMENT OF HUMAN SERVICES	N/A	N	

SAGUACHE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Total Amount: \$ 2,515,532

Federal Awarding Agency Prefix	CFDA Three Digit Extension	Name of Federal Award	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee	If column (k) is "N", list Name of Pass-through Entity COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT	Identifying number assigned by the Pass-through Entity, if assigned	Federal Award Passed Through to Subrecipients	Total Amount Passed Through to Subrecipients
93	069	PUBLIC HEALTH EMERGENCY PREPAREDNESS	\$ 18,342	N/A	\$ 18,342		N		HN16J/HW16J	N	
93	074	HOSPITAL PREPAREDNESS PROGRAM (HPP) AND PUBLIC HEALTH EMERGENCY PREPAREDNESS (PHEP) ALIGNED COOPERATIVE	\$ 2,865	N/A	\$ 2,865		N	COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT	HF15J/HW17J	N	
93	268	IMMUNIZATION COOPERATIVE AGREEMENTS	\$ 4,981	N/A	\$ 4,981		N	COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT	KA15H/KA16H	N	
93	994	MATERNAL AND CHILD HEALTH SERVICES BLOCK GRANT TO THE STATES	\$ 13,316	N/A	\$ 13,316		N	COLORADO DEPARTMENT OF PUBLIC HEALTH AND ENVIRONMENT		N	
10	665	SCHOOLS AND ROADS - GRANTS TO STATES	\$ 1,161,443	FOREST SERVICE SCHOOLS AND ROADS CLUSTER	\$ 1,161,443	\$ 1,161,443	N	COLORADO DEPARTMENT OF TREASURY	N/A	Y	\$ 920,646

SAGUACHE COUNTY, COLORADO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

Total Amount: \$ 2,515,532

Federal Awarding Agency Prefix	CFDA Three Digit Extension	Name of Federal Award	Amount Expended	Cluster Name	Federal Program Total	Cluster Total	Loan/Loan Guarantee	If column (k) is "N", list Name of Pass-through Entity	Identifying number assigned by the Pass-through Entity, if assigned	Federal Award Passed Through to Subrecipients	Total Amount Passed Through to Subrecipients
10	415	RURAL RENTAL HOUSING LOANS	\$ 134,794	N/A	\$ 134,794		Y			N	
14	195	SECTION 8 HOUSING ASSISTANCE PAYMENTS PROGRAM	\$ 93,297	SECTION 8 PROJECT-BASED CLUSTER	\$ 93,297	\$ 93,297	N	COLORADO HOUSING AND FINANCE AUTHORITY	N/A	N	
14	871	SECTION 8 HOUSING VOUCHERS	\$ 16,885	HOUSING VOUCHER CLUSTER	\$ 16,885	\$ 16,885	N	CENTER HOUSING AUTHORITY	N/A	N	
97	042	EMERGENCY MANAGEMENT PERFORMANCE GRANTS	\$ 3,000	N/A	\$ 3,000		N	COLORADO DEPARTMENT OF LOCAL AFFAIRS	N/A	N	
16	588	VIOLENCE AGAINST WOMEN FORMULA GRANTS	\$ 27,000	N/A	\$ 27,000		N	COLORADO DIVISION OF CRIMINAL JUSTICE	N/A	N	
10	565	COMMODITY SUPPLEMENTAL FOOD PROGRAM	\$ 36,243	FOOD DISTRIBUTION CLUSTER	\$ 36,243	\$ 36,243		COLORADO DEPARTMENT OF HUMAN SERVICES AND CARE AND SHARE FOOD BANK	N/A	N	
Total Federal Awards Expended			\$ 2,515,532								

SAGUACHE COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2016

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Saguache County, Colorado under programs of the federal government for the year ended December 31, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Saguache County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Saguache County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The County did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2016.

NOTE 3 FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair market value of commodities received and disbursed.

**INDEPENDENT AUDITORS' 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**



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Saguache County, Colorado
Saguache, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Saguache County, Colorado (the County), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements and have issued our report thereon dated September 25, 2017.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. Finding 2016-001.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as Finding 2016-001.

County's Response to Finding

The County's response to the finding identified in our audit is described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 25, 2017

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Saguache County, Colorado
Saguache, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Saguache 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.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control Over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 25, 2017

SAGUACHE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Section I – Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- § Material weakness(es) identified? X yes no
- § Significant deficiency(ies) identified that are **not** considered to be material weakness (es)? yes X none reported
- § Noncompliance material to financial statements noted? X yes no

Federal Awards

Internal control over major programs:

- § Material weakness(es) identified? yes X no
- § Significant deficiency(ies) identified that are **not** considered to be material weakness (es)? yes X none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.665	Forest Service Schools and Roads Cluster

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

Auditee qualified as a low-risk auditee? yes X no

Section II – Financial Statement Findings

Finding 2016-001: Internal Control Over Financial Reporting and on Compliance
(Repeat of Finding 09-1, 10-1, 11-1, 12-1, 2013-001, 2014-001, 2015-001)

Type of finding: Internal Control (material weakness) and Compliance (material noncompliance)

Condition/Cause: The County does not have a complete system of internal control to prevent and detect financial misstatements.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, antifraud programs, non-routine transactions, financial statement preparation and safeguarding of assets.

SAGUACHE COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2016

Effect: As a result of this condition the following areas were affected:

1. Cash reconciliations were not completed accurately and/or timely during 2016. Reconciliations contained mechanical errors and were not updated to reflect changes to cash balances. Cash reconciliations should be performed monthly with all differences identified and corrected as soon as possible.
2. The Social Services Fund was not accurately reconciled to the State of Colorado Financial Management System.
3. The Department of Social Services was unable to provide supporting documentation for approximately \$67,375 of \$208,588 of out of home placement expenditures during 2016. (Material noncompliance)
4. Audit adjustments were proposed to properly state the General Fund, Public Health Fund, and Housing Authority Fund in the County financial statements as of December 31, 2016, in accordance with generally accepted accounting principles.

Recommendation: The County should continue to strengthen its internal controls with adopted policies and procedures to address documentation requirements and timely reconciliations that investigate and correct discrepancies and reconciliation of year-end balance sheet accounts to record necessary adjustments when performing financial close and reporting at year end. Reconciliations should be prepared and reviewed by separate employees to ensure accuracy.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

SAGUACHE COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended December 31, 2016

Section II – Financial Statement Findings

Finding 2015-001: Internal Control Over Financial Reporting and on Compliance
(Repeat of Finding 09-1, 10-1, 11-1, 12-1, 2013-001, and 2014-001)

Type of finding: Internal Control (material weakness) and Compliance (material noncompliance)

Condition/Cause: The County does not have a complete system of internal control to prevent and detect financial misstatements.

Status: Partially Implemented. (See Finding 2016-001.)



SAGUACHE COUNTY GOVERNMENT

501 Fourth Street • P. O. Box 326

Saguache, Colorado 81149

Phone: (719) 655-2321 • Fax: (719) 655-2321

CORRECTIVE ACTION PLAN

Oversight Agencies - U.S. Department of Agriculture
U.S. Department of Health and Human Services

Saguache County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2016.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
700 Main Street, Suite 200, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended December 31, 2016

The findings from the December 31, 2016 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

**Finding 2016-001: Internal Control Over Financial Reporting and on Compliance
(Repeat of Finding 09-1, 10-1, 11-1, 12-1, 2013-001, 2014-001, 2015-001)**

Type of finding: Internal Control (material weakness) and Compliance (material noncompliance)

Recommendation: The County should continue to strengthen its internal controls with adopted policies and procedures to address documentation requirements and timely reconciliations that investigate and correct discrepancies and reconciliation of year-end balance sheet accounts to record necessary adjustments when performing financial close and reporting at year end. Reconciliations should be prepared and reviewed by separate employees to ensure accuracy.

Action Taken:

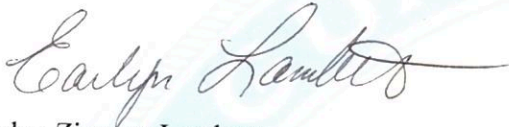
- 1) The County will make every effort to strengthen its internal controls with adopted policies and procedures for reconciling accounts. The County will review reconciliations on a month to month basis. All reconciliation must be turned into the administration office on a month to month basis.
- 2) The County will require that Social Services reconcile to the State of Colorado Financial Management System and to give the County Administration office copies of each month reconciliation as it is completed. The County will expect to see reconciliations done in a timely manner and kept up to date. The County will require

that training be completed for the Social Services and Administration staff to assure reconciliations are correct and complete.

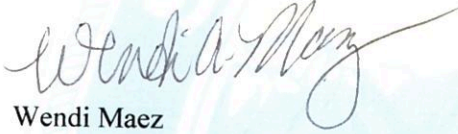
- 3) The County will require that Social Services provide copies of supporting documentation to the Administration Office for out of home placement.
- 4) Audit adjustments were proposed to properly state the General Fund, Public Health Fund and Housing Authority for Dec. 31, 2016 and the County will require that these entries be entered prior to yearend.

If the U.S. Department of Agriculture and the U.S. Department of Health and Human Services have questions regarding this plan, please call the responsible party listed below.

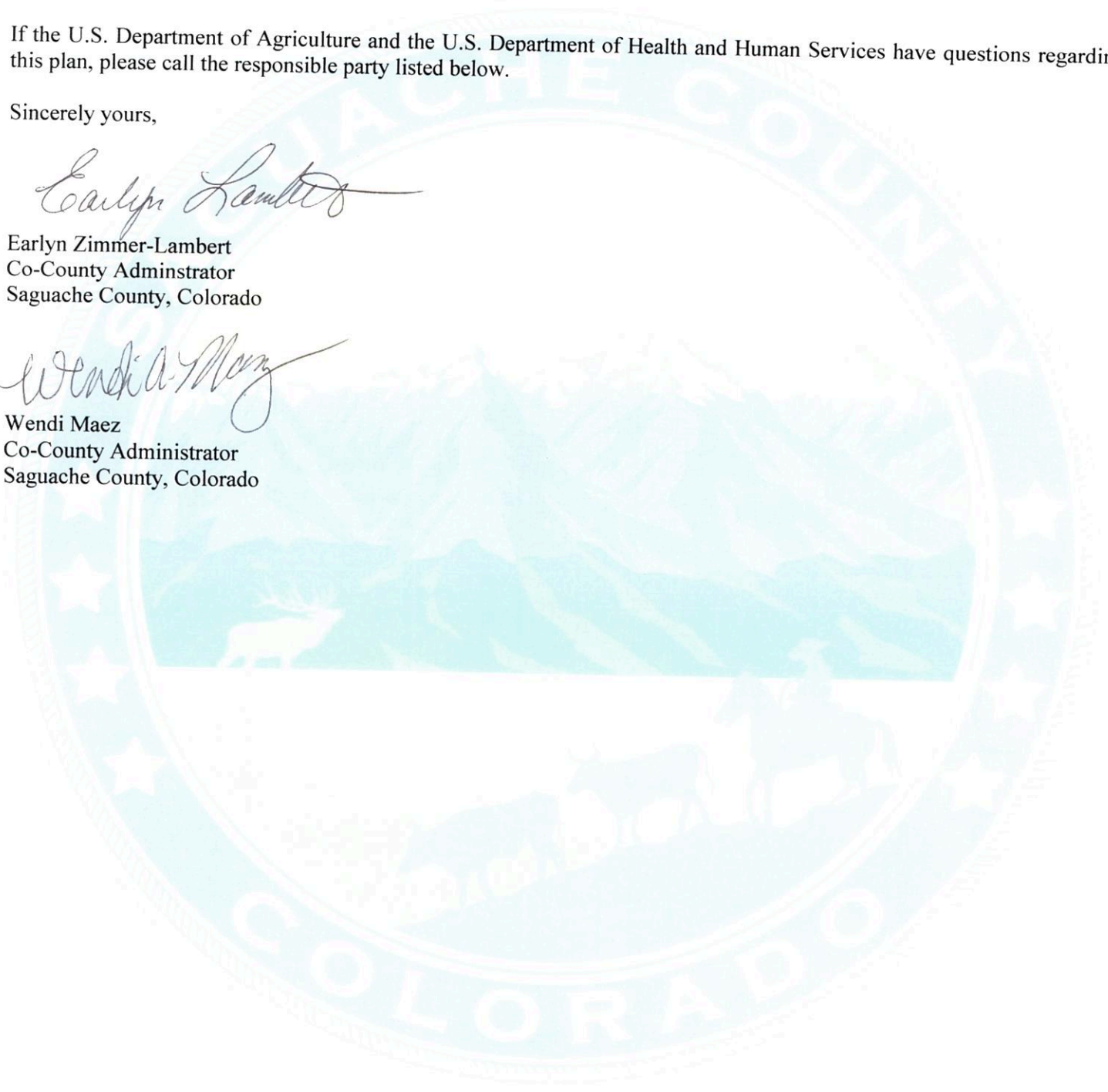
Sincerely yours,



Earlyn Zimmer-Lambert
Co-County Administrator
Saguache County, Colorado



Wendi Maez
Co-County Administrator
Saguache County, Colorado



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

LOCAL HIGHWAY FINANCE REPORT	City or County: Saguache County
This Information From The Records Of (example - City of _ or County of County of Saguache)	
Prepared By: Rhiannon Curry Phone: 719-655-2554	
YEAR ENDING : December 2016	

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,239,481
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	17,966
2. General fund appropriations		b. Snow and ice removal	10,461
3. Other local imposts (from page 2)	34,585	c. Other	43,759
4. Miscellaneous local receipts (from page 2)	129,005	d. Total (a. through c.)	72,186
5. Transfers from toll facilities		4. General administration & miscellaneous	167,348
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	2,479,015
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	163,590	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,806,191	2. Notes:	
D. Receipts from Federal Government (from page 2)	188,506	a. Interest	12,255
E. Total receipts (A.7 + B + C + D)	3,158,287	b. Redemption	127,321
		c. Total (a. + b.)	139,576
		3. Total (1.c + 2.c)	139,576
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	2,618,591

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)	405,955	0	127,321	278,634

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,702,144	3,158,287	2,618,591	3,241,840	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	4	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees	34,581	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	10,307
4. Licenses		f. Charges for Services	92,390
5. Specific Ownership &/or Other		g. Other Misc. Receipts	26,308
6. Total (1. through 5.)	34,581	h. Other	
c. Total (a. + b.)	34,585	i. Total (a. through h.)	129,005
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,780,454	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	188,506
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	25,737	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal	
f. Total (a. through e.)	25,737	g. Total (a. through f.)	188,506
4. Total (1. + 2. + 3.f)	2,806,191	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments: