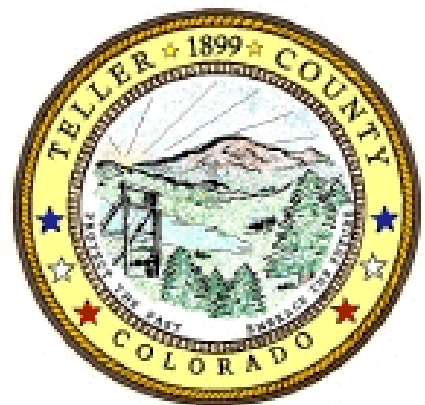




## FINANCIAL STATEMENTS

For The Year Ended

DECEMBER 31, 2016





**TELLER COUNTY, COLORADO**

**FINANCIAL STATEMENTS**

**DECEMBER 31, 2016**

**Teller County, Colorado**  
**Annual Financial Report**  
**For The Year Ended December 31, 2016**

**TABLE OF CONTENTS**  
**Financial Section**

|                                                                                                                                                    |         |
|----------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| <b>Independent Auditors' Report</b> .....                                                                                                          | 1 – 3   |
| <b>Management's Discussion and Analysis</b> .....                                                                                                  | i - ix  |
| <b>Basic Financial Statements</b>                                                                                                                  |         |
| <b>Government-wide Financial Statements:</b>                                                                                                       |         |
| Statement of Net Position.....                                                                                                                     | 4       |
| Statement of Activities.....                                                                                                                       | 5       |
| <b>Fund Financial Statements:</b>                                                                                                                  |         |
| <b>Governmental Funds:</b>                                                                                                                         |         |
| Balance Sheet.....                                                                                                                                 | 6       |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of<br>Net Position.....                                                    | 7       |
| Statement of Revenues, Expenditures and Changes in Fund Balances .....                                                                             | 8       |
| Reconciliation of the Governmental Funds Statement of Revenues, Expenditures,<br>and Changes in Fund Balances to the Statement of Activities ..... | 9       |
| <b>Proprietary Funds:</b>                                                                                                                          |         |
| Statement of Net Position.....                                                                                                                     | 10      |
| Statement of Revenues, Expenses, and Changes in Fund Net Position.....                                                                             | 11      |
| Statement of Cash Flows .....                                                                                                                      | 12 - 13 |
| <b>Fiduciary Funds:</b>                                                                                                                            |         |
| Comparative Statement of Fiduciary Assets and Liabilities.....                                                                                     | 14      |
| <b>Notes to the Basic Financial Statements</b> .....                                                                                               | 15 - 34 |
| <b>Required Supplementary Information</b>                                                                                                          |         |
| <i>General Fund</i> - Schedule of Revenues, Expenditures and Changes in Fund Balances<br>– Budget and Actual .....                                 | 35      |
| <i>Road and Bridge Fund</i> - Schedule of Revenues, Expenditures and Changes in Fund Balances<br>– Budget and Actual .....                         | 36      |
| <i>Social Services Fund</i> - Schedule of Revenues, Expenditures and Changes in Fund Balances<br>– Budget and Actual.....                          | 37      |
| Modified Approach for County Infrastructure Capital Assets .....                                                                                   | 38 – 39 |
| Notes to Required Supplementary Information .....                                                                                                  | 40      |

**Teller County, Colorado**  
**Annual Financial Report**  
**For The Year Ended December 31, 2016**

**Supplementary Information**

**Combining and Individual Fund Statements and Schedules:**

**Governmental Funds**

**General Fund:**

|                                                                                    |         |
|------------------------------------------------------------------------------------|---------|
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balances ..... | 41      |
| Schedule of Revenues - Budget and Actual .....                                     | 42 - 43 |
| Schedule of Expenditures - Budget and Actual.....                                  | 44      |

**Major Special Revenue Funds:**

*Road and Bridge Fund*

|                                                                                    |    |
|------------------------------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balances ..... | 45 |
|------------------------------------------------------------------------------------|----|

*Social Services Fund*

|                                                                                    |    |
|------------------------------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balances ..... | 46 |
|------------------------------------------------------------------------------------|----|

**Major Capital Projects Fund:**

*Capital Projects Fund*

|                                                                                    |    |
|------------------------------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenditures and Changes in Fund Balances ..... | 47 |
| Schedule of Revenues, Expenditures and Changes in Fund Balances                    |    |
| Fund Balances - Budget and Actual .....                                            | 48 |

**Nonmajor Special Revenue Funds:**

|                               |    |
|-------------------------------|----|
| Combining Balance Sheet ..... | 49 |
|-------------------------------|----|

|                                                                                  |    |
|----------------------------------------------------------------------------------|----|
| Combining Statement of Revenues, Expenditures and Changes in Fund Balances ..... | 50 |
|----------------------------------------------------------------------------------|----|

*Conservation Trust Fund*

|                                                        |    |
|--------------------------------------------------------|----|
| Schedule of Revenues, Expenditures and Changes in Fund |    |
| Balances - Budget and Actual .....                     | 51 |

*Contingent Fund*

|                                                        |    |
|--------------------------------------------------------|----|
| Schedule of Revenues, Expenditures and Changes in Fund |    |
| Balances - Budget and Actual .....                     | 52 |

**Proprietary Funds**

**Enterprise Funds**

**Major Enterprise Funds**

*Wastewater Utility Fund*

|                                                            |    |
|------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenses and Changes in |    |
| Fund Net Position .....                                    | 53 |
| Schedule of Revenues, Expenses and Changes in              |    |
| Fund Net Position – Budget and Actual.....                 | 54 |

*Jail Fund*

|                                                            |    |
|------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenses and Changes in |    |
| Fund Net Position .....                                    | 55 |
| Schedule of Revenues, Expenses and Changes in              |    |
| Fund Net Position – Budget and Actual.....                 | 56 |

*Fleet Management Fund*

|                                                            |    |
|------------------------------------------------------------|----|
| Comparative Statement of Revenues, Expenses and Changes in |    |
| Fund Net Position .....                                    | 57 |
| Schedule of Revenues, Expenses and Changes in              |    |
| Fund Net Position – Budget and Actual.....                 | 58 |

**Teller County, Colorado**  
**Annual Financial Report**  
**For The Year Ended December 31, 2016**

**Fiduciary Funds**

|                                                                |    |
|----------------------------------------------------------------|----|
| Agency Funds                                                   |    |
| Combining Statement of Changes in Assets and Liabilities ..... | 59 |

**Special Reports Section**

|                                       |         |
|---------------------------------------|---------|
| Highway Users Tax Fund Schedule ..... | 60 - 61 |
|---------------------------------------|---------|

**Federal Financial Award Reports Section**

|                                                                                                                                                                                                                                       |         |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------|
| Independent Auditors' Report On Internal Control Over Financial Reporting And On<br>Compliance And Other Matters Based On An Audit Of Financial Statements Performed<br>In Accordance With <i>Government Auditing Standards</i> ..... | 62 - 63 |
| Independent Auditors' Report on Compliance For Each Major Federal Program and Report On<br>Internal Control Over Compliance Required By the Uniform Guidance.....                                                                     | 64 - 66 |
| Schedule of Findings and Questioned Costs .....                                                                                                                                                                                       | 67 - 69 |
| Corrective Action Plan .....                                                                                                                                                                                                          | 70      |
| Schedule of Expenditures of Federal Awards .....                                                                                                                                                                                      | 71 - 72 |
| Notes to the Schedule of Expenditures of Federal Awards .....                                                                                                                                                                         | 73      |



## Independent Auditors' Report

Board of County Commissioners  
Teller County, Colorado  
Cripple Creek, Colorado

RubinBrown LLP  
Certified Public Accountants  
& Business Consultants

1900 16<sup>th</sup> Street  
Suite 300  
Denver, CO 80202

T 303.698.1883  
F 303.777.4458

W [rubinbrown.com](http://rubinbrown.com)  
E [info@rubinbrown.com](mailto:info@rubinbrown.com)

### 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 Teller 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 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 audits. We conducted our audits 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of 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.

### ***Emphasis Of Matter***

As discussed in Note 1-E, the County adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, effective for years beginning after June 15, 2015. Our opinions were not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the modified approach for County infrastructure capital assets on pages i through ix, 35 through 37 and 38 through 39, respectively, 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, which 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 and individual fund statements and schedules, the Highway Users Tax Fund Schedule and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Report On Comparative Information***

We have previously audited the County's 2015 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated May 31, 2016. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2015 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Other Reporting Required By Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 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.

*RubinBrown LLP*

June 9, 2017



## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

As management of Teller County, Colorado, we offer readers of the Teller County financial statements this narrative overview and analysis of the financial activities of Teller County for the fiscal year ended December 31, 2016. Consistent with the required reporting standards mandated by the Governmental Accounting Standards Board Statement #34 (GASB 34), Teller County is pleased to present our annual financial report in what we hope to be an informative and understandable format. We encourage readers to consider the information presented here while reviewing the financial statements.

### **Financial Highlights**

- The County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$286,550,374 (net position) for the calendar year reported. At December 31, 2015 net position of \$284,542,511 was reported. This substantial increase in net position is primarily due to an increase in cash balances and decreases in the County's capital lease liability. These changes result from conservative revenue estimates, continued conservative operating budgets and spending, and intentional increases in long-term capital plan funding reserves and wildfire contingency funds.
- Total net position is comprised of the following:
  - (1) Net investment in capital assets of \$269,954,733, comparable to the prior year's balance of \$269,574,454, which includes infrastructure, property and equipment net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets. The decrease in net asset value is substantially due to current year depreciation.
  - (2) Net position of \$420,000 is restricted for emergencies by constraints imposed from outside the County.
  - (3) Unrestricted net position of \$16,175,641 represents the portion available to maintain the County's continuing obligations to citizens and creditors, and includes an improvement from net position of \$14,078,038 unrestricted at December 31, 2015.
- In 2015 total assessed value of property that generates the County's property tax revenues decreased for the second year in a row. The levy on total values resulted in a decrease in 2016 total property tax-related revenues of about \$108,000, following a 2015 drop of about \$310,000. Due to the continuing uncertainty of property values, increased property tax revenue received in 2013 is still being held in increased budgeted carryovers to protect County services if tax revenues take a further drop. County management maintained proactive and conservative budgeting and spending policies through 2016, while maintaining services.
- The County's governmental funds reported total ending fund balance of \$15,059,909 this year, an increase of \$1,941,447 from the prior year ending fund balance of \$13,118,462. The largest portion of this increase is in the County's Capital Projects Fund, in anticipation of future capital projects. Through the County's extended strategic plan and budgeting process, management will prioritize and identify critical needs and service levels to be addressed with available funds.
- At the end of the reported calendar year, fund balance for the General Fund was \$5,676,670, or 40.6% of total General Fund expenditures, compared to 38.7% at December 31, 2015.
- Overall, the County has strengthened its financial position by adhering to budget policies and long-term capital plans, which include maintaining the County's operating abilities and service levels, fund balances and capital reserves. Until such time as the unmanaged accumulation of overtime in specific County departments, leadership does not believe it to be fiscally responsible to commit to large-scale capital projects.

The above financial highlights are explained in more detail in the "financial analysis" section of this document.

## Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. The County also includes in this report additional information to supplement the basic financial statements.

### ***Government-wide Financial Statements done to here***

The County's annual report includes two government-wide financial statements. These statements provide both long-term and short-term information about the County's overall financial status. Financial reporting at this level uses a perspective similar to that found in the private sector with its basis in accrual accounting and elimination or reclassification of activities between funds.

The first of these government-wide statements is the *Statement of Net Position*. This is the government-wide statement of position presenting information that includes all of the County's assets, deferred outflows, liabilities and deferred inflows, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the County as a whole is improving or deteriorating. Evaluation of the overall health of the County would extend to other nonfinancial factors such as diversification of the taxpayer base or the condition of County infrastructure, in addition to the financial information provided in this report.

Comparative government-wide net position at December 31<sup>st</sup>, for the past three years has been:

|      |               |
|------|---------------|
| 2016 | \$286,550,374 |
| 2015 | 284,542,511   |
| 2014 | 282,005,939   |

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

Both government-wide financial statements distinguish governmental activities of the County that are principally supported by property taxes, grants and other inter-governmental revenues from business-type activities that are intended to recover all or a significant portion of their costs through user fees and charges. Governmental activities include general government, public safety, public works, health and human services, and culture and recreation. Business-type activities include the wastewater and detentions facilities in Divide.

The government-wide financial statements are presented on pages 4 and 5 of this report.

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

A fund is an accountability unit used to maintain control over resources segregated for specific activities or objectives. The County uses funds to ensure and demonstrate compliance with finance-related laws and regulations. Within the basic financial statements, fund financial statements focus on the County's most significant funds rather than the County as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation. Individual fund data for non-major funds is provided in the form of combining statements in a later section of the report.

The County uses three types of funds:

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

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

The basic governmental fund financial statements are presented on pages 6 to 9 of this report.

Individual fund information for non-major governmental funds is found in combining statements in a later section of this report.

*Proprietary funds* are reported in the fund financial statements and generally report services for which the County charges customers a fee. The County has three proprietary funds, two are classified as enterprise funds, and one as an internal service fund. The two enterprise funds essentially encompass the same functions reported as business-type activities in the government-wide statements. Services are provided to customers external to the County organization for the wastewater utility and the jail. The internal service fund is used to track the acquisition, and provide for the replacement and maintenance of the County's fleet of vehicles and road equipment, and is classified as governmental activities in the government-wide statements.

The basic proprietary fund financial statements are presented on pages 10 to 13 of this report.

The *Fiduciary funds* are custodial in nature and include the County's agency funds, held by the County for payroll-related disbursements and for other organizations and entities, as presented on page 14 of this report.

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

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin on page 15 of this report.

#### ***Other Supplementary Information***

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the County's method of reporting infrastructure assets, and budget presentations. Infrastructure asset information is included in the "required supplementary information" section that begins on page 35. Budgetary comparison statements are also included as "required supplementary information" for the County's major funds: the general, road and bridge, social services and capital projects funds. Budgetary comparison schedules for other governmental funds can be found in a later section of this report. These statements and schedules demonstrate compliance with the County's adopted and final revised budget. As discussed, the County reports major funds in the basic financial statements. Combining and individual statements and schedules for non-major funds are presented in a subsequent section of this report beginning on page 41.

#### **Financial Analysis of the County as a Whole**

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

The County's net position at calendar year-end 2016 was \$286,550,374, as compared to \$284,542,511 the previous year. The following table provides a summary of the County's net position:

**Summary of Net Assets for the year ended December 31, 2016**  
**(With comparative amounts for the year ended December 31, 2015)**

|                                  | 2016                               |                                     |                       |                                | 2015               |                                |
|----------------------------------|------------------------------------|-------------------------------------|-----------------------|--------------------------------|--------------------|--------------------------------|
|                                  | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          | <b>Percentage<br/>of Total</b> | <b>Total</b>       | <b>Percentage<br/>of Total</b> |
| Assets:                          |                                    |                                     |                       |                                |                    |                                |
| Current assets                   | \$ 26,514,879                      | \$ (200,875)                        | \$ 26,314,004         | 9%                             | \$ 24,871,028      | 8%                             |
| Capital assets                   | 269,226,178                        | 2,760,992                           | 271,987,170           | 91%                            | 272,424,319        | 92%                            |
| Total assets                     | 295,741,057                        | 2,560,117                           | 298,301,174           | 100%                           | 297,295,347        | 100%                           |
| Deferred Outflows of Resources:  |                                    |                                     |                       |                                |                    |                                |
| Unamortized charge               | -                                  | 287,563                             | 287,563               | 100%                           | 260,135            | 100%                           |
| Liabilities:                     |                                    |                                     |                       |                                |                    |                                |
| Current liabilities              | 1,844,994                          | 569,471                             | 2,414,465             | 51%                            | 2,380,825          | 43%                            |
| Long-term liabilities            | 333,540                            | 1,986,865                           | 2,320,405             | 49%                            | 3,135,563          | 57%                            |
| Total liabilities                | 2,178,534                          | 2,556,336                           | 4,734,870             | 100%                           | 5,516,388          | 100%                           |
| Deferred Inflows of Resources:   |                                    |                                     |                       |                                |                    |                                |
| Unearned property tax revenue    | 7,303,493                          | -                                   | 7,303,493             | 100%                           | 7,496,583          | 100%                           |
| Net position:                    |                                    |                                     |                       |                                |                    |                                |
| Net investment in capital assets | 269,226,178                        | 728,555                             | 269,954,733           | 94%                            | 269,574,454        | 95%                            |
| Restricted                       | 420,000                            | -                                   | 420,000               | 0%                             | 890,019            | 0%                             |
| Unrestricted                     | 16,612,852                         | (437,211)                           | 16,175,641            | 6%                             | 14,078,038         | 5%                             |
| Total net position               | <u>\$ 286,259,030</u>              | <u>\$ 291,344</u>                   | <u>\$ 286,550,374</u> | <u>100%</u>                    | <u>284,542,511</u> | <u>100%</u>                    |

The County continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 2.90 to 1. The business-type activities report a current ratio of 0.15 to 1. For the County overall, the current ratio is 2.74 to 1, as compared to 2.54 to 1 reported at the end of 2015.

The County reports positive balances in net position for the governmental activities as well as for the combination of the wastewater utility fund and the jail fund. The jail fund reports positive net position of \$77,072, an improvement compared to negative net position of \$365,193 at the end of 2015. Net position increased \$1,551,269 for governmental activities and improved by \$456,594 for business-type activities. The County's overall financial position improved during calendar year 2016.

Note that 94% of the governmental activities' net position results from investment in capital assets. The County uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide services, but in addition, they generate revenues for these funds. 94% of the County's total net position is included in capital assets, as compared to 95% in the prior year.

The following table provides a summary of the County's changes in net position:

**Summary of Changes in Net Assets for the year ended December 31, 2016**  
**(With comparative amounts for the year ended December 31, 2015)**

|                                  | 2016                       |                             |                |                        | 2015           |                        |
|----------------------------------|----------------------------|-----------------------------|----------------|------------------------|----------------|------------------------|
|                                  | Governmental<br>Activities | Business-type<br>Activities | Total          | Percentage<br>of Total | Total          | Percentage<br>of Total |
| Revenues:                        |                            |                             |                |                        |                |                        |
| Program:                         |                            |                             |                |                        |                |                        |
| Charges for services             | \$ 1,898,448               | \$ 3,110,887                | \$ 5,009,335   | 19%                    | \$ 4,921,356   | 19%                    |
| Operating grants & contributions | 7,698,185                  | -                           | 7,698,185      | 29%                    | 7,195,193      | 28%                    |
| Capital grants & contributions   | -                          | 17,700                      | 17,700         | 0%                     | -              | 0%                     |
| General:                         |                            |                             |                |                        |                |                        |
| Taxes                            | 10,380,084                 | -                           | 10,380,084     | 39%                    | 10,310,643     | 40%                    |
| Other                            | 3,283,293                  | 48,354                      | 3,331,647      | 13%                    | 3,429,177      | 13%                    |
| Total revenues                   | 23,260,010                 | 3,176,941                   | 26,436,951     | 100%                   | 25,856,369     | 100%                   |
| Program Expenses:                |                            |                             |                |                        |                |                        |
| General government               | 6,425,738                  | -                           | 6,425,738      | 26%                    | 6,540,947      | 29%                    |
| Public safety                    | 6,939,606                  | -                           | 6,939,606      | 28%                    | 6,878,606      | 29%                    |
| Public works                     | 4,416,276                  | -                           | 4,416,276      | 18%                    | 3,591,153      | 15%                    |
| Health and human services        | 3,833,441                  | -                           | 3,833,441      | 16%                    | 3,414,111      | 15%                    |
| Culture and recreation           | 93,680                     | -                           | 93,680         | 0%                     | 89,674         | 0%                     |
| Wastewater utility               | -                          | 149,349                     | 149,349        | 1%                     | 139,698        | 1%                     |
| Jail                             | -                          | 2,570,998                   | 2,570,998      | 11%                    | 2,665,608      | 11%                    |
| Total expenses                   | 21,708,741                 | 2,720,347                   | 24,429,088     | 100%                   | 23,319,797     | 100%                   |
| Change in net position           | 1,551,269                  | 456,594                     | 2,007,863      |                        | 2,536,572      |                        |
| Net position beginning of year   | 284,707,761                | (165,250)                   | 284,542,511    |                        | 282,005,939    |                        |
| Net position end of year         | \$ 286,259,030             | \$ 291,344                  | \$ 286,550,374 |                        | \$ 284,542,511 |                        |

**GOVERNMENTAL REVENUES**

The County is heavily reliant on property and sales taxes to support governmental operations and capital. These taxes provided 45% of the County's governmental revenues in both 2016 and 2015. Operating grants and contributions are the second largest revenue source with \$7.7 million in 2016 governmental revenues or 33% of the total, up from 32% in 2015. Note that charges for services and operating grants and contributions have consistently covered 44% of governmental program expenses in 2016 and 2015, with road and social services assistance making up the majority of program operating revenues. Local sales and gaming tax revenues increased 6.2% from the prior year, following a 4.0% increase in 2015, indicating a positive trend in the local economy. The government's taxpayers and the County's other general governmental revenues comprised 59% of the governmental revenues, compared to 60% in the prior year.

**GOVERNMENTAL FUNCTIONAL EXPENSES**

The public safety and public works functions make up approximately 52% of the total governmental activities expenses for 2016, compared with 51% in 2015. General government totals about 30% compared to 32% last year, and health and human services made up about 18% of 2016 governmental expenditures, up from 17% the previous four years.

This table presents the total cost of each of the County's programs, as compared to the net costs (i.e., total cost less revenues generated by the activities). The net costs illustrate the financial burden that was placed on the County's taxpayers by each of these functions.

**Governmental Activities**

|                           | <b>2016</b>                       |                                 | <b>2015</b>                       |                                 |
|---------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                           | <b>Total Cost<br/>of Services</b> | <b>Net Cost<br/>of Services</b> | <b>Total Cost<br/>of Services</b> | <b>Net Cost<br/>of Services</b> |
| General government        | \$ 6,425,738                      | \$ 5,054,695                    | \$ 6,540,947                      | \$ 5,208,400                    |
| Public safety             | 6,939,606                         | 4,709,026                       | 6,878,606                         | 4,722,307                       |
| Public works              | 4,416,276                         | 1,956,218                       | 3,591,153                         | 1,146,568                       |
| Health and human services | 3,833,441                         | 452,363                         | 3,414,111                         | 434,888                         |
| Culture and recreation    | 93,680                            | (60,194)                        | 89,674                            | (50,198)                        |
| Total                     | <u>\$ 21,708,741</u>              | <u>\$ 12,112,108</u>            | <u>\$ 20,514,491</u>              | <u>\$ 11,461,965</u>            |

In this table, the County did not recognize any capital grants and contributions in either 2016 or 2015. After reducing gross expenses by program revenues, public safety (which includes Community Development Services) totals 39% of the adjusted net cost of services in 2016 as compared to 41% in 2015. Public works shows approximately 16% of the 2016 net cost of services, as compared to 10% in 2015. About half of the funding for the operations of the Road and Bridge Fund (in public works) is Highway User Tax Fund money received from the State.

**BUSINESS-TYPE ACTIVITIES**  
**Revenues vs. Costs**

The jail enterprise fund showed net operating income of \$584,933 in 2016, compared to \$517,089 in 2015. Teller County continues to market our facility to obtain external revenue by housing prisoners from other entities. The year 2016 resulted in a net operating loss of \$3,371 for the wastewater fund, compared to a net operating loss of \$4,699 in 2015.

**Financial Analysis of the County's Funds**

***Governmental Funds***

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$15,059,909, an increase from \$13,118,462 at the end of 2015. The residual amount of unassigned fund balance in the County's general fund, after accounting for all levels of constraint determined according to GASB54, is \$3,098,120 as compared to \$2,897,490 at the end of 2015, indicating that the increase in total fund balance was largely limited as to the purpose of its spending.

***Major Governmental Funds***

The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. Originally budgeted to decrease by about \$1.9 million, actual revenues and expenditures in the general fund resulted in a fund balance increase of \$316,505. Except in the area of property tax revenue, improved revenue trends have modestly continued through 2016, allowing the County to gradually fund priorities in our updated strategic plan. Our ongoing budgetary caution resulted in general fund revenues above the 2016 adjusted budget amounts by over \$1.2 million, and departments continued to hold the line on expenditures, resulting in expenses of about \$1.15 million less than budget.

Property taxes distributed to the general fund show a 1% increase from calendar year 2015, resulting from a shift in breakdown between funds as well as a reduction in assessed values of property in the County. Distribution of sales taxes to the general fund increased by about 27% from the prior year, due to shifts in distribution that were determined during the 2016 budgeting process. General fund revenues from other governmental entities (mainly State and Federal) increased nearly

11% from those in 2015 partially due to a shift in gaming tax revenue distribution comparable to sales tax, as well as substantial increases in gaming and public health-related grant revenues. Reductions in all types of general fund licenses and permits resulted in a total decrease of over 18%, from 2015. Charges for general fund services show nearly a 9% increase, after a 0.5% increase in 2015.

The general fund balance is considered adequate, and due to conservative budget and spending practices, it shows the equivalent of 41% of annual expenditures in 2016. In the general fund, expenditures for both general government and culture and recreation had very slight decreases, while public safety expenditures increased less than 0.5%. General fund health and human services expenditures increased over 9% with increases in external funding, and capital outlay was triple that spent in 2015, however with comparatively small dollars.

Total road and bridge fund revenues decreased by about \$450,000, the result of the previously discussed shifts in sales tax, gaming tax and property tax budget allocations between funds. Funding and personnel resources have been shifted to major maintenance projects in 2016 and 2015 while carrying some funds forward for engineering and design for potential capital improvements in the future. Monetary results of these actions show a 2016 increase of about \$750,000 in road and bridge fund expenditures and an increase in year-end fund balance of about \$214,000. Uncertainty of highway user tax funds from the state has caused the County to anticipate lower revenues during the last few budget years, however negative changes have not materialized. This has resulted in higher fund balances in 2016 and 2015, available for the following years' road and bridge expenditures.

In the social services fund, while revenue from intergovernmental reimbursements increased from 2015 by about \$42,000, total expenditures increased by \$336,000, resulting in a drop in fund balance by over \$250,000. Much of this expenditure increase was for one-time costs for improvements in office layout and electronic document set-up. During 2016 less property tax and no gaming tax revenues were distributed to the social services fund due to favorable results in 2015. The December 2016 distribution of property tax levied to the social services fund was increased to mitigate the reduction in fund balance.

In the 2013 budget, we increased the targeted operating fund balances to protect future County services from an anticipated drop in property taxes. Taxable property valuations have decreased minimally with corresponding revenue drops over the last three years' assessments and budget cycles however due to other revenue increases and continued conservative spending we have been able to hold those higher fund balances, considering the continuing uncertain economy and possible further reductions in future property valuations.

### ***Proprietary Funds***

The proprietary fund statements share the same focus as the government-wide statements, reporting both short-term and long-term information about financial status. This information was discussed in previous areas of the MD&A.

### **Budgetary Highlights**

We have budgeted for increased contributions to the capital projects fund towards the accomplishment of long-term capital goals that have been put on hold in recent years, and our fleet replacement program has continued according to plan. Conservative spending practices include holding level departmental personnel numbers and delaying non-critical spending. Budget levels have been increased to allow for certain delayed property maintenance and personnel recognition.

**The General Fund** – Over the course of the year, the Board of County Commissioners has found it necessary to adopt adjustments and supplemental appropriations to the 2016 general fund budget, for the following reasons:

- Revenues that were not anticipated in the originally adopted budget, that have been obtained to fund specific programs or services (ie: grants approved after adoption of the budget, increased program funding)
- Carryover of designated funds received in 2015 but not expended until 2016
- Moving budgeted funds from one spending authority or area to another

Adjustments to the general fund budget resulted in a net increase of appropriations equaling \$548,344.

Actual general fund revenues came in \$1,274,598 higher than the adjusted budget amounts. County departments continued to maintain costs through careful monitoring of expenditures, which came in about 8% lower than the adjusted budget.

Comparatively, the County spent about 91% of the authorized general fund budget in 2015. Past revenue trends are taken into account while developing conservative estimates for the budget.

**Other Major Governmental Funds** – Over the course of the year, the Board of County Commissioners has found it necessary to adopt adjustments and supplemental appropriations to other major governmental funds' 2016 budgets. Substantial amounts were:

- Road and bridge fund appropriations were increased by \$603,145, primarily for unanticipated fund balance carryover from 2015.
- Social services fund expenditure budget was increased by \$344,619 to improve efficiencies in building layout and document processing as well as to accommodate additional in mandated program activity.

## **Capital Assets and Debt Administration**

### **Capital Assets**

At December 31, 2016, the County had \$271,987,170 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges and sewer lines. This is a decrease of \$437,149 or 0.2%, which results mainly from current year depreciation. In 2006, the County had completed valuation and condition assessments of all infrastructure in our road and trail systems built prior to 2003, and included them under the “modified approach” of reporting as non-depreciable assets under GASB34. This method of reporting, assessing and tracking the County’s infrastructure has shown to be a valuable asset management tool. Due to the successful results of tracking road and trail infrastructure under the modified approach, in 2011 the County reconditioned the Wastewater infrastructure, completed a full assessment of the system, and has added that infrastructure to the assets tracked under the modified approach of reporting. The most recent assessment of all county road and trail infrastructure was performed in the three years ended December 31, 2015, and of the wastewater infrastructure in the three years ended December 31, 2014. The County will continue to perform infrastructure assessments every three years. The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2016, was \$269,226,178 and \$2,760,992 respectively. The total change in this net investment was a decrease of 0.1% for governmental and a 5.4% decrease for business-type activities. See Note 4-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

|                           | Capital Assets<br>(net of depreciation) |                |                     |              |                |                |             |
|---------------------------|-----------------------------------------|----------------|---------------------|--------------|----------------|----------------|-------------|
|                           | Governmental Activities                 |                | Business Activities |              | Total          |                | %<br>Change |
|                           | 2016                                    | 2015           | 2016                | 2015         | 2016           | 2015           |             |
| Land                      | \$ 3,225,910                            | \$ 3,225,910   | \$ 101,300          | \$ 101,300   | \$ 3,327,210   | \$ 3,327,210   | 0.0%        |
| Construction in progress  | 31,209                                  | 8,904          | -                   | -            | 31,209         | 8,904          | 250.5%      |
| Buildings & Improvements  | 5,278,229                               | 5,532,418      | 1,679,003           | 1,865,461    | 6,957,232      | 7,397,879      | -6.0%       |
| Machinery and equipment   | 2,703,199                               | 2,740,589      | 27,977              | -            | 2,731,176      | 2,740,589      | -0.3%       |
| Software                  | 13,067                                  | 22,461         | -                   | -            | 13,067         | 22,461         | -41.8%      |
| Infrastructure            | 257,974,564                             | 257,974,564    | 952,712             | 952,712      | 258,927,276    | 258,927,276    | 0.0%        |
| Total Capital Assets, net | \$ 269,226,178                          | \$ 269,504,846 | \$ 2,760,992        | \$ 2,919,473 | \$ 271,987,170 | \$ 272,424,319 | -0.2%       |

### **Long-term Debt**

At the end of the calendar year, the County had outstanding debt obligations of \$3,516,954, including debt for compensated absences. During the year, the County retired \$285,000 in capital leases, or 8% of the beginning outstanding capital lease obligations. In 2015, the County had a net increase in compensated absence balances due, of \$24,469 or 6%.

|                      | Outstanding Debt           |            |                             |              |              |              | %<br>Change |
|----------------------|----------------------------|------------|-----------------------------|--------------|--------------|--------------|-------------|
|                      | Governmental<br>Activities |            | Business-type<br>Activities |              | Totals       |              |             |
|                      | 2016                       | 2015       | 2016                        | 2015         | 2016         | 2015         |             |
|                      |                            |            |                             |              |              |              |             |
| Capital leases       | \$ -                       | \$ -       | \$ 2,320,000                | \$ 3,110,000 | \$ 2,320,000 | \$ 3,110,000 | -25.4%      |
| Compensated absences | 416,925                    | 352,140    | 58,581                      | 54,814       | 475,506      | 406,954      | 16.8%       |
| Total                | \$ 416,925                 | \$ 352,140 | \$ 2,378,581                | \$ 3,164,814 | \$ 2,795,506 | \$ 3,516,954 | -20.5%      |

See Note 4-G for additional information about the County's long-term debt. Business-type capital leases include Certificates of Participation held by the Teller County Facilities Corporation. In April 2016, these COPs were renegotiated at a lower cost and to a shorter term.

### ***Economic Conditions Affecting the County***

Gaming and sales tax revenue is showing steady improvement, indicating a positive local outlook. Building-related activity was slow but steady through 2016 and revenues exceeded our conservative estimates. To-date 2017 activity supports the expectation of little or no increase in building-related revenues.

The Public Trustee reports minimal foreclosure activity in the County. We anticipate a decrease in assessed property values due to Colorado's Gallagher Amendment, which will require a reduction of the residential assessment ratio. Using 2016's assessed values this residential rate change will negatively affect our 2018 property tax revenues by up to \$400,000. The actual net effect however, will depend upon the results of the assessor's 2017 revaluation of all county taxable properties. We expect overall revaluations to slightly increase from 2015.

The Cripple Creek & Victor Gold Mine, after a full year of ownership by the Newmont Mining Corporation, shows an increase in production and continues to be a valuable member of the community. The mine continues to stimulate the County's economy as it has in the past. In previous years the value of increased mineral production in the County has

subsidized otherwise reduced taxes levied by the County but with the changing value of gold in the past few years the County has not received that positive offset.

County Elected Officials once again prioritized funding for across-the-board salary increases according to market and employee performance, and are considering cautiously refilling vacant employment positions in conformance with the strategic plan.

In order to maintain services, the County is continuing to pursue all cost-effective sources of funding. County offices and departments continue to sustain services with the funding available. We strive to improve in all areas of responsibility. Community outreach and communications goals remain a County-wide priority.

### ***Contacting the County's Financial Management***

This financial report is designed to provide a general overview of the County's finances, comply with finance-related laws and regulations, and demonstrate the County's commitment to public accountability. If you have questions about this report or would like to request additional information, contact the County's Director of Finance or the County Administrator at the County's Centennial Building, 112 North "A" Street, Cripple Creek, CO 80813.



## BASIC FINANCIAL STATEMENTS

**Teller County, Colorado**  
**Statement of Net Position**  
**December 31, 2016**

|                                                       | <b>Primary Government</b>          |                                     |                       |
|-------------------------------------------------------|------------------------------------|-------------------------------------|-----------------------|
|                                                       | <b>Governmental<br/>Activities</b> | <b>Business-type<br/>Activities</b> | <b>Total</b>          |
| <b>Assets</b>                                         |                                    |                                     |                       |
| <b>Current Assets</b>                                 |                                    |                                     |                       |
| Cash and investments: (Note 4-A)                      |                                    |                                     |                       |
| Unrestricted                                          | \$ 16,995,949                      | \$ 472,996                          | \$ 17,468,945         |
| Receivables:                                          |                                    |                                     |                       |
| Accounts                                              | 1,042,465                          | 52,190                              | 1,094,655             |
| Property taxes                                        | 7,303,493                          | -                                   | 7,303,493             |
| Intergovernmental                                     | 188,115                            | -                                   | 188,115               |
| Internal                                              | 740,408                            | (740,408)                           | -                     |
| Prepaid expenses                                      | 135,005                            | -                                   | 135,005               |
| Inventory                                             | 109,444                            | -                                   | 109,444               |
| <b>Other Assets</b>                                   |                                    |                                     |                       |
| Prepaid items                                         | -                                  | 14,347                              | 14,347                |
| <b>Capital Assets</b> (Note 4-D)                      |                                    |                                     |                       |
| Nondepreciable capital assets                         | 261,200,474                        | 1,054,012                           | 262,254,486           |
| Depreciable capital assets, net                       | 8,025,704                          | 1,706,980                           | 9,732,684             |
| <b>Total Assets</b>                                   | <b>295,741,057</b>                 | <b>2,560,117</b>                    | <b>298,301,174</b>    |
| <b>Deferred Outflows of Resources</b>                 |                                    |                                     |                       |
| Unamortized charge                                    | -                                  | 287,563                             | 287,563               |
| <b>Total Deferred Outflows of Resources</b>           | <b>-</b>                           | <b>287,563</b>                      | <b>287,563</b>        |
| <b>Liabilities</b>                                    |                                    |                                     |                       |
| <b>Current Liabilities</b>                            |                                    |                                     |                       |
| Accounts payable                                      | 1,197,232                          | 174,197                             | 1,371,429             |
| Intergovernmental payable                             | 564,377                            | -                                   | 564,377               |
| Accrued interest payable                              | -                                  | 3,558                               | 3,558                 |
| Compensated absences payable                          | 83,385                             | 11,716                              | 95,101                |
| Capital leases payable                                | -                                  | 380,000                             | 380,000               |
| <b>Long-Term Liabilities:</b> (Note 4-G)              |                                    |                                     |                       |
| Compensated absences payable (net of current portion) | 333,540                            | 46,865                              | 380,405               |
| Capital leases payable (net of current portion)       | -                                  | 1,940,000                           | 1,940,000             |
| <b>Total Liabilities</b>                              | <b>2,178,534</b>                   | <b>2,556,336</b>                    | <b>4,734,870</b>      |
| <b>Deferred Inflows of Resources</b>                  |                                    |                                     |                       |
| Unearned property tax revenue                         | 7,303,493                          | -                                   | 7,303,493             |
| <b>Total Deferred Inflows of Resources</b>            | <b>7,303,493</b>                   | <b>-</b>                            | <b>7,303,493</b>      |
| <b>Net Position</b>                                   |                                    |                                     |                       |
| Net investment in capital assets (Note 4-I)           | 269,226,178                        | 728,555                             | 269,954,733           |
| Restricted for:                                       |                                    |                                     |                       |
| Emergencies (Note 5-C)                                | 420,000                            | -                                   | 420,000               |
| Unrestricted (deficit)                                | 16,612,852                         | (437,211)                           | 16,175,641            |
| <b>Total Net Position</b>                             | <b>\$ 286,259,030</b>              | <b>\$ 291,344</b>                   | <b>\$ 286,550,374</b> |

See the accompanying notes to the basic financial statements.

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

| Function/Program                                      | Expenses             | Program Revenues                  |                                       |                                     | Net (Expense) Revenue and Changes in Net Position |                             |                       |
|-------------------------------------------------------|----------------------|-----------------------------------|---------------------------------------|-------------------------------------|---------------------------------------------------|-----------------------------|-----------------------|
|                                                       |                      | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Capital Grants<br>and Contributions | Primary Government                                |                             |                       |
|                                                       |                      |                                   |                                       |                                     | Governmental<br>Activities                        | Business-Type<br>Activities | Total                 |
| <b>Primary Government</b>                             |                      |                                   |                                       |                                     |                                                   |                             |                       |
| <b>Governmental Activities</b>                        |                      |                                   |                                       |                                     |                                                   |                             |                       |
| General government                                    | \$ 6,425,738         | \$ 1,021,589                      | \$ 349,454                            | \$ -                                | \$ (5,054,695)                                    | \$ -                        | \$ (5,054,695)        |
| Public safety                                         | 6,939,606            | 765,128                           | 1,465,452                             | -                                   | (4,709,026)                                       | -                           | (4,709,026)           |
| Public works                                          | 4,416,276            | 66,898                            | 2,393,160                             | -                                   | (1,956,218)                                       | -                           | (1,956,218)           |
| Health and human services                             | 3,833,441            | 44,833                            | 3,336,245                             | -                                   | (452,363)                                         | -                           | (452,363)             |
| Culture and recreation                                | 93,680               | -                                 | 153,874                               | -                                   | 60,194                                            | -                           | 60,194                |
| <b>Total Governmental Activities</b>                  | <b>21,708,741</b>    | <b>1,898,448</b>                  | <b>7,698,185</b>                      | <b>-</b>                            | <b>(12,112,108)</b>                               | <b>-</b>                    | <b>(12,112,108)</b>   |
| <b>Business-Type Activities:</b>                      |                      |                                   |                                       |                                     |                                                   |                             |                       |
| Water and sewer                                       | 149,349              | 145,137                           | -                                     | 17,700                              | -                                                 | 13,488                      | 13,488                |
| Jail                                                  | 2,570,998            | 2,965,750                         | -                                     | -                                   | -                                                 | 394,752                     | 394,752               |
| <b>Total Business-Type Activities</b>                 | <b>2,720,347</b>     | <b>3,110,887</b>                  | <b>-</b>                              | <b>17,700</b>                       | <b>-</b>                                          | <b>408,240</b>              | <b>408,240</b>        |
| <b>Total - Primary Government</b>                     | <b>\$ 24,429,088</b> | <b>\$ 5,009,335</b>               | <b>\$ 7,698,185</b>                   | <b>\$ 17,700</b>                    | <b>(12,112,108)</b>                               | <b>408,240</b>              | <b>(11,703,868)</b>   |
| <b>General Revenues</b>                               |                      |                                   |                                       |                                     |                                                   |                             |                       |
| Property taxes levied for general government purposes |                      |                                   |                                       |                                     | 7,502,617                                         | -                           | 7,502,617             |
| Sales taxes                                           |                      |                                   |                                       |                                     | 2,877,467                                         | -                           | 2,877,467             |
| Gaming taxes                                          |                      |                                   |                                       |                                     | 1,906,875                                         | -                           | 1,906,875             |
| Specific ownership taxes and other                    |                      |                                   |                                       |                                     | 870,733                                           | -                           | 870,733               |
| Unrestricted grants                                   |                      |                                   |                                       |                                     | 289,548                                           | -                           | 289,548               |
| Investment earnings                                   |                      |                                   |                                       |                                     | 50,671                                            | -                           | 50,671                |
| Miscellaneous                                         |                      |                                   |                                       |                                     | 165,466                                           | 48,354                      | 213,820               |
| <b>Total General Revenues</b>                         |                      |                                   |                                       |                                     | <b>13,663,377</b>                                 | <b>48,354</b>               | <b>13,711,731</b>     |
| <b>Change in Net Position</b>                         |                      |                                   |                                       |                                     | <b>1,551,269</b>                                  | <b>456,594</b>              | <b>2,007,863</b>      |
| <b>Net Position Beginning of Year</b>                 |                      |                                   |                                       |                                     | <b>284,707,761</b>                                | <b>(165,250)</b>            | <b>284,542,511</b>    |
| <b>Net Position End of Year</b>                       |                      |                                   |                                       |                                     | <b>\$ 286,259,030</b>                             | <b>\$ 291,344</b>           | <b>\$ 286,550,374</b> |

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Balance Sheet**  
**Governmental Funds**  
**December 31, 2016**

|                                                              | <b>General</b>       | <b>Road and Bridge</b> | <b>Social Services</b> | <b>Capital Projects Fund</b> | <b>Other Governmental Funds</b> | <b>Total Governmental Funds</b> |
|--------------------------------------------------------------|----------------------|------------------------|------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>Assets</b>                                                |                      |                        |                        |                              |                                 |                                 |
| Cash and investments                                         |                      |                        |                        |                              |                                 |                                 |
| Unrestricted                                                 | \$ 5,106,485         | \$ 2,960,081           | \$ 775,367             | \$ 3,849,625                 | \$ 1,950,872                    | \$ 14,642,430                   |
| Receivables:                                                 |                      |                        |                        |                              |                                 |                                 |
| Accounts                                                     | 574,335              | 312,988                | 26,439                 | 113,154                      | -                               | 1,026,916                       |
| Property taxes                                               | 6,323,920            | 203,082                | 576,395                | -                            | 200,096                         | 7,303,493                       |
| Intergovernmental                                            | -                    | -                      | 188,115                | -                            | -                               | 188,115                         |
| Interfund                                                    | 740,408              | -                      | -                      | -                            | -                               | 740,408                         |
| Prepaid expenses                                             | 130,514              | 1,131                  | 2,335                  | -                            | 1,025                           | 135,005                         |
| <b>Total Assets</b>                                          | <u>12,875,662</u>    | <u>3,477,282</u>       | <u>1,568,651</u>       | <u>3,962,779</u>             | <u>2,151,993</u>                | <u>24,036,367</u>               |
| <b>Liabilities, Deferred Inflows and Fund Balances</b>       |                      |                        |                        |                              |                                 |                                 |
| <b>Liabilities</b>                                           |                      |                        |                        |                              |                                 |                                 |
| Accounts payable                                             | 875,072              | 84,172                 | 143,864                | 3,966                        | 1,514                           | 1,108,588                       |
| Intergovernmental payable                                    | -                    | -                      | 564,377                | -                            | -                               | 564,377                         |
| <b>Total Liabilities</b>                                     | <u>875,072</u>       | <u>84,172</u>          | <u>708,241</u>         | <u>3,966</u>                 | <u>1,514</u>                    | <u>1,672,965</u>                |
| <b>Deferred Inflows of Resources</b>                         |                      |                        |                        |                              |                                 |                                 |
| Unearned property tax revenue                                | 6,323,920            | 203,082                | 576,395                | -                            | 200,096                         | 7,303,493                       |
| <b>Total Deferred Inflows of Resources</b>                   | <u>6,323,920</u>     | <u>203,082</u>         | <u>576,395</u>         | <u>-</u>                     | <u>200,096</u>                  | <u>7,303,493</u>                |
| <b>Fund Balances</b>                                         |                      |                        |                        |                              |                                 |                                 |
| Nonspendable                                                 | 130,514              | 1,131                  | 2,335                  | -                            | 1,025                           | 135,005                         |
| Restricted                                                   | 17,869               | -                      | -                      | 89,029                       | 1,084,785                       | 1,191,683                       |
| Committed                                                    | -                    | -                      | -                      | -                            | 851,000                         | 851,000                         |
| Assigned                                                     | 2,429,768            | 3,188,897              | 281,680                | 3,869,784                    | 13,573                          | 9,783,702                       |
| Unassigned                                                   | 3,098,519            | -                      | -                      | -                            | -                               | 3,098,519                       |
| <b>Total Fund Balances</b>                                   | <u>5,676,670</u>     | <u>3,190,028</u>       | <u>284,015</u>         | <u>3,958,813</u>             | <u>1,950,383</u>                | <u>15,059,909</u>               |
| <b>Total Liabilities, Deferred Inflows and Fund Balances</b> | <u>\$ 12,875,662</u> | <u>\$ 3,477,282</u>    | <u>\$ 1,568,651</u>    | <u>\$ 3,962,779</u>          | <u>\$ 2,151,993</u>             | <u>\$ 24,036,367</u>            |

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Reconciliation of Governmental Funds Balance Sheet to**  
**The Statement of Net Position**  
**December 31, 2016**

|                                                                                                                                                                                                                                                                                             |                    |                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|
| <b>Total Governmental Fund Balances</b>                                                                                                                                                                                                                                                     |                    | \$ 15,059,909                |
| <b>Amounts reported for governmental activities in the statement of net position are different because:</b>                                                                                                                                                                                 |                    |                              |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets)                                                                                                                |                    |                              |
| Cost                                                                                                                                                                                                                                                                                        | \$ 273,517,686     |                              |
| Less accumulated depreciation                                                                                                                                                                                                                                                               | <u>(6,355,708)</u> | 267,161,978                  |
| The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position. |                    |                              |
|                                                                                                                                                                                                                                                                                             |                    | 4,439,123                    |
| Liabilities are not due and payable in the current period and therefore are not reported in the fund balance sheets but are reported on the government-wide statement of net position:                                                                                                      |                    |                              |
| Compensated absences                                                                                                                                                                                                                                                                        |                    | <u>(401,980)</u>             |
| <b>Net Position of Governmental Activities</b>                                                                                                                                                                                                                                              |                    | <u><u>\$ 286,259,030</u></u> |

See the accompanying notes to the basic financial statements.

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

|                                                          | <b>General</b>      | <b>Road and Bridge</b> | <b>Social Services</b> | <b>Capital Projects Fund</b> | <b>Other Governmental Funds</b> | <b>Total Governmental Funds</b> |
|----------------------------------------------------------|---------------------|------------------------|------------------------|------------------------------|---------------------------------|---------------------------------|
| <b>Revenues</b>                                          |                     |                        |                        |                              |                                 |                                 |
| Property taxes                                           | \$ 6,710,961        | \$ 268,653             | \$ 322,934             | \$ -                         | \$ 200,069                      | \$ 7,502,617                    |
| Sales taxes                                              | 1,064,663           | 978,339                | -                      | 834,465                      | -                               | 2,877,467                       |
| Intergovernmental                                        | 3,927,496           | 3,157,475              | 2,479,714              | 589,787                      | 153,874                         | 10,308,346                      |
| Licenses and permits                                     | 526,405             | 23,253                 | -                      | -                            | -                               | 549,658                         |
| Charges for services                                     | 1,156,685           | 15,340                 | -                      | -                            | -                               | 1,172,025                       |
| Fines and forfeitures                                    | 87,422              | 6,240                  | -                      | -                            | -                               | 93,662                          |
| Investment earnings                                      | 20,341              | 8,289                  | -                      | 10,581                       | 2,475                           | 41,686                          |
| Miscellaneous                                            | 604,403             | 6,815                  | 6,243                  | 88,103                       | -                               | 705,564                         |
| <b>Total Revenues</b>                                    | <b>14,098,376</b>   | <b>4,464,404</b>       | <b>2,808,891</b>       | <b>1,522,936</b>             | <b>356,418</b>                  | <b>23,251,025</b>               |
| <b>Expenditures</b>                                      |                     |                        |                        |                              |                                 |                                 |
| <b>Current:</b>                                          |                     |                        |                        |                              |                                 |                                 |
| General government                                       | 6,161,035           | -                      | -                      | 90,267                       | -                               | 6,251,302                       |
| Public safety                                            | 6,785,735           | -                      | -                      | 33,497                       | -                               | 6,819,232                       |
| Highways and streets                                     | -                   | 4,250,605              | -                      | -                            | -                               | 4,250,605                       |
| Health and human services                                | 941,850             | -                      | 2,888,218              | -                            | -                               | 3,830,068                       |
| Culture and recreation                                   | 28,179              | -                      | -                      | -                            | 65,269                          | 93,448                          |
| <b>Capital Outlay</b>                                    | <b>48,823</b>       | <b>-</b>               | <b>-</b>               | <b>16,100</b>                | <b>-</b>                        | <b>64,923</b>                   |
| <b>Total Expenditures</b>                                | <b>13,965,622</b>   | <b>4,250,605</b>       | <b>2,888,218</b>       | <b>139,864</b>               | <b>65,269</b>                   | <b>21,309,578</b>               |
| <b>Excess (Deficiency) of Revenues Over Expenditures</b> | <b>132,754</b>      | <b>213,799</b>         | <b>(79,327)</b>        | <b>1,383,072</b>             | <b>291,149</b>                  | <b>1,941,447</b>                |
| <b>Other Financing Sources (Uses)</b>                    |                     |                        |                        |                              |                                 |                                 |
| Transfers in                                             | 183,751             | -                      | -                      | -                            | -                               | 183,751                         |
| Transfers out                                            | -                   | -                      | (183,751)              | -                            | -                               | (183,751)                       |
| <b>Total Other Financing Sources (Uses)</b>              | <b>183,751</b>      | <b>-</b>               | <b>(183,751)</b>       | <b>-</b>                     | <b>-</b>                        | <b>-</b>                        |
| <b>Net Change in Fund Balances</b>                       | <b>316,505</b>      | <b>213,799</b>         | <b>(263,078)</b>       | <b>1,383,072</b>             | <b>291,149</b>                  | <b>1,941,447</b>                |
| <b>Fund Balances Beginning of Year</b>                   | <b>5,360,165</b>    | <b>2,976,229</b>       | <b>547,093</b>         | <b>2,575,741</b>             | <b>1,659,234</b>                | <b>13,118,462</b>               |
| <b>Fund Balances End of Year</b>                         | <b>\$ 5,676,670</b> | <b>\$ 3,190,028</b>    | <b>\$ 284,015</b>      | <b>\$ 3,958,813</b>          | <b>\$ 1,950,383</b>             | <b>\$ 15,059,909</b>            |

See the accompanying notes to the basic financial statements.

**Teller 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**

|                                                                                                                                                                                                                                                                     |                 |                            |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------|----------------------------|
| <b>Net Changes In Fund Balances - Total Governmental Funds</b>                                                                                                                                                                                                      |                 | <b>\$ 1,941,447</b>        |
| <b>Amounts reported for governmental activities in the statement of activities are different because:</b>                                                                                                                                                           |                 |                            |
| 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 as depreciation expense. This is the amount by which capital outlay and donated capital value exceeded depreciation expense in the current period. |                 |                            |
| Depreciation expense                                                                                                                                                                                                                                                | \$ (366,327)    |                            |
| Capital outlay                                                                                                                                                                                                                                                      | <u>64,923</u>   | (301,404)                  |
| Capitalized assets are not reported on the governments fund financial statements, however on the government-wide statements fixed assets and related depreciation have been reported. This is the net value of gain/(loss) when an asset is removed.                |                 |                            |
| Accumulated depreciation                                                                                                                                                                                                                                            | \$ 115,469      |                            |
| Capitalized asset                                                                                                                                                                                                                                                   | <u>(54,551)</u> | 60,918                     |
| The internal service fund is used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.         |                 |                            |
|                                                                                                                                                                                                                                                                     |                 | (87,302)                   |
| Compensated absences 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.                                                                           |                 |                            |
| Liability @ 12/31/16                                                                                                                                                                                                                                                | \$ (401,980)    |                            |
| Liability @ 12/31/15                                                                                                                                                                                                                                                | <u>339,590</u>  | <u>(62,390)</u>            |
| <b>Change in Net Position of Governmental Activities</b>                                                                                                                                                                                                            |                 | <b><u>\$ 1,551,269</u></b> |

See the accompanying notes to the basic financial statements.

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

|                                                       | <b>Business-type Activities -<br/>Enterprise Funds</b> |                  |                   | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Fund</b> |
|-------------------------------------------------------|--------------------------------------------------------|------------------|-------------------|--------------------------------------------------------------------|
|                                                       | <b>Wastewater<br/>Utility</b>                          | <b>Jail</b>      | <b>Total</b>      |                                                                    |
| <b>Assets</b>                                         |                                                        |                  |                   |                                                                    |
| <b>Current Assets:</b>                                |                                                        |                  |                   |                                                                    |
| Cash and investments                                  |                                                        |                  |                   |                                                                    |
| Unrestricted                                          | \$ -                                                   | \$ 472,996       | \$ 472,996        | \$ 2,353,519                                                       |
| Receivables:                                          |                                                        |                  |                   |                                                                    |
| Accounts                                              | 8,381                                                  | 43,809           | 52,190            | 15,549                                                             |
| Inventory                                             | -                                                      | -                | -                 | 109,444                                                            |
| Prepaid items                                         | -                                                      | 14,347           | 14,347            | -                                                                  |
| <b>Total Current Assets</b>                           | <b>8,381</b>                                           | <b>531,152</b>   | <b>539,533</b>    | <b>2,478,512</b>                                                   |
| <b>Noncurrent Assets:</b>                             |                                                        |                  |                   |                                                                    |
| <b>Capital Assets:</b>                                |                                                        |                  |                   |                                                                    |
| Land                                                  | -                                                      | 101,300          | 101,300           | -                                                                  |
| Infrastructure                                        | 952,712                                                | -                | 952,712           | -                                                                  |
| Depreciable capital assets, net                       | -                                                      | 1,706,980        | 1,706,980         | 2,064,200                                                          |
| <b>Total Noncurrent Assets</b>                        | <b>952,712</b>                                         | <b>1,808,280</b> | <b>2,760,992</b>  | <b>2,064,200</b>                                                   |
| <b>Total Assets</b>                                   | <b>961,093</b>                                         | <b>2,339,432</b> | <b>3,300,525</b>  | <b>4,542,712</b>                                                   |
| <b>Deferred Outflows of Resources</b>                 |                                                        |                  |                   |                                                                    |
| Unamortized charge                                    | -                                                      | 287,563          | 287,563           | -                                                                  |
| <b>Total Deferred Outflows of Resources</b>           | <b>-</b>                                               | <b>287,563</b>   | <b>287,563</b>    | <b>-</b>                                                           |
| <b>Liabilities</b>                                    |                                                        |                  |                   |                                                                    |
| <b>Current Liabilities:</b>                           |                                                        |                  |                   |                                                                    |
| Accounts payable                                      | 6,413                                                  | 167,784          | 174,197           | 88,644                                                             |
| Interfund payable                                     | 740,408                                                | -                | 740,408           | -                                                                  |
| Accrued interest                                      | -                                                      | 3,558            | 3,558             | -                                                                  |
| Compensated absences payable                          | -                                                      | 11,716           | 11,716            | 2,989                                                              |
| Capital leases payable                                | -                                                      | 380,000          | 380,000           | -                                                                  |
| <b>Total Current Liabilities</b>                      | <b>746,821</b>                                         | <b>563,058</b>   | <b>1,309,879</b>  | <b>91,633</b>                                                      |
| <b>Long-Term Liabilities:</b>                         |                                                        |                  |                   |                                                                    |
| Compensated absences payable (net of current portion) | -                                                      | 46,865           | 46,865            | 11,956                                                             |
| Capital leases payable (net of current portion)       | -                                                      | 1,940,000        | 1,940,000         | -                                                                  |
| <b>Total Long-Term Liabilities</b>                    | <b>-</b>                                               | <b>1,986,865</b> | <b>1,986,865</b>  | <b>11,956</b>                                                      |
| <b>Total Liabilities</b>                              | <b>746,821</b>                                         | <b>2,549,923</b> | <b>3,296,744</b>  | <b>103,589</b>                                                     |
| <b>Net Position</b>                                   |                                                        |                  |                   |                                                                    |
| Net investment in capital assets                      | 952,712                                                | (224,157)        | 728,555           | 2,064,200                                                          |
| Unrestricted                                          | (738,440)                                              | 301,229          | (437,211)         | 2,374,923                                                          |
| <b>Total Net Position</b>                             | <b>\$ 214,272</b>                                      | <b>\$ 77,072</b> | <b>\$ 291,344</b> | <b>\$ 4,439,123</b>                                                |

See the accompanying notes to the basic financial statements.

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

|                                                | Business-type Activities -<br>Enterprise Funds |                  |                   | Governmental<br>Activities -<br>Internal Service<br>Funds |
|------------------------------------------------|------------------------------------------------|------------------|-------------------|-----------------------------------------------------------|
|                                                | Wastewater<br>Utility                          | Jail             | Total             |                                                           |
| <b>Operating Revenues</b>                      |                                                |                  |                   |                                                           |
| Charges for services                           | \$ 144,937                                     | \$ 2,965,750     | \$ 3,110,687      | \$ 1,339,446                                              |
| Licenses and permits                           | 200                                            | -                | 200               | -                                                         |
| Miscellaneous                                  | 841                                            | 47,513           | 48,354            | 693                                                       |
| <b>Total Operating Revenues</b>                | <u>145,978</u>                                 | <u>3,013,263</u> | <u>3,159,241</u>  | <u>1,340,139</u>                                          |
| <b>Operating Expenses</b>                      |                                                |                  |                   |                                                           |
| Administration                                 | 14,143                                         | 28,649           | 42,792            | -                                                         |
| Operations                                     | 135,206                                        | 2,212,914        | 2,348,120         | 1,000,064                                                 |
| Depreciation                                   | -                                              | 186,767          | 186,767           | 436,362                                                   |
| <b>Total Operating Expenses</b>                | <u>149,349</u>                                 | <u>2,428,330</u> | <u>2,577,679</u>  | <u>1,436,426</u>                                          |
| <b>Operating Income (Loss)</b>                 | <u>(3,371)</u>                                 | <u>584,933</u>   | <u>581,562</u>    | <u>(96,287)</u>                                           |
| <b>Non-Operating Revenues (Expenses)</b>       |                                                |                  |                   |                                                           |
| Investment earnings                            | -                                              | -                | -                 | 8,985                                                     |
| Interest and fiscal charges                    | -                                              | (70,287)         | (70,287)          | -                                                         |
| Other debt-related expenses                    | -                                              | (72,381)         | (72,381)          | -                                                         |
| <b>Total Non-Operating Revenues (Expenses)</b> | <u>-</u>                                       | <u>(142,668)</u> | <u>(142,668)</u>  | <u>8,985</u>                                              |
| <b>Gain Before Contributions and Transfers</b> | <u>(3,371)</u>                                 | <u>442,265</u>   | <u>438,894</u>    | <u>(87,302)</u>                                           |
| <b>Capital contributions</b>                   | <u>17,700</u>                                  | <u>-</u>         | <u>17,700</u>     | <u>-</u>                                                  |
| <b>Change in Net Position</b>                  | <u>14,329</u>                                  | <u>442,265</u>   | <u>456,594</u>    | <u>(87,302)</u>                                           |
| <b>Net Position Beginning of Year</b>          | <u>199,943</u>                                 | <u>(365,193)</u> | <u>(165,250)</u>  | <u>4,526,425</u>                                          |
| <b>Net Position End of Year</b>                | <u>\$ 214,272</u>                              | <u>\$ 77,072</u> | <u>\$ 291,344</u> | <u>\$ 4,439,123</u>                                       |

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

|                                                                                 | <b>Business-type Activities -<br/>Enterprise Funds</b> |                   |                   | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Fund</b> |
|---------------------------------------------------------------------------------|--------------------------------------------------------|-------------------|-------------------|--------------------------------------------------------------------|
|                                                                                 | <b>Wastewater<br/>Utility</b>                          | <b>Jail</b>       | <b>Total</b>      |                                                                    |
| <b>Cash Flows from Operating Activities</b>                                     |                                                        |                   |                   |                                                                    |
| Cash received from customers                                                    | \$ 127,164                                             | \$ 3,323,705      | \$ 3,450,869      | \$ 1,523,794                                                       |
| Cash payments for goods and services                                            | (144,864)                                              | (888,092)         | (1,032,956)       | (811,878)                                                          |
| Cash payments to employees for services                                         | -                                                      | (1,258,755)       | (1,258,755)       | (252,187)                                                          |
| <b>Net Cash Provided (Used) by Operating Activities</b>                         | <b>(17,700)</b>                                        | <b>1,176,858</b>  | <b>1,159,158</b>  | <b>459,729</b>                                                     |
| <b>Cash Flows from Capital and<br/>Related Financing Activities</b>             |                                                        |                   |                   |                                                                    |
| Cash into refinance of capital lease obligations                                | -                                                      | (470,355)         | (470,355)         | -                                                                  |
| Payment of issuance costs of refinance                                          | -                                                      | (72,381)          | (72,381)          | -                                                                  |
| Principal paid on long-term debt                                                | -                                                      | (395,000)         | (395,000)         | -                                                                  |
| Interest paid on long-term debt                                                 | -                                                      | (31,361)          | (31,361)          | -                                                                  |
| Contributions                                                                   | 17,700                                                 | -                 | 17,700            | -                                                                  |
| Payments for capital acquisitions                                               | -                                                      | (28,286)          | (28,286)          | (398,180)                                                          |
| <b>Net Cash Provided (Used) by Capital and Related<br/>Financing Activities</b> | <b>17,700</b>                                          | <b>(997,383)</b>  | <b>(979,683)</b>  | <b>(398,180)</b>                                                   |
| <b>Cash Flows from Investing Activities</b>                                     |                                                        |                   |                   |                                                                    |
| Investment earnings                                                             | -                                                      | -                 | -                 | 8,985                                                              |
| <b>Net Increase in Cash<br/>and Cash Equivalents</b>                            | <b>-</b>                                               | <b>179,475</b>    | <b>179,475</b>    | <b>70,534</b>                                                      |
| <b>Cash and Cash Equivalents Beginning of Year</b>                              | <b>-</b>                                               | <b>293,521</b>    | <b>293,521</b>    | <b>2,282,985</b>                                                   |
| <b>Cash and Cash Equivalents End of Year</b>                                    | <b>\$ -</b>                                            | <b>\$ 472,996</b> | <b>\$ 472,996</b> | <b>\$ 2,353,519</b>                                                |

(continued)

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended December 31, 2016**

(continued)

|                                                                                                   | <b>Business-type Activities -<br/>Enterprise Funds</b> |                     |                     | <b>Governmental<br/>Activities -<br/>Internal Service<br/>Fund</b> |
|---------------------------------------------------------------------------------------------------|--------------------------------------------------------|---------------------|---------------------|--------------------------------------------------------------------|
|                                                                                                   | <b>Wastewater<br/>Utility</b>                          | <b>Jail</b>         | <b>Total</b>        |                                                                    |
| <b>Reconciliation of Operating Income (Loss) to Net Cash<br/>Provided by Operating Activities</b> |                                                        |                     |                     |                                                                    |
| <b>Operating Income (Loss)</b>                                                                    | \$ (3,371)                                             | \$ 584,933          | \$ 581,562          | \$ (96,287)                                                        |
| <b>Adjustments:</b>                                                                               |                                                        |                     |                     |                                                                    |
| Depreciation                                                                                      | -                                                      | 186,767             | 186,767             | 436,362                                                            |
| <b>(Increase) Decrease in Assets:</b>                                                             |                                                        |                     |                     |                                                                    |
| Accounts receivable                                                                               | 576                                                    | 61,849              | 62,425              | 7,461                                                              |
| Prepaid expenses                                                                                  | -                                                      | 13,729              | 13,729              | -                                                                  |
| Interfund receivable                                                                              | 2,477                                                  | 257,554             | 260,031             | 177,804                                                            |
| Inventory                                                                                         | -                                                      | -                   | -                   | 23,381                                                             |
| <b>Increase (Decrease) in Liabilities:</b>                                                        |                                                        |                     |                     |                                                                    |
| Accounts payable                                                                                  | 4,485                                                  | 77,219              | 81,704              | (89,776)                                                           |
| Compensated absences payable                                                                      | -                                                      | 3,768               | 3,768               | 2,394                                                              |
| Interfund payable                                                                                 | (21,867)                                               | (8,961)             | (30,828)            | (1,610)                                                            |
| <b>Net Cash Provided (Used) by Operating Activities</b>                                           | <b>\$ (17,700)</b>                                     | <b>\$ 1,176,858</b> | <b>\$ 1,159,158</b> | <b>\$ 459,729</b>                                                  |

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Comparative Statement of Fiduciary Assets and Liabilities**  
**Agency Funds**  
**December 31, 2016 and 2015**

|                             | <u>2016</u>                | <u>2015</u>                |
|-----------------------------|----------------------------|----------------------------|
| <b>Assets</b>               |                            |                            |
| Cash and investments        | \$ 1,140,103               | \$ 1,732,342               |
| Receivables:                |                            |                            |
| Accounts                    | <u>-</u>                   | <u>30,247</u>              |
| <b>Total Assets</b>         | <u><u>1,140,103</u></u>    | <u><u>1,762,589</u></u>    |
| <b>Liabilities</b>          |                            |                            |
| County warrants outstanding | 279,345                    | 620,897                    |
| Accounts payable            | 277,523                    | 356,022                    |
| Due to other entities       | <u>583,235</u>             | <u>785,670</u>             |
| <b>Total Liabilities</b>    | <u><u>\$ 1,140,103</u></u> | <u><u>\$ 1,762,589</u></u> |

See the accompanying notes to the basic financial statements.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Index**

|                                                         |          |
|---------------------------------------------------------|----------|
| <b>Summary of Significant Accounting Policies .....</b> | <b>1</b> |
| Reporting Entity .....                                  | 1-A      |
| Basis of Presentation .....                             | 1-B      |
| Measurement Focus .....                                 | 1-C      |
| Basis of Accounting .....                               | 1-D      |
| Assets, Deferred Outflows of Resources, Liabilities,    |          |
| Deferred Inflows of Resources and Fund Equity .....     | 1-E      |
| Cash, Cash Equivalents and Investments .....            | 1-E-1    |
| Interfund Balances .....                                | 1-E-2    |
| Consumable Inventories .....                            | 1-E-3    |
| Prepaid Items .....                                     | 1-E-4    |
| Capital Assets .....                                    | 1-E-5    |
| Deferred outflows/inflows of resources .....            | 1-E-6    |
| Compensated Absences .....                              | 1-E-7    |
| Accrued Liabilities and Long-term Obligations .....     | 1-E-8    |
| Fund Equity .....                                       | 1-E-9    |
| Operating Revenues and Expenses .....                   | 1-E-10   |
| Contributions of Capital .....                          | 1-E-11   |
| Interfund Activity .....                                | 1-E-12   |
| Estimates .....                                         | 1-E-13   |
| Comparative Data .....                                  | 1-E-14   |
| <b>Intergovernmental Agreement .....</b>                | <b>2</b> |
| <b>Stewardship, Compliance and Accountability .....</b> | <b>3</b> |
| Excess of Expenditures Over Appropriations .....        | 3-A      |
| <b>Detailed Notes on All Funds .....</b>                | <b>4</b> |
| Deposits and Investments .....                          | 4-A      |
| Receivables .....                                       | 4-B      |
| Property Taxes .....                                    | 4-C      |
| Capital Assets .....                                    | 4-D      |
| Interfund Balances and Transfers .....                  | 4-E      |
| Other Commitments .....                                 | 4-F      |
| Long-Term Debt .....                                    | 4-G      |
| Pensions .....                                          | 4-H      |
| Fund Equity .....                                       | 4-I      |
| <b>Other Notes .....</b>                                | <b>5</b> |
| Risk Management .....                                   | 5-A      |
| Contingent Liabilities .....                            | 5-B      |
| Tax, Spending and Debt Limitations .....                | 5-C      |
| Welfare Reform .....                                    | 5-D      |

***Teller County, Colorado***  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2016***

***Note 1 - Summary of Significant Accounting Policies***

The financial statements of Teller County (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the County's accounting policies are described below.

***1-A. Reporting Entity***

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the County consists of all funds, departments, boards and agencies that are not legally separate from the County.

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

The reporting entity has been defined to include all County elected officials, including the Treasurer, Public Trustee, Assessor, Clerk & Recorder (including Elections), Sheriff (including Detentions, Animal Control, Auxiliary Organizations and Search & Rescue), Coroner, Surveyor and Board of County Commissioners. The District Attorney does not meet the criteria of an includable entity; however, the County's contribution to the District Attorney's Office has been included as an expenditure of the general fund. In addition, the following County departments and organizations which report to the Teller County Board of County Commissioners are considered part of the reporting entity:

- Community Development Services (including Building, Planning and Environmental Health);
- Public Works (including Transportation, Fleet Services, Facilities, Parks and Wastewater Utility operations);
- Build-A-Generation (including TPECC, for which BAG is the fiscal administrator);
- and:
- CSU Extension Office
- Finance & Budget
- Information Technology
- Public Health
- Veterans Office
- Emergency Management
- Human Resources
- Legal Services
- Social Services

The County has one component unit that is presented as "blended." When blended, it is reported as if it were a fund of the County throughout the year. It is included at both the government-wide and the fund financial reporting levels.

A brief description of the blended component unit follows:

The County entered into an annually renewable 28-year lease-purchase agreement with the Teller County Facilities Corporation for the Corporation's detentions facility in Divide, Colorado. The Facilities Corporation issued certificates of participation in June 1997 to purchase the jail facility from the Teller County Jail Authority. In 2005, and again in 2016, these certificates of participation were re-financed. At the time of each re-financing, the County entered into an amendment to the annually renewable lease-purchase agreement, in order to recognize both the cost savings and the shortened term gained through the re-finance. As the Corporation is thereby financially dependent upon the County for the lease payments, the financial activities of the Corporation have been blended in this report in the County's Jail Enterprise Fund.

***1-B. Basis of Presentation***

The County's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Government-wide Financial Statements** - The government-wide financial statements include the statement of net position and the statement of activities. These statements report financial information for the County as a whole, excluding fiduciary funds. Individual funds are not displayed but the statements distinguish governmental activities, generally supported by taxes and grants and the County's general revenues, from business-type activities, generally financed in whole or in part with user fees charged to external customers.

The statement of net position presents the financial position of the governmental and business-type activities of the County.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the County's governmental activities and for each identifiable activity of the business-type activities of the County. Direct expenses are those that are specifically associated with a function and therefore clearly identifiable to that particular function. The County does not allocate indirect expenses to functions in the statement of activities.

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services which report fees and other charges to users of the County's services; (2) operating grants and contributions which finance annual operating activities including restricted investment income; and (3) capital grants and contributions which fund the acquisition, construction, or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. For identifying to which function program revenue pertains, the determining factor for *charges for services* is which function *generates* the revenue. For *grants and contributions*, the determining factor is to which function the revenues are *restricted*.

Other revenue sources not classified as program revenues are reported as general revenues of the County. The comparison of direct expenses with program revenues identifies the extent to which each governmental function and each identifiable business activity is self-financing or draws from the general revenues of the County.

**Fund Financial Statements** - During the year, the County segregates transactions related to certain County functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the County at this more detailed level. Fund financial statements are provided for governmental, proprietary and fiduciary funds.

Major individual governmental and enterprise funds are reported in separate columns in the fund financial statements.

**Fund Accounting** - The County uses funds to maintain its financial records during the year. A fund is a fiscal and accounting entity with a self-balancing set of accounts. The County uses three categories of funds: governmental, proprietary and fiduciary.

**Governmental Funds** - Government funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The County reports the difference between governmental fund assets and liabilities as fund balance. The following are the County's major governmental funds:

**The General Fund** – The general fund accounts for all financial resources except those required to be accounted for in another fund. The general fund's fund balance is available to the County for any purpose provided it is expended or transferred according to the general laws of Colorado.

**Road and Bridge Fund** – This fund accounts for revenues that are generated from highway user tax funds, property taxes, various grants and other intergovernmental revenues and fees. Spending is restricted, committed or assigned to all types of construction and maintenance of the County's transportation system.

**Social Services Fund** – This fund accounts for revenues that are generated from state & federal human services payments, property taxes and other intergovernmental revenues and fees. Spending is restricted, committed or assigned to the administration of, and the County's share of program costs for, public assistance and welfare activities.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Capital Projects Fund** – This fund is used to account for general governmental capital building, land and equipment purchases and construction.

**Proprietary Funds** - Proprietary fund reporting focuses on the determination of operating income, changes in net position, financial position and cash flows. The proprietary funds are classified as enterprise funds and an internal service fund. The proprietary funds are:

**Wastewater Utility Fund** – This fund is used to account for the capital assets, liabilities and operations of the Teller County Wastewater Utility in Divide, Colorado. The utility's costs are intended to be financed or recovered primarily through user charges.

**Jail Fund** – This fund is used to account for the capital assets, liabilities and operations of the Teller County Detentions Facility in Divide, Colorado. The facility's costs are intended to be financed or recovered primarily through user charges.

**Fleet Management Internal Service Fund** – This fund is used to account for the capital assets, liabilities and operational management of the Teller County Fleet. The fleet-related services are provided to other County departments on a cost reimbursement basis.

**Fiduciary Funds** – The County's fiduciary funds are agency funds, which account for assets held by the County as an agent for other governmental units or individuals. Agency funds are custodial in nature and do not represent results of operations or have a measurement focus.

**1-C. Measurement Focus**

**Government-wide Financial Statements** - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows, liabilities and deferred inflows associated with the operation of the County are included on the statement of net position. The statement of activities reports revenues and expenses.

**Fund Financial Statements** - All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and deferred outflows, and current liabilities and deferred inflows generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities in the government-wide financial statements are prepared and reported. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus on both financial reporting levels. All assets and all liabilities associated with the operation of these funds are included on the statements of net position. The statements of changes in fund net position present increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statements of cash flows provide information about how the County finances and meets the cash flow needs of its proprietary activities.

**1-D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Proprietary funds use the accrual basis of accounting at both reporting levels. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of unearned revenues, and in the presentation of expenses versus expenditures. Fiduciary funds use the accrual basis of accounting on the statement of fiduciary assets and liabilities.

**Revenues – Exchange Transactions** - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

**Revenues - Non-exchange Transactions** - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-C) Property taxes assessed in 2016 that are due in 2017 are recorded as property taxes receivable and a deferred inflow at December 31, 2016.

Revenues from grants and donations are recognized in the fiscal year in which eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the County must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the County on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions also must be available (i.e., collected within 60 days) before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be susceptible to accrual: property taxes, sales taxes, fees, federal, state and private grants and intergovernmental revenue.

On governmental fund financial statements (i.e., on the modified accrual basis), receivables that will not be collected within the available period have been reported as a deferred inflow (i.e., they are measurable but not available) rather than as revenue.

Grants and entitlements received before the eligibility requirements are met, excluding timing requirements, (e.g., cash advances) are recorded as unearned revenue. Unmet timing requirements are recorded as deferred inflows.

**Expenses/Expenditures** - On the accrual basis of accounting, expenses are recognized at the time they are incurred. On the modified accrual basis, expenditures generally are recognized in the accounting period in which the related fund liability is incurred and due, if measurable.

**1-E. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Fund Equity**

During 2016 the County adopted GASB Statement No. 72, *Fair Value Measurement and Application*, which generally requires state and local governments to measure assets and liabilities at fair value. GASB’s goal is to enhance comparability of governmental financial statements by requiring fair value measurement for certain assets and liabilities using a consistent definition and accepted valuation techniques. This standard expands fair value disclosure to provide comprehensive information for financial statement users about the impact of fair value measurements on a government’s financial position. The County’s investments consist of external investment pools and U.S. Agency obligations.

**1-E-1 Cash, Cash Equivalents, and Investments**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within three months of the date acquired by the County.

Time deposits with a maturity date of more than three months but at or less than one year of the date acquired by the County are valued at amortized cost.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agencies 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
- Written repurchase agreements collateralized by certain authorized securities

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

- Certain money market funds
- Guaranteed investment contracts

**1-E-2 Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/interfund payables." These amounts are eliminated in the governmental and business-type activities columns of the statement of net position, except for any net residual amounts due between governmental and business-type activities, which are reclassified and presented as internal balances.

**1-E-3 Consumable Inventories**

On the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used (i.e., the consumption method).

On the fund financial statements, inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed. Inventories of the proprietary funds are expensed when consumed.

**1-E-4 Prepaid Items**

Payments made to vendors for services that will benefit periods beyond December 31, 2016, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

**1-E-5 Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in governmental funds. The County reports these assets in the governmental activities column of the government-wide statement of net position but does not report these assets in the governmental fund financial statements. Capital assets utilized by enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the enterprise funds' statement of net position.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The County maintains a capitalization threshold of five thousand dollars. The County's infrastructure consists of road improvements, trails and our wastewater system. The County has inventoried, valued and added 100% of defined infrastructure to the government-wide statement of net position. The County has adopted the modified approach under GASB 34, of tracking infrastructure assets as non-depreciable assets and targeting maintenance of infrastructure at certain condition levels. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed. Interest incurred during the construction of capital assets utilized by the enterprise funds is capitalized.

All reported capital assets are depreciated except for land, infrastructure and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| Description                       | Governmental<br>Activities<br>Estimated Lives | Business-Type<br>Activities<br>Estimated Lives |
|-----------------------------------|-----------------------------------------------|------------------------------------------------|
| Buildings and plant               | 10 - 120 years                                | 30 years                                       |
| Improvements                      | 25 – 50 years                                 | 30 years                                       |
| Machinery, equipment and vehicles | 5 – 30 years                                  | 5 – 25 years                                   |
| Furniture and fixtures            | 5 – 30 years                                  | 5 – 10 years                                   |

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

At the inception of capital leases at the governmental fund reporting level, capital outlay expenditures and an “other financing source” of an equal amount are reported at the net present value of future minimum lease payments.

**1-E-6 Deferred outflows/inflows of resources**

In addition to assets, the statement of financial position reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide and the proprietary fund statements of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under both the full (government-wide financial statement) and the modified accrual (fund financial statement) bases of accounting, that qualifies for reporting in this category. Accordingly, the item, *unearned property tax revenue*, is reported in both the statement of net position and in the balance sheet of governmental funds. These future revenues are deferred and recognized as an inflow of resources in the period that the amounts become available (calendar year 2017).

**1-E-7 Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits do not vest and therefore are not accrued.

All compensated absence liabilities include salary-related payments, where applicable.

The total compensated absence liability is reported on the government-wide financial statements. Proprietary funds report the total compensated liability in each individual fund at the fund reporting level. Governmental funds report the compensated absence liability at the fund reporting level only “*when due*.”

**1-E-8 Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are “due for payment” during the current year. Capital leases are recognized as a liability in the governmental fund financial statements when due.

**1-E-9 Fund Equity (See Note 4-I)**

Fund equity at the governmental fund financial reporting level is classified as “fund balance.” Fund equity for all other reporting is classified as “net position.”

**Fund Balance** – Generally, fund balance represents the difference between the assets and deferred outflows of resources, and liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances are classified as follows:

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a)

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

- **Restricted** – Fund balances are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the County or State, or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.
- **Committed** – Fund balances are reported as committed when they can be used only for specific purposes pursuant to constraints imposed by formal action of the Teller County Board of County Commissioners through the adoption of a resolution. The Board of County Commissioners also must modify or rescind the commitment through the same action as adopted.
- **Assigned** – Fund balances are reported as assigned when amounts are constrained by the County's intent to be used for specific purposes, but are neither restricted nor committed. By resolution, the Board of County Commissioners has authorized the County Administrator and the County Director of Finance and Budget as the body which assigns fund balances.
- **Unassigned** – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion. The County reports positive unassigned fund balance only in the general fund. Negative unassigned fund balances may be reported in all funds.

**Flow Assumptions** – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the County's policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the County's policy to use fund balance in the following order:

- **Committed**
- **Assigned**
- **Unassigned**

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

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

#### **1-E-10 Operating Revenues and Expenses**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the County, these revenues are charges for services for wastewater and prisoner housing. Operating expenses are necessary costs incurred to provide the goods or services that are the primary activity of each fund.

#### **1-E-11 Contributions of Capital**

Contributions of capital in proprietary fund financial statements arise from outside contributions of capital assets or from grants or outside contributions of resources intended to be used for capital acquisition, construction and maintenance.

#### **1-E-12 Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as transfers. Transfers are reported as other financing sources/uses in governmental funds and as capital contributions after the non-operating revenues/expenses section in proprietary funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements (i.e., they are netted).

Transfers between governmental and business-type activities on the government-wide statement of activities are reported as general revenues. Transfers between funds reported in the governmental activities column are eliminated. Transfers between funds reported in the business-type activities column are eliminated.

***Teller County, Colorado***  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2016***

Eliminations have been made to minimize the double counting of internal activities. The County's internal service fund (which provides services primarily to other funds of the County) is presented, in summary form, as part of the proprietary fund financial statements. Since the principal users of the internal services are the County's governmental activities, financial activities of the internal service fund are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, public works, health and human services, and culture and recreation) in the statement of activities.

***1-E-13 Estimates***

The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates. The estimate used for self-insurance claims is significant.

***1-E-14 Comparative Data***

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2015, from which the summarized information was derived.

***Note 2 – Intergovernmental Agreement***

In 1985 the County entered into an agreement with El Paso County, the City of Colorado Springs and the District Attorney's Office to establish a Special Investigations Fund to account for money received from public nuisance seizures. The funds are used for special investigations of organized crime, white collar crime and other illegal activity. In accordance with the agreement, the El Paso County Sheriff's Department is responsible for all assets of the fund (such as cash and equipment purchased through the fund) and all reporting and audits as required. The financial statements of the fund are integrated into the El Paso County Annual Financial Reports. The County has no specific claim to any assets of the fund, except as requested to pay for the costs over and above normal operations of the County Sheriff's Department that are incurred during special investigations as approved by the Executive Committee in charge of the fund.

***Note 3 – Stewardship, Compliance and Accountability***

***3-A. Excess of Expenditures over Appropriations***

No individual funds had expenditures/expenses in excess of approved appropriations.

***Note 4 - Detailed Notes on All Funds***

***4-A. Deposits and Investments***

***Custodial Credit Risk*** - Custodial credit risk for deposits and investments is the risk that, in the event of failure of the custodian, the County may not be able to recover the value of deposits that are in the possession of a third party. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Demand deposits and Time and Savings deposits are each insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The following schedules show the cash balances and amount of insured versus collateralized deposits.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

As of December 31, 2016, the County had the following deposits:

|                                 | Insured           | Collateralized       | Fair Value/<br>Bank<br>Balance | Carrying<br>Amount   | Maturities |
|---------------------------------|-------------------|----------------------|--------------------------------|----------------------|------------|
| Cash On Hand                    | \$ -              | \$ -                 | \$ -                           | \$ 31,878            |            |
| Deposits                        | 648,516           | 10,968,728           | 11,617,244                     | 11,474,961           |            |
| CDs                             | 250,000           | -                    | 250,000                        | 250,000              | 12/1/2017  |
| Total Deposits and Cash on Hand | <u>\$ 898,516</u> | <u>\$ 10,968,728</u> | <u>\$ 11,867,244</u>           | <u>\$ 11,756,839</u> |            |

**Investment Risk Factors** - There are many factors that can affect the value of investments, some of which are custodial credit risk, credit risk and interest rate risk. The County Treasurer has established a cash and investment policy to minimize the County's exposure to these risks. The County follows Colorado state statutes for investing. As such, in 2016 the County investment portfolio includes certificates of deposit with maturity lengths in excess of three months. Because of this, the only exposure the County has is to custodial credit risk. The County's investment policy does not specifically address these risks.

The County has categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Investment in obligations of the U.S government, or those explicitly guaranteed by the U.S. Government, are not subject to custodial credit risk, credit risk or foreign currency risk. The County's government obligations are subject to interest rate risk based on their maturity dates. The County has the intent and ability to hold all investments to maturity. Maturity dates and values are as below:

|             | Fair Value/<br>Carrying<br>Amount | Maturities       | Rating |
|-------------|-----------------------------------|------------------|--------|
| Investments |                                   |                  |        |
| GNMA        | \$ 14,011                         | 10/15/17-3/20/32 | AA+    |
| Total       | <u>\$ 14,011</u>                  |                  |        |

The County's investments in U.S. Agency obligations (GNMA's) are valued at \$14,011 using inputs, other than quoted prices that are observable, such as interest rates and yield curves observable at commonly quoted intervals (Level 2 inputs).

Investments in local government investment pools or in money market funds are not evidenced by securities that exist in physical or book entry form. The County had invested \$6,838,198 in Public Trust Pools, which are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools 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 pools. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The State securities commission administers and enforces all state statutes governing public trust pools.

|                                                  | Amount             | Rating |
|--------------------------------------------------|--------------------|--------|
| Investments in local government Investment Pools |                    |        |
| Colotrust                                        | \$3,605,736        | AAAm   |
| CSAFE                                            | 3,232,462          | AAAm   |
| Total                                            | <u>\$6,838,198</u> |        |

Colotrust is an external investment pool valued using the NAV per share (or its equivalent) of the investments. Colotrust does not have any unfunded commitments, redemption restrictions or redemption notice periods. CSAFE is an external investment pool valued at amortized cost, in accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

The external investment pools 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. The investments will conform to its Permitted Investments and will meet Standard & Poor's investment guidelines to achieve a AAAm rating, the highest attainable rating for a Local Government Investment Pool.

Financial statements for Colotrust may be obtained through its website at: [www.colotrust.com](http://www.colotrust.com) . Financial statements for CSAFE may be obtained through its website at: [www.csafe.org](http://www.csafe.org) .

**Cash & Investment Reconciliation:**

|                                                 |                     |
|-------------------------------------------------|---------------------|
| Fund Reporting Level:                           |                     |
| Governmental Funds - Balance Sheet              | \$14,642,430        |
| Proprietary Fund Type Statement of Net Position | 2,826,515           |
| Statement of Fiduciary Assets and Liabilities   | 1,140,103           |
| Total                                           | <u>\$18,609,048</u> |

**4-B. Receivables**

Receivables at December 31, 2016 consisted of taxes, accounts (billings for user charges, including unbilled utility receivables), and intergovernmental receivables arising from grants and other intergovernmental revenues.

Receivables and payables are recorded on the County's financial statements to the extent that the amounts are determined to be material and substantiated not only by supporting documentation, but also by a reasonable, systematic method of determining their existence, completeness, valuation, and in the case of receivables, collectability.

**4-C. Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and payable in two installments on the last day of February and June 15, or in one installment due April 30. The Teller County Treasurer bills and collects property taxes for the County.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**4-D. Capital Assets**

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

|                                                                | Balance<br>01/1/2016 | Adjustment<br>to prior year<br>Deductions | Additions    | Deductions | Balance<br>12/31/2016 |
|----------------------------------------------------------------|----------------------|-------------------------------------------|--------------|------------|-----------------------|
| Governmental activities,<br>(excluding internal service fund): |                      |                                           |              |            |                       |
| Capital assets not being depreciated:                          |                      |                                           |              |            |                       |
| Land                                                           | \$ 2,594,155         | \$ -                                      | \$ -         | \$ -       | \$ 2,594,155          |
| Land - right of ways                                           | 631,755              | -                                         | -            | -          | 631,755               |
| Infrastructure - Roads                                         | 257,811,571          | -                                         | -            | -          | 257,811,571           |
| Infrastructure - Trails                                        | 162,993              | -                                         | -            | -          | 162,993               |
| Total capital assets not being depreciated                     | 261,200,474          | -                                         | -            | -          | 261,200,474           |
| Other capital assets:                                          |                      |                                           |              |            |                       |
| Buildings                                                      | 8,406,997            | -                                         | -            | -          | 8,406,997             |
| Vehicles and road equipment                                    | 155,509              | -                                         | 24,844       | -          | 180,353               |
| Furniture and fixtures                                         | 1,895,094            | -                                         | 17,774       | 54,551     | 1,858,317             |
| Software                                                       | 563,065              | -                                         | -            | -          | 563,065               |
| Other improvements                                             | 1,277,271            | -                                         | -            | -          | 1,277,271             |
| Construction in progress                                       | 8,904                | -                                         | 31,209       | 8,904      | 31,209                |
| Total depreciable capital assets                               | 12,306,840           | -                                         | 73,827       | 63,455     | 12,317,212            |
| Total cost of capital assets                                   | 273,507,314          | -                                         | 73,827       | 63,455     | 273,517,686           |
| Accumulated depreciation:                                      |                      |                                           |              |            |                       |
| Buildings                                                      | 3,864,667            | -                                         | 244,175      | -          | 4,108,842             |
| Vehicles and road equipment                                    | 62,075               | -                                         | 1,137        | -          | 63,212                |
| Furniture and fixtures                                         | 1,350,321            | (63,645)                                  | 101,607      | 51,824     | 1,336,459             |
| Software                                                       | 540,604              | -                                         | 9,394        | -          | 549,998               |
| Other improvements                                             | 287,183              | -                                         | 10,014       | -          | 297,197               |
| Total accumulated depreciation                                 | 6,104,850            | (63,645)                                  | 366,327      | 51,824     | 6,355,708             |
| Governmental activities capital assets, net                    | \$ 267,402,464       | \$ 63,645                                 | \$ (292,500) | \$ 11,631  | \$ 267,161,978        |

Additions include \$8,904 in asset value that was previously included as construction in progress, which was not current year capital outlay.

Governmental activities depreciation expense

|                                                    |                   |
|----------------------------------------------------|-------------------|
| General government                                 | \$ 212,896        |
| Public safety                                      | 60,746            |
| Highways and streets                               | 91,468            |
| Health and welfare                                 | 1,217             |
| Total governmental activities depreciation expense | <u>\$ 366,327</u> |

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

|                                              | Balance<br>01/1/2016 | Additions    | Deductions | Balance<br>12/31/2016 |
|----------------------------------------------|----------------------|--------------|------------|-----------------------|
| Business-type activities                     |                      |              |            |                       |
| Capital assets not being depreciated:        |                      |              |            |                       |
| Land                                         | \$ 101,300           | \$ -         | \$ -       | \$ 101,300            |
| Infrastructure - wastewater system           | 952,712              | -            | -          | 952,712               |
| Total non-depreciable capital assets         | 1,054,012            | -            | -          | 1,054,012             |
| Depreciable capital assets:                  |                      |              |            |                       |
| Building/plant                               | 5,188,697            | -            | -          | 5,188,697             |
| Other improvements                           | 405,100              | -            | -          | 405,100               |
| Equipment                                    | 95,292               | 28,286       | -          | 123,578               |
| Furniture & fixtures                         | 63,815               | -            | -          | 63,815                |
| Total depreciable capital assets             | 5,752,904            | 28,286       | -          | 5,781,190             |
| Total cost of capital assets                 | 6,806,916            | 28,286       | -          | 6,835,202             |
| Accumulated depreciation:                    |                      |              |            |                       |
| Building/plant                               | 3,463,296            | 172,957      | -          | 3,636,253             |
| Other improvements                           | 265,040              | 13,501       | -          | 278,541               |
| Equipment                                    | 95,292               | 309          | -          | 95,601                |
| Furniture & fixtures                         | 63,815               | -            | -          | 63,815                |
| Total accumulated depreciation               | 3,887,443            | 186,767      | -          | 4,074,210             |
| Business-type activities capital assets, net | \$ 2,919,473         | \$ (158,481) | \$ -       | \$ 2,760,992          |

|                                 | Balance<br>01/1/2016 | Additions | Deductions | Balance<br>12/31/2015 |
|---------------------------------|----------------------|-----------|------------|-----------------------|
| Internal service fund           |                      |           |            |                       |
| Assets not yet put into service | \$ 126,451           | \$ -      | \$ 126,451 | \$ -                  |
| Depreciable capital assets:     |                      |           |            |                       |
| Machinery and Equipment         | 9,833,641            | 524,631   | -          | 10,358,272            |
| Less accumulated depreciation   | 7,857,710            | 436,362   | -          | 8,294,072             |
| Internal service fund, net      | \$ 2,102,382         | \$ 88,269 | \$ 126,451 | \$ 2,064,200          |

The additions to accumulated depreciation consist of current year depreciation expense of \$436,362. On the government-wide statement of net position, the internal service assets are included in the governmental activities column.

**4-E. Interfund Balances and Transfers**

Interfund balances at December 31, 2016 consisted of the following amounts and represent wastewater cash overdraws that are covered by the general fund. The County expects to repay all interfund balances within one year.

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

| Payable to:  | Payable from:     |                   |
|--------------|-------------------|-------------------|
|              | Wastewater        | Utility           |
|              |                   | Total             |
| General Fund | \$ 740,408        | \$ 740,408        |
|              | <u>\$ 740,408</u> | <u>\$ 740,408</u> |

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

| Transfers to: | Transfers From:   |                   |
|---------------|-------------------|-------------------|
|               | Social            | Services          |
|               | Fund              | Total             |
| General Fund  | \$ 183,751        | \$ 183,751        |
|               | <u>\$ 183,751</u> | <u>\$ 183,751</u> |

Transfers are used to report revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations; to segregate money for anticipated capital projects; to provide additional resources for current operations or debt service; and to return money to the fund from which it was originally provided once a project is completed. All County transfers either occur on a regular basis or are consistent with the purpose of the fund making the transfer.

#### **4-F. Other Commitments**

**Operating Leases** - On October 25, 2007, the County entered into a lease agreement with PK Enterprises, Inc. The property is located at 11115 Highlands Center Building in Divide and houses the Teller County Public Health Department. This is a one-year lease with ten (10) one-year options to extend the lease. The initial monthly rent amount was \$2,000 plus triple net (NNN) charges. The rent will increase by 5% each year upon County exercising its lease renewal option.

Total rent for 2016 was \$35,607 and total NNN charges were \$10,448. This lease renewed through November 30, 2017 at \$3,103 per month plus NNN charges.

In March 2014, the County entered into a lease agreement with Tamarac Business Park, LLC, for property located at 800 Research Drive, Suites 100, 200 and 230 in Woodland Park, which replaced the County offices in the Manor Court and Cobblestone buildings previously leased from the State Land Board. This lease commenced on August 1, 2014 and may be extended annually through June 30, 2024. Gross rent shall be \$12,300 per month, increased 3% annually upon each extension, plus janitorial costs of \$1,030 per month as of December 2015.

| Year      | Annual<br>Rent |
|-----------|----------------|
| 8/16-7/17 | \$ 156,589     |
| 8/17-7/18 | 161,286        |

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

Monthly payments are made through the General Fund and the Social Services Fund reimburses the General Fund for a portion of the rent. The amount of rent paid in 2016 was \$153,928, of which \$82,407 was reimbursed from Social Services. 2016 janitorial cost payments in the amount of \$12,565 were made through the General Fund, of which \$5,524 was reimbursed from Social Services.

**Other Agreements** - The County has a lease-purchase agreement with the Teller County Facilities Corporation for the County detentions facility in Divide. The agreement is for the County to make all payments under the Corporation's Certificate of Participation agreement. As the County provides all fiscal support to the Facilities Corporation, payments under this agreement are blended into the financial statements, through the jail enterprise fund.

**4-G. Long-Term Debt**

**County Business-type Capital Leases** - The County had entered into a capital lease for a detentions facility. In April, 2016, in order to take advantage of lower interest rates and to shorten the term of the COP's, the Teller County Facilities Corporation re-financed the certificates of participation. As part of that process, the County entered into a second amendment to the annually-renewable lease-purchase agreement with the Facilities Corporation, to gain the benefit of the re-finance. The assets acquired through the Jail COPs are as follows (amortization expense is included in depreciation expense):

|                                | <u>Business-Type Activities</u> |
|--------------------------------|---------------------------------|
| Capital Assets                 | \$5,882,490                     |
| Less: Accumulated Depreciation | <u>(4,074,210)</u>              |
| Total                          | <u>\$1,808,280</u>              |

Funds previously held in a restricted interest-bearing account in the Teller County Facilities Corporation's name, in the amount of \$470,019 at December 31, 2015, was used to reduce the amount of the certificates. The refunded principal was \$3,110,000. The average interest rate on the refunded certificates was approximately 4.94%, as compared to a rate of 1.84% after conversion. The present value savings resulting from the refinancing was calculated at about \$347,000. Remaining maturity dates are from December 2016 through December 2022, as compared to the previous final maturity date of December 2024. Future minimum lease payments would be as follows:

| Year  | Capital Leases      |                   | Total               |
|-------|---------------------|-------------------|---------------------|
|       | Principal           | Interest          |                     |
| 2017  | \$ 380,000          | \$ 42,688         | \$ 422,688          |
| 2018  | 385,000             | 35,696            | 420,696             |
| 2019  | 385,000             | 28,612            | 413,612             |
| 2020  | 385,000             | 21,528            | 406,528             |
| 2021  | 390,000             | 14,444            | 404,444             |
| 2022  | 395,000             | 7,268             | 402,268             |
| Total | <u>\$ 2,320,000</u> | <u>\$ 150,236</u> | <u>\$ 2,470,236</u> |

**Changes in Long-term Debt** - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2016:

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

|                                | Outstanding<br>1/1/2016 | Additions           | Reductions          | Outstanding<br>12/31/2016 | Amounts Due<br>in One Year |
|--------------------------------|-------------------------|---------------------|---------------------|---------------------------|----------------------------|
| Governmental Activities        |                         |                     |                     |                           |                            |
| Compensated absences*          | \$ 352,140              | 329,933             | 265,148             | 416,925                   | 83,385                     |
| Total Governmental Activities  | <u>\$ 352,140</u>       | <u>\$ 329,933</u>   | <u>\$ 265,148</u>   | <u>\$ 416,925</u>         | <u>\$ 83,385</u>           |
| Business-Type Activities       |                         |                     |                     |                           |                            |
| Capital leases                 | \$ 3,110,000            | \$ 2,715,000        | \$ 3,505,000        | \$ 2,320,000              | \$ 380,000                 |
| Compensated absences           | 54,814                  | 43,628              | 39,861              | 58,581                    | 11,716                     |
| Total Business-Type Activities | <u>\$ 3,164,814</u>     | <u>\$ 2,758,628</u> | <u>\$ 3,544,861</u> | <u>\$ 2,378,581</u>       | <u>\$ 391,716</u>          |

\* Includes the internal service fund liability.

The business-type activities capital lease is being retired from the jail fund. In 2016, government-wide interest costs and interest charged to expense were \$70,287.

The compensated absences liability will be paid from the fund from which the employees' salaries are paid.

#### **4-H. Pensions**

The County is a member of the Colorado County Officials and Employees Retirement Association, which operates a defined contribution retirement plan. Substantially all County employees are required to participate after one year of continuous service. Total payroll for 2016 was \$10,268,877 and covered payroll totaled \$8,154,214. Contributions by the County (employer) are 4% of the eligible employee's annual compensation. Employees must contribute a matching amount, but can increase their contribution up to ten percent on a non-deductible basis. Contributions made by the employer and employees for 2016 were \$326,168 each, which represents 3.2% of total payroll and 4% of covered payroll. The plan is funded through the various funds that pay for the employment of County personnel to cover the County's (employer) share. The County maintains no control over the plan, other than being a member of the Association. As of January 1, 1997, the plan was changed to pre-tax status (414H). No fixed benefits are paid or payable upon retirement; therefore, the County has no unfunded liability under the plan. Financial statements for CCOERA may be obtained through its website at: [www.ccoera.org](http://www.ccoera.org).

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**4-I. Fund Equity (Note 1-E-9)**

**Fund Balances:**

The components of fund balances are made up of:

|                                             | General Fund        | Road & Bridge Fund  | Social Services Fund | Capital Projects Fund | Other Governmental Funds | Total                |
|---------------------------------------------|---------------------|---------------------|----------------------|-----------------------|--------------------------|----------------------|
| <b>Fund balances:</b>                       |                     |                     |                      |                       |                          |                      |
| <b>Nonspendable:</b>                        |                     |                     |                      |                       |                          |                      |
| Prepaid expenses                            | \$ 130,514          | \$ 1,131            | \$ 2,335             | \$ -                  | \$ 1,025                 | \$ 135,005           |
| <b>Restricted for:</b>                      |                     |                     |                      |                       |                          |                      |
| Local declared emergency disaster           | -                   | -                   | -                    | -                     | 420,000                  | 420,000              |
| Parks & open space                          | -                   | -                   | -                    | -                     | 664,785                  | 664,785              |
| Clerk & Recorder expenditures               | -                   | -                   | -                    | 89,029                | -                        | 89,029               |
| Certified VIN fees                          | 17,869              | -                   | -                    | -                     | -                        | 17,869               |
| <b>Total restricted:</b>                    | <b>17,869</b>       | <b>-</b>            | <b>-</b>             | <b>89,029</b>         | <b>1,084,785</b>         | <b>1,191,683</b>     |
| <b>Committed to:</b>                        |                     |                     |                      |                       |                          |                      |
| Local declared emergency disaster-wildfires | -                   | -                   | -                    | -                     | 851,000                  | 851,000              |
| <b>Assigned to:</b>                         |                     |                     |                      |                       |                          |                      |
| County parks                                | 112,908             | -                   | -                    | -                     | -                        | 112,908              |
| E-911 funds for dispatch purposes           | 326,653             | -                   | -                    | -                     | -                        | 326,653              |
| Jail HVAC system                            | 26,500              | -                   | -                    | -                     | -                        | 26,500               |
| Jail H-Cells repairs                        | 37,000              | -                   | -                    | -                     | -                        | 37,000               |
| Slash/mulch program                         | 19,337              | -                   | -                    | -                     | -                        | 19,337               |
| Sheriff's Auxillaries                       | 22,734              | -                   | -                    | -                     | -                        | 22,734               |
| CR231 road project                          | -                   | 293,000             | -                    | -                     | -                        | 293,000              |
| Financial software/hardware installation    | -                   | -                   | -                    | 100,000               | -                        | 100,000              |
| Earned revenue not spent - BAG              | 26,000              | -                   | -                    | -                     | -                        | 26,000               |
| Earned revenue not spent - Public Health    | 156,508             | -                   | -                    | -                     | -                        | 156,508              |
| Ensuing year's budget                       | 1,700,704           | 2,024,683           | 144,969              | -                     | -                        | 3,870,356            |
| County transportation system                | -                   | 871,214             | -                    | -                     | -                        | 871,214              |
| Social services programs                    | -                   | -                   | 136,711              | -                     | -                        | 136,711              |
| Local declared emergency disaster           | -                   | -                   | -                    | -                     | 13,573                   | 13,573               |
| Capital purchases & projects                | -                   | -                   | -                    | 3,769,784             | -                        | 3,769,784            |
| Other purposes                              | 1,424               | -                   | -                    | -                     | -                        | 1,424                |
| <b>Total assigned:</b>                      | <b>2,429,768</b>    | <b>3,188,897</b>    | <b>281,680</b>       | <b>3,869,784</b>      | <b>13,573</b>            | <b>9,783,702</b>     |
| <b>Unassigned:</b>                          | <b>3,098,519</b>    | <b>-</b>            | <b>-</b>             | <b>-</b>              | <b>-</b>                 | <b>3,098,519</b>     |
| <b>Total fund balances</b>                  | <b>\$ 5,676,670</b> | <b>\$ 3,190,028</b> | <b>\$ 284,015</b>    | <b>\$ 3,958,813</b>   | <b>\$ 1,950,383</b>      | <b>\$ 15,059,909</b> |

**Net Position:**

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2016 is as follows:

|                                    | Governmental Activities | Business Type Activities |
|------------------------------------|-------------------------|--------------------------|
| Cost of capital assets             | \$ 283,875,958          | \$ 6,835,202             |
| Less accumulated depreciation      | 14,649,780              | 4,074,210                |
| Book value                         | 269,226,178             | 2,760,992                |
| Less capital related debt          | -                       | 2,320,000                |
| Plus unamortized loss on refunding | -                       | 287,563                  |
| Net investment in capital assets   | <u>\$ 269,226,178</u>   | <u>\$ 728,555</u>        |

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

**Note 5 - Other Notes**

**5-A. Risk Management**

**Employee Benefits-** The County has continued its health and dental insurance carrier contract with Humana and continues to offer two health plan choices, as well as one dental plan. The County maintains self-insurance arrangements with Humana for compensation of a flat administrative fee and reimbursement for claims paid. A monthly premium amount based on previous years' experience is required to be deposited in an interest-bearing account belonging to the County, from which claims are paid. In order to maintain a reasonable level of funds in this account, including an additional amount for potential outstanding claims upon termination of the contracts, the County examines the balance on a regular basis and, when appropriate, adjusts the required monthly liability deposits.

The Humana health agreement includes a \$70,000 individual stop-loss and a 125% aggregate stop-loss carry-forward. The County requires employee contributions based on the type of plan chosen, and the number of dependents covered, under an \$125 "Premium Only" plan.

For ease of tracking, the County records the related assets and liabilities of these agreements in an employee benefits fund, and expenses the monthly premiums to each fund and department with employee benefits, based on types of coverages. Cash is transferred from the various funds charged, to the employee benefits fund, and payments for claims and fees are made from that fund. Interest earned on the bank account is recognized as revenue in the employee benefits fund.

For reporting purposes, in compliance with GASB Statement #10 - "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues," the Employee Benefits Fund assets, liabilities, interest revenue and fund balance have been combined into the General Fund. The estimated claims liability is included as accounts payable in the financial statements.

Activity and balances related to these agreements for the past two years are as follows:

|                                           | <u>2016</u>       | <u>2015</u>       |
|-------------------------------------------|-------------------|-------------------|
| Estimated Claims liability at January 1   | \$ 446,153        | \$ 691,177        |
| Deposits                                  | 1,793,593         | 1,856,369         |
| Less:                                     |                   |                   |
| Fixed Administrative Costs                | 496,596           | 446,155           |
| Contributions to HSA's                    | 55,894            | 112,294           |
| Claims Paid                               | 1,398,969         | 1,515,873         |
| PPACA Fees                                | <u>18,046</u>     | <u>27,071</u>     |
| Estimated Claims liability at December 31 | <u>\$ 270,241</u> | <u>\$ 446,153</u> |

The County also provides, at a minimum cost to the County, vision coverage and a minimal Employee Life Insurance Plan, neither of which is self-funded, and neither of which requires an employee contribution.

**Insurance Pools** - The County is exposed to various risks of loss related to injuries of employees while on the job. In 1985, the County joined together with other Counties in the State of Colorado to form the County Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

The County also is exposed to various risks of loss related to property and casualty losses. In 1986, 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 each of these pools, respectively, for its workers' compensation and casualty and property insurance coverages. The intergovernmental agreement of formation of each pool provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each year. County claims to either of these pools have not exceeded coverage in the last three years.

***Teller County, Colorado***  
***Notes to the Basic Financial Statements***  
***For the Year Ended December 31, 2016***

***5-B. Contingent Liabilities***

The County has received federal and state grants for specific purposes that are subject to review and audit by the grantor agencies or their designee. These audits could result in a request for reimbursement to the grantor agency for costs disallowed under terms of the grant. Based on prior experience and internal controls on expenditures, the County believes such disallowances, if any, will be immaterial.

The County continues to be involved in a number of litigation matters regarding property assessments, bankruptcies and code enforcement which, in the opinion of County management, will not have a material effect on the financial position of the County.

***5-C. Tax, Spending and Debt Limitations***

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

In November 1997, the County asked for and received voter approval to collect, retain and expend all revenues beyond the limitations of TABOR and any other law, to be expended for road improvements and law enforcement. In accordance with legal counsel, the County believes it is in compliance with the requirements of the applicable law, with this voter-approved exemption.

In accordance with Article X, Section 20 of the Colorado Constitution, the County has reserved all fund balances for future expenditures. Included in these reserves is 3% for Emergency Reserves, estimated to be \$420,000 at December 31, 2016.

***5-D. Welfare Reform***

Conversion to the Colorado Electronic Benefit Transfer System (EBTS) occurred on August 1, 1997 pursuant to C.R.S. 26-1-122 (2) (a) and 26-2-104. The method of payment to recipients and service providers changed from a paper warrant system to an electronic debit card system or direct deposits. The electronic payments are processed by a State contractor, JPMorganChase. EBTS reduces or eliminates the amount of expenditures and revenues for the TANF/Colorado Works, AND, OAP, HCA, FA, LEAP, Child Care, Child Welfare & CORE programs reflected in the County General Ledger. The full amount of the EBT's are shown as expenditures at the state level and only the County share is shown on the County General Ledger. The State of Colorado assumes much of the internal control responsibility for these programs. The following is the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures for the year ended December 31, 2016:

**Teller County, Colorado**  
**Notes to the Basic Financial Statements**  
**For the Year Ended December 31, 2016**

| (Unaudited)                                       |                                     |                                        |                                      |                                                     |                                   |
|---------------------------------------------------|-------------------------------------|----------------------------------------|--------------------------------------|-----------------------------------------------------|-----------------------------------|
| PROGRAM                                           | STATE PD<br>FOR<br>TELLER<br>COUNTY | COUNTY<br>SHARE<br>OF<br>STATE<br>PAID | EXPENDITURES<br>BY COUNTY<br>WARRANT | STATE PD<br>+<br>EXPEND.<br>BY<br>COUNTY<br>WARRANT | TOTAL<br>EXPEND<br>& TRFRS<br>OUT |
| Temporary Assistance for<br>Needy Families (TANF) | 309,738                             | 58,571                                 | 157,114                              | 466,852                                             | 215,685                           |
| CHATS/Child Care                                  | 337,596                             | 25,043                                 | 43,270                               | 380,866                                             | 68,313                            |
| Child Welfare                                     | 567,766                             | 113,553                                | 1,026,810                            | 1,594,576                                           | 1,140,363                         |
| Regular Administration                            | 3,680                               | 3,681                                  | 609,010                              | 612,690                                             | 612,691                           |
| Core Services                                     | 232,326                             | 19,533                                 | 189,676                              | 422,002                                             | 209,209                           |
| IV-D Administration                               | 719                                 | 918                                    | 135,413                              | 136,132                                             | 136,331                           |
| Low-Income Energy<br>Assistance (LEAP)            | 250,965                             | 0                                      | 22,898                               | 273,863                                             | 22,898                            |
| Adult Protective Services                         | 0                                   | 0                                      | 105,523                              | 105,523                                             | 105,523                           |
| Aid to the Needy<br>Disabled (AND)                | 98,691                              | 16,596                                 | 0                                    | 98,691                                              | 16,596                            |
| Old Age Pension (OAP)                             | 353,879                             | 763                                    | 15,886                               | 369,765                                             | 16,649                            |
| Food Assistance                                   | 3,403,479                           | 0                                      | 70,659                               | 3,474,138                                           | 70,659                            |
| Food Assist Fraud                                 | 0                                   | 0                                      | 0                                    | 0                                                   | 0                                 |
| IV-E Waiver Intervention                          | 0                                   | 0                                      | 65,620                               | 65,620                                              | 65,620                            |
| Title XX Training                                 | 0                                   | 0                                      | 1,313                                | 1,313                                               | 1,313                             |
| FosterCare/Adoption Grant                         | 0                                   | 0                                      | 500                                  | 500                                                 | 500                               |
| Child Welfare Discr Grant                         | 0                                   | 0                                      | 8,425                                | 8,425                                               | 8,425                             |
| CO Comm Response Grant                            | 0                                   | 0                                      | 169,887                              | 169,887                                             | 169,887                           |
| PSSF grant (title IV-B pt 2)                      | 0                                   | 0                                      | 39,848                               | 39,848                                              | 39,848                            |
| 1) Subtotal                                       | 5,558,839                           | 238,658                                | 2,661,852                            | 8,220,691                                           | 2,900,510                         |
| Use of IV-E Waiver Savings                        | 0                                   | 0                                      | 11,788                               | 11,788                                              | 11,788                            |
| Use of Parental Fees                              | 0                                   | 0                                      | 11,371                               | 11,371                                              | 11,371                            |
| Use of HB1451 incentives                          | 0                                   | 0                                      | 70,339                               | 70,339                                              | 70,339                            |
| Medicaid Transportation                           | 0                                   | 0                                      | 0                                    | 0                                                   | 0                                 |
| Workfare                                          | 0                                   | 0                                      | 0                                    | 0                                                   | 0                                 |
| RMS bkd to state not county                       | 0                                   | 0                                      | -19,465                              | -19,465                                             | -19,465                           |
| County Only                                       | 0                                   | 0                                      | 52,630                               | 52,630                                              | 52,630                            |
| Acctg Basis Differences                           | 0                                   | 0                                      | 44,796                               | 44,796                                              | 44,796                            |
| 2) Subtotal                                       | 0                                   | 0                                      | 171,459                              | 171,459                                             | 171,459                           |
| Grand Total                                       | 5,558,839                           | 238,658                                | 2,833,311                            | 8,392,150                                           | 3,071,969                         |

1) Programs Settled in CFMS

2) Programs Not Settled in CFMS



REQUIRED

SUPPLEMENTARY INFORMATION

**Teller County, Colorado**  
**General Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                                                      | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------------------------------------|----------------------------|-------------------------|---------------------|---------------------------------------------|
| <b>Revenues</b>                                                      |                            |                         |                     |                                             |
| Property taxes                                                       | \$ 6,646,382               | \$ 6,646,382            | \$ 6,710,961        | \$ 64,579                                   |
| Sales taxes                                                          | 1,010,646                  | 1,010,646               | 1,064,663           | 54,017                                      |
| Intergovernmental                                                    | 3,045,788                  | 3,238,671               | 3,927,496           | 688,825                                     |
| Licenses and permits                                                 | 499,100                    | 499,100                 | 526,405             | 27,305                                      |
| Charges for services                                                 | 1,016,507                  | 1,032,282               | 1,156,685           | 124,403                                     |
| Fines and forfeitures                                                | 18,700                     | 18,700                  | 87,422              | 68,722                                      |
| Investment earnings                                                  | 4,050                      | 6,550                   | 20,341              | 13,791                                      |
| Miscellaneous                                                        | 260,414                    | 371,447                 | 604,403             | 232,956                                     |
| <b>Total Revenues</b>                                                | <b>12,501,587</b>          | <b>12,823,778</b>       | <b>14,098,376</b>   | <b>1,274,598</b>                            |
| <b>Expenditures</b>                                                  |                            |                         |                     |                                             |
| <b>Current:</b>                                                      |                            |                         |                     |                                             |
| General government                                                   | 6,444,018                  | 7,009,967               | 6,161,035           | 848,932                                     |
| Public safety                                                        | 7,211,757                  | 6,978,962               | 6,785,735           | 193,227                                     |
| Health and human services                                            | 826,443                    | 1,059,045               | 941,850             | 117,195                                     |
| Culture and recreation                                               | 76,130                     | 32,018                  | 28,179              | 3,839                                       |
| <b>Capital Outlay</b>                                                | <b>6,500</b>               | <b>33,200</b>           | <b>48,823</b>       | <b>(15,623)</b>                             |
| <b>Total Expenditures</b>                                            | <b>14,564,848</b>          | <b>15,113,192</b>       | <b>13,965,622</b>   | <b>1,147,570</b>                            |
| <b>Excess (Deficiency) of Revenues<br/>Over (Under) Expenditures</b> | <b>(2,063,261)</b>         | <b>(2,289,414)</b>      | <b>132,754</b>      | <b>2,422,168</b>                            |
| <b>Other Financing Sources</b>                                       |                            |                         |                     |                                             |
| Transfers in                                                         | 180,800                    | 180,800                 | 183,751             | 2,951                                       |
| <b>Total Other Financing Sources</b>                                 | <b>180,800</b>             | <b>180,800</b>          | <b>183,751</b>      | <b>2,951</b>                                |
| <b>Net Change in Fund Balances</b>                                   | <b>(1,882,461)</b>         | <b>(2,108,614)</b>      | <b>316,505</b>      | <b>2,425,119</b>                            |
| <b>Reserve for Abatements</b>                                        | <b>(15,000)</b>            | <b>(15,000)</b>         | <b>-</b>            | <b>15,000</b>                               |
| <b>Fund Balances Beginning of Year</b>                               | <b>4,117,284</b>           | <b>4,343,437</b>        | <b>5,360,165</b>    | <b>1,016,728</b>                            |
| <b>Fund Balances End of Year</b>                                     | <b>\$ 2,219,823</b>        | <b>\$ 2,219,823</b>     | <b>\$ 5,676,670</b> | <b>\$ 3,456,847</b>                         |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Road and Bridge Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                        | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------|----------------------------|-------------------------|---------------------|---------------------------------------------|
| <b>Revenues</b>                        |                            |                         |                     |                                             |
| Property taxes                         | \$ 268,432                 | \$ 268,432              | \$ 268,653          | \$ 221                                      |
| Sales taxes                            | 923,805                    | 923,805                 | 978,339             | 54,534                                      |
| Intergovernmental                      | 1,699,062                  | 1,699,062               | 3,157,475           | 1,458,413                                   |
| Licenses and permits                   | 16,000                     | 16,000                  | 23,253              | 7,253                                       |
| Charges for services                   | 3,500                      | 18,840                  | 15,340              | (3,500)                                     |
| Fines and forfeitures                  | 6,000                      | 6,000                   | 6,240               | 240                                         |
| Investment earnings                    | 1,800                      | 1,800                   | 8,289               | 6,489                                       |
| Miscellaneous                          | 10,500                     | 10,500                  | 6,815               | (3,685)                                     |
| <b>Total Revenues</b>                  | <b>2,929,099</b>           | <b>2,944,439</b>        | <b>4,464,404</b>    | <b>1,519,965</b>                            |
| <b>Expenditures</b>                    |                            |                         |                     |                                             |
| <b>Current:</b>                        |                            |                         |                     |                                             |
| Highways and streets                   | 3,442,084                  | 3,457,424               | 4,250,605           | (793,181)                                   |
| <b>Capital Outlay</b>                  | <b>900,000</b>             | <b>1,487,805</b>        | <b>-</b>            | <b>1,487,805</b>                            |
| <b>Total Expenditures</b>              | <b>4,342,084</b>           | <b>4,945,229</b>        | <b>4,250,605</b>    | <b>694,624</b>                              |
| <b>Net Change in Fund Balances</b>     | <b>(1,412,985)</b>         | <b>(2,000,790)</b>      | <b>213,799</b>      | <b>2,214,589</b>                            |
| <b>Reserve for Abatements</b>          | <b>(2,000)</b>             | <b>(2,000)</b>          | <b>-</b>            | <b>2,000</b>                                |
| <b>Fund Balances Beginning of Year</b> | <b>1,839,578</b>           | <b>2,427,383</b>        | <b>2,976,229</b>    | <b>548,846</b>                              |
| <b>Fund Balances End of Year</b>       | <b>\$ 424,593</b>          | <b>\$ 424,593</b>       | <b>\$ 3,190,028</b> | <b>\$ 2,765,435</b>                         |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Social Services Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                                             | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|-------------------------------------------------------------|----------------------------|-------------------------|-------------------|---------------------------------------------|
| <b>Revenues</b>                                             |                            |                         |                   |                                             |
| Property taxes                                              | \$ 322,631                 | \$ 322,631              | \$ 322,934        | \$ 303                                      |
| Intergovernmental                                           | 2,407,648                  | 2,698,082               | 2,479,714         | (218,368)                                   |
| Charges for services                                        | 50                         | 50                      | -                 | (50)                                        |
| Miscellaneous                                               | -                          | -                       | 6,243             | 6,243                                       |
| <b>Total Revenues</b>                                       | <b>2,730,329</b>           | <b>3,020,763</b>        | <b>2,808,891</b>  | <b>(211,872)</b>                            |
| <b>Expenditures</b>                                         |                            |                         |                   |                                             |
| <b>Current:</b>                                             |                            |                         |                   |                                             |
| Health and human services                                   | 2,878,189                  | 3,222,808               | 2,888,218         | 334,590                                     |
| <b>Excess(Deficiency) of<br/>Revenues Over Expenditures</b> | <b>(147,860)</b>           | <b>(202,045)</b>        | <b>(79,327)</b>   | <b>122,718</b>                              |
| <b>Other Financing (Uses)</b>                               |                            |                         |                   |                                             |
| Transfers out                                               | (180,800)                  | (180,800)               | (183,751)         | (2,951)                                     |
| <b>Net Change in Fund Balances</b>                          | <b>(328,660)</b>           | <b>(382,845)</b>        | <b>(263,078)</b>  | <b>119,767</b>                              |
| <b>Reserve for Abatements</b>                               | <b>(3,000)</b>             | <b>(3,000)</b>          | <b>-</b>          | <b>3,000</b>                                |
| <b>Fund Balances Beginning of Year</b>                      | <b>473,291</b>             | <b>527,476</b>          | <b>547,093</b>    | <b>19,617</b>                               |
| <b>Fund Balances End of Year</b>                            | <b>\$ 141,631</b>          | <b>\$ 141,631</b>       | <b>\$ 284,015</b> | <b>\$ 142,384</b>                           |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Required Supplementary Information**  
**Modified Approach for County Infrastructure Capital Assets**  
**For the Year Ended December 31, 2016**

In accordance with GASB Statement No. 34, the County is required to account for and report infrastructure capital assets. The County has several major infrastructure systems including the road system, trail system and the wastewater system. Each major infrastructure system can be divided into subsystems. For example, the road system can be divided into paved, unpaved (both including culverts/drainage & cattle guard improvements, original striping), bridges, traffic control devices (including signage, traffic lights, streetlights), guardrails and land (right-of-way). Subsystem detail is not presented in these basic financial statements; however, the County maintains detailed information on the subsystems.

In 2006, the County elected to use the “Modified Approach” as defined by GASB Statement No. 34 for infrastructure reporting for its road and trail systems. As of 2011 the County additionally elected to use the “Modified Approach” for reporting of the wastewater infrastructure system. Under GASB Statement No. 34, eligible infrastructure capital assets are not required to be depreciated, with the following requirements:

- ❖ The County manages the eligible infrastructure capital assets using an asset management system with characteristics of (1) an up-to-date inventory; (2) perform condition assessments and summarize the results using a measurement scale; and (3) estimate annual amounts to maintain and preserve at the established condition assessment levels.
- ❖ The County documents that the eligible infrastructure capital assets are being preserved approximately at or above the established and disclosed condition assessment levels. The Teller County Public Works Department completes condition assessment surveys of all infrastructure systems every three years in accordance with the County’s Asset Management Program.
  - Road and trail improvements: The County uses the HUTF criteria administered by the State of Colorado to rate the condition of our infrastructure systems, with the exception of our bridges and tunnel.
  - Bridge and tunnel improvements: The County uses the AASHTO standards in compliance with CDOT and FHWA to rate bridges and the tunnel in our infrastructure systems. An engineering firm contracted by the State of Colorado performs condition assessments biannually on County bridges and the tunnel, with supplemental ratings performed by the County Engineer, as necessary to comply with the 3-year assessment cycle requirement. The state engineer’s sufficiency rating is converted to the County’s rating system.
  - Wastewater improvements: The Teller County Public Works department has developed criteria to measure the condition of the wastewater system, which are documented in the County infrastructure records.
  - County’s rating system for all eligible infrastructure capital assets:

| <u>Condition</u> | <u>Rating</u> |
|------------------|---------------|
| Good             | 40            |
| Fair             | 25            |
| Poor             | 10            |

County management believes that compliance with these requirements facilitates constructive planning and tracking tools for the County’s development, repair and maintenance of our infrastructure networks.

Road and trail infrastructure systems:

The County policy is to maintain at least 60% of these infrastructure systems at a rating of 40, with an additional 25% at least at a rating of 25. These levels allow for normal wear and tear and Colorado weather events. The most recent 3-year assessment cycle was completed as of December 31, 2015.

The past four assessments rated the County’s road and trail infrastructure as follows:

|                      | <u>Condition Distribution</u> |      |      |      |
|----------------------|-------------------------------|------|------|------|
| As of 3 years ended: | 2006                          | 2009 | 2012 | 2015 |
| Good                 | 67%                           | 64%  | 93%  | 88%  |
| Fair                 | 28%                           | 28%  | 4%   | 9%   |
| Poor                 | 5%                            | 8%   | 3%   | 3%   |

See the accompanying independent auditors’ report.

**Teller County, Colorado**  
**Required Supplementary Information**  
**Modified Approach for County Infrastructure Capital Assets**  
**For the Year Ended December 31, 2016**

The County's next full 3-year assessment cycle will be completed as of December 31, 2018.

The County's road and trail infrastructure is constantly deteriorating from the following factors:

1) usage, 2) weather and 3) utility installation and private road cuts. The County is continuously taking action to mediate the effects of deterioration through maintenance and improvement activities as annually defined in our Road Maintenance and Improvement Plan.

A schedule of the estimated annual cost to maintain and preserve roads at the targeted levels compared to actual expenditures for the road maintenance for the last five years is presented below.

| <u>Year</u> | <u>Maintenance<br/>Estimate</u> | <u>Actual<br/>Expenditures</u> |
|-------------|---------------------------------|--------------------------------|
| 2016        | \$ 3,457,424                    | \$ 4,250,605                   |
| 2015        | 3,411,685                       | 3,499,769                      |
| 2014        | 3,465,621                       | 3,920,531                      |
| 2013        | 3,407,148                       | 3,207,368                      |
| 2012        | 3,370,747                       | 3,269,302                      |

The County's goal will always be to maintain our roads in a passable condition.

Minimal amounts have been spent on maintaining County trails, as the system is relatively small and includes no hard surface improvements.

**Wastewater infrastructure system:**

The County policy is to maintain at least 70% of this infrastructure system in good condition, with the remaining 30% in fair condition, since any poor condition would cause an unacceptable failure in the wastewater treatment.

The past two assessments rated the County's wastewater infrastructure as follows:

| Condition Distribution |      |      |
|------------------------|------|------|
| As of 3 years ended:   | 2011 | 2014 |
| Good                   | 98%  | 99%  |
| Fair                   | 2%   | 1%   |
| Poor                   | 0%   | 0%   |

The County's next full 3-year assessment cycle will be completed as of December 31, 2017.

A schedule of the estimated annual costs to maintain and preserve the wastewater infrastructure at the targeted levels compared to actual expenditures for maintenance for the last five years is presented below.

| <u>Year</u> | <u>Maintenance<br/>Estimate</u> | <u>Actual<br/>Expenditures</u> |
|-------------|---------------------------------|--------------------------------|
| 2016        | \$ 7,000                        | \$ 6,436                       |
| 2015        | 2,000                           | 36                             |
| 2014        | 3,000                           | 1,017                          |
| 2013        | 2,000                           | 1,255                          |
| 2012        | 31,745                          | 18,208                         |

A substantial recondition of the system was performed in 2011.

Best Management Practices (BMP's) that have been implemented (Infiltration program, pollution prevention program) and the enhanced performance of the plant since reconditioning have decreased operating costs.

See the accompanying independent auditors' report.

***Teller County, Colorado***  
***Notes to Required Supplementary Information***  
***For the Year Ended December 31, 2016***

**Budgetary Information** – The County adopts an annual operating budget for all County funds. All budgets are adopted on a basis consistent with GAAP.

The legal level of control (the level at which expenditures may not legally exceed appropriations) for each adopted annual operating budget generally is the individual fund level; however additional restrictions on the use of personnel, fleet and other departmental budget amounts are established at the time of adoption by resolution. Any change in total to a fund appropriation or to the additionally restricted amounts requires approval of the County Commissioners through the adoption of a resolution, subsequent to legal publication.

Department heads and elected officials may transfer appropriations within each department from one line item to another, except that personnel services appropriations may not be used for operations or capital outlay and vice-versa, and certain fleet expense appropriations cannot be used for other line items.

All unexpended annual appropriations lapse at year-end.

The 2016 adopted budget was amended upward from \$28,277,753 to \$29,908,088.



## SUPPLEMENTARY INFORMATION



**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND SCHEDULES**

**Teller County, Colorado**  
**General Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

|                                             | <b>2016</b>         | <b>2015</b>         |
|---------------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                             |                     |                     |
| Property taxes                              | \$ 6,710,961        | \$ 6,581,807        |
| Sales taxes                                 | 1,064,663           | 836,912             |
| Intergovernmental                           | 3,927,496           | 3,546,985           |
| Licenses and permits                        | 526,405             | 646,762             |
| Charges for services                        | 1,156,685           | 1,064,685           |
| Fines and forfeitures                       | 87,422              | 35,474              |
| Investment earnings                         | 20,341              | 8,597               |
| Miscellaneous                               | 604,403             | 791,428             |
| <b>Total Revenues</b>                       | <b>14,098,376</b>   | <b>13,512,650</b>   |
| <b>Expenditures</b>                         |                     |                     |
| <b>Current:</b>                             |                     |                     |
| General government                          | 6,161,035           | 6,166,366           |
| Public safety                               | 6,785,735           | 6,766,194           |
| Health and human services                   | 941,850             | 861,707             |
| Culture and recreation                      | 28,179              | 28,215              |
| <b>Capital Outlay</b>                       | <b>48,823</b>       | <b>15,698</b>       |
| <b>Total Expenditures</b>                   | <b>13,965,622</b>   | <b>13,838,180</b>   |
| <b>Excess (Deficiency) of Revenues</b>      |                     |                     |
| <b>Over (Under) Expenditures</b>            | <b>132,754</b>      | <b>(325,530)</b>    |
| <b>Other Financing Sources (Uses)</b>       |                     |                     |
| Transfers in                                | 183,751             | 178,137             |
| <b>Total Other Financing Sources (Uses)</b> | <b>183,751</b>      | <b>178,137</b>      |
| <b>Net Change in Fund Balances</b>          | <b>316,505</b>      | <b>(147,393)</b>    |
| <b>Fund Balances Beginning of Year</b>      | <b>5,360,165</b>    | <b>5,507,558</b>    |
| <b>Fund Balances End of Year</b>            | <b>\$ 5,676,670</b> | <b>\$ 5,360,165</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**General Fund**  
**Schedule of Revenues - Budget and Actual**  
**For the Year Ended December 31, 2016**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2015)*

|                                    | 2016               |                 |              |                                    | 2015         |
|------------------------------------|--------------------|-----------------|--------------|------------------------------------|--------------|
|                                    | Original<br>Budget | Final<br>Budget | Actual       | Variance<br>Positive<br>(Negative) | Actual       |
| Revenues                           |                    |                 |              |                                    |              |
| Taxes                              |                    |                 |              |                                    |              |
| Property taxes                     | \$ 6,646,382       | \$ 6,646,382    | \$ 6,694,214 | \$ 47,832                          | \$ 6,624,969 |
| Delinquent property taxes          | -                  | -               | (1,331)      | (1,331)                            | (48,340)     |
| Interest and penalties             | -                  | -               | 18,078       | 18,078                             | 5,178        |
| Sales taxes                        | 1,010,646          | 1,010,646       | 1,064,663    | 54,017                             | 836,912      |
| Total Taxes                        | 7,657,028          | 7,657,028       | 7,775,624    | 118,596                            | 7,418,719    |
| Intergovernmental                  |                    |                 |              |                                    |              |
| Election fees                      | 17,000             | 21,000          | 34,559       | 13,559                             | 31,223       |
| Specific ownership                 | 626,254            | 626,254         | 674,426      | 48,172                             | 662,075      |
| Payment in lieu of taxes           | 200,000            | 237,000         | 287,596      | 50,596                             | 224,595      |
| Gaming taxes                       | 706,120            | 710,020         | 743,681      | 33,661                             | 632,462      |
| Gaming impact grants               | 571,000            | 571,000         | 896,183      | 325,183                            | 750,616      |
| Mineral impact grants              | -                  | 34,564          | 34,564       | -                                  | 21,686       |
| Cigarette taxes                    | 7,500              | 7,500           | 10,374       | 2,874                              | 8,939        |
| Veterans office                    | 1,200              | 1,200           | 8,316        | 7,116                              | 4,758        |
| Public health contracts            | 214,212            | 257,397         | 461,579      | 204,182                            | 369,746      |
| Law enforcement contracts          | 276,560            | 298,227         | 294,906      | (3,321)                            | 301,289      |
| Federal mineral lease distribution | 95,000             | 111,000         | 111,763      | 763                                | 96,117       |
| Senior services contracts          | 14,450             | 14,450          | 13,423       | (1,027)                            | 23,282       |
| Sanitarian contract                | 20,000             | 20,000          | 20,000       | -                                  | 20,000       |
| Build a generation grants          | 44,392             | 58,795          | 77,054       | 18,259                             | 104,252      |
| Early childhood council grants     | 93,900             | 112,064         | 93,805       | (18,259)                           | 74,715       |
| LEAF                               | 2,000              | 2,000           | 2,564        | 564                                | 2,527        |
| EMS subsidy                        | -                  | -               | -            | -                                  | 16,188       |
| State impact assistance            | 500                | 500             | -            | (500)                              | 563          |
| State payment in lieu taxes        | 1,200              | 1,200           | 1,952        | 752                                | 1,220        |
| Other governmental contracts       | 4,500              | 4,500           | 5,399        | 899                                | 13,397       |
| Other                              | 150,000            | 150,000         | 155,352      | 5,352                              | 187,335      |
| Total Intergovernmental            | 3,045,788          | 3,238,671       | 3,927,496    | 688,825                            | 3,546,985    |
| Licenses and Permits               |                    |                 |              |                                    |              |
| Building permits                   | 350,000            | 350,000         | 382,544      | 32,544                             | 469,669      |
| Elevator permits                   | 1,500              | 1,500           | 4,450        | 2,950                              | 5,003        |
| Sanitation permits                 | 35,000             | 35,000          | 37,441       | 2,441                              | 48,073       |
| Contractor licenses                | 60,000             | 60,000          | 63,675       | 3,675                              | 63,985       |
| Liquor licenses                    | 2,600              | 2,600           | 1,935        | (665)                              | 2,485        |
| Health licenses                    | 25,000             | 25,000          | 17,589       | (7,411)                            | 32,755       |
| Planning and zoning fees           | 25,000             | 25,000          | 18,771       | (6,229)                            | 24,792       |
| Total Licenses and Permits         | \$ 499,100         | \$ 499,100      | \$ 526,405   | \$ 27,305                          | \$ 646,762   |

(continued)

See the accompanying independent auditors' report.

Teller County, Colorado  
General Fund  
Schedule of Revenues - Budget and Actual  
For the Year Ended December 31, 2016  
(With Comparative Actual Amounts for the Year Ended December 31, 2015)

(continued)

|                                    | 2016                 |                      |                      | 2015                               |                      |
|------------------------------------|----------------------|----------------------|----------------------|------------------------------------|----------------------|
|                                    | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) | Actual               |
| <b>Revenues</b>                    |                      |                      |                      |                                    |                      |
| <b>Charges For Services</b>        |                      |                      |                      |                                    |                      |
| Fees of County Offices             |                      |                      |                      |                                    |                      |
| Assessor                           | \$ 100               | \$ 100               | \$ 1,106             | \$ 1,006                           | \$ 243               |
| Sheriff                            | 65,000               | 73,000               | 142,664              | 69,664                             | 91,108               |
| Clerk                              | 547,000              | 547,000              | 584,136              | 37,136                             | 540,152              |
| Treasurer                          | 310,000              | 310,000              | 304,444              | (5,556)                            | 249,846              |
| Public health                      | 57,407               | 57,407               | 66,898               | 9,491                              | 59,346               |
| Public trustee                     | 35,000               | 35,000               | 43,806               | 8,806                              | 94,116               |
| Other services                     | 2,000                | 9,775                | 13,631               | 3,856                              | 29,874               |
| <b>Total Charges For Services</b>  | <b>1,016,507</b>     | <b>1,032,282</b>     | <b>1,156,685</b>     | <b>124,403</b>                     | <b>1,064,685</b>     |
| <b>Fines and Forfeitures</b>       |                      |                      |                      |                                    |                      |
| Model traffic code fines           | 16,000               | 16,000               | 85,888               | 69,888                             | 32,557               |
| Code and enforcement               | 1,000                | 1,000                | 600                  | (400)                              | 1,100                |
| Animal control                     | 1,700                | 1,700                | 934                  | (766)                              | 1,817                |
| <b>Total Fines and Forfeitures</b> | <b>18,700</b>        | <b>18,700</b>        | <b>87,422</b>        | <b>68,722</b>                      | <b>35,474</b>        |
| <b>Investment Earnings</b>         | <b>4,050</b>         | <b>6,550</b>         | <b>20,341</b>        | <b>13,791</b>                      | <b>8,597</b>         |
| <b>Miscellaneous</b>               |                      |                      |                      |                                    |                      |
| Sheriffs auxiliary organizations   | -                    | 17,050               | 21,235               | 4,185                              | 19,322               |
| Early childhood council            | 104,992              | 165,380              | 85,296               | (80,084)                           | 126,136              |
| Other                              | 155,422              | 189,017              | 497,872              | 308,855                            | 645,970              |
| <b>Total Miscellaneous</b>         | <b>260,414</b>       | <b>371,447</b>       | <b>604,403</b>       | <b>232,956</b>                     | <b>791,428</b>       |
| <b>Total Revenues</b>              | <b>\$ 12,501,587</b> | <b>\$ 12,823,778</b> | <b>\$ 14,098,376</b> | <b>\$ 1,274,598</b>                | <b>\$ 13,512,650</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**General Fund**  
**Schedule of Expenditures - Budget and Actual**  
**For the Year Ended December 31, 2016**  
*(With Comparative Actual Amounts for the Year Ended December 31, 2015)*

|                                        | 2016                 |                      |                      |                                    | 2015                 |
|----------------------------------------|----------------------|----------------------|----------------------|------------------------------------|----------------------|
|                                        | Original<br>Budget   | Final<br>Budget      | Actual               | Variance<br>Positive<br>(Negative) | Actual               |
| <b>Expenditures</b>                    |                      |                      |                      |                                    |                      |
| <b>General Government</b>              |                      |                      |                      |                                    |                      |
| Office of the Board                    | \$ 485,019           | \$ 503,742           | \$ 481,235           | \$ 22,507                          | \$ 459,852           |
| Finance                                | 526,460              | 528,050              | 521,315              | 6,735                              | 490,849              |
| Legal services                         | 692,788              | 732,788              | 671,971              | 60,817                             | 702,071              |
| Human resources                        | 239,745              | 239,745              | 178,772              | 60,973                             | 200,219              |
| Central utilities                      | 192,585              | 197,585              | 189,676              | 7,909                              | 194,128              |
| Public works administration            | 301,030              | 291,367              | 288,875              | 2,492                              | 273,294              |
| Central support                        | 675,417              | 768,396              | 707,190              | 61,206                             | 588,328              |
| Information technology                 | 759,099              | 763,494              | 706,961              | 56,533                             | 681,842              |
| Assessor                               | 850,290              | 810,272              | 790,142              | 20,130                             | 773,814              |
| Clerk and recorder                     | 470,634              | 480,248              | 478,640              | 1,608                              | 446,425              |
| Elections                              | 96,030               | 100,130              | 72,786               | 27,344                             | 38,320               |
| Treasurer                              | 348,249              | 355,439              | 331,076              | 24,363                             | 314,240              |
| Public trustee                         | 99,111               | 99,699               | 91,262               | 8,437                              | 88,854               |
| County surveyor                        | 16,818               | 16,944               | 15,726               | 1,218                              | 12,530               |
| Facilities                             | 690,743              | 822,310              | 633,348              | 188,962                            | 900,645              |
| Personnel contingency                  | -                    | 297,258              | -                    | 297,258                            | -                    |
| Employee benefits                      | -                    | 2,500                | 2,060                | 440                                | 955                  |
| <b>Total General Government</b>        | <b>6,444,018</b>     | <b>7,009,967</b>     | <b>6,161,035</b>     | <b>848,932</b>                     | <b>6,166,366</b>     |
| <b>Public Safety</b>                   |                      |                      |                      |                                    |                      |
| Law Enforcement                        |                      |                      |                      |                                    |                      |
| Sheriff                                | 3,485,314            | 3,265,694            | 3,162,938            | 102,756                            | 3,115,654            |
| Detentions                             | 2,475,000            | 2,475,000            | 2,474,189            | 811                                | 2,583,164            |
| Sheriff Auxilliary Organizations       | -                    | 17,050               | 19,321               | (2,271)                            | 12,953               |
| Animal control                         | 122,762              | 120,099              | 114,665              | 5,434                              | 105,628              |
| Search and rescue                      | 9,896                | 9,904                | 7,027                | 2,877                              | 7,754                |
| Coronor                                | 106,969              | 105,463              | 91,962               | 13,501                             | 103,169              |
| CDSD - administration                  | 201,778              | 203,492              | 196,134              | 7,358                              | 169,580              |
| CDSD - operations                      | 501,594              | 498,633              | 490,260              | 8,373                              | 467,626              |
| Environmental health                   | 99,861               | 74,390               | 71,119               | 3,271                              | 36,839               |
| Emergency management                   | 162,046              | 162,700              | 133,259              | 29,441                             | 110,718              |
| Fire and EMS support                   | 40,427               | 40,427               | 24,861               | 15,566                             | 53,036               |
| Hazmat                                 | 6,110                | 6,110                | -                    | 6,110                              | 73                   |
| <b>Total Public Safety</b>             | <b>7,211,757</b>     | <b>6,978,962</b>     | <b>6,785,735</b>     | <b>193,227</b>                     | <b>6,766,194</b>     |
| <b>Health and Human Services</b>       |                      |                      |                      |                                    |                      |
| Public health                          | 560,883              | 675,367              | 641,226              | 34,141                             | 596,047              |
| Build a generation                     | 44,392               | 91,542               | 84,072               | 7,470                              | 93,076               |
| Early childhood council                | 198,892              | 267,444              | 193,264              | 74,180                             | 153,619              |
| Veterans office                        | 22,276               | 24,692               | 23,288               | 1,404                              | 18,965               |
| <b>Total Health and Human Services</b> | <b>826,443</b>       | <b>1,059,045</b>     | <b>941,850</b>       | <b>117,195</b>                     | <b>861,707</b>       |
| <b>Culture and Recreation</b>          |                      |                      |                      |                                    |                      |
| County parks                           | 5,679                | 5,679                | 2,388                | 3,291                              | 3,156                |
| Extension office                       | 70,451               | 26,339               | 25,791               | 548                                | 25,059               |
| <b>Total Culture and Recreation</b>    | <b>76,130</b>        | <b>32,018</b>        | <b>28,179</b>        | <b>3,839</b>                       | <b>28,215</b>        |
| <b>Capital Outlay</b>                  | <b>6,500</b>         | <b>33,200</b>        | <b>48,823</b>        | <b>(15,623)</b>                    | <b>15,698</b>        |
| <b>Total Expenditures</b>              | <b>\$ 14,564,848</b> | <b>\$ 15,113,192</b> | <b>\$ 13,965,622</b> | <b>\$ 1,147,570</b>                | <b>\$ 13,838,180</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Road and Bridge Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

|                                        | <b>2016</b>         | <b>2015</b>         |
|----------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                        |                     |                     |
| Property taxes                         | \$ 268,653          | \$ 326,833          |
| Sales taxes                            | 978,339             | 1,214,873           |
| Intergovernmental                      | 3,157,475           | 3,287,689           |
| Charges for services                   | 15,340              | 5,340               |
| Licenses and permits                   | 23,253              | 16,052              |
| Fines and forfeitures                  | 6,240               | 6,956               |
| Earnings on investments                | 8,289               | 1,863               |
| Miscellaneous                          | 6,815               | 53,925              |
| <b>Total Revenues</b>                  | <b>4,464,404</b>    | <b>4,913,531</b>    |
| <b>Expenditures</b>                    |                     |                     |
| <b>Current:</b>                        |                     |                     |
| Highways and streets                   | 4,250,605           | 3,499,769           |
| <b>Total Expenditures</b>              | <b>4,250,605</b>    | <b>3,499,769</b>    |
| <b>Net Change in Fund Balances</b>     | <b>213,799</b>      | <b>1,413,762</b>    |
| <b>Fund Balances Beginning of Year</b> | <b>2,976,229</b>    | <b>1,562,467</b>    |
| <b>Fund Balances End of Year</b>       | <b>\$ 3,190,028</b> | <b>\$ 2,976,229</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Social Services Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

|                                                         | <b>2016</b>       | <b>2015</b>       |
|---------------------------------------------------------|-------------------|-------------------|
| <b>Revenues</b>                                         |                   |                   |
| Property taxes                                          | \$ 322,934        | \$ 505,980        |
| Intergovernmental                                       | 2,479,714         | 2,259,320         |
| Charges for services                                    | -                 | 10                |
| Miscellaneous                                           | 6,243             | 1,343             |
| <b>Total Revenues</b>                                   | <b>2,808,891</b>  | <b>2,766,653</b>  |
| <b>Expenditures</b>                                     |                   |                   |
| <b>Current:</b>                                         |                   |                   |
| Health and human services                               | 2,888,218         | 2,551,994         |
| <b>Excess(Deficiency) of Revenues Over Expenditures</b> | <b>(79,327)</b>   | <b>214,659</b>    |
| <b>Other Financing (Uses)</b>                           |                   |                   |
| Transfers out                                           | (183,751)         | (178,137)         |
| <b>Total Other Financing (Uses)</b>                     | <b>(183,751)</b>  | <b>(178,137)</b>  |
| <b>Net Change in Fund Balances</b>                      | <b>(263,078)</b>  | <b>36,522</b>     |
| <b>Fund Balances Beginning of Year</b>                  | <b>547,093</b>    | <b>510,571</b>    |
| <b>Fund Balances End of Year</b>                        | <b>\$ 284,015</b> | <b>\$ 547,093</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Capital Projects Fund**  
**Comparative Statement of Revenues, Expenditures and**  
**Changes in Fund Balances**  
**For the Years Ended December 31, 2016 and 2015**

|                                        | <b>2016</b>         | <b>2015</b>         |
|----------------------------------------|---------------------|---------------------|
| <b>Revenues</b>                        |                     |                     |
| Sales taxes                            | \$ 834,465          | \$ 647,932          |
| Intergovernmental                      | 589,787             | 451,853             |
| Investment earnings                    | 10,581              | 2,752               |
| Miscellaneous                          | 88,103              | 82,054              |
| <b>Total Revenues</b>                  | <b>1,522,936</b>    | <b>1,184,591</b>    |
| <b>Expenditures</b>                    |                     |                     |
| <b>Current:</b>                        |                     |                     |
| General government                     | 90,267              | 116,465             |
| Public safety                          | 33,497              | 35,622              |
| <b>Capital Outlay</b>                  | <b>16,100</b>       | <b>18,232</b>       |
| <b>Total Expenditures</b>              | <b>139,864</b>      | <b>170,319</b>      |
| <b>Net Change in Fund Balances</b>     | <b>1,383,072</b>    | <b>1,014,272</b>    |
| <b>Fund Balances Beginning of Year</b> | <b>2,575,741</b>    | <b>1,561,469</b>    |
| <b>Fund Balances End of Year</b>       | <b>\$ 3,958,813</b> | <b>\$ 2,575,741</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Capital Projects Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                        | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------|----------------------------|-------------------------|---------------------|---------------------------------------------|
| <b>Revenues</b>                        |                            |                         |                     |                                             |
| Sales taxes                            | \$ 778,210                 | \$ 778,210              | \$ 834,465          | \$ 56,255                                   |
| Intergovernmental                      | 527,530                    | 527,530                 | 589,787             | 62,257                                      |
| Investment earnings                    | 2,300                      | 2,300                   | 10,581              | 8,281                                       |
| Miscellaneous                          | 80,000                     | 80,000                  | 88,103              | 8,103                                       |
| <b>Total Revenues</b>                  | <u>1,388,040</u>           | <u>1,388,040</u>        | <u>1,522,936</u>    | <u>134,896</u>                              |
| <b>Expenditures</b>                    |                            |                         |                     |                                             |
| <b>Current:</b>                        |                            |                         |                     |                                             |
| General government                     | 270,000                    | 261,000                 | 90,267              | 170,733                                     |
| Public safety                          | 29,170                     | 29,170                  | 33,497              | (4,327)                                     |
| <b>Capital Outlay</b>                  | <u>8,870</u>               | <u>19,870</u>           | <u>16,100</u>       | <u>3,770</u>                                |
| <b>Total Expenditures</b>              | <u>308,040</u>             | <u>310,040</u>          | <u>139,864</u>      | <u>170,176</u>                              |
| <b>Net Change in Fund Balances</b>     | 1,080,000                  | 1,078,000               | 1,383,072           | 305,072                                     |
| <b>Fund Balances Beginning of Year</b> | <u>2,405,335</u>           | <u>2,407,335</u>        | <u>2,575,741</u>    | <u>168,406</u>                              |
| <b>Fund Balances End of Year</b>       | <u>\$ 3,485,335</u>        | <u>\$ 3,485,335</u>     | <u>\$ 3,958,813</u> | <u>\$ 473,478</u>                           |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Combining Balance Sheet**  
**Nonmajor Special Revenue Funds**  
**December 31, 2016**

|                                                              | <b>Conservation<br/>Trust</b> | <b>Contingent</b>   | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|--------------------------------------------------------------|-------------------------------|---------------------|---------------------------------------------------------|
| <b>Assets</b>                                                |                               |                     |                                                         |
| Cash and investments                                         | \$ 666,299                    | \$ 1,284,573        | \$ 1,950,872                                            |
| Receivables:                                                 |                               |                     |                                                         |
| Property taxes                                               | -                             | 200,096             | 200,096                                                 |
| Prepaid expenses                                             | 1,025                         | -                   | 1,025                                                   |
| <b>Total Assets</b>                                          | <u>667,324</u>                | <u>1,484,669</u>    | <u>2,151,993</u>                                        |
| <b>Liabilities and Fund Balances</b>                         |                               |                     |                                                         |
| <b>Liabilities</b>                                           |                               |                     |                                                         |
| Accounts payable                                             | 1,514                         | -                   | 1,514                                                   |
| <b>Total Liabilities</b>                                     | <u>1,514</u>                  | <u>-</u>            | <u>1,514</u>                                            |
| <b>Deferred Inflows of Resources</b>                         |                               |                     |                                                         |
| Unearned property tax revenue                                | -                             | 200,096             | 200,096                                                 |
| <b>Total Deferred Inflows of Resources</b>                   | <u>-</u>                      | <u>200,096</u>      | <u>200,096</u>                                          |
| <b>Fund Balances</b>                                         |                               |                     |                                                         |
| Nonspendable                                                 | 1,025                         | -                   | 1,025                                                   |
| Restricted                                                   | 664,785                       | 420,000             | 1,084,785                                               |
| Committed                                                    | -                             | 851,000             | 851,000                                                 |
| Assigned                                                     | -                             | 13,573              | 13,573                                                  |
| <b>Total Fund Balances</b>                                   | <u>665,810</u>                | <u>1,284,573</u>    | <u>1,950,383</u>                                        |
| <b>Total Liabilities, Deferred Inflows and Fund Balances</b> | <u>\$ 667,324</u>             | <u>\$ 1,484,669</u> | <u>\$ 2,151,993</u>                                     |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Combining Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Nonmajor Special Revenue Funds**  
**For the Year Ended December 31, 2016**

|                                             | <b>Conservation<br/>Trust</b> | <b>Contingent</b>          | <b>Total<br/>Nonmajor<br/>Special Revenue<br/>Funds</b> |
|---------------------------------------------|-------------------------------|----------------------------|---------------------------------------------------------|
| <b>Revenues</b>                             |                               |                            |                                                         |
| Property taxes                              | \$ -                          | \$ 200,069                 | \$ 200,069                                              |
| Intergovernmental                           | 153,874                       | -                          | 153,874                                                 |
| Investment earnings                         | 2,475                         | -                          | 2,475                                                   |
| <b>Total Revenues</b>                       | <u>156,349</u>                | <u>200,069</u>             | <u>356,418</u>                                          |
| <b>Expenditures</b>                         |                               |                            |                                                         |
| <b>Current:</b>                             |                               |                            |                                                         |
| Culture and recreation                      | <u>65,269</u>                 | <u>-</u>                   | <u>65,269</u>                                           |
| <b>Total Expenditures</b>                   | <u>65,269</u>                 | <u>-</u>                   | <u>65,269</u>                                           |
| <b>Excess of Revenues Over Expenditures</b> | 91,080                        | 200,069                    | 291,149                                                 |
| <b>Fund Balances Beginning of Year</b>      | <u>574,730</u>                | <u>1,084,504</u>           | <u>1,659,234</u>                                        |
| <b>Fund Balances End of Year</b>            | <u><u>\$ 665,810</u></u>      | <u><u>\$ 1,284,573</u></u> | <u><u>\$ 1,950,383</u></u>                              |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Conservation Trust Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                        | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b>  | <b>Actual</b>            | <b>Variance<br/>Positive<br/>(Negative)</b> |
|----------------------------------------|----------------------------|--------------------------|--------------------------|---------------------------------------------|
| <b>Revenues</b>                        |                            |                          |                          |                                             |
| Intergovernmental                      | \$ 145,000                 | \$ 145,000               | \$ 153,874               | \$ 8,874                                    |
| Investment earnings                    | 550                        | 550                      | 2,475                    | 1,925                                       |
| <b>Total Revenues</b>                  | <u>145,550</u>             | <u>145,550</u>           | <u>156,349</u>           | <u>10,799</u>                               |
| <b>Expenditures</b>                    |                            |                          |                          |                                             |
| <b>Current:</b>                        |                            |                          |                          |                                             |
| Culture and recreation                 | <u>106,527</u>             | <u>107,527</u>           | <u>65,269</u>            | <u>42,258</u>                               |
| <b>Total Expenditures</b>              | <u>106,527</u>             | <u>107,527</u>           | <u>65,269</u>            | <u>42,258</u>                               |
| <b>Net Change in Fund Balances</b>     | 39,023                     | 38,023                   | 91,080                   | 53,057                                      |
| <b>Fund Balances Beginning of Year</b> | <u>534,646</u>             | <u>535,646</u>           | <u>574,730</u>           | <u>39,084</u>                               |
| <b>Fund Balances End of Year</b>       | <u><u>\$ 573,669</u></u>   | <u><u>\$ 573,669</u></u> | <u><u>\$ 665,810</u></u> | <u><u>\$ 92,141</u></u>                     |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Contingent Fund**  
*Schedule of Revenues, Expenditures and*  
*Changes in Fund Balances - Budget and Actual*  
*For the Year Ended December 31, 2016*

|                                             | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b> | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------------------|----------------------------|-------------------------|---------------|---------------------------------------------|
| <b>Revenues</b>                             |                            |                         |               |                                             |
| Property taxes                              | \$ 200,000                 | \$ 200,000              | \$ 200,069    | \$ 69                                       |
| <b>Total Revenues</b>                       | 200,000                    | 200,000                 | 200,069       | 69                                          |
| <b>Expenditures</b>                         | -                          | -                       | -             | -                                           |
| <b>Excess of Revenues Over Expenditures</b> | 200,000                    | 200,000                 | 200,069       | 69                                          |
| <b>Other Financing (Uses)</b>               |                            |                         |               |                                             |
| Transfers out                               | (1,250,625)                | (1,250,625)             | -             | 1,250,625                                   |
| <b>Net Change in Fund Balances</b>          | (1,050,625)                | (1,050,625)             | 200,069       | 1,250,694                                   |
| <b>Fund Balances Beginning of Year</b>      | 1,084,198                  | 1,084,198               | 1,084,504     | 306                                         |
| <b>Fund Balances End of Year</b>            | \$ 33,573                  | \$ 33,573               | \$ 1,284,573  | \$ 1,251,000                                |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Wastewater Utility Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2015)**

|                                       | <b>2016</b>       | <b>2015</b>       |
|---------------------------------------|-------------------|-------------------|
| <b>Operating Revenues</b>             |                   |                   |
| Charges for services                  | \$ 144,937        | \$ 133,751        |
| Licenses and permits                  | 200               | -                 |
| Miscellaneous                         | 841               | 1,248             |
| <b>Total Operating Revenues</b>       | <b>145,978</b>    | <b>134,999</b>    |
| <b>Operating Expenses</b>             |                   |                   |
| Administration                        | 14,143            | 19,416            |
| Operations                            | 135,206           | 120,282           |
| <b>Total Operating Expenses</b>       | <b>149,349</b>    | <b>139,698</b>    |
| <b>Operating Gain (Loss)</b>          | <b>(3,371)</b>    | <b>(4,699)</b>    |
| <b>Capital Contributions</b>          | <b>17,700</b>     | <b>-</b>          |
| <b>Change in Net Position</b>         | <b>14,329</b>     | <b>(4,699)</b>    |
| <b>Net Position Beginning of Year</b> | <b>199,943</b>    | <b>204,642</b>    |
| <b>Net Position End of Year</b>       | <b>\$ 214,272</b> | <b>\$ 199,943</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Wastewater Utility Fund**  
**Schedule of Revenues, Expenses and**  
**Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>     | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------------|----------------------------|-------------------------|-------------------|---------------------------------------------|
| <b>Operating Revenues</b>             |                            |                         |                   |                                             |
| Charges for services                  | \$ 129,000                 | \$ 134,000              | \$ 144,937        | \$ 10,937                                   |
| Licenses and permits                  | -                          | -                       | 200               | 200                                         |
| Miscellaneous                         | -                          | -                       | 841               | 841                                         |
| <b>Total Operating Revenues</b>       | <b>129,000</b>             | <b>134,000</b>          | <b>145,978</b>    | <b>11,978</b>                               |
| <b>Operating Expenses</b>             |                            |                         |                   |                                             |
| Administration                        | 7,883                      | 7,883                   | 14,143            | (6,260)                                     |
| Operations                            | 147,988                    | 152,988                 | 135,206           | 17,782                                      |
| <b>Total Operating Expenses</b>       | <b>155,871</b>             | <b>160,871</b>          | <b>149,349</b>    | <b>11,522</b>                               |
| <b>Operating (Loss)</b>               | <b>(26,871)</b>            | <b>(26,871)</b>         | <b>(3,371)</b>    | <b>23,500</b>                               |
| <b>Capital Contributions</b>          | <b>-</b>                   | <b>-</b>                | <b>17,700</b>     | <b>17,700</b>                               |
| <b>Change in Net Position</b>         | <b>(26,871)</b>            | <b>(26,871)</b>         | <b>14,329</b>     | <b>41,200</b>                               |
| <b>Net Position Beginning of Year</b> | <b>204,269</b>             | <b>204,269</b>          | <b>199,943</b>    | <b>(4,326)</b>                              |
| <b>Net Position End of Year</b>       | <b>\$ 177,398</b>          | <b>\$ 177,398</b>       | <b>\$ 214,272</b> | <b>\$ 36,874</b>                            |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Jail Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2015)**

|                                       | <b>2016</b>      | <b>2015</b>         |
|---------------------------------------|------------------|---------------------|
| <b>Operating Revenues</b>             |                  |                     |
| Charges for services                  | \$ 2,965,750     | \$ 2,930,272        |
| Miscellaneous                         | 47,513           | 59,750              |
| <b>Total Operating Revenues</b>       | <b>3,013,263</b> | <b>2,990,022</b>    |
| <b>Operating Expenses</b>             |                  |                     |
| Administration                        | 28,649           | 26,543              |
| Operations                            | 2,212,914        | 2,259,930           |
| Depreciation                          | 186,767          | 186,460             |
| <b>Total Operating Expenses</b>       | <b>2,428,330</b> | <b>2,472,933</b>    |
| <b>Operating Income</b>               | <b>584,933</b>   | <b>517,089</b>      |
| <b>Non-Operating (Expenses)</b>       |                  |                     |
| Interest                              | (70,287)         | (192,675)           |
| Other debt-related expenses           | (72,381)         | -                   |
| <b>Total Non-Operating (Expenses)</b> | <b>(142,668)</b> | <b>(192,675)</b>    |
| <b>Change in Net Position</b>         | <b>442,265</b>   | <b>324,414</b>      |
| <b>Net Position Beginning of Year</b> | <b>(365,193)</b> | <b>(689,607)</b>    |
| <b>Net Position End of Year</b>       | <b>\$ 77,072</b> | <b>\$ (365,193)</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Jail Fund**  
*Schedule of Revenues, Expenses and*  
**Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>    | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------------|----------------------------|-------------------------|------------------|---------------------------------------------|
| <b>Operating Revenues</b>             |                            |                         |                  |                                             |
| Charges for services                  | \$ 2,550,000               | \$ 2,606,497            | \$ 2,965,750     | \$ 359,253                                  |
| Miscellaneous                         | 35,000                     | 43,730                  | 47,513           | 3,783                                       |
| <b>Total Operating Revenues</b>       | <u>2,585,000</u>           | <u>2,650,227</u>        | <u>3,013,263</u> | <u>363,036</u>                              |
| <b>Operating Expenses</b>             |                            |                         |                  |                                             |
| Administration                        | 23,504                     | 28,254                  | 28,649           | (395)                                       |
| Operations                            | 2,345,883                  | 2,378,366               | 2,212,914        | 165,452                                     |
| Depreciation                          | 186,460                    | 187,195                 | 186,767          | 428                                         |
| <b>Total Operating Expenses</b>       | <u>2,555,847</u>           | <u>2,593,815</u>        | <u>2,428,330</u> | <u>165,485</u>                              |
| <b>Operating Income</b>               | <u>29,153</u>              | <u>56,412</u>           | <u>584,933</u>   | <u>528,521</u>                              |
| <b>Non-Operating (Expenses)</b>       |                            |                         |                  |                                             |
| Interest                              | (180,000)                  | (207,259)               | (70,287)         | 136,972                                     |
| Other debt-related expenses           | -                          | -                       | (72,381)         | (72,381)                                    |
| <b>Total Non-Operating (Expenses)</b> | <u>(180,000)</u>           | <u>(207,259)</u>        | <u>(142,668)</u> | <u>64,591</u>                               |
| <b>Change in Net Position</b>         | <u>(150,847)</u>           | <u>(150,847)</u>        | <u>442,265</u>   | <u>593,112</u>                              |
| <b>Net Position Beginning of Year</b> | <u>206,822</u>             | <u>206,822</u>          | <u>(365,193)</u> | <u>(572,015)</u>                            |
| <b>Net Position End of Year</b>       | <u>\$ 55,975</u>           | <u>\$ 55,975</u>        | <u>\$ 77,072</u> | <u>\$ 21,097</u>                            |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Fleet Management Fund**  
**Comparative Statement of Revenues,**  
**Expenses and Changes in Fund Net Position**  
**For the Year Ended December 31, 2016**  
**(With Comparative Actual Amounts for the Year Ended December 31, 2015)**

|                                                | <b>2016</b>         | <b>2015</b>         |
|------------------------------------------------|---------------------|---------------------|
| <b>Operating Revenues</b>                      |                     |                     |
| Charges for services                           | \$ 1,339,446        | \$ 1,419,422        |
| Miscellaneous                                  | 693                 | 694                 |
| <b>Total Operating Revenues</b>                | <b>1,340,139</b>    | <b>1,420,116</b>    |
| <b>Operating Expenses</b>                      |                     |                     |
| Operations                                     | 1,000,064           | 965,332             |
| Depreciation                                   | 436,362             | 449,300             |
| <b>Total Operating Expenses</b>                | <b>1,436,426</b>    | <b>1,414,632</b>    |
| <b>Operating Gain (Loss)</b>                   | <b>(96,287)</b>     | <b>5,484</b>        |
| <b>Non-Operating Revenues (Expenses)</b>       |                     |                     |
| Gain on sale of capital assets                 | -                   | 12,689              |
| Investment earnings                            | 8,985               | 4,117               |
| <b>Total Non-Operating Revenues (Expenses)</b> | <b>8,985</b>        | <b>16,806</b>       |
| <b>Change in Net Position</b>                  | <b>(87,302)</b>     | <b>22,290</b>       |
| <b>Net Position Beginning of Year</b>          | <b>4,526,425</b>    | <b>4,504,135</b>    |
| <b>Net Position End of Year</b>                | <b>\$ 4,439,123</b> | <b>\$ 4,526,425</b> |

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Fleet Management Fund**  
**Schedule of Revenues, Expenses and**  
**Changes in Fund Net Position - Budget and Actual**  
**For the Year Ended December 31, 2016**

|                                       | <b>Original<br/>Budget</b> | <b>Final<br/>Budget</b> | <b>Actual</b>       | <b>Variance<br/>Positive<br/>(Negative)</b> |
|---------------------------------------|----------------------------|-------------------------|---------------------|---------------------------------------------|
| <b>Operating Revenues</b>             |                            |                         |                     |                                             |
| Charges for services                  | \$ 1,488,501               | \$ 1,548,501            | \$ 1,339,446        | \$ (209,055)                                |
| Miscellaneous                         | -                          | -                       | 693                 | 693                                         |
| <b>Total Operating Revenues</b>       | <u>1,488,501</u>           | <u>1,548,501</u>        | <u>1,340,139</u>    | <u>(208,362)</u>                            |
| <b>Operating Expenses</b>             |                            |                         |                     |                                             |
| Operations                            | 1,150,155                  | 1,211,155               | 1,000,064           | 211,091                                     |
| Depreciation                          | 604,767                    | 604,767                 | 436,362             | 168,405                                     |
| <b>Total Operating Expenses</b>       | <u>1,754,922</u>           | <u>1,815,922</u>        | <u>1,436,426</u>    | <u>379,496</u>                              |
| <b>Operating Gain (Loss)</b>          | <u>(266,421)</u>           | <u>(267,421)</u>        | <u>(96,287)</u>     | <u>171,134</u>                              |
| <b>Non-Operating Revenue</b>          |                            |                         |                     |                                             |
| Gain on sale of capital assets        | 80,000                     | 80,000                  | -                   | (80,000)                                    |
| Investment earnings                   | 2,000                      | 2,000                   | 8,985               | 6,985                                       |
| <b>Total Non-Operating Revenue</b>    | <u>82,000</u>              | <u>82,000</u>           | <u>8,985</u>        | <u>(73,015)</u>                             |
| <b>Change in Net Position</b>         | <u>(184,421)</u>           | <u>(185,421)</u>        | <u>(87,302)</u>     | <u>98,119</u>                               |
| <b>Net Position Beginning of Year</b> | <u>4,478,201</u>           | <u>4,479,201</u>        | <u>4,526,425</u>    | <u>47,224</u>                               |
| <b>Net Position End of Year</b>       | <u>\$ 4,293,780</u>        | <u>\$ 4,293,780</u>     | <u>\$ 4,439,123</u> | <u>\$ 145,343</u>                           |

Note: The basis of budgeting is the same as GAAP. This schedule is presented on a GAAP basis.

See the accompanying independent auditors' report.

**Teller County, Colorado**  
**Combining Statement of Changes in Assets and Liabilities**  
**Agency Funds**  
**For the Year Ended December 31, 2016**

|                                          | Balance<br>January 1, 2016 | Additions            | Deductions           | Balance<br>December 31, 2016 |
|------------------------------------------|----------------------------|----------------------|----------------------|------------------------------|
| <b>Payroll Trust Fund</b>                |                            |                      |                      |                              |
| <b>Assets</b>                            |                            |                      |                      |                              |
| Cash and investments                     | \$ 4,340                   | \$4,458,869          | \$4,456,658          | \$ 6,551                     |
| Accounts receivable                      | -                          | 60,787               | 60,787               | -                            |
| Interfund receivable                     | -                          | 5,607,652            | 5,607,652            | -                            |
| <b>Total Assets</b>                      | <b>4,340</b>               | <b>10,127,308</b>    | <b>10,125,097</b>    | <b>6,551</b>                 |
| <b>Liabilities</b>                       |                            |                      |                      |                              |
| Accounts payable                         | 4,292                      | 11,184,727           | 11,182,468           | 6,551                        |
| Interfund payable                        | 48                         | 68,424               | 68,472               | -                            |
| <b>Total Liabilities</b>                 | <b>4,340</b>               | <b>11,253,151</b>    | <b>11,250,940</b>    | <b>6,551</b>                 |
| <b>Clerk &amp; Recorder's Trust Fund</b> |                            |                      |                      |                              |
| <b>Assets</b>                            |                            |                      |                      |                              |
| Cash and investments                     | 321,435                    | 4,841,549            | 4,892,012            | 270,972                      |
| Interfund receivable                     | 30,247                     | 30,247               | 60,494               | -                            |
| <b>Total Assets</b>                      | <b>351,682</b>             | <b>4,871,796</b>     | <b>4,952,506</b>     | <b>270,972</b>               |
| <b>Liabilities</b>                       |                            |                      |                      |                              |
| Accounts payable                         | 244,836                    | 9,499,443            | 9,473,307            | 270,972                      |
| Interfund payable                        | 106,846                    | 597,180              | 704,026              | -                            |
| <b>Total Liabilities</b>                 | <b>351,682</b>             | <b>10,096,623</b>    | <b>10,177,333</b>    | <b>270,972</b>               |
| <b>Treasurer's Office</b>                |                            |                      |                      |                              |
| <b>Assets</b>                            |                            |                      |                      |                              |
| Cash and investments                     | 1,406,567                  | 33,354,508           | 33,898,495           | 862,580                      |
| <b>Liabilities</b>                       |                            |                      |                      |                              |
| County warrants outstanding              | 620,897                    | 6,619,249            | 6,960,801            | 279,345                      |
| Due to other entities                    | 785,670                    | 26,735,259           | 26,937,694           | 583,235                      |
| <b>Total Liabilities</b>                 | <b>1,406,567</b>           | <b>33,354,508</b>    | <b>33,898,495</b>    | <b>862,580</b>               |
| <b>Total</b>                             |                            |                      |                      |                              |
| <b>Assets</b>                            |                            |                      |                      |                              |
| Cash and investments                     | 1,732,342                  | 42,654,926           | 43,247,165           | 1,140,103                    |
| Accounts receivable                      | -                          | 60,787               | 60,787               | -                            |
| Interfund receivable                     | 30,247                     | 5,637,899            | 5,668,146            | -                            |
| <b>Total Assets</b>                      | <b>1,762,589</b>           | <b>48,353,612</b>    | <b>48,976,098</b>    | <b>1,140,103</b>             |
| <b>Liabilities</b>                       |                            |                      |                      |                              |
| County warrants outstanding              | 620,897                    | 6,619,249            | 6,960,801            | 279,345                      |
| Accounts payable                         | 249,128                    | 20,684,170           | 20,655,775           | 277,523                      |
| Due to other entities                    | 785,670                    | 26,735,259           | 26,937,694           | 583,235                      |
| Interfund payables                       | 106,894                    | 665,604              | 772,498              | -                            |
| <b>Total Liabilities</b>                 | <b>\$ 1,762,589</b>        | <b>\$ 54,704,282</b> | <b>\$ 55,326,768</b> | <b>\$ 1,140,103</b>          |

See the accompanying independent auditors' report.



## SPECIAL REPORTS

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

|                                                           |                                 |
|-----------------------------------------------------------|---------------------------------|
| <b>LOCAL HIGHWAY FINANCE REPORT</b>                       | City or County: Teller          |
|                                                           | YEAR ENDING :<br>December, 2016 |
| This Information From The Records Of County of Teller, CO | Prepared By:<br>Phone:          |

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

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

**II. RECEIPTS FOR ROAD AND STREET PURPOSES**

| ITEM                                                        | AMOUNT    |
|-------------------------------------------------------------|-----------|
| <b>A. Receipts from local sources:</b>                      |           |
| 1. Local highway-user taxes                                 |           |
| a. Motor Fuel (from Item I.A.5.)                            |           |
| b. Motor Vehicle (from Item I.B.5.)                         |           |
| c. Total (a.+b.)                                            |           |
| 2. General fund appropriations                              |           |
| 3. Other local imposts (from page 2)                        | 1,296,710 |
| 4. Miscellaneous local receipts (from page 2)               | 21,344    |
| 5. Transfers from toll facilities                           |           |
| 6. Proceeds of sale of bonds and notes:                     |           |
| a. Bonds - Original Issues                                  |           |
| b. Bonds - Refunding Issues                                 |           |
| c. Notes                                                    |           |
| d. Total (a. + b. + c.)                                     | 0         |
| 7. Total (1 through 6)                                      | 1,318,054 |
| <b>B. Private Contributions</b>                             |           |
| <b>C. Receipts from State government</b><br>(from page 2)   | 3,106,747 |
| <b>D. Receipts from Federal Government</b><br>(from page 2) | 39,603    |
| <b>E. Total receipts (A.7 + B + C + D)</b>                  | 4,464,404 |

**III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES**

| ITEM                                              | AMOUNT    |
|---------------------------------------------------|-----------|
| <b>A. Local highway disbursements:</b>            |           |
| 1. Capital outlay (from page 2)                   | 790,570   |
| 2. Maintenance:                                   | 1,781,689 |
| 3. Road and street services:                      |           |
| a. Traffic control operations                     | 107,750   |
| b. Snow and ice removal                           | 1,259,117 |
| c. Other                                          | 242,281   |
| d. Total (a. through c.)                          | 1,609,148 |
| 4. General administration & miscellaneous         | 69,198    |
| 5. Highway law enforcement and safety             |           |
| 6. Total (1 through 5)                            | 4,250,605 |
| <b>B. Debt service on local obligations:</b>      |           |
| 1. Bonds:                                         |           |
| a. Interest                                       |           |
| b. Redemption                                     |           |
| c. Total (a. + b.)                                | 0         |
| 2. Notes:                                         |           |
| a. Interest                                       |           |
| b. Redemption                                     |           |
| c. Total (a. + b.)                                | 0         |
| 3. Total (1.c + 2.c)                              | 0         |
| <b>C. Payments to State for highways</b>          |           |
| <b>D. Payments to toll facilities</b>             |           |
| <b>E. Total disbursements (A.6 + B.3 + C + D)</b> | 4,250,605 |

**IV. LOCAL HIGHWAY DEBT STATUS**

(Show all entries at par)

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

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

|  | A. Beginning Balance | B. Total Receipts | C. Total Disbursements | D. Ending Balance | E. Reconciliation |
|--|----------------------|-------------------|------------------------|-------------------|-------------------|
|  | 2,976,229            | 4,464,404         | 4,250,605              | 3,190,028         | 0                 |

**Notes and Comments:**

|                                     |  |                                        |  |
|-------------------------------------|--|----------------------------------------|--|
| <b>LOCAL HIGHWAY FINANCE REPORT</b> |  | STATE:<br>Colorado                     |  |
|                                     |  | YEAR ENDING (mm/yy):<br>December, 2016 |  |

| II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL |                           |                                           |                           |
|----------------------------------------------------|---------------------------|-------------------------------------------|---------------------------|
| ITEM                                               | AMOUNT                    | ITEM                                      | AMOUNT                    |
| <b>A.3. Other local imposts:</b>                   |                           | <b>A.4. Miscellaneous local receipts:</b> |                           |
| a. Property Taxes and Assessments                  | 268,653                   | a. Interest on investments                | 8,289                     |
| b. Other local imposts:                            |                           | b. Traffic Fines & Penalties              | 6,240                     |
| 1. Sales Taxes                                     | 978,339                   | c. Parking Garage Fees                    |                           |
| 2. Infrastructure & Impact Fees                    |                           | d. Parking Meter Fees                     |                           |
| 3. Liens                                           |                           | e. Sale of Surplus Property               |                           |
| 4. Licenses                                        | 23,253                    | f. Charges for Services                   |                           |
| 5. Specific Ownership &/or Other                   | 26,465                    | g. Other Misc. Receipts                   | 6,815                     |
| 6. Total (1. through 5.)                           | 1,028,057                 | h. Other                                  |                           |
| c. Total (a. + b.)                                 | 1,296,710                 | i. Total (a. through h.)                  | 21,344                    |
|                                                    | (Carry forward to page 1) |                                           | (Carry forward to page 1) |

| ITEM                                     | AMOUNT    | ITEM                                       | AMOUNT                    |
|------------------------------------------|-----------|--------------------------------------------|---------------------------|
| <b>C. Receipts from State Government</b> |           | <b>D. Receipts from Federal Government</b> |                           |
| 1. Highway-user taxes                    | 2,393,160 | 1. FHWA (from Item I.D.5.)                 |                           |
| 2. State general funds                   |           | 2. Other Federal agencies:                 |                           |
| 3. Other State funds:                    |           | a. Forest Service                          | 39,603                    |
| a. State bond proceeds                   |           | b. FEMA                                    |                           |
| b. Project Match                         |           | c. HUD                                     |                           |
| c. Motor Vehicle Registrations           | 103,387   | d. Federal Transit Admin                   |                           |
| d. Other (Specify) - DOLA Grant          | 610,200   | e. U.S. Corps of Engineers                 |                           |
| e. Other (Specify)                       |           | f. Other Federal                           |                           |
| f. Total (a. through e.)                 | 713,587   | g. Total (a. through f.)                   | 39,603                    |
| 4. Total (1. + 2. + 3.f)                 | 3,106,747 | 3. Total (1. + 2.g)                        |                           |
|                                          |           |                                            | (Carry forward to page 1) |

| III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL |                                         |                                          |                           |
|----------------------------------------------------------|-----------------------------------------|------------------------------------------|---------------------------|
|                                                          | ON NATIONAL<br>HIGHWAY<br>SYSTEM<br>(a) | OFF NATIONAL<br>HIGHWAY<br>SYSTEM<br>(b) | TOTAL<br>(c)              |
| <b>A.1. Capital outlay:</b>                              |                                         |                                          |                           |
| a. Right-Of-Way Costs                                    |                                         |                                          | 0                         |
| b. Engineering Costs                                     |                                         |                                          | 0                         |
| c. Construction:                                         |                                         |                                          |                           |
| (1). New Facilities                                      |                                         |                                          | 0                         |
| (2). Capacity Improvements                               |                                         |                                          | 0                         |
| (3). System Preservation                                 | 790,570                                 |                                          | 790,570                   |
| (4). System Enhancement & Operation                      |                                         |                                          | 0                         |
| (5). Total Construction (1) + (2) + (3) + (4)            | 790,570                                 | 0                                        | 790,570                   |
| d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)      | 790,570                                 | 0                                        | 790,570                   |
|                                                          |                                         |                                          | (Carry forward to page 1) |

**Notes and Comments:**



**FEDERAL FINANCIAL**

**AWARD REPORTS**

**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**

Board of County Commissioners  
Teller County, Colorado  
Cripple Creek, 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, the business-type activities, each major fund and the aggregate remaining fund information of Teller 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 June 9, 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance And Other Matters**

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **Purpose Of This Report**

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

*RubinBrown LLP*

June 9, 2017

**Independent Auditors' Report On Compliance  
For Each Major Federal Program And  
Report On Internal Control Over Compliance  
Required By The Uniform Guidance**

Board of County Commissioners  
Teller County, Colorado  
Cripple Creek, Colorado

**Report On Compliance For Each Major Federal Program**

We have audited Teller County, Colorado's (the County) compliance with the types of compliance requirements described in the Office of Management and Budget (OMB) *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 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* (the 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, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

### **Report On Internal Control Over Compliance**

Management of the County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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.

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.

*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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2016-001 to be a significant deficiency.

The County's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs and the County's corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

*RubinBrown LLP*

June 9, 2017

# TELLER 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?                     | _____ yes | <input checked="" type="checkbox"/> no            |
| Significant deficiency(ies) identified?               | _____ yes | <input checked="" type="checkbox"/> none reported |
| Noncompliance material to financial statements noted? | _____ yes | <input checked="" type="checkbox"/> no            |

#### Federal Awards

Internal control over major programs:

|                                         |                                         |                                        |
|-----------------------------------------|-----------------------------------------|----------------------------------------|
| Material weakness(es) identified?       | _____ yes                               | <input checked="" type="checkbox"/> no |
| Significant deficiency(ies) identified? | <input checked="" type="checkbox"/> yes | _____ 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 | <input checked="" type="checkbox"/> no |
|-----------|----------------------------------------|

#### Identification Of Major Programs

| CFDA No. | Name Of Federal Program Or Cluster |
|----------|------------------------------------|
|----------|------------------------------------|

|        |                                                 |
|--------|-------------------------------------------------|
| 93.558 | Temporary Assistance for Needy Families (TANF)  |
| 93.778 | Medical Assistance Program (Medicaid Title XIX) |

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

Auditee qualified as low-risk auditee? ☒ yes \_\_\_\_\_ no

## **TELLER COUNTY, COLORADO**

---

### **SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*** **For The Year Ended December 31, 2016**

---

#### **Section II - Financial Statement Findings**

---

There were no findings relating to the County's financial statements for the year ended December 31, 2016.

## TELLER COUNTY, COLORADO

---

### SCHEDULE OF FINDINGS AND QUESTIONED COSTS (*Continued*) For The Year Ended December 31, 2016

---

#### Section III - Federal Award Findings And Questioned Costs

---

##### Finding 2016-001 Eligibility

##### Significant Deficiency On Internal Control Over Compliance

##### CFDA 93.558 - Temporary Assistance for Needy Families (TANF)

**Federal Agency:** U.S. Department of Health and Human Services

**Pass-Through Entity:** Not Applicable

**Criteria Or Specific Requirement:** The County is responsible for establishing internal controls over eligibility data to ensure recipients are in compliance with eligibility requirements of the grant.

**Condition:** Internal controls over the eligibility compliance requirement are the responsibility of management. The County did not have a monitoring and oversight function in place for a portion of the fiscal year, where a person independent of the input process reviewed eligibility information to ensure compliance with federal requirements.

**Cause:** Due to employee turnover in the County's department of social services during 2016, the eligibility review procedures historically present were not conducted for a period of time during 2016.

**Effect:** There is potential for applicant data to be input incorrectly that would go undetected, resulting in funding for ineligible applicants.

**Questioned Costs:** Not applicable.

**Context:** Program personnel have the ability to approve applicants and enter eligibility information into the program database. There was not a review process, for a portion of the fiscal year, in place for another person to verify application data was input in the database correctly.

**Identification As A Repeat Finding:** Not applicable.

**Recommendation:** We recommend the County implement a monitoring and oversight function where a person independent of the input process would review and approve applicant information entered in the program database.

**Views Of Responsible Officials And Planned Corrective Action:** Management agrees a control in this area would be appropriate. In order to strengthen controls in this area, a supervisor or lead case worker will select a random sample of case files monthly, and ensure eligibility determinations were correctly completed.



**Department of Social Services**

Kim Mauthe, Director (719) 686-5500

**CORRECTIVE ACTION PLAN  
For The Year Ended December 31, 2016**

**Finding 2016-001 Eligibility**

**Significant Deficiency On Internal Control Over Compliance**

**CFDA 93.558 – Temporary Assistance for Needy Families  
(TANF)**

***Federal Agency:*** U.S. Department of Health and Human Services

***Pass-Through Entity:*** Not Applicable

***Criteria Or Specific Requirement:*** The County must have procedures and controls over the determination of eligibility of TANF recipients at least every month with respect to circumstances that may change. The County must have procedures designed to ensure recipients make timely and accurate reports of any changes in circumstances that may affect their eligibility.

***Personnel Responsible for Corrective Action:*** Supervisor or lead case worker

***Anticipated Completion Date:*** Implemented in April 2016 in response to a state audit finding. Completed corrective action plan June 2016

***Corrective Action Plan:*** In order to strengthen controls in this area, a supervisor or lead case worker will select a random sample of case files monthly, and ensure eligibility determinations were correctly completed.

**TELLER COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**

| <b>Federal Grantor/Pass Through Grantor/<br/>Program Title</b>    | <b>Federal<br/>CFDA #</b> | <b>Federal<br/>Expenditures</b> | <b>Expenditures to<br/>Subrecipients</b> |
|-------------------------------------------------------------------|---------------------------|---------------------------------|------------------------------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                             |                           |                                 |                                          |
| Passed through Colorado Dept of Human Services:                   |                           |                                 |                                          |
| Food Assistance Admin                                             | 10.561                    | 201,588                         |                                          |
| Passed through Colorado Dept of Health:                           |                           |                                 |                                          |
| Women, Infant & Children                                          | 10.557                    | 73,560                          |                                          |
| WIC Food Vouchers                                                 | 10.557                    | 193,593                         |                                          |
| Sub-Total CFDA #10.557                                            |                           | 267,153                         |                                          |
| Title I - Schools and Roads                                       | 10.665                    | 39,603                          |                                          |
| <b>U.S. DEPARTMENT OF JUSTICE</b>                                 |                           |                                 |                                          |
| Bulletproof Vest Partnership Program                              | 16.607                    | 5,399                           |                                          |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                               |                           |                                 |                                          |
| Passed through Colorado Dept of Human Services:                   |                           |                                 |                                          |
| Race to the Top Early Learning Challenge                          |                           |                                 |                                          |
| Sub-recipient: TellerPark Early Childhood Council                 | 84.412                    | 41,774                          | 41,774                                   |
| Passed through Colorado Dept of Health and Environment:           |                           |                                 |                                          |
| Emergency Prep and Response CORE                                  | 93.069                    | 20,789                          |                                          |
| Emergency Prep and Response CORE                                  | 93.074                    | 6,678                           |                                          |
| Emergency Prep and Response EBOLA                                 | 93.074                    | 151                             |                                          |
| Sub-Total CFDA #93.074                                            |                           | 6,829                           |                                          |
| Family Planning Project                                           | 93.217                    | 9,888                           |                                          |
| Immunization Programs                                             | 93.268                    | 6,397                           |                                          |
| CHAPS                                                             | 93.758                    | 8,750                           |                                          |
| LPH Capacity Building (Chronic Disease)                           | 93.758                    | 5,028                           |                                          |
| Sub-Total CFDA #93.758                                            |                           | 13,778                          |                                          |
| Family Planning STI/HIV                                           | 93.940                    | 560                             |                                          |
| Family Planning STD/STI/HIV                                       | 93.977                    | 660                             |                                          |
| Maternal & Child Health                                           | 93.994                    | 22,648                          |                                          |
| Passed through Cripple Creek-Victor School District RE-1          |                           |                                 |                                          |
| Early Head Start                                                  | 93.600                    | 41,200                          |                                          |
| Passed through Colorado Dept of Health Care Policy and Financing: |                           |                                 |                                          |
| Healthy Communities Medical Assistance                            | 93.778                    | 20,665                          |                                          |

(Continued)

See the note to the schedule of  
expenditures of federal awards

**TELLER COUNTY, COLORADO**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2016**  
**(Continued)**

| <b>Federal Grantor/Pass Through Grantor/<br/>Program Title</b> | <b>Federal<br/>CFDA #</b> | <b>Federal<br/>Expenditures</b> | <b>Expenditures to<br/>Subrecipients</b> |
|----------------------------------------------------------------|---------------------------|---------------------------------|------------------------------------------|
| <b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES (cont)</b>   |                           |                                 |                                          |
| Passed through Colorado Dept of Human Services:                |                           |                                 |                                          |
| IV-E Guardianship Assistance                                   | 93.090                    | 2,041                           |                                          |
| PSSF - Promoting Safe & Stable Families                        | 93.556                    | 29,241                          |                                          |
| TANF                                                           | 93.558                    | 419,363                         |                                          |
| Title IV-D Admin                                               | 93.563                    | 141,850                         |                                          |
| LEAP                                                           | 93.568                    | 181,717                         |                                          |
| CCDF - Discretionary                                           | 93.575                    | 108,703                         |                                          |
| ECC - Child Care & Development Block Grant                     |                           |                                 |                                          |
| Sub-recipient: TellerPark Early Childhood Council              | 93.575                    | 52,030                          | 52,030                                   |
| Sub-Total CFDA #93.575                                         |                           | 160,733                         |                                          |
| CCDF - Mandatory & Match                                       | 93.596                    | 148,359                         |                                          |
| Title IV-B Child Welfare                                       | 93.645                    | 21,331                          |                                          |
| Title IV-E FC                                                  | 93.658                    | 327,149                         |                                          |
| Title IV-E Adoption                                            | 93.659                    | 66,975                          |                                          |
| Title XX Block Grant                                           | 93.667                    | 154,543                         |                                          |
| Title XIX Medicaid                                             | 93.778                    | 240,015                         |                                          |
| Passed through Colorado Department of Local Affairs:           |                           |                                 |                                          |
| Community Services Block Grant                                 |                           |                                 |                                          |
| Sub-recipient: Teller Senior Coalition                         | 93.569                    | 13,423                          | 13,423                                   |
| SAMHSA                                                         | 93.276                    | 500                             |                                          |
| <b>TOTAL FEDERAL AWARDS</b>                                    |                           | <b>\$2,606,171</b>              | <b>\$107,227</b>                         |

See the note to the schedule of  
expenditures of federal awards

***Teller County, Colorado***  
***Notes to Schedule of Expenditures of Federal Awards***  
***For the Year Ended December 31, 2016***

**Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teller County, Colorado, and is presented on the modified accrual basis of accounting. 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). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Teller County, Colorado, financial statements for the year ended December 31, 2016.

**Indirect Cost Rate**

The County has elected to use the de Minimis Indirect Cost rate of 10% for Federal grants and funds.