

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT

FOR THE

YEAR ENDED DECEMBER 31, 2017

**CHAFFEE COUNTY, COLORADO
ELECTED AND APPOINTED OFFICIALS
December 31, 2017**

ELECTED OFFICIALS

Dave Potts, Chairman of the Board, Commissioner District #3
Greg Felt, Commissioner District #2
Keith Baker, Commissioner District #3
Randy Amettis, County Coroner
Brenda Mosby, County Assessor
Lori Mitchell, County Clerk and Recorder
John Spezze, County Sheriff
Dee Dee Copper, County Treasurer

MANAGEMENT

Dan Short, Director of Finance and Personnel
Robert Christiansen, Director of General Administration

INDEPENDENT AUDITOR

Scott C. Wright
Certified Public Accountant

CHAFFEE COUNTY, COLORADO

ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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CHAFFEE COUNTY, COLORADO

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED DECEMBER 31, 2017

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SCOTT C. WRIGHT
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Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chaffee County, Colorado as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chaffee County, Colorado, as of December 31, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4-13 and 47-49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Other Information

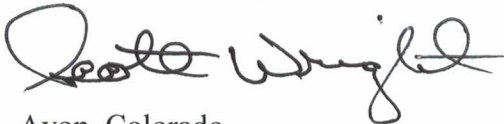
My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Chaffee County, Colorado's basic financial statements. The combining and individual nonmajor fund financial statements and miscellaneous schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and miscellaneous schedules and the schedule of expenditures of federal awards are the responsibility of management and are derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements

themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining and individual nonmajor fund financial statements and miscellaneous schedules and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, I have also issued my report dated April 19, 2018, on my consideration of Chaffee County, Colorado's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chaffee County, Colorado's internal control over financial reporting and compliance

A handwritten signature in black ink, appearing to read "Scott Wright". The signature is fluid and cursive, with a large initial "S" and "W".

Avon, Colorado
April 19, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Chaffee County, we offer readers of the County's financial statements this narrative overview and analysis of the financial activities of Chaffee County for the fiscal year ended December 31, 2017.

Financial Highlights

- The assets of the County exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$34,637,881 (net position). Of this amount, \$8,834,676 is unrestricted and may be used to meet the County's ongoing obligations to citizens and creditors in accordance with the County's fund designation and fiscal policies.
- The County's total net position increased by \$2,835,039.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$12,617,371, an increase of \$1,511,175 in comparison with the prior year. Approximately forty-six percent (46%) of this total amount, or \$5,899,895, is available for use within the County's policies (unassigned fund balance).
- At the end of the current fiscal year, the unassigned fund balance for the general fund represented forty-nine percent (49%) of total general fund expenditures and other financing uses.
- All scheduled debt service payments on long-term debt obligations were made during the current fiscal year thereby reducing the County's total long-term debt by \$449,979.

Overview of the Financial Statements

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

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

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

The *statement of activities* presents information showing how the County's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the County that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the County include general government, community and economic development, public safety, health and welfare, public works, parks and recreation, and airport operations. The business-type activities of the County include solid waste landfill operations, emergency services and sewer debt recovery operations.

The government-wide financial statements include not only the County itself (known as the *primary government*), but also the Chaffee County Facilities Corporation (Facilities Corporation) which was created with the sole purpose of facilitating County financings. The Facilities Corporation is included in the County's financial statements because the County has financial accountability for the Facilities Corporation and they, in turn, are fiscally dependent upon the County. The Facilities Corporation activities are reported as a debt service fund.

The government-wide financial statements can be found on pages 15-17 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the County can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflow and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The County maintains thirteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, road and bridge fund, and health and human services fund, all of which are considered to be major funds. Data from the other ten nonmajor governmental funds (airport fund, conservation trust fund, retirement fund, contingent reserve fund, asset replacement fund, lodging visitors bureau fund, animal shelter fund, marijuana excise tax fund, Chaffee County Facilities Corporation fund, and capital expenditures fund) are combined into a single, aggregate presentation.

Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report. The basic governmental fund financial statements can be found on pages 18-21 of this report.

Proprietary funds. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The County maintains two different types of proprietary funds. *Enterprise funds* are used to report the same function presented as business-type activities in the government-wide financial statements. The County uses enterprise funds to account for its solid waste landfill operations, emergency services, and sewer debt recovery operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the County's various functions. The County uses an internal service fund to account for the cost of insurance and estimated damaged property claims allocated to County departments. Because this cost allocation predominately effects governmental rather than business-type functions, it has been included within *governmental activities* in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 22-25 of this report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Chaffee County's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found on page 26 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 27-45 of this report.

Required Supplemental Information. In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. The County adopts an annual appropriated budget for its general fund and major special revenue funds. Budgetary comparison statements have been provided for the general fund, road and bridge fund, and health and human services fund to demonstrate compliance with these budgets and can be found on pages 47-49 of this report.

Other Supplemental Information. The combining statements referred to earlier in connection with nonmajor governmental funds are presented under other supplemental information immediately following the required supplemental information on pages 52-55. Individual fund statements and schedules and other miscellaneous schedules can also be found in this section on pages 56-82 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Chaffee County, assets exceeded liabilities and deferred inflows of resources by \$34,637,881 as of December 31, 2017.

A large portion of the County's net position (56%) reflects its investment in capital assets (land, construction in progress, buildings and improvements, vehicles, and machinery and equipment), net of any related debt used to acquire those assets that is still outstanding. The County uses these assets to provide services to citizens, consequently, these assets are not available for future spending. Although the County's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the County's net position (19%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of *unrestricted net position* (\$8,834,676) may be used to meet the County's ongoing obligations to citizens and creditors.

Condensed Net Position

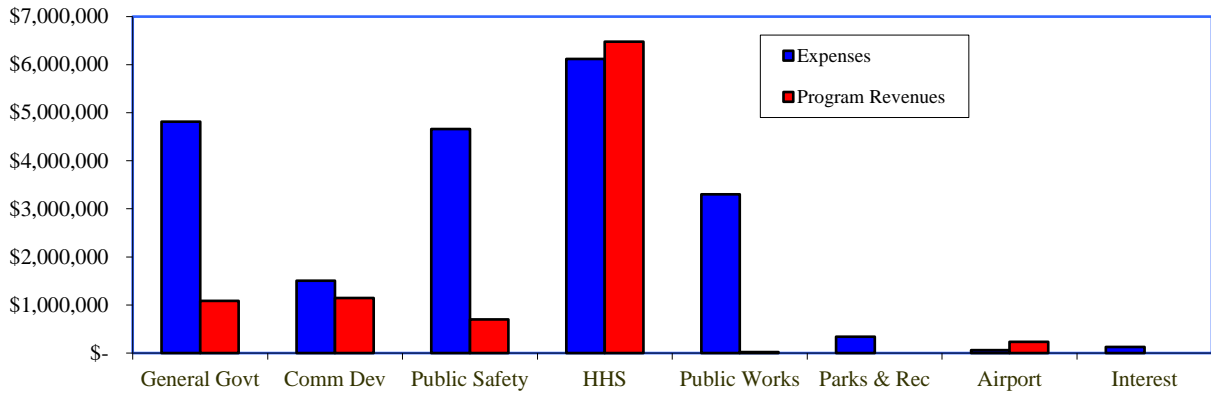
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current and Other Assets	\$17,570,716	\$16,266,697	\$3,397,809	\$2,802,333	\$20,968,525	\$19,583,330
Restricted Assets	515,190	514,300	-	-	515,190	514,300
Capital Assets, net	<u>19,804,367</u>	<u>19,772,207</u>	<u>2,893,080</u>	<u>2,646,170</u>	<u>22,697,447</u>	<u>22,418,377</u>
Total Assets	<u>37,890,273</u>	<u>36,553,204</u>	<u>6,290,889</u>	<u>5,448,503</u>	<u>44,181,162</u>	<u>42,001,707</u>
Other Liabilities	1,321,757	1,834,284	180,247	218,143	1,502,004	2,052,427
Noncurrent Liabilities	<u>3,641,138</u>	<u>4,003,804</u>	<u>507,856</u>	<u>446,050</u>	<u>4,148,994</u>	<u>4,449,854</u>
Total Liabilities	<u>4,962,895</u>	<u>5,838,088</u>	<u>688,103</u>	<u>664,193</u>	<u>5,650,998</u>	<u>6,502,281</u>
Deferred Inflows of Resources	<u>3,892,283</u>	<u>3,696,584</u>	<u>-</u>	<u>-</u>	<u>3,892,283</u>	<u>3,696,584</u>
Net Position:						
Net Investment in Capital Assets	16,825,648	16,351,555	2,457,065	2,200,120	19,282,713	18,551,675
Restricted	6,520,492	5,846,165	-	-	6,520,492	5,846,165
Unrestricted	<u>5,688,955</u>	<u>4,820,812</u>	<u>3,145,721</u>	<u>2,584,190</u>	<u>8,834,676</u>	<u>7,405,002</u>
Total Net Position	<u>\$29,035,095</u>	<u>\$27,018,532</u>	<u>\$5,602,786</u>	<u>\$4,784,310</u>	<u>\$34,637,881</u>	<u>\$31,802,842</u>

Change in Net Position

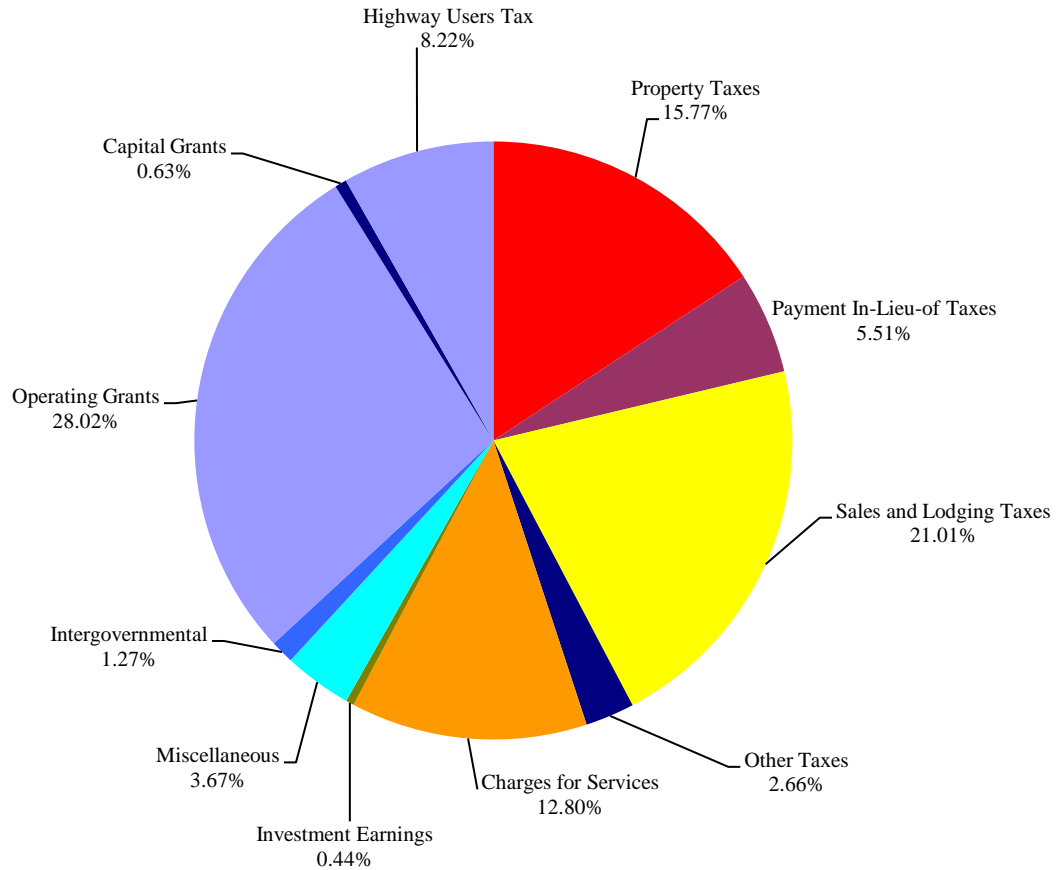
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
REVENUES						
Program Revenues:						
Charges for Services	\$ 2,982,741	\$ 2,744,980	\$ 2,635,618	\$ 2,308,847	\$ 5,618,359	\$ 5,053,827
Operating Grants and Contributions	6,532,455	6,160,799	79,327	-	6,611,782	6,160,799
Capital Grants and Contributions	147,420	274,554	-	149,218	147,420	423,772
General Revenues:						
Taxes:						
Property Taxes	3,675,783	3,513,596	-	-	3,675,783	3,513,596
Sales and Lodging Taxes	4,898,065	4,556,609	1,857,995	1,722,736	6,756,060	6,279,345
Payment In-Lieu-of Taxes	1,285,395	1,246,916	-	-	1,285,395	1,246,916
Highway Users Tax	1,915,597	1,870,120	-	-	1,915,597	1,870,120
Other Taxes	619,908	409,363	-	-	619,908	409,363
Unrestricted Investment Earnings	102,806	45,612	5,159	4,001	107,965	49,613
Intergovernmental	295,185	363,977	-	-	295,185	363,977
Miscellaneous	855,910	446,144	-	-	855,910	446,144
Sales of Capital Assets	-	115,268	-	-	-	115,268
Total Revenues	<u>23,311,265</u>	<u>21,747,938</u>	<u>4,578,099</u>	<u>4,184,802</u>	<u>27,889,364</u>	<u>25,932,740</u>
EXPENSES						
Program Activities:						
Governmental Activities:						
General Government	4,815,745	4,584,407	-	-	4,815,745	4,584,407
Community / Economic Development	1,505,550	1,214,227	-	-	1,505,550	1,214,227
Public Safety	4,663,115	4,327,685	-	-	4,663,115	4,327,685
Health and Welfare	6,121,164	6,127,379	-	-	6,121,164	6,127,379
Public Works	3,303,910	3,296,230	-	-	3,303,910	3,296,230
Parks and Recreation	337,930	254,003	-	-	337,930	254,003
Airport Operations	607,447	581,156	-	-	607,447	581,156
Interest on Long-term Debt	129,525	143,239	-	-	129,525	143,239
Business-type Activities:						
Landfill Operations	-	-	826,866	817,671	826,866	817,671
Emergency Services	-	-	2,705,387	2,463,039	2,705,387	2,463,039
Sewer Enterprise	-	-	37,686	38,125	37,686	38,125
Total Expenses	<u>21,484,386</u>	<u>20,528,326</u>	<u>3,569,939</u>	<u>3,318,835</u>	<u>25,054,325</u>	<u>23,847,161</u>
Excess (Deficiency) Before Transfers	1,826,879	1,219,612	1,008,160	865,967	2,835,039	2,085,579
Transfers In (Out)	<u>189,684</u>	<u>(161,764)</u>	<u>(189,684)</u>	<u>161,764</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net position	2,016,563	1,057,848	818,476	1,027,731	2,835,039	2,085,579
Net Position, Beginning	<u>27,018,532</u>	<u>25,960,684</u>	<u>4,784,310</u>	<u>3,756,579</u>	<u>31,802,842</u>	<u>29,717,263</u>
Net Position, Ending	<u>\$29,035,095</u>	<u>\$27,018,532</u>	<u>\$ 5,602,786</u>	<u>\$ 4,784,310</u>	<u>\$34,637,881</u>	<u>\$31,802,842</u>

Governmental Activities. Governmental activities increased the County's net position by \$2,016,563 in 2017. The cost of all governmental activities in 2017 was \$21,484,386, a 4.7% increase from the prior year. Revenues from governmental activities increased 7.2% from the prior year. The key sources of revenues all increased compared to 2016.

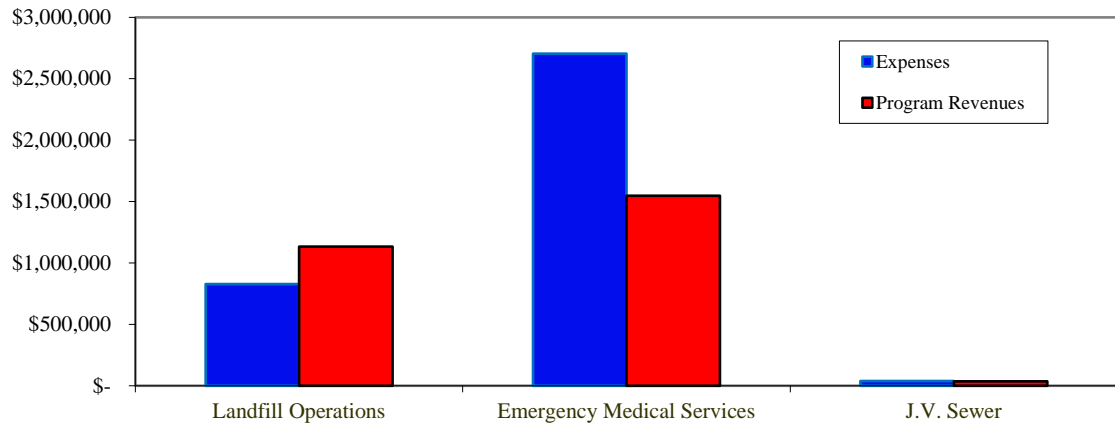
Expenses and Program Revenues – Governmental Activities



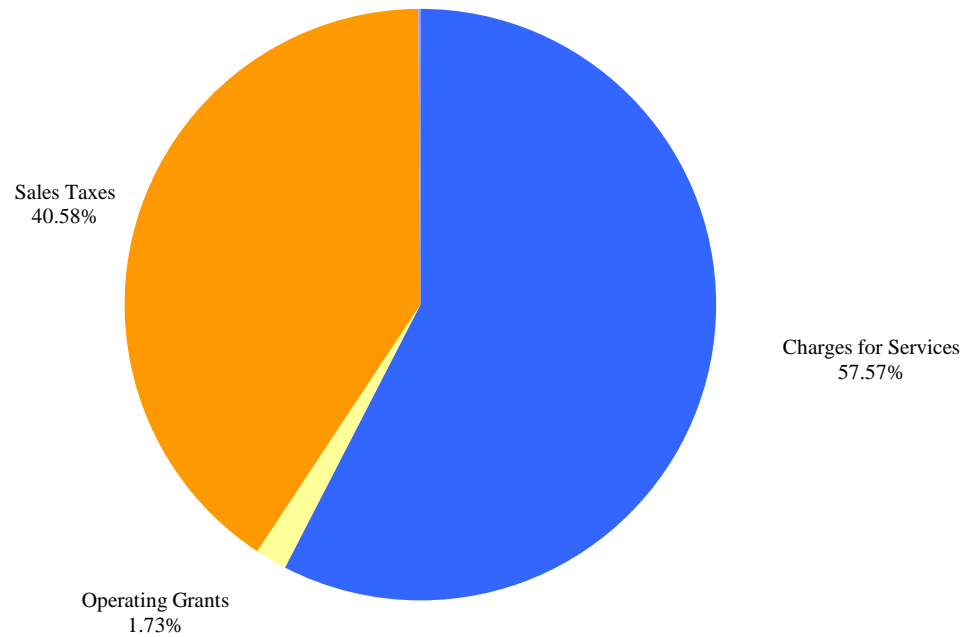
Revenues by Source – Governmental Activities



Expenses and Program Revenues – Business-type Activities



Revenues by Source – Business-type Activities



Financial Analysis of the County's Funds

The following schedule presents a summary of governmental fund revenues for the year ended December 31, 2017 and the amount and percentage of increases and decreases in relation to the prior year.

<u>Revenues</u>	2017 <u>Amount</u>	Percent of <u>Total</u>	2016 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Taxes	\$ 9,193,756	39.69%	\$ 8,479,568	\$ 714,188	8.42%
Licenses and Permits	1,162,071	5.02%	998,904	163,167	16.33%
Intergovernmental	10,176,052	43.93%	9,916,366	259,686	2.62%
Charges for Services	1,636,677	7.06%	1,582,161	54,516	3.45%
Fines and Forfeitures	86,693	0.37%	55,713	30,980	55.61%
Investment Earnings	97,379	0.42%	42,497	54,882	129.14%
Miscellaneous	<u>814,082</u>	<u>3.51%</u>	<u>430,925</u>	<u>383,157</u>	88.91%
Total	<u>\$23,166,710</u>	<u>100.00%</u>	<u>\$21,506,134</u>	<u>\$ 1,660,576</u>	

The following schedule presents a summary of governmental fund expenditures for the year ended December 31, 2017, and the amount and percentage of increases and decreases in relation to the prior year.

<u>Expenditures</u>	2017 <u>Amount</u>	Percent of <u>Total</u>	2016 <u>Amount</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Current:					
General Government	\$ 4,203,068	18.78%	\$ 3,887,710	\$ 315,358	8.11%
Community / Economic					
Development	1,489,120	5.81%	1,202,267	286,853	23.86%
Public Safety	4,385,470	19.90%	4,120,728	264,742	6.42%
Health and Welfare	6,128,501	29.50%	6,106,278	22,223	0.36%
Public Works	3,226,190	14.57%	3,017,078	209,112	6.93%
Parks and Recreation	343,321	1.14%	236,145	107,176	45.39%
Airport Operations	238,882	1.04%	214,336	24,546	11.45%
Capital Outlay	1,257,865	6.43%	1,331,555	(73,690)	(5.53%)
Debt Service:					
Principal	425,000	2.05%	425,000	-	0.00%
Interest	144,975	0.77%	158,725	(13,750)	(8.66%)
Fiscal Charges	<u>2,826</u>	<u>0.01%</u>	<u>2,758</u>	<u>68</u>	2.47%
Total	<u>\$ 21,845,218</u>	<u>100.00%</u>	<u>\$ 20,702,580</u>	<u>\$ 310,056</u>	

Fund Balances

The focus of the County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the County's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources at the end of the year.

The County's governmental funds reported combined ending fund balances of \$12,617,371, an increase of \$1,511,175 from the prior year. Of this total, \$6,193,645 is restricted due to external

limitations on its use, such as by debt covenants and legal restrictions. A total of \$196,984 is considered unspendable because it has been used for prepaid items (inventories). A total of \$326,847 has been committed or assigned meaning there are limitations resulting from its intended use, such as construction of capital assets, and for other purposes. The remaining \$5,899,895 is unassigned and can be used for any lawful purpose.

The general fund is the main operating fund of the County. At the end of the current fiscal year, unassigned fund balance of the general fund was \$5,899,895. The fund balance of the general fund increased by \$776,001 or 14.3%, in 2017. As a measure of the general fund's liquidity, it can be useful to compare unassigned fund balances to total fund expenditures. Unassigned fund balance represents 56.8% of total fund expenditures or the equivalent of over 6 months of operations. The County's fund balance provides the resources necessary to be financially adaptable to unforeseen circumstances.

Capital Asset and Debt Administration

Capital assets. The County's investment in capital assets for its governmental and business-type activities as of December, 31, 2017, totals \$22,697,447 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, buildings and improvements, vehicles, and machinery and equipment (see table below). The total increase in the County's net capital assets for the current fiscal year was 1.2% (a 0.16% increase for governmental activities and a 9.3% increase for business-type activities).

Major capital assets purchased or constructed during the current fiscal year includes purchase of Lot 2 in the ACA Minor Subdivision and the installation of electric and water utilities (\$206,438), completion of the courthouse improvements for administration offices (\$240,952), BMS upgrade at the Chaffee County BV Annex (\$58,743), Touber Building elevator rehab (\$118,528), Fairgrounds exhibit hall floor project (\$21,590), vehicles for the Sheriff (\$180,018), Public Health (\$19,800), Building Dept. (\$39,260) and the Clerk and Recorder (\$27,940); and an International 6X4 dump truck and a Wester Star dump truck for Road and Bridge (\$207,143). Also completed were the dispatch consoles for Emergency Services (\$140,334), a 2014 John Deere Haul Truck in the Waste Disposal fund (\$272,159), a condominium unit at 480 Antero Circle, Salida (\$164,153) and a 2017 Dodge Ram 4500 ambulance (\$166,472) for the Emergency Services fund.

County's Capital Assets (net of depreciation)

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 1,907,050	\$ 1,700,612	\$ 177,677	\$ 177,677	\$ 2,084,727	\$ 1,878,289
Construction in Progress	-	83,429	-	-	83,429	83,429
Buildings & Imp.	15,717,804	15,990,851	821,321	726,095	16,539,125	16,716,946
Utility Lines	-	-	435,158	452,923	435,158	452,923
Vehicles	810,850	603,251	706,504	415,252	1,517,354	1,018,503
Mach. & Equip	<u>1,368,663</u>	<u>1,394,064</u>	<u>752,420</u>	<u>874,223</u>	<u>2,121,083</u>	<u>2,268,287</u>
Total	<u>\$19,804,367</u>	<u>\$19,772,207</u>	<u>\$ 2,893,080</u>	<u>\$ 2,646,170</u>	<u>\$22,697,447</u>	<u>\$22,418,377</u>

Additional information on the County’s capital assets can be found in Notes 4 on pages 38-39 of this report.

Long-term debt. At the end of the current fiscal year, the County had total long-term debt outstanding in the amount of \$3,341,015. Of this amount, \$2,905,000 are Certificates of Participation which evidence assignments of proportionate interests in the right to receive payments pursuant to annually renewable lease agreements. The remainder of the County’s debt, \$436,015, represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

County’s Outstanding Debt

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Revenue Bonds	\$ -	\$ -	\$ 436,015	\$ 446,050	\$ 436,015	\$ 446,050
Certificates of Participation	<u>2,905,000</u>	<u>3,330,000</u>	<u>-</u>	<u>-</u>	<u>2,905,000</u>	<u>3,330,000</u>
Total	<u>\$ 2,905,000</u>	<u>\$ 3,330,000</u>	<u>\$ 436,015</u>	<u>\$ 446,050</u>	<u>\$ 3,341,015</u>	<u>\$ 3,776,050</u>

The County’s total outstanding debt decreased by a net \$436,015 during the current fiscal year. All scheduled debt service payments on long-term debt obligations were made during the current fiscal year.

Additional information on the County’s long-term debt can be found in Note 4 on pages 40-41 of this report.

Requests for Information

This financial report is designed to provide a general overview of the County’s finances for all those with an interest in the County’s fiscal management. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chaffee County Finance Department, 132 Crestone, Salida, CO 81201.

BASIC FINANCIAL STATEMENTS

CHAFFEE COUNTY, COLORADO

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Investments	\$ 11,968,426	\$ 2,741,078	\$ 14,709,504
Receivables	5,405,306	656,731	6,062,037
Inventory	196,984	-	196,984
Restricted Assets - Cash and Cash Equivalents	515,190	-	515,190
Capital Assets, net of accumulated depreciation:			
Nondepreciable	1,907,050	177,677	2,084,727
Depreciable	17,897,317	2,715,403	20,612,720
Total Assets	37,890,273	6,290,889	44,181,162
LIABILITIES			
Accounts Payable	504,640	32,153	536,793
Accrued Liabilities	-	146,428	146,428
Accrued Interest Payable	14,153	1,666	15,819
Deposits and Reserves	158,605	-	158,605
Unearned Revenues	644,359	-	644,359
Noncurrent Liabilities:			
Due Within One Year	1,121,477	82,330	1,203,807
Due In More Than One Year	2,519,661	425,526	2,945,187
Total Liabilities	4,962,895	688,103	5,650,998
DEFERRED INFLOWS OF RESOURCES			
Deferred Gain on Advance Refunding of Debt	8,654	-	8,654
Property Taxes	3,883,629	-	3,883,629
Total Deferred Inflows of Resources	3,892,283	-	3,892,283
NET POSITION			
Net Investment in Capital Assets	16,825,648	2,457,065	19,282,713
Restricted For:			
Emergencies	588,664	-	588,664
Debt Service	515,190	-	515,190
Capital Expenditures	389,188	-	389,188
Purposes of Grantors	4,700,603	-	4,700,603
Other Purposes	326,847	-	326,847
Unrestricted	5,688,955	3,145,721	8,834,676
Total Net Position	\$ 29,035,095	\$ 5,602,786	\$ 34,637,881

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

CHAFFEE COUNTY, COLORADO

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities:				
General Government	\$ 4,815,745	\$ 1,063,273	\$ 23,111	\$ -
Community / Economic Development	1,505,550	1,145,016	-	-
Public Safety	4,663,115	478,997	97,941	119,683
Health and Welfare	6,121,164	65,756	6,410,476	-
Public Works	3,303,910	22,465	927	-
Parks and Recreation	337,930	-	-	-
Airport Operations	607,447	207,234	-	27,737
Interest and Fiscal Charges on Long-term Debt	129,525	-	-	-
Total Governmental Activities	21,484,386	2,982,741	6,532,455	147,420
Business-type Activities:				
Landfill Operations	826,866	1,133,220	-	-
Emergency Medical Services	2,705,387	1,466,867	79,327	-
Sewer	37,686	35,531	-	-
Total Business-type Activities	3,569,939	2,635,618	79,327	-
Total Primary Government	\$ 25,054,325	\$ 5,618,359	\$ 6,611,782	\$ 147,420

General Revenues:

Property Taxes, Levied for General Purposes
 Sales and Lodging Taxes
 Payment In-Lieu-of Taxes
 Highway Users Tax
 Other Taxes
 Grants and Contributions Not Restricted to Specific Programs
 Unrestricted Investment Earnings
 Miscellaneous

Transfers

Total General Revenues and Transfers

Increase (Decrease) in Net Position

Net Position - Beginning of Year

Net Position - End of Year

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

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (3,729,361)	\$ -	\$ (3,729,361)
(360,534)	-	(360,534)
(3,966,494)	-	(3,966,494)
355,068	-	355,068
(3,280,518)	-	(3,280,518)
(337,930)	-	(337,930)
(372,476)	-	(372,476)
(129,525)	-	(129,525)
<u>(11,821,770)</u>	<u>-</u>	<u>(11,821,770)</u>
-	306,354	306,354
-	(1,159,193)	(1,159,193)
-	(2,155)	(2,155)
<u>-</u>	<u>(854,994)</u>	<u>(854,994)</u>
<u>(11,821,770)</u>	<u>(854,994)</u>	<u>(12,676,764)</u>
3,675,783	-	3,675,783
4,898,065	1,857,995	6,756,060
1,285,395	-	1,285,395
1,915,597	-	1,915,597
619,908	-	619,908
295,185	-	295,185
102,806	5,159	107,965
855,910	-	855,910
189,684	(189,684)	-
<u>13,838,333</u>	<u>1,673,470</u>	<u>15,511,803</u>
2,016,563	818,476	2,835,039
<u>27,018,532</u>	<u>4,784,310</u>	<u>31,802,842</u>
<u>\$ 29,035,095</u>	<u>\$ 5,602,786</u>	<u>\$ 34,637,881</u>

CHAFFEE COUNTY, COLORADO

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	General Fund	Road and Bridge Fund	Health and Human Services Fund	Other Governmental Funds
ASSETS				
Cash and Investments	\$ 5,537,653	\$ 1,902,175	\$ 1,825,497	\$ 2,425,173
Receivables:				
- Interest	14,168	1,955	-	2,373
- Taxes	2,528,729	66,895	682,250	649,399
- Accounts	13,396	-	-	3,440
- Intergovernmental	880,621	140,249	297,316	123,944
Inventories	-	159,578	-	37,406
Restricted Assets - Cash and Cash Equivalents	-	-	-	515,190
Total Assets	\$ 8,974,567	\$ 2,270,852	\$ 2,805,063	\$ 3,756,925
LIABILITIES				
Accounts Payable	\$ 81,341	\$ 277,098	\$ 13,046	\$ 131,958
Deposits and Reserves	158,605	-	-	-
Unearned Revenues	-	-	644,359	-
Total Liabilities	239,946	277,098	657,405	131,958
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	2,528,729	66,895	682,250	605,755
FUND BALANCES				
Nonspendable:				
Inventories	-	159,578	-	37,406
Restricted For:				
TABOR Emergency Reserve	211,142	-	-	377,522
Debt Service Reserve	-	-	-	515,190
Capital Expenditures	-	-	-	389,188
Purposes of Grantors	94,855	1,767,281	1,465,408	1,373,059
Assigned For:				
Other Purposes	-	-	-	326,847
Unassigned	5,899,895	-	-	-
Total Fund Balances	6,205,892	1,926,859	1,465,408	3,019,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,974,567	\$ 2,270,852	\$ 2,805,063	\$ 3,756,925

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

**RECONCILIATION OF TOTAL GOVERNMENTAL
FUND BALANCE TO NET POSITION OF
GOVERNMENTAL ACTIVITIES
DECEMBER 31, 2017**

<u>Total</u>																																																																		
<table border="0" style="width: 100%;"> <tr> <td style="width: 10%;">\$</td> <td style="width: 10%;">11,690,498</td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> <td style="width: 10%;"></td> </tr> <tr> <td></td> <td style="text-align: right;">18,496</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">3,927,273</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">16,836</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">1,442,130</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;">196,984</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td style="text-align: right;"><u>515,190</u></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>\$</td> <td style="text-align: right;"><u>17,807,407</u></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> </table>	\$	11,690,498								18,496								3,927,273								16,836								1,442,130								196,984								<u>515,190</u>							\$	<u>17,807,407</u>							<p>Total Governmental Fund Balances \$ 12,617,371</p> <p><i>Amounts reported for governmental activities in the Statement of Net Position are different because:</i></p> <p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds:</p> <ul style="list-style-type: none"> - Capital assets 36,477,404 - Accumulated depreciation <u>(16,673,037)</u> <p style="text-align: right;"><u>19,804,367</u></p> <p>Some liabilities, including bonds, notes and leases payable, and compensated absences are not due and payable in the current period and therefore are not reported in the governmental funds:</p> <ul style="list-style-type: none"> - Certificates of Participation payable (2,978,719) - Compensated absences payable <u>(671,073)</u> <p style="text-align: right;"><u>(3,649,792)</u></p> <p>Accrued interest payable is recognized for governmental activities but is not due and payable in the current period and therefore is not reported as a liability in the governmental funds. <u>(14,153)</u></p> <p>The internal service fund is used by management to charge the cost of insurance to individual funds. The assets and liabilities of the internal service fund is included in governmental activities in the Statement of Net Position. <u>277,302</u></p> <p>Net Position of Governmental Activities <u>\$ 29,035,095</u></p>	
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CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	General Fund	Road and Bridge Fund	Health and Human Services Fund	Other Governmental Funds
Revenues				
Taxes	\$ 6,964,499	\$ 58,512	\$ 738,397	\$ 1,432,348
Licenses and Permits	1,152,171	9,900	-	-
Intergovernmental	2,300,781	2,007,780	5,547,346	320,145
Charges for Services	1,416,878	12,565	-	207,234
Fines and Forfeitures	86,693	-	-	-
Investment Earnings	62,021	15,532	141	19,685
Other Revenues	416,788	229	217,303	179,762
Total Revenues	12,399,831	2,104,518	6,503,187	2,159,174
Expenditures				
Current:				
General Government	3,977,361	-	-	225,707
Community / Economic Development	883,148	-	-	605,972
Public Safety	4,385,470	-	-	-
Health and Welfare	184,797	-	5,943,704	-
Public Works	697,664	2,528,526	-	-
Parks and Recreation	250,118	-	-	93,203
Airport Operations	-	-	-	238,882
Capital Outlay	-	303,902	-	953,963
Debt Service:				
Principal	-	-	-	425,000
Interest	-	-	-	144,975
Fiscal Charges	-	-	-	2,826
Total Expenditures	10,378,558	2,832,428	5,943,704	2,690,528
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,021,273	(727,910)	559,483	(531,354)
Other Financing Sources (Uses)				
Transfers In	419,700	786,640	-	1,099,655
Transfers Out	(1,664,972)	(12,000)	(100,000)	(339,340)
Total Other Financing Sources (Uses)	(1,245,272)	774,640	(100,000)	760,315
Net Change in Fund Balances	776,001	46,730	459,483	228,961
Fund Balances, Beginning of Year	5,429,891	1,880,129	1,005,925	2,790,251
Fund Balances, End of year	\$ 6,205,892	\$ 1,926,859	\$ 1,465,408	\$ 3,019,212

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

**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, 2017**

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<table border="0" style="width: 100%;"> <tr><td style="width: 5%;">\$</td><td style="width: 15%;">9,193,756</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr> <tr><td></td><td>1,162,071</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>10,176,052</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1,636,677</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>86,693</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>97,379</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>814,082</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td><u>23,166,710</u></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>4,203,068</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1,489,120</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>4,385,470</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>6,128,501</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>3,226,190</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>343,321</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>238,882</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1,257,865</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>425,000</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>144,975</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>2,826</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td><u>21,845,218</u></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1,321,492</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>2,305,995</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>(2,116,312)</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td><u>189,683</u></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td>1,511,175</td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td><u>11,106,196</u></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> <tr><td></td><td><u>\$ 12,617,371</u></td><td></td><td></td><td></td><td></td><td></td><td></td></tr> </table>	\$	9,193,756								1,162,071								10,176,052								1,636,677								86,693								97,379								814,082								<u>23,166,710</u>								4,203,068								1,489,120								4,385,470								6,128,501								3,226,190								343,321								238,882								1,257,865								425,000								144,975								2,826								<u>21,845,218</u>								1,321,492								2,305,995								(2,116,312)								<u>189,683</u>								1,511,175								<u>11,106,196</u>								<u>\$ 12,617,371</u>							<p>Net Change in Fund Balances - Total Governmental Funds \$ <u>1,511,175</u></p> <p><i>Amounts reported for governmental activities in the Statement of Activities are different because:</i></p> <p>Governmental funds report capital outlays as expenditures. However, for governmental activities, those capital outlays other than the noncapitalizable items, are reported in the Statement of Activities and the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p> <table border="0" style="width: 100%;"> <tr><td style="width: 5%;"></td><td style="width: 15%;">- Capital Outlay</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;">1,426,911</td><td></td></tr> <tr><td></td><td>- Depreciation</td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>(1,394,751)</u></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>32,160</u></td><td></td></tr> </table> <p>Repayment of bond and lease principal are reported as an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position:</p> <table border="0" style="width: 100%;"> <tr><td style="width: 5%;"></td><td style="width: 15%;">- Certificates of Participation retirements</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>425,000</u></td><td></td></tr> </table> <p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:</p> <table border="0" style="width: 100%;"> <tr><td style="width: 5%;"></td><td style="width: 15%;">- Change in compensated absences payable</td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;">(77,278)</td><td></td></tr> <tr><td></td><td>- Change in accrued interest payable on outstanding bonds</td><td></td><td></td><td></td><td></td><td style="text-align: right;">1,344</td><td></td></tr> <tr><td></td><td>- Amortization of deferred gain on refunding and bond premium</td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>16,932</u></td><td></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>(59,002)</u></td><td></td></tr> </table> <p>The internal service fund is used by management to charge the cost of insurance to individual funds. The net income of the internal service fund is included in governmental activities.</p> <table border="0" style="width: 100%;"> <tr><td style="width: 5%;"></td><td style="width: 15%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td><td style="width: 10%;"></td></tr> <tr><td></td><td></td><td></td><td></td><td></td><td></td><td style="text-align: right;"><u>107,230</u></td><td></td></tr> </table> <p>Change in Net Position of Governmental Activities <u>\$ 2,016,563</u></p>		- Capital Outlay													1,426,911			- Depreciation					<u>(1,394,751)</u>								<u>32,160</u>			- Certificates of Participation retirements													<u>425,000</u>			- Change in compensated absences payable													(77,278)			- Change in accrued interest payable on outstanding bonds					1,344			- Amortization of deferred gain on refunding and bond premium					<u>16,932</u>								<u>(59,002)</u>																<u>107,230</u>	
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CHAFFEE COUNTY, COLORADO

STATEMENT OF NET POSITION PROPRIETARY FUNDS DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Services Fund	J.V. Sewer	Totals	
ASSETS					
Current Assets:					
Cash and Investments	\$ 2,089,683	\$ 577,470	\$ 73,925	\$ 2,741,078	\$ 277,928
Receivables:					
- Interest	1,475	-	-	1,475	571
- Accounts, net	87,847	194,674	-	282,521	-
- Intergovernmental	-	372,735	-	372,735	-
Total Current Assets	2,179,005	1,144,879	73,925	3,397,809	278,499
Capital Assets:					
- Land and Improvements	135,677	36,000	6,000	177,677	-
- Buildings and Improvements	1,542,308	678,587	-	2,220,895	-
- Utility Lines	-	-	710,585	710,585	-
- Vehicles	379,137	926,200	-	1,305,337	-
- Machinery and Equipment	1,672,548	765,504	-	2,438,052	-
- Accumulated Depreciation	(2,448,059)	(1,235,980)	(275,427)	(3,959,466)	-
Net Capital Assets	1,281,611	1,170,311	441,158	2,893,080	-
Total Assets	3,460,616	2,315,190	515,083	6,290,889	278,499
LIABILITIES					
Current Liabilities:					
Accounts Payable	14,268	17,885	-	32,153	1,197
Compensated Absences Payable	26,251	45,590	-	71,841	-
Accrued Closure and Post-Closure Costs	146,428	-	-	146,428	-
Accrued Interest Payable	-	-	1,666	1,666	-
Revenue Bonds Payable - Current	-	-	10,489	10,489	-
Total Current Liabilities	186,947	63,475	12,155	262,577	1,197
Noncurrent Liabilities:					
Revenue Bonds Payable	-	-	425,526	425,526	-
Total Liabilities	186,947	63,475	437,681	688,103	1,197
NET POSITION					
Net Investment in Capital Assets	1,281,611	1,170,311	5,143	2,457,065	-
Unrestricted	1,992,058	1,081,404	72,259	3,145,721	277,302
Total Net Position	\$ 3,273,669	\$ 2,251,715	\$ 77,402	\$ 5,602,786	\$ 277,302

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

CHAFFEE COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds			Totals	Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Services Fund	J.V. Sewer		
Operating Revenues:					
Charges for Services	\$ 1,070,155	\$ 1,384,235	\$ 35,531	\$ 2,489,921	\$ 446,775
Other Operating Revenues	6,515	75,132	-	81,647	41,829
Total Operating Revenues	<u>1,076,670</u>	<u>1,459,367</u>	<u>35,531</u>	<u>2,571,568</u>	<u>488,604</u>
Operating Expenses:					
Cost of Operations	654,764	2,506,261	-	3,161,025	386,801
Depreciation and Amortization	172,102	199,126	17,765	388,993	-
Total Operating Expenses	<u>826,866</u>	<u>2,705,387</u>	<u>17,765</u>	<u>3,550,018</u>	<u>386,801</u>
Operating Income (Loss)	<u>249,804</u>	<u>(1,246,020)</u>	<u>17,766</u>	<u>(978,450)</u>	<u>101,803</u>
Nonoperating Revenues (Expenses):					
Sales Tax Revenues	-	1,857,995	-	1,857,995	-
Grant Revenues	-	79,327	-	79,327	-
Gain on Disposal of Capital Assets	56,550	7,500	-	64,050	-
Interest Income	5,159	-	-	5,159	5,427
Interest Expense	-	-	(19,921)	(19,921)	-
Total Nonoperating Revenues (Expenses)	<u>61,709</u>	<u>1,944,822</u>	<u>(19,921)</u>	<u>1,986,610</u>	<u>5,427</u>
Income (Loss) Before Transfers	<u>311,513</u>	<u>698,802</u>	<u>(2,155)</u>	<u>1,008,160</u>	<u>107,230</u>
Transfers In (Out)	<u>(24,000)</u>	<u>(165,684)</u>	<u>-</u>	<u>(189,684)</u>	<u>-</u>
Change in Net Position	<u>287,513</u>	<u>533,118</u>	<u>(2,155)</u>	<u>818,476</u>	<u>107,230</u>
Net Position, Beginning of Year	<u>2,986,156</u>	<u>1,718,597</u>	<u>79,557</u>	<u>4,784,310</u>	<u>170,072</u>
Net Position, End of Year	<u>\$ 3,273,669</u>	<u>\$ 2,251,715</u>	<u>\$ 77,402</u>	<u>\$ 5,602,786</u>	<u>\$ 277,302</u>

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

CHAFFEE COUNTY, COLORADO

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer	Totals	
Cash Flows From Operating Activities					
Cash Received from Customers and Users	\$ 1,066,045	\$ 1,377,703	\$ 35,531	\$ 2,479,279	\$ -
Cash Received from Interfund Services Provided	-	-	-	-	446,775
Cash Payments to Suppliers	(304,219)	(449,173)	-	(753,392)	(388,894)
Cash Payments to Employees	(295,669)	(1,986,841)	-	(2,282,510)	-
Cash Payments for Interfund Services Used	(35,900)	(61,400)	-	(97,300)	-
Other Operating Revenues	6,515	30,932	-	37,447	41,829
Net Cash Provided by (Used in) Operating Activities	<u>436,772</u>	<u>(1,088,779)</u>	<u>35,531</u>	<u>(616,476)</u>	<u>99,710</u>
Cash Flows From Noncapital Financing Activities					
Sales Taxes Received	-	1,835,829	-	1,835,829	-
Grants Received	-	169,484	-	169,484	-
Transfers Out to Other Funds	(24,000)	(165,684)	-	(189,684)	-
Net Cash Provided by (Used In) Noncapital Financing Activities	<u>(24,000)</u>	<u>1,839,629</u>	<u>-</u>	<u>1,815,629</u>	<u>-</u>
Cash Flows From Capital Financing Activities					
Acquisition and Construction of Fixed Assets	(272,159)	(379,694)	-	(651,853)	-
Sales of Capital Assets	72,500	7,500	-	80,000	-
Interest Paid on Long-term Debt	-	-	(19,960)	(19,960)	-
Principal Paid on Long-term Debt	-	-	(10,035)	(10,035)	-
Net Cash Used in Capital Financing Activities	<u>(199,659)</u>	<u>(372,194)</u>	<u>(29,995)</u>	<u>(601,848)</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest Received from Investments	3,907	-	-	3,907	5,215
Net Cash Provided by Investing Activities	<u>3,907</u>	<u>-</u>	<u>-</u>	<u>3,907</u>	<u>5,215</u>
Net Increase in Cash and Cash Equivalents	217,020	378,656	5,536	601,212	104,925
Cash and Cash Equivalents, Beginning of Year	<u>1,872,663</u>	<u>198,814</u>	<u>68,389</u>	<u>2,139,866</u>	<u>173,003</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,089,683</u>	<u>\$ 577,470</u>	<u>\$ 73,925</u>	<u>\$ 2,741,078</u>	<u>\$ 277,928</u>

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

	Business-Type Activities - Enterprise Funds				Governmental Activities - Internal Service Fund
	Waste Disposal Fund	Emergency Medical Services	J.V. Sewer	Totals	
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES					
Operating Income (Loss)	<u>\$ 249,804</u>	<u>\$ (1,246,020)</u>	<u>\$ 17,766</u>	<u>\$ (978,450)</u>	<u>\$ 101,803</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities					
Depreciation and Amortization	172,102	199,126	17,765	388,993	-
Change in Assets and Liabilities:					
(Increase) Decrease in Accounts Receivable	(4,110)	(6,161)	-	(10,271)	-
(Increase) in Intergovernmental Receivable	-	(50,732)	-	(50,732)	-
Increase (Decrease) in Accounts Payable	(8,948)	1,446	-	(7,502)	(2,093)
Increase (Decrease) in Compensated Absences Payable	(2,207)	13,562	-	11,355	-
Increase in Accrued Closure and Post Closure Costs	<u>30,131</u>	<u>-</u>	<u>-</u>	<u>30,131</u>	<u>-</u>
Total Adjustments	<u>186,968</u>	<u>157,241</u>	<u>17,765</u>	<u>361,974</u>	<u>(2,093)</u>
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ 436,772</u></u>	<u><u>\$ (1,088,779)</u></u>	<u><u>\$ 35,531</u></u>	<u><u>\$ (616,476)</u></u>	<u><u>\$ 99,710</u></u>

CHAFFEE COUNTY, COLORADO

STATEMENT OF ASSETS AND LIABILITIES - FIDUCIARY FUNDS AGENCY FUND DECEMBER 31, 2017

	Agency Fund
ASSETS	
Cash and Investments	<u>\$ 1,341,035</u>
Total Assets	<u><u>\$ 1,341,035</u></u>
LIABILITIES	
Due to Other Governments	\$ 194,738
Amounts Held in Escrow	1,126,297
Amount Held in Trust - Scott Estate	<u>20,000</u>
Total Liabilities	<u><u>\$ 1,341,035</u></u>

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

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

The financial statements of Chaffee County, Colorado (County) have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental entities. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting board for establishing governmental accounting and financial reporting principles. The following notes are an integral part of the County’s basic financial statements.

Note 1. Summary of Significant Accounting Policies

A. Financial Reporting Entity

As required by generally accepted accounting principles, these financial statements present Chaffee County, Colorado (the primary government) and its component units, entities for which the County is considered financially accountable. Blended component units, although legally separate entities, are, in substance, part of the County’s operations and data from these units are combined with data of the County. The County’s blended component units have a December 31 year-end.

Primary Government. Chaffee County was formed in 1879. The governing body of the County is a three-member Board of County Commissioners. The Board appoints two individuals as co-administrators to administer its policies and authority. Five other elected officials have certain statutory authority specific to their offices. These offices are the Clerk and Recorder, Treasurer, Sheriff, Coroner, and Assessor. The County’s services include general administration, community and economic development, public safety and courts, roads and bridges, parks and recreation, and health and welfare services. In addition, the County operates three enterprise activities: a solid waste landfill, emergency medical services, and a sewer debt recovery operation.

Blended Component Units.

Chaffee County Facilities Corporation

The Chaffee County Facilities Corporation (Corporation) was created as a nonprofit corporation in 2001 in order to assist in the financing of various County facilities. The Corporation’s activities are reported as a debt service fund. The Corporation is included in the County’s financial statements because the Corporation is fiscally dependent upon the County. This component unit does not issue separate financial statements.

Chaffee County Sewer Enterprise (Johnson Village J.V.) Fund

The Chaffee County Sewer Enterprise Fund was created to finance and construct a wastewater distribution system in an area of the County known as “Johnson Village”.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

Other Related Entity. The Public Trustee is a State statutorily-mandated position, appointed by the Board of County Commissioners, but whose financial transactions are independent of the County. However, all expenditures and associated revenues relating to the operations of the County Office of the Public Trustee are included in the General Fund.

B. Government-wide and Fund Financial Statements

Government-wide Financial Statements. The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) report information on all non-fiduciary activities of the County (the primary government) and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which primarily rely on fees and charges for support. Internal service fund activity has been eliminated to avoid “doubling up” revenues and expenses.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or business segment are offset by program revenues and helps identify the extent to which each is self-financing or draws from the general revenues of the County. Direct expenses are those that are clearly identifiable with a specific function or business segment. Program revenues include 1) charges to customers who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and, 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or business segment. Taxes and other items not appropriate to include among program revenues are reported instead as general revenues.

Fund Financial Statements. Fund financial statements report detailed information about the County with the focus on major funds rather than on reporting funds by type. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Nonmajor funds are aggregated and presented in a single column. The internal service fund is presented in a single column on the face of the proprietary fund statements.

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

Measurement Focus and Basis of Accounting. The government-wide financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements. Revenues are recognized when earned and expenses are recognized when the liability is incurred regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property, plant and equipment are shown as increases in assets and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (60 days). The major sources of revenue which are susceptible to accrual are property taxes, tourism and sales taxes, state share taxes, and certain intergovernmental revenues. Expenditures generally are recorded when the liability is incurred, as under full accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Financial Statement Presentation – Fund Accounting. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts which are segregated for the purpose of accounting for specific activities. The County uses funds to report results of operations and financial position, and demonstrate compliance with legal, contractual and regulatory requirements.

The County's major governmental funds are:

- *General Fund* – This is the County's primary operating fund. It is used to account for all activities of the County not required to be accounted for in another fund.
- *Road and Bridge Fund* – This fund is used to account for the cost of maintenance and construction of County roads and bridges. Colorado counties are required to maintain a road and bridge fund and to allocate a portion of the county's road and bridge property tax levy back to municipalities located within their county.
- *Health and Human Services Fund* – This fund is used to account for social service programs administered by the County under state and federal regulations. Programs include Medicaid, food assistance, foster care programs, and temporary assistance to needy families. Colorado counties are required by law to maintain a health and human services fund.

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

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

The County's proprietary funds are:

- *Waste Disposal Fund* – This fund is used to account for the activities involved in operating the County's solid waste landfill.
- *Emergency Services Fund* – This fund is used to account for the operations of the County's ambulance and related emergency medical services.
- *J.V. Sewer Fund* – This fund (a blended component unit of the County) is used to account for the collection of monies and subsequent payment of debt service related to a wastewater distributions system constructed in an area of the County known as "Johnson Village".

The County's only internal service fund is the Insurance Fund. This fund charges other County funds for their allocated cost of insurance premiums and estimated damaged property claims not covered by insurance.

The County's fiduciary fund is an Agency Fund used to account for monies held on behalf of other governments, agencies and County departments and for property taxes collected on behalf of the other governments or agencies.

D. Budgets

Budgets are adopted by the County on a basis consistent with generally accepted accounting principles for all funds, with the exception of proprietary funds which are budgeted on the modified accrual basis of accounting. The County follows statutory guidelines regarding preparation of the annual budget and follows these procedures in establishing the budgetary data as reflected in these financial statements:

- The County budget officer is responsible for preparing a tentative budget, which is submitted to the Board of County Commissioners prior to October 15th. The budget includes proposed expenditures and the means of financing them. The budget is prepared by fund and department and includes information on the prior year, current estimates and requested appropriations and estimated revenues for the upcoming year. Public hearings are held by the Board to obtain taxpayer comments. The budget is legally adopted by the Board prior to December 31.
- Once adopted, changes may be made to budgets by adoption of supplemental amendments by resolution of the Board. During the year ended December 31, 2017, one such amendment was adopted by the Board.
- Expenditures may not legally exceed budgeted appropriations at the fund level. Budgetary comparisons in the accompanying combined financial statements and in the individual fund statements are presented at a lower-than-required level of control to facilitate detailed financial analysis.

E. Assets, Liabilities, and Deferred Inflows of Resources

Cash and Investments. Cash and investment management is administered by the County Treasurer in accordance with Colorado Revised Statutes. The County concentrates the cash resources of its various funds in order to facilitate the management of cash. The balance in this concentration account is available to meet the County's current operating requirements. Cash resources in excess of current requirements is invested in various interest-bearing deposits and securities.

Colorado State statutes authorize the County to invest its excess funds in direct U.S. Government securities, agencies, bonds and other obligations of states and political subdivisions, corporate bonds, money market mutual funds, and local government investment pools. Investments are stated at fair value on the balance sheet except for money-market investments that have a remaining maturity at time of purchase of one year or less. Investment income is recognized when earned.

Inventories. Inventory of the County consists of aviation fuel for airport operations and consumable supplies associated with road and bridge operations. Road and bridge inventory is valued at average cost using the first-in/first-out (FIFO) method. Road and bridge inventory purchases are recorded as expenditures when purchased rather than when consumed and inventory is adjusted at year-end based on actual physical counts. An offsetting reserve of fund balance is reported in the Road and Bridge Fund which indicates that the amount of inventory reported is not available for expenditure as a component of net position.

Aviation fuel inventory is valued at cost using the FIFO method. Aviation fuel purchases are recorded as expenditures when consumed rather than when purchased.

Restricted Assets. Restricted assets in the amount of \$515,190 are reported in the Chaffee County Facilities Corporation in required debt service reserve accounts for the Series 2009 and Series 2012 Certificates of Participation. These accounts are all held in the trust department of UMB Bank.

When both restricted and unrestricted resources are available for use, it is the County's policy to use unrestricted resources first, then restricted, as they are needed.

Capital Assets. Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. It is the County's policy to capitalize expenditures with a cost greater than \$5,000 and an estimated useful life of more than one year. All purchased capital assets are stated at cost or estimated historical cost if actual historical records are not available. Donated capital assets are recorded at their estimated fair market value at the date of contribution. Major outlays for capital improvement projects are capitalized as projects are completed.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

The costs of normal maintenance and repair that do not add to the value of the asset or extend the estimated useful life are not capitalized but charged to operations as incurred. Depreciation of property, plant and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Improvements	15-50 years
Improvements Other Than Buildings	10-50 years
Infrastructure	40-50 years
Vehicles	3-20 years
Machinery and Equipment	5-20 years

Deferred Inflows of Resources. In addition to liabilities, the government-wide and governmental funds balance sheet will sometimes report 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 County has two types of items that qualify for reporting in this category: deferred gain on advance refunding of debt and unavailable revenue. In the government-wide statement of net position *deferred gain on advance refunding of debt* is the result of the difference between the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the life of the refunding bonds. The other type of item, *unavailable revenue*, is reported in the government-wide and governmental funds balance sheet. The County reports *unavailable revenues* from one source: property tax. *Unavailable revenue – property taxes* is reported in the government-wide and governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds are reported as debt service expenditures.

F. Property Taxes

Property taxes are levied on or before December 15 of each year by the Board of County Commissioners. The levy is based on the assessed valuation of property located within the County as determined by the County Assessor generally as of January 1 of each year. The

County Treasurer collects the property taxes during the ensuing calendar year for both the County and other taxing entities within the County.

Property taxes are payable in full by April 30, or if in two equal installments, by February 28 and June 15. Delinquent taxpayers are notified in August and generally sales of tax liens on delinquent properties are held in November or December. Property taxes, net of estimated uncollectible taxes, are recorded as receivable in the year levied and offset to deferred revenue since they typically do not meet the availability criterion.

G. Compensated Absences

It is the County's policy to permit employees to accumulate earned but unused vacation and certain sick pay benefits. The liability for compensated absences is recorded as a current liability in the government-wide financial statements. In the fund financial statements governmental funds report a compensated liability payable only if they have matured, for example, as a result of employee resignations and retirements, while the proprietary funds report the liability as it is incurred. Within the governmental funds, the General Fund typically is used to liquidate any liabilities for compensated absences.

H. Fund Equity

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory or prepaid/deferred charges) or are required to be maintained intact;
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint;
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or an official or body to which the governing body delegates the authority;
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The County establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by the Board of County Commissioners through adoption or amendment of the budget as intended for a

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

specific purpose (such as the purchase of fixed assets, construction, debt service, or other purposes).

When fund balance resources are available for a specific purpose in more than one classification, it is the County's policy to use the most restrictive funds first in the following order: restricted, committed, assigned, and unassigned as they are needed. The County considers all unassigned fund balances to be "reserves" for future operations or capital replacement as defined within Article X, Section 20 of the Constitution of the State of Colorado (see Note 8).

I. Statements of Cash Flows

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

J. Debt Costs

Unamortized premiums of \$65,065 (net of accumulated amortization of \$85,298) are reflected in noncurrent liabilities. Premiums are amortized over the remaining life of the related debt issue using the effective interest method.

Note 2. Cash and Investments

Cash and investments as of December 31, 2017 are classified in the accompanying financial statements as follows:

Cash and Investments	\$ 14,709,504
Restricted Assets – Cash and Investments	514,190
Cash and Investments – Agency Fund	<u>1,341,035</u>
Total	<u>\$ 16,564,729</u>

Cash and investments as of December 31, 2017 consist of the following:

Cash on Hand	\$ 3,730
Deposits With Financial Institutions	2,152,441
Local Government Investment Pools	8,908,131
Held by Bond Trustee	515,190
Investments	<u>4,985,237</u>
Total	<u>\$ 16,564,729</u>

Investments Authorized by State Statute

The table below identifies the investment types that are authorized by Colorado state statutes.

U.S. Treasury Obligations
Federal Agency and Federal Instrumentality Securities
Repurchase Agreements
Commercial Paper
General Obligation Debt
Revenue Obligation Debt
Local Government Investment Pools
Time Certificates of Deposit

Fair Value of Investments

The County measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2017, the County had the following recurring fair value measurements:

<u>Investments Measured at Fair Value</u>	<u>Total</u>	<u>Fair Value Measurements Using</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Government Treasury Securities	\$4,489,979	\$4,489,979	\$ -	\$ -
U.S. Government Agency Securities	140,889	140,889	-	-
Certificates of Deposit	<u>354,369</u>	-	<u>354,369</u>	-
Total	<u>\$4,985,237</u>	<u>\$4,630,868</u>	<u>\$ 354,369</u>	<u>\$ -</u>

<u>Investments Measured at Net Asset Value</u>	<u>Total</u>
Colotrust	\$ 6,123,099
CSAFE	<u>2,785,032</u>
Total	<u>\$ 8,908,131</u>

Debt and equity securities classified in Level 1 are valued using prices quoted in active markets for those securities. Debt and equity securities classified in Level 2 are valued using the following approaches:

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

- U.S. Government treasury securities, U.S. Government agency securities, and commercial paper: quoted prices for identical securities in markets that are not active;
- Corporate and municipal bonds: quoted prices for similar securities in active markets;
- Repurchase agreements, negotiable certificates of deposit, and collateralized debt obligations: matrix pricing based on the securities' relationship to benchmark quoted prices.

The CSAFE Local Government Investment Pool has elected to measure all of its investments at amortized cost. There are no limitations or restrictions on participant withdrawals.

At December 31, 2017, unrealized losses were \$29,087 which reflects changes in the fair market value of investments.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair market value to changes in market interest rates. The County manages its exposure to interest rate risk is by purchasing a combination of shorter and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

Information about the sensitivity of the fair values of the County's investments to market interest rate fluctuations is provided by the following table that shows the distribution of the County's investments by maturity:

<u>Investment Type</u>	<u>Carrying Amounts</u>	<u>Weighted Average Maturity To Maturity (in Years)</u>
U.S. Government Treasury Notes	\$ 4,489,979	0.68
Federal Farm Credit Bank	140,889	3.45
Local Government Investment Pools	8,908,131	NA
Negotiable Certificates of Deposit	354,369	3.54

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Government securities explicitly

or implicitly guaranteed by the U.S. Government are not considered to have credit risk exposure, including U.S. Treasury securities, securities of the Government National Mortgage Association, Federal Farm Credit Bank, Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and Federal National Mortgage Association.

Presented below is the credit rating for other investments of the County as of December 31, 2017.

<u>Ratings</u> <u>Standard & Poor's</u>	<u>Local Government</u> <u>Investment Pools</u>
AAAm	<u>\$8,908,131</u>

Concentration of Credit Risk

The County did not have any investments in any one issuer (other than U.S. Government Treasury obligation and local government investment pools) that represented 5% or more of total County investments.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, the County would not be able to recover its deposits or would not be able to recover collateral securities that are in the possession of an outside party.

The Colorado Public Deposit Protection Act (PDPA) requires that cash be deposited in eligible public depositories and that deposits in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds with the County being a named participant in the single institution collateral pool. The minimum pledging requirement is 102% of the uninsured deposits. The Colorado State Banking Board verifies the market value at least monthly. Bank assets (usually securities) are required by PDPA to be delivered to a third-party institution for safekeeping, and pledged to the Colorado Division of Banking. Based on the above, the Colorado State Auditor has concluded that there is no custodial risk for public deposits collateralized under PDPA.

Local Government Investment Pools

As of December 31, 2017, the County held investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and Colorado Surplus Asset Trust (CSAFE), collectively referred to as the Trusts, respectively. Local government investment pools are trusts established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trusts. The Trusts operate similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank serves as custodian pursuant to a custodian agreement.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

The custodian acts as safekeeping agent for the Trusts' investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the trusts.

The Trusts may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies.

Note 3. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 1,700,612	\$ 206,438	\$ -	\$ 1,907,050
Construction in Progress	<u>83,429</u>	<u>240,952</u>	<u>(324,381)</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>1,784,041</u>	<u>447,390</u>	<u>(324,381)</u>	<u>1,907,050</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	24,378,160	559,888	-	24,938,048
Vehicles	3,370,814	474,160	(168,600)	3,676,374
Machinery and Equipment	<u>5,686,078</u>	<u>269,854</u>	<u>-</u>	<u>5,955,932</u>
Total Capital Assets, Being Depreciated	<u>33,435,052</u>	<u>1,303,902</u>	<u>(168,600)</u>	<u>34,570,354</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(8,387,309)	(832,935)	-	(9,220,244)
Vehicles	(2,767,563)	(266,561)	168,600	(2,865,524)
Machinery and Equipment	<u>(4,292,014)</u>	<u>(295,255)</u>	<u>-</u>	<u>(4,587,269)</u>
Total Accumulated Depreciation	<u>(15,446,886)</u>	<u>(1,394,751)</u>	<u>168,600</u>	<u>(16,673,037)</u>
Total Capital Assets, Being Depreciated, Net	<u>17,988,166</u>	<u>(90,849)</u>	<u>-</u>	<u>17,897,317</u>
Governmental Activities Capital Assets, Net	<u>\$ 19,772,207</u>	<u>\$ 356,541</u>	<u>\$ (324,381)</u>	<u>\$ 19,804,367</u>

	Beginning <u>Balance</u>	<u>Increases,</u>	<u>Decreases</u>	Ending <u>Balance</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 177,677	\$ -	\$ -	\$ 177,677
Construction in Progress	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets, Not Being Depreciated	<u>177,677</u>	<u>-</u>	<u>-</u>	<u>177,677</u>
Capital Assets, Being Depreciated:				
Buildings and Improvements	2,056,842	164,053	-	2,220,895
Utility Lines	710,585	-	-	710,585
Vehicles	1,099,027	438,631	(232,321)	1,305,337
Machinery and Equipment	<u>2,388,883</u>	<u>49,169</u>	<u>-</u>	<u>2,438,052</u>
Total Capital Assets, Being Depreciated	<u>6,255,337</u>	<u>651,853</u>	<u>(232,321)</u>	<u>6,674,869</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(1,330,747)	(68,828)	1	(1,399,574)
Utility Lines	(257,662)	(17,765)	-	(275,427)
Vehicles	(683,775)	(131,428)	216,370	(598,833)
Machinery and Equipment	<u>(1,514,660)</u>	<u>(170,972)</u>	<u>-</u>	<u>(1,685,632)</u>
Total Accumulated Depreciation	<u>(3,786,844)</u>	<u>(388,993)</u>	<u>216,371</u>	<u>(3,959,466)</u>
Total Capital Assets, Being Depreciated, Net	<u>2,468,493</u>	<u>262,860</u>	<u>(15,950)</u>	<u>2,715,403</u>
Business-type Activities Capital Assets, Net	<u>\$ 2,646,170</u>	<u>\$ 262,860</u>	<u>\$ (15,950)</u>	<u>\$ 2,893,080</u>

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

Governmental Activities:	
General Government	\$ 320,980
Community / Economic Development	15,632
Public Safety	413,213
Public Works	225,921
Health and Welfare	28,996
Parks and Recreation	20,637
Airport Operations	<u>369,372</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 1,394,751</u>
Business-type Activities:	
Solid Waste Landfill	\$ 172,102
Emergency Services	199,126
Sewer Enterprise	<u>17,765</u>
Total Depreciation Expense – Business-type Activities	<u>\$ 388,993</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

Note 4. Long-term Debt

Revenue Bonds. The County has issued bonds through the United States Department of Agriculture – Rural Development in order to finance the construction of a sewage collection line to be used by customers of a local sanitation district, Buena Vista Sanitation, in an area of the County known as Johnson Village. In order to repay the debt, the Sewer Enterprise entered into an intergovernmental agreement with the Buena Vista Sanitation District whereby the Sewer Enterprise would develop a monthly surcharge, subject to annual revisions, to be imposed on the property owners in Johnson Village who are connected to the sewage collection line. Revenue bonds outstanding at December 31, 2017, are as follows:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Amount</u>
Sewage Collection Line	4.50%	<u>\$ 436,015</u>

Annual debt service requirements to maturity for revenue bonds outstanding at December 31, 2016, are as follows:

<u>Year Ending December 31</u>	<u>Business-type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 10,489	\$ 19,505
2019	10,966	19,028
2020	11,466	18,528
2021	11,987	18,007
2022	12,533	17,461
2023-2027	71,756	78,214
2028-2032	89,967	60,003
2033-2037	111,975	37,995
2038-2042	<u>104,876</u>	<u>10,523</u>
Total	<u>\$ 436,015</u>	<u>\$ 279,264</u>

Certificates of Participation. In 2001, the Chaffee County Facilities Corporation issued Certificates of Participation in order to finance the cost of constructing County jail facilities. The Certificates evidence assignments of proportionate interest in rights to receive payments pursuant to an annually terminable Lease Purchase and Sublease Agreement, and entered into between the Facilities Corporation as lessor, and the County as lessee.

In 2009, the Chaffee County Facilities Corporation issued Certificates of Participation in order to finance the County's share of the acquisition and renovation of a Community Services Complex.

On March 18, 2012, the County issued \$3,270,000 of Series 2012 Refunding Certificates of Participation with interest rates ranging from 2%-4%. These Certificates were used to refund the outstanding 2001 Certificates of Participation in the aggregate principal amount

of \$3,290,000. The refunding resulted in an economic gain of \$230,613 with a cash flow savings of \$372,855.

Certificates of Participation outstanding at December 31, 2017, are as follows:

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
General Government – Community Services Complex	3.00% - 5.50%	\$ 1,490,000
General Government – Refunding (Jail Facility)	2.00% - 4.00%	<u>1,415,000</u>
		<u>\$ 2,905,000</u>

Annual debt service requirements to maturity for Certificates of Participation outstanding at December 31, 2017 are as follows:

<u>Year Ending December 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2018	\$ 435,000	\$ 130,975
2019	460,000	115,925
2020	475,000	96,425
2021	490,000	76,275
2022	125,000	55,475
2023-2027	745,000	173,100
2028	<u>175,000</u>	<u>9,625</u>
Total	<u>\$ 2,905,000</u>	<u>\$ 657,800</u>

Changes in Long-term Liabilities. Long-term liability activity for the year ended December 31, 2017, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities:					
Certificates of Participation	\$ 3,330,000	\$ -	\$ 425,000	\$ 2,905,000	\$ 435,000
Bond Premium	80,010	-	14,945	65,065	15,404
Compensated Absences	<u>593,794</u>	<u>77,279</u>	-	<u>671,073</u>	<u>671,073</u>
Total Governmental Activity					
Long-term Liabilities	<u>\$ 4,003,804</u>	<u>\$ 77,279</u>	<u>\$ 439,945</u>	<u>\$ 3,641,138</u>	<u>\$ 1,121,477</u>
Business-type Activities:					
Revenue Bond	\$ 446,050	\$ -	\$ 10,035	\$ 436,015	\$ 10,489
Total Business-type Activity					
Long-term Liabilities	<u>\$ 446,050</u>	<u>\$ -</u>	<u>\$ 10,035</u>	<u>\$ 436,015</u>	<u>\$ 10,489</u>

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

Note 5. Interfund Receivables, Payables and Transfers

Interfund activities represent transactions between different funds within the County.

<u>Fund</u>	Transfers <u>In</u>	Transfers <u>Out</u>
General Fund	\$ 419,700	\$ 1,634,972
Road and Bridge Fund	786,640	12,000
Health and Human Services	-	100,000
Airport Fund	70,000	-
Conservation Trust Fund	-	61,640
Retirement Fund	-	275,000
Contingency Reserve Fund	50,000	-
Asset Replacement Fund	256,312	-
Lodging Visitors Bureau Fund	-	2,700
Chaffee County Facilities Corporation	573,000	-
Waste Disposal Fund	-	24,000
Emergency Services Fund	<u>-</u>	<u>165,684</u>
Total	<u>\$ 2,305,996</u>	<u>\$ 2,305,996</u>

Note 6. Employee Retirement Plan

The County participates in the Colorado County Officials and Employee Retirement Association (CCOERA), a multi-employer defined contribution retirement plan, of which there were 185 County participants as of December 31, 2017. A defined contribution pension plan has terms that specify how contributions to an individual's account are to be determined rather than the amount of pension benefits the individual is to receive. In a defined contribution plan, the pension benefits a participant will receive depend only on the amount contributed to the participant's account, earnings on investments of those contributions, and forfeitures of other participant's benefits that may be allocated to the participant's account. The seven-member Governing Board of the Association makes all necessary rules and is responsible for the administration of the funds in the Retirement Plan.

Employees are eligible to participate in CCOERA after 6 months of employment and most work at least 20 hours per week. Eligible employees and the County each contribute an amount equal to 5% of the employee's base salary each month. Employees may contribute up to an additional 10% of base salary on an after-tax basis. The County does not match these additional contributions. During the year there were no differences between contribution requirements and contributions actually made by plan participants or the County.

Employees are fully vested after five years of service. In addition, if an employee reaches normal retirement age, dies, or becomes totally and permanently disabled his account becomes fully vested regardless of length of service. Forfeitures by employees who leave employment before being fully vested are applied to reduce matching employer contributions. Forfeitures totaling \$14,359 were used in 2017 to reduce matching employer

contributions. Contributions made by employees and the County for the three years ended December 31, 2017, are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Employee Contributions	<u>\$ 420,440</u>	<u>\$ 351,277</u>	<u>\$ 364,148</u>
County Contributions	<u>\$ 420,440</u>	<u>\$ 351,277</u>	<u>\$ 364,148</u>

Both the County and the covered employees each made the required 5% contributions to the plans. There are no liabilities for benefits beyond the County's matching payments. No changes in the various plan's provisions occurred in 2017.

Note 7. 457 Deferred Compensation Plan

The County offers its full-time employees an optional supplemental deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan is administered by CCOERA and allows eligible participants the opportunity to accumulate additional retirement savings with certain tax advantages. Deposits into the 457 plan are not subject to state or federal income taxes at the time of deposit, and earnings on these deposits are deferred until withdrawn. As of December 31, 2017 there were 28 participants in the 457 plan.

Note 8. Commitments and Contingencies

Litigation. According to the County Attorney for Chaffee County, neither she nor any other legal counsel have represented or given substantive attention to any material loss contingencies of the County coming within the scope of the County's legal representation letter to her dated April 19, 2018.

Tax, Spending and Debt Limitations. Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. County officials believe they are in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. The emergency reserve balance at December 31, 2017 totaled \$588,664.

Prior to 2008, voters within the County approved the County's request to retain its excess revenue for fiscal year spending. As such the fiscal year spending limitations and refunding of excess revenue to its citizens as defined by this amendment no longer apply. However, the County remains subject to other provisions of this amendment.

CHAFFEE COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS DECEMBER 31, 2017

Note 9. Risk Management

County Worker's Compensation Pool. The County is exposed to various risks of loss related to injuries of employees while on the job. The County is a member of 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 intergovernmental agreement of formation of CWCP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Colorado Counties Casualty and Property Pool. The County is exposed to various risks of loss related to torts or property and casualty losses. Therefore the County joined together with other Colorado counties to form the Colorado Counties Casualty and Property Pool (CAPP). CAPP is a public entity risk pool that provides property, general and automobile liability and public officials coverage to its members. The intergovernmental agreement of formation of CAPP provides that the Pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Note 10. Landfill Closure and Post-Closure Care Cost

State and federal laws and regulations require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County is required to maintain, in written documented form, current cost estimates to close its landfill site and to conduct post-closure care of this site. Financial assurance is required to be established in amounts sufficient to ensure payment of such costs. Chaffee County uses the "Local Government Financial Test" as its financial mechanism to financially assure full payment of all closure, post-closure, and if applicable, corrective action estimated costs. Although the closure and post-closure costs will be paid only near or after the date that the landfill stops accepting waste, the County reports a portion of these closure and post-closure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date.

The landfill closure and post-closure care liability at December 31, 2017 is \$146,428. This liability consists of closure and post-closure cost of \$72,046 and \$74,382, respectively, and represents the cumulative amount reported to date based on the use of approximately six and seventy-two hundredths of one percent (6.72%) of the estimated capacity of the landfill.

The County will recognize the remaining estimated costs of closure and post-closure care of approximately \$2,180,585 as the remaining estimated capacity of the landfill is used. Closure costs are based on an estimate of the closure cost in 2012 dollars as adjusted for

inflation. Post-closure costs are calculated based on the present value in 2012 dollars of the future annual cost to perform post-closure care over a ninety-nine year period. Actual costs may be higher or lower due to unknown factors such as changes in technology or regulations. It is estimated that the County landfill has a remaining useful life of ninety-four (94) years.

**REQUIRED SUPPLEMENTAL
INFORMATION**

CHAFFEE COUNTY, COLORADO

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 6,784,400	\$ 6,784,400	\$ 6,964,499	\$ 180,099
Licenses and Permits	824,100	824,100	1,152,171	328,071
Intergovernmental	1,968,432	1,968,432	2,300,781	332,349
Charges for Services	1,207,820	1,207,820	1,416,878	209,058
Fines and Forfeitures	40,000	40,000	86,693	46,693
Investment Earnings	43,000	43,000	62,021	19,021
Other Revenue	374,850	374,850	416,788	41,938
Total Revenues	11,242,602	11,242,602	12,399,831	1,157,229
Expenditures				
Current:				
General Government	4,000,424	4,218,124	3,977,361	240,763
Community Development	846,944	891,944	883,148	8,796
Public Safety	4,571,763	4,576,763	4,385,470	191,293
Health and Welfare	198,842	214,842	184,797	30,045
Public Works	707,158	726,158	697,664	28,494
Parks and Recreation	264,417	264,417	250,118	14,299
Total Expenditures	10,589,548	10,892,248	10,378,558	513,690
Excess (Deficiency) of Revenues Over (Under) Expenditures	653,054	350,354	2,021,273	1,670,919
Other Financing Sources (Uses)				
Transfers In	424,700	424,700	419,700	(5,000)
Transfers Out	(1,548,025)	(1,618,025)	(1,664,972)	(46,947)
Total Other Financing Sources (Uses)	(1,123,325)	(1,193,325)	(1,245,272)	(51,947)
Net Change in Fund Balances	(470,271)	(842,971)	776,001	1,618,972
Fund Balances, Beginning of Year	4,559,619	4,559,619	5,429,891	870,272
Fund Balances, End of year	\$ 4,089,348	\$ 3,716,648	\$ 6,205,892	\$ 2,489,244

CHAFFEE COUNTY, COLORADO

ROAD AND BRIDGE FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 84,220	\$ 84,220	\$ 58,512	\$ (25,708)
Licenses and Permits	4,000	4,000	9,900	5,900
Intergovernmental	1,983,000	1,983,000	2,007,780	24,780
Charges for Services	9,000	9,000	12,565	3,565
Investment Earnings	6,500	6,500	15,532	9,032
Other Revenue	-	-	229	229
Total Revenues	2,086,720	2,086,720	2,104,518	17,798
Expenditures				
Current:				
Public Works	2,542,610	2,759,610	2,528,526	231,084
Capital Outlay	150,000	320,000	303,902	16,098
Total Expenditures	2,692,610	3,079,610	2,832,428	247,182
Excess (Deficiency) of Revenues Over (Under) Expenditures	(605,890)	(992,890)	(727,910)	264,980
Other Financing Sources (Uses)				
Transfers In	725,000	725,000	786,640	61,640
Transfers Out	(12,000)	(12,000)	(12,000)	-
Total Other Financing Sources (Uses)	713,000	713,000	774,640	61,640
Net Change in Fund Balances	107,110	(279,890)	46,730	326,620
Fund Balances, Beginning of Year	1,509,725	1,509,725	1,880,129	370,404
Fund Balances, End of year	\$ 1,616,835	\$ 1,229,835	\$ 1,926,859	\$ 697,024

CHAFFEE COUNTY, COLORADO

HEALTH AND HUMAN SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Taxes	\$ 641,685	\$ 738,397	\$ 96,712
Intergovernmental	6,624,422	5,547,346	(1,077,076)
Investment Earnings	-	141	141
Other Revenue	74,790	217,303	142,513
Total Revenues	<u>7,340,897</u>	<u>6,503,187</u>	<u>(837,710)</u>
Expenditures			
Current:			
Health and Welfare	7,240,897	5,943,704	1,297,193
Total Expenditures	<u>7,240,897</u>	<u>5,943,704</u>	<u>1,297,193</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	100,000	559,483	459,483
Other Financing Sources (Uses)			
Transfers Out	(100,000)	(100,000)	-
Net Change in Fund Balances	-	459,483	459,483
Fund Balances, Beginning of Year	<u>1,012,169</u>	<u>1,005,925</u>	<u>(6,244)</u>
Fund Balances, End of year	<u>\$ 1,012,169</u>	<u>\$ 1,465,408</u>	<u>\$ 453,239</u>

OTHER SUPPLEMENTAL INFORMATION NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

Airport Fund – To account for the operations and development of the Harriet Alexander Field Airport. Revenues are principally derived from rental of airport facilities, tie-down fees, sales of fuel, and federal grants.

Conservation Trust Fund – To account for State of Colorado lottery proceeds that are restricted to capital parks and recreation expenditures.

Retirement Fund – To account for County contributions to the County employee retirement plan. Financing is provided by an annual property tax levy.

Contingent Reserve Fund – To account for emergency funds set aside in compliance with Article X, Section 20 of the Colorado Constitution (known as the TABOR amendment).

Asset Replacement Fund – To account for the accumulation of reserves through capital grants and contributions by departments and funds of the County for the replacement of vehicles and equipment.

Lodging Visitors Bureau Fund – To account for funds raised through a 1.9% lodging tax used for marketing and tourism promotion purposes.

Animal Shelter Fund – To account for revenues received from a one-half mill property tax levy and remitted to the Ark-Valley Humane Society.

Marijuana Excise Tax Fund – To account for the collection of the County excise tax on the cultivation of retail marijuana.

Debt Service Fund

Debt service funds are used for the accumulation of resources and payment of bond principal and interest from government resources.

Chaffee County Facilities Corporation – To accumulate funds for debt service requirements of the Series 2009 Certificates of Participation used for the acquisition and renovation of the County's share of a Community Services Complex, and the Series 2012 Refunding Certificates of Participation used to refinance the original Series 2002 Certificates of Participation that were issued to finance the construction of the County jail facility.

Capital Projects Fund

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities and/or equipment.

Capital Expenditures Fund – To account for the acquisition or construction of major capital facilities for various departments and funds of the County. Financial resources include a property tax levy and capital grants.

CHAFFEE COUNTY, COLORADO

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS DECEMBER 31, 2017

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
ASSETS				
Cash and Investments	\$ 82,092	\$ 224,524	\$ 419,925	\$ 377,522
Receivables:				
- Interest	-	392	397	-
- Taxes	-	-	267,997	-
- Accounts	3,440	-	-	-
- Intergovernmental	14,809	-	2,574	-
Inventories	37,406	-	-	-
Restricted Assets - Cash and Investments	-	-	-	-
Total Assets	<u>\$ 137,747</u>	<u>\$ 224,916</u>	<u>\$ 690,893</u>	<u>\$ 377,522</u>
LIABILITIES				
Accounts Payable	\$ 2,357	\$ -	\$ 20,739	\$ -
Total Liabilities	<u>2,357</u>	<u>-</u>	<u>20,739</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	-	-	267,997	-
FUND BALANCES (DEFICITS)				
Nonspendable:				
Inventories	37,406	-	-	-
Restricted For:				
TABOR Emergency Reserve	-	-	-	377,522
Debt Service Reserve	-	-	-	-
Capital Improvements	-	-	-	-
Purposes of Grantors	97,984	224,916	402,157	-
Assigned For:				
Capital Improvements	-	-	-	-
Debt Service	-	-	-	-
Total Fund Balances	<u>135,390</u>	<u>224,916</u>	<u>402,157</u>	<u>377,522</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 137,747</u>	<u>\$ 224,916</u>	<u>\$ 690,893</u>	<u>\$ 377,522</u>

Asset Replacement Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Lodging Visitors Bureau Fund	Animal Shelter Fund	Marijuana Excise Tax Fund	Chaffee County Facilities Corporation	Capital Expenditures Fund	
\$ 245,717	\$ 450,072	\$ 2,355	\$ 155,233	\$ 80,763	\$ 386,970	\$ 2,425,173
367	288	-	-	-	929	2,373
-	-	203,967	43,644	-	133,791	649,399
-	-	-	-	-	-	3,440
-	103,295	1,977	-	-	1,289	123,944
-	-	-	-	-	-	37,406
-	-	-	-	515,190	-	515,190
<u>\$ 246,084</u>	<u>\$ 553,655</u>	<u>\$ 208,299</u>	<u>\$ 198,877</u>	<u>\$ 595,953</u>	<u>\$ 522,979</u>	<u>\$ 3,756,925</u>
\$ -	\$ 9,985	\$ -	\$ 98,877	\$ -	\$ -	\$ 131,958
-	9,985	-	98,877	-	-	131,958
-	-	203,967	-	-	133,791	605,755
-	-	-	-	-	-	37,406
-	-	-	-	-	-	377,522
-	-	-	-	515,190	-	515,190
-	-	-	-	-	389,188	389,188
-	543,670	4,332	100,000	-	-	1,373,059
246,084	-	-	-	-	-	246,084
-	-	-	-	80,763	-	80,763
<u>246,084</u>	<u>543,670</u>	<u>4,332</u>	<u>100,000</u>	<u>595,953</u>	<u>389,188</u>	<u>3,019,212</u>
<u>\$ 246,084</u>	<u>\$ 553,655</u>	<u>\$ 208,299</u>	<u>\$ 198,877</u>	<u>\$ 595,953</u>	<u>\$ 522,979</u>	<u>\$ 3,756,925</u>

CHAFFEE COUNTY, COLORADO

COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Special Revenue Funds			
	Airport Fund	Conservation Trust Fund	Retirement Fund	Contingent Reserve Fund
Revenues				
Taxes	\$ 5,330	\$ -	\$ 289,924	\$ -
Intergovernmental	77,737	95,225	-	-
Charges for Services	207,234	-	-	-
Investment Earnings	-	1,741	1,783	-
Other Revenues	7,956	-	17,014	-
Total Revenues	298,257	96,966	308,721	-
Expenditures				
Current:				
General Government	-	-	-	-
Community / Economic Development	-	-	-	-
Parks and Recreation	-	93,203	-	-
Airport Operations	238,882	-	-	-
Capital Outlay	45,415	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest	-	-	-	-
Fiscal Charges	-	-	-	-
Total Expenditures	284,297	93,203	-	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	13,960	3,763	308,721	-
Other Financing Sources (Uses)				
Transfers In	70,000	-	-	50,000
Transfers Out	-	(61,640)	(275,000)	-
Total Other Financing Sources (Uses)	70,000	(61,640)	(275,000)	50,000
Net Change in Fund Balances	83,960	(57,877)	33,721	50,000
Fund Balances, Beginning of Year	51,430	282,793	368,436	327,522
Fund Balances, End of year	\$ 135,390	\$ 224,916	\$ 402,157	\$ 377,522

Asset Replacement Fund	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Lodging Visitors Bureau Fund	Animal Shelter Fund	Marijuana Excise Tax Fund	Chaffee County Facilities Corporation	Capital Expenditures Fund	
\$ -	\$ 669,229	\$ 222,681	\$ 100,000	\$ -	\$ 145,184	\$ 1,432,348
-	27,500	-	-	-	119,683	320,145
-	-	-	-	-	-	207,234
3,492	784	-	-	3,072	8,813	19,685
-	5,500	-	-	-	149,292	179,762
<u>3,492</u>	<u>703,013</u>	<u>222,681</u>	<u>100,000</u>	<u>3,072</u>	<u>422,972</u>	<u>2,159,174</u>
-	-	221,886	-	-	3,821	225,707
-	605,972	-	-	-	-	605,972
-	-	-	-	-	-	93,203
-	-	-	-	-	-	238,882
201,494	-	-	-	-	707,054	953,963
-	-	-	-	425,000	-	425,000
-	-	-	-	144,975	-	144,975
-	-	-	-	2,826	-	2,826
<u>201,494</u>	<u>605,972</u>	<u>221,886</u>	<u>-</u>	<u>572,801</u>	<u>710,875</u>	<u>2,690,528</u>
<u>(198,002)</u>	<u>97,041</u>	<u>795</u>	<u>100,000</u>	<u>(569,729)</u>	<u>(287,903)</u>	<u>(531,354)</u>
256,311	-	-	-	573,000	150,344	1,099,655
-	(2,700)	-	-	-	-	(339,340)
<u>256,311</u>	<u>(2,700)</u>	<u>-</u>	<u>-</u>	<u>573,000</u>	<u>150,344</u>	<u>760,315</u>
58,309	94,341	795	100,000	3,271	(137,559)	228,961
<u>187,775</u>	<u>449,329</u>	<u>3,537</u>	<u>-</u>	<u>592,682</u>	<u>526,747</u>	<u>2,790,251</u>
<u>\$ 246,084</u>	<u>\$ 543,670</u>	<u>\$ 4,332</u>	<u>\$ 100,000</u>	<u>\$ 595,953</u>	<u>\$ 389,188</u>	<u>\$ 3,019,212</u>

CHAFFEE COUNTY, COLORADO

AIRPORT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 1,000	\$ 1,000	\$ 5,330	\$ 4,330
Intergovernmental	140,128	140,128	77,737	(62,391)
Charges for Services	128,700	128,700	207,234	78,534
Other Revenues	5,500	5,500	7,956	2,456
Total Revenues	275,328	275,328	298,257	22,929
Expenditures:				
Current:				
Airport Operations	128,144	128,144	126,813	1,331
Fuel Purchases	97,000	122,000	112,069	9,931
Capital Outlay	99,873	119,873	45,415	74,458
Total Expenditures	325,017	370,017	284,297	85,720
Excess (Deficiency) of Revenues Over (Under) Expenditures	(49,689)	(94,689)	13,960	108,649
Other Financing Sources (Uses):				
Transfers In	50,000	50,000	70,000	20,000
Net Change in Fund Balances	311	(44,689)	83,960	128,649
Fund Balances, Beginning of Year	6,051	6,051	51,430	45,379
Fund Balances, End of Year	\$ 6,362	\$ (38,638)	\$ 135,390	\$ 174,028

CHAFFEE COUNTY, COLORADO

CONSERVATION TRUST FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u> Original and Final	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues:			
Intergovernmental	\$ 95,000	\$ 95,225	\$ 225
Investment Earnings	1,000	1,741	741
Other Revenues	10,000	-	(10,000)
Total Revenues	<u>106,000</u>	<u>96,966</u>	<u>(9,034)</u>
Expenditures:			
Current:			
Parks and Recreation	194,900	154,843	40,057
Total Expenditures	<u>194,900</u>	<u>154,843</u>	<u>40,057</u>
Net Change in Fund Balances	(88,900)	(57,877)	31,023
Fund Balances, Beginning of Year	<u>198,160</u>	<u>282,793</u>	<u>84,633</u>
Fund Balances, End of Year	<u>\$ 109,260</u>	<u>\$ 224,916</u>	<u>\$ 115,656</u>

CHAFFEE COUNTY, COLORADO

RETIREMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Taxes	\$ 282,000	\$ 289,924	\$ 7,924
Investment Earnings	1,200	1,783	583
Other Revenues	-	17,014	17,014
	<hr/>	<hr/>	<hr/>
Total Revenues	283,200	308,721	25,521
	<hr/>	<hr/>	<hr/>
Expenditures:			
Current:			
General Government	-	-	-
	<hr/>	<hr/>	<hr/>
Excess (Deficiency) of Revenues Over (Under) Expenditures	283,200	308,721	25,521
	<hr/>	<hr/>	<hr/>
Other Financing Sources (Uses):			
Transfers Out	(275,000)	(275,000)	-
	<hr/>	<hr/>	<hr/>
Net Change in Fund Balances	8,200	33,721	25,521
	<hr/>	<hr/>	<hr/>
Fund Balances, Beginning of Year	373,903	368,436	(5,467)
	<hr/>	<hr/>	<hr/>
Fund Balances, End of Year	\$ 382,103	\$ 402,157	\$ 20,054
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

CHAFFEE COUNTY, COLORADO

CONTINGENT RESERVE

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Budgeted Amounts</u> <u>Original and Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues:			
Taxes	\$ -	\$ -	\$ -
Investment Earnings	-	-	-
Other Revenues	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses):			
Transfers In	<u>25,000</u>	<u>50,000</u>	<u>25,000</u>
Net Change in Fund Balances	25,000	50,000	25,000
Fund Balances, Beginning of Year	<u>327,522</u>	<u>327,522</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 352,522</u>	<u>\$ 377,522</u>	<u>\$ 25,000</u>

CHAFFEE COUNTY, COLORADO

ASSET REPLACEMENT FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Investment Earnings	\$ 1,200	\$ 1,200	\$ 3,492	\$ 2,292
Total Revenues	<u>1,200</u>	<u>1,200</u>	<u>3,492</u>	<u>2,292</u>
Expenditures:				
Capital Outlay	<u>155,000</u>	<u>233,000</u>	<u>229,434</u>	<u>3,566</u>
Total Expenditures	<u>155,000</u>	<u>233,000</u>	<u>229,434</u>	<u>3,566</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(153,800)	(231,800)	(225,942)	5,858
Other Financing Sources (Uses):				
Transfers In	<u>212,022</u>	<u>212,022</u>	<u>284,251</u>	<u>72,229</u>
Net Change in Fund Balances	58,222	(19,778)	58,309	78,087
Fund Balances, Beginning of Year	<u>187,716</u>	<u>187,716</u>	<u>187,775</u>	<u>59</u>
Fund Balances, End of Year	<u>\$ 245,938</u>	<u>\$ 167,938</u>	<u>\$ 246,084</u>	<u>\$ 78,146</u>

CHAFFEE COUNTY, COLORADO

LODGING VISTORS BUREAU FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 570,000	\$ 570,000	\$ 669,229	\$ 99,229
Intergovernmental	-	-	27,500	-
Investment Earnings	700	700	784	84
Other Revenues	-	-	5,500	5,500
Total Revenues	<u>570,700</u>	<u>570,700</u>	<u>703,013</u>	<u>104,813</u>
Expenditures:				
Current:				
Economic Development	<u>524,550</u>	<u>644,550</u>	<u>605,972</u>	<u>38,578</u>
Total Expenditures	<u>524,550</u>	<u>644,550</u>	<u>605,972</u>	<u>38,578</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	46,150	(73,850)	97,041	143,391
Other Financing Sources (Uses):				
Transfers Out	<u>(2,700)</u>	<u>(2,700)</u>	<u>(2,700)</u>	<u>-</u>
Net Change in Fund Balances	43,450	(76,550)	94,341	143,391
Fund Balances, Beginning of Year	<u>375,865</u>	<u>375,865</u>	<u>449,329</u>	<u>73,464</u>
Fund Balances, End of Year	<u>\$ 419,315</u>	<u>\$ 299,315</u>	<u>\$ 543,670</u>	<u>\$ 216,855</u>

CHAFFEE COUNTY, COLORADO

ANIMAL SHELTER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 218,300	\$ 218,300	\$ 222,681	\$ 4,381
Total Revenues	<u>218,300</u>	<u>218,300</u>	<u>222,681</u>	<u>4,381</u>
Expenditures:				
Current:				
General Government	218,800	222,800	221,886	914
Total Expenditures	<u>218,800</u>	<u>222,800</u>	<u>221,886</u>	<u>914</u>
Net Change in Fund Balances	(500)	(4,500)	795	5,295
Fund Balances, Beginning of Year	<u>1,303</u>	<u>1,303</u>	<u>3,537</u>	<u>2,234</u>
Fund Balances, End of Year	<u>\$ 803</u>	<u>\$ (3,197)</u>	<u>\$ 4,332</u>	<u>\$ 7,529</u>

CHAFFEE COUNTY, COLORADO

MARIJUANA EXCISE TAX FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 100,000	\$ 100,000	\$ 100,000	\$ -
Total Revenues	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>-</u>
Expenditures:				
Current:				
General Government	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	100,000	100,000	100,000	-
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ 100,000</u>	<u>\$ -</u>

CHAFFEE COUNTY, COLORADO

CHAFFEE COUNTY FACILITIES CORPORATION SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts Original and Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Investment Earnings	\$ -	\$ 3,072	\$ 3,072
Total Revenues	<u>-</u>	<u>3,072</u>	<u>3,072</u>
Expenditures:			
Debt Service:			
Principal	425,000	425,000	-
Interest	144,975	144,975	-
Fiscal Charges	<u>2,075</u>	<u>2,826</u>	<u>(751)</u>
Total Expenditures	<u>572,050</u>	<u>572,801</u>	<u>(751)</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(572,050)	(569,729)	2,321
Other Financing Sources (Uses):			
Transfers In	<u>586,000</u>	<u>573,000</u>	<u>(13,000)</u>
Net Change in Fund Balances	13,950	3,271	(10,679)
Fund Balances, Beginning of Year	<u>78,523</u>	<u>592,682</u>	<u>514,159</u>
Fund Balances, End of Year	<u>\$ 92,473</u>	<u>\$ 595,953</u>	<u>\$ 503,480</u>

CHAFFEE COUNTY, COLORADO

CAPITAL EXPENDITURES FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 141,800	\$ 141,800	\$ 145,184	\$ 3,384
Intergovernmental	51,000	51,000	119,683	68,683
Investment Earnings	3,000	3,000	8,813	5,813
Other Revenues	117,190	117,190	149,292	32,102
Total Revenues	312,990	312,990	422,972	109,982
Expenditures:				
Current:				
General Government	3,700	3,700	3,821	(121)
Capital Outlay	398,000	1,203,000	707,054	495,946
Total Expenditures	401,700	1,206,700	710,875	495,825
Excess (Deficiency) of Revenues Over (Under) Expenditures	(88,710)	(893,710)	(287,903)	605,807
Other Financing Sources (Uses):				
Transfers In	150,344	150,344	150,344	-
Net Change in Fund Balances	61,634	(743,366)	(137,559)	605,807
Fund Balances, Beginning of Year	403,608	403,608	526,747	123,139
Fund Balances, End of Year	\$ 465,242	\$ (339,758)	\$ 389,188	\$ 728,946

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ENTERPRISE FUNDS

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises – where the intent of the Board of County Commissioners is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered through user charges; or where the Board of County Commissioners has decided that periodic determination of net income is appropriate for accountability purposes.

Waste Disposal Fund – To account for the activities involved in operating the County’s solid waste landfill.

Emergency Services Fund – To account for the operations of the County’s emergency medical service, dispatch center, and the emergency management department.

J.V. Sewer Fund - To account for the collection of monies and subsequent payment of debt service related to a wastewater distribution system constructed in an area of the County known as “Johnson Village”.

CHAFFEE COUNTY, COLORADO

WASTE DISPOSAL FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Garbage Collection Fees	\$ 800,000	\$ 1,070,155	\$ 270,155
Investment Earnings	4,200	5,159	959
Other Revenues	11,000	6,515	(4,485)
Total Revenues	<u>815,200</u>	<u>1,081,829</u>	<u>266,629</u>
Expenditures:			
Operations:			
Personnel Costs	312,230	293,462	312,230
Closure and Post Closure Costs	35,000	65,278	(30,278)
Other Operating Costs	331,800	294,540	37,260
New Landfill Construction	20,000	1,484	18,516
Capital Outlay	200,000	272,159	(72,159)
Total Expenditures	<u>899,030</u>	<u>926,923</u>	<u>265,569</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(83,830)	154,906	532,198
Other Financing Sources (Uses):			
Transfers Out	(59,000)	(24,000)	35,000
Sales of Capital Assets	-	72,500	72,500
Total Other Financing Sources (Uses)	<u>(59,000)</u>	<u>48,500</u>	<u>107,500</u>
Net Change in Fund Balances	(142,830)	203,406	604,698
Fund Balances, Beginning of Year	<u>1,025,345</u>	<u>1,788,652</u>	<u>763,307</u>
Fund Balances, End of Year	<u>\$ 882,515</u>	<u>\$ 1,992,058</u>	<u>\$ 1,368,005</u>

Fund Balances at December 31, 2017, is computed as follows:

Current Assets	\$ 2,179,005
Less: Current Liabilities	<u>(186,947)</u>
Fund Balances - December 31, 2017	<u>\$ 1,992,058</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 203,406</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	272,159
Book Value of Capital Assets Disposed	(15,950)
Depreciation	<u>(172,102)</u>
Total Adjustments	<u>84,107</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 287,513</u></u>

CHAFFEE COUNTY, COLORADO

EMERGENCY MEDICAL SERVICES FUND SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Sales Taxes	\$ 1,680,000	\$ 1,680,000	\$ 1,857,995	\$ 177,995
Charges for Services:				
Ambulance Fees	800,000	800,000	954,967	154,967
E911 Dispatch	193,000	193,000	194,109	1,109
Wildland Reimbursement	-	-	235,159	235,159
Intergovernmental	58,040	58,040	79,327	21,287
Other Revenues	8,000	8,000	75,132	67,132
Total Revenues	2,739,040	2,739,040	3,396,689	657,649
Expenditures:				
Operations:				
Personnel Costs	1,832,418	2,082,418	2,000,403	82,015
Other Operating Costs	462,796	522,796	504,116	18,680
Capital Outlay	208,580	378,580	381,436	(2,856)
Total Expenditures	2,503,794	2,983,794	2,885,955	97,839
Excess (Deficiency) of Revenues Over (Under) Expenditures	235,246	(244,754)	510,734	755,488
Other Financing Sources (Uses):				
Transfers Out	(138,070)	(138,070)	(165,684)	(27,614)
Sales of Capital Assets	-	-	7,500	7,500
Total Other Financing Sources (Uses)	(138,070)	(138,070)	(158,184)	(20,114)
Net Change in Fund Balances	97,176	(382,824)	352,550	735,374
Fund Balances, Beginning of Year	167,043	167,043	728,854	561,811
Fund Balances, End of Year	\$ 264,219	\$ (215,781)	\$ 1,081,404	\$ 1,297,185

Fund Balances at December 31, 2017, is computed as follows:

Current Assets	\$ 1,144,879
Less: Current Liabilities	(63,475)
Fund Balances - December 31, 2017	<u>\$ 1,081,404</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 352,550</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Capitalization of Fixed Assets	379,694
Depreciation	<u>(199,126)</u>
Total Adjustments	<u>180,568</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 533,118</u></u>

CHAFFEE COUNTY, COLORADO

J.V. SEWER FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL (BUDGETARY BASIS)

5FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts <u>Original and Final</u>	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues:			
Charges for Services:			
Sewer Surcharge	\$ 35,200	\$ 35,531	\$ 331
Total Revenues	<u>35,200</u>	<u>35,531</u>	<u>331</u>
Expenditures:			
Debt Service:			
Principal	9,600	10,035	(435)
Interest	20,400	19,921	479
Total Expenditures	<u>30,000</u>	<u>29,956</u>	<u>44</u>
Net Change in Fund Balances	5,200	5,575	375
Fund Balances, Beginning of Year	<u>63,044</u>	<u>66,684</u>	<u>3,640</u>
Fund Balances, End of Year	<u>\$ 68,244</u>	<u>\$ 72,259</u>	<u>\$ 4,015</u>

Fund Balances at December 31, 2017, is computed as follows:

Current Assets	\$ 73,925
Less: Current Liabilities	(12,155)
Add: Current Portion of Revenue Bonds Payable	<u>10,489</u>
Fund Balances - December 31, 2017	<u>\$ 72,259</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 5,575</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Principal Paid On Revenue Bonds	10,035
Depreciation and Amortization	<u>(17,765)</u>
Total Adjustments	<u>(7,730)</u>
Change in Net Position (GAAP Basis)	<u><u>\$ (2,155)</u></u>

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the County or other government units, on a cost reimbursement basis.

Insurance Fund - This fund charges other County funds for their allocated cost of insurance premiums and estimated damaged property claims not covered by insurance.

CHAFFEE COUNTY, COLORADO

INSURANCE FUND

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES BUDGET AND ACTUAL (BUDGETARY BASIS) FOR THE YEAR ENDED DECEMBER 31, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Revenues:				
Charges for Services:				
Insurance Contribution	\$ 330,000	\$ 330,000	\$ 446,775	\$ 116,775
Investment Earnings	900	900	5,427	4,527
Other Revenues	10,000	10,000	41,829	31,829
Total Revenues	340,900	340,900	494,031	153,131
Expenditures:				
Current:				
Administrative, Legal and Claims	10,000	10,000	418	9,582
CAPP Pool Contributions	135,000	135,000	142,148	(7,148)
Workers Compensation Pool Contributions	226,000	226,000	181,249	44,751
Property and Casualty Claims	10,000	65,000	50,684	14,316
Miscellaneous	5,800	5,800	12,302	(6,502)
Total Expenditures	386,800	441,800	386,801	54,999
Net Change in Fund Balances	(45,900)	(100,900)	107,230	208,130
Fund Balances, Beginning of Year	204,749	204,749	170,072	(34,677)
Fund Balances, End of Year	\$ 158,849	\$ 103,849	\$ 277,302	\$ 173,453

Fund Balances at December 31, 2017, is computed as follows:

Current Assets	\$ 278,499
Less: Current Liabilities	<u>(1,197)</u>
Fund Balances - December 31, 2017	<u>\$ 277,302</u>

**RECONCILIATION OF NET CHANGE IN FUND BALANCES (BUDGETARY BASIS)
TO CHANGE IN NET POSITION (GAAP BASIS)**

Net Change in Fund Balances (Budgetary Basis)	<u>\$ 107,230</u>
Adjustments to Reconcile Budgetary Basis to GAAP Basis	
Total Adjustments	<u>-</u>
Change in Net Position (GAAP Basis)	<u><u>\$ 107,230</u></u>

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND EXPENDITURES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
General Government:				
Board of County Commissioners	\$ 688,800	\$ 728,800	\$ 713,682	\$ 15,118
Administrative Support	343,580	343,580	347,815	(4,235)
County Attorney	15,050	15,050	19,196	(4,146)
Budget Officer	26,420	26,420	24,380	2,040
Audit	26,000	26,000	26,000	-
Safety	19,000	24,000	18,229	5,771
County Clerk and Recorder	545,490	545,490	524,540	20,950
Elections	90,770	100,770	82,717	18,053
County Treasurer and Public Trustee	285,320	285,320	272,960	12,360
County Assessor	615,880	626,580	606,567	20,013
County Extension Service	141,936	141,936	120,275	21,661
Public Health Nurse	926,108	1,048,108	969,873	78,235
Veterans Service Officer	61,170	61,170	30,885	30,285
Secure Rural Schools	40,000	40,000	27,530	12,470
Miscellaneous	174,900	204,900	192,712	12,188
Total General Government	4,000,424	4,218,124	3,977,361	240,763
Community Development:				
Planning and Zoning	244,260	267,260	258,252	9,008
Building Inspector	529,530	544,530	548,388	(3,858)
Environmental Health	73,154	80,154	76,508	3,646
Total Community Development	846,944	891,944	883,148	8,796
Public Safety:				
District Attorney	463,623	463,623	463,632	(9)
Sheriff	2,071,150	2,071,150	1,960,398	110,752
Jail	1,894,450	1,894,450	1,811,948	82,502
Coroner	142,540	147,540	149,492	(1,952)
Total Public Safety	4,571,763	4,576,763	4,385,470	191,293

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Health and Welfare				
Immunization	\$ 30,440	\$ 46,440	\$ 39,923	\$ 6,517
CHP/STEPP	107,900	107,900	86,779	21,121
Victims Assistance Program	60,502	60,502	58,095	2,407
Total Health and Welfare	198,842	214,842	184,797	30,045
Public Works:				
Buildings and Grounds	306,486	306,486	302,661	3,825
Touber Building and Grounds	295,532	295,532	279,409	16,123
Weed Management	105,140	124,140	115,594	8,546
Total Public Works	707,158	726,158	697,664	28,494
Parks and Recreation:				
Fairgrounds	264,417	264,417	250,118	14,299
TOTAL EXPENDITURES	\$ 10,589,548	\$ 10,892,248	\$ 10,378,558	\$ 513,690

CHAFFEE COUNTY, COLORADO

DETAILED SCHEDULE OF GENERAL FUND REVENUES (BUDGETARY BASIS) - BUDGET AND ACTUAL FOR THE YEAR ENDED DECEMBER 31, 2017

Description	Budgeted Amounts		Actual Amounts	Variance with Final Budget - Positive (Negative)
	Original	Final		
Taxes:				
General Property Tax	\$ 2,398,000	\$ 2,398,000	\$ 2,391,730	\$ (6,270)
General Property Tax - Delinquent Collections	1,000	1,000	1,195	195
General Property Tax - Interest and Penalties	7,800	7,800	7,250	(550)
Specific Ownership Tax	259,000	259,000	335,488	76,488
Sales Tax	4,118,600	4,118,600	4,228,836	110,236
Total Taxes	6,784,400	6,784,400	6,964,499	180,099
Licenses and Permits:				
Liquor Licenses	3,500	3,500	2,777	(723)
Building Permits	750,000	750,000	1,047,799	297,799
Septic Permits	23,000	23,000	10,935	(12,065)
F/S Inspections	45,000	45,000	86,282	41,282
Other Permits	2,600	2,600	4,378	1,778
Total Licenses and Permits	824,100	824,100	1,152,171	328,071
Intergovernmental:				
Federal Grants	30,040	30,040	35,536	5,496
Payments In-Lieu-Of Taxes	1,150,000	1,150,000	1,285,395	135,395
State Grants and Contracts	731,692	731,692	949,573	217,881
Other	56,700	56,700	30,277	(26,423)
Total Intergovernmental	1,968,432	1,968,432	2,300,781	332,349
Charges for Services:				
Departmental Fees	864,000	864,000	958,818	94,818
Public Safety Fees	286,000	286,000	392,304	106,304
Health and Welfare Fees	57,820	57,820	65,756	7,936
Total Charges for Services	1,207,820	1,207,820	1,416,878	209,058
Fines and Forfeitures				
Traffic Fines	40,000	40,000	86,693	46,693
Investment Earnings	43,000	43,000	62,021	19,021
Miscellaneous Revenues:				
Rents and Royalties	107,150	107,150	111,634	4,484
Cost Allocations	28,000	28,000	26,449	(1,551)
Miscellaneous Nonclassified Revenues	239,700	239,700	278,705	39,005
Total Miscellaneous Revenues	374,850	374,850	416,788	41,938
TOTAL REVENUES	\$ 11,242,602	\$ 11,242,602	\$ 12,399,831	\$ 1,157,229

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Chaffee
		YEAR ENDING : December 2017
This Information From The Records Of (example - City of _ or County of _ County of Chaffee	Prepared By: Phone:	Dan Short 719-530-5596

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	68,327
4. Miscellaneous local receipts (from page 2)	813,985
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)	882,312
B. Private Contributions	
C. Receipts from State government (from page 2)	1,972,518
D. Receipts from Federal Government (from page 2)	30,065
E. Total receipts (A.7 + B + C + D)	2,884,896

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	0
2. Maintenance:	2,544,583
3. Road and street services:	
a. Traffic control operations	33,021
b. Snow and ice removal	273,243
c. Other	
d. Total (a. through c.)	306,264
4. General administration & miscellaneous	16,890
5. Highway law enforcement and safety	
6. Total (1 through 5)	2,867,737
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
3. Total (1.c + 2.c)	0
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	2,867,737

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,652,607	2,884,896	2,867,737	1,669,766	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING :
December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	49,609	a. Interest on investments	14,551
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	9,900	f. Charges for Services	12,565
5. Specific Ownership &/or Other	8,818	g. Other Misc. Receipts (& Transfers In)	786,869
6. Total (1. through 5.)	18,718	h. Other	0
c. Total (a. + b.)	68,327	i. Total (a. through h.)	813,985
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	1,910,354	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	62,164	d. Federal Transit Admin	
d. Other (Specify) - Bridge Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)		f. Other Federal (Severance)	30,065
f. Total (a. through e.)	62,164	g. Total (a. through f.)	30,065
4. Total (1. + 2. + 3.f)	1,972,518	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

SINGLE AUDIT SECTION

CHAFFEE COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
<u>U.S. Department of Health and Human Services</u>		
<i>Passed Through Colorado Department of Human Services:</i>		
Foster Care Title IV-E, Guardianship Assistance	93.090	\$ 1,880
Promoting Safe and Stable Families	93.556	23,115
Temporary Assistance for Needy Families	93.558	227,319
Title IV D Administrative	93.563	221,682
Low Income Home Energy Assistance (LEAP)	93.568	120,202
CCDF Discretionary	93.575	47,594
CCDF	93.596	5,964
Title IV B Child Welfare	93.645	10,000
Title IV E Foster Care	93.658	247,709
Title IV E Adoption	93.659	48,241
Title XX	93.667	108,778
Title XIX Medicaid	93.778	219,304
<i>Passed through Colorado Department of Public Health and Environment</i>		
Emergency Preparedness Response Grant (EPRD)	93.069	35,455
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	24,480
	93.136	5,000
Grants to States to Support Oral Health Workforce Activities and Grants for Residency Training in Dental Public Health	93.236	73,158
Childhood Immunization	93.268	4,185
	93.752	5,000
Preventative Health and Health Services Block Grant	93.758	15,000
	93.945	3,562
Maternal and Child Health Services Block Grant	93.994	13,625
<i>Passed through Colorado Department of Health Care Policy and Financing</i>	93.778	
Single Entry Point		136,161
Total U.S. Department of Health and Human Services		1,597,414

The accompanying notes are an integral part of this schedule.

Federal Grantor / Pass Through Grantor / Program Or Cluster Title	Federal CFDA #	Federal Expenditures
<u>U.S. Department of Justice</u>		
<i>Passed Through Colorado Department of Public Safety, Division of Homeland Security:</i>		
Hazard Mitigation Grant	97.039	\$ 37,500
Total U.S. Department of Justice		<u>37,500</u>
<u>U.S. Department of Transportation</u>		
<i>Federal Aviation Administration</i>		
Airport Improvement Program	20.106	<u>27,767</u>
Total U.S. Department of Transportation		<u>27,767</u>
<u>U.S. Department of Agriculture</u>		
<i>Passed Through Colorado Department of Human Services:</i>		
Food Assistance Administration	10.561	155,843
Food Assistance	10.551	<u>1,726,037</u>
Total U.S. Department of Agriculture		<u>1,881,880</u>
Total Expenditures of Federal Awards		<u>\$ 3,544,561</u>

CHAFFEE COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED DECEMBER 31, 2017

Note 1. General

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Chaffee County under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Chaffee County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Chaffee County.

Note 2 – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, whereas certain types of expenditures are not allowable or are limited as to reimbursement.

SCOTT C. WRIGHT
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Board of County Commissioners
Chaffee County, Colorado
Salida, Colorado

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

I have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Chaffee County, Colorado, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise Chaffee County, Colorado's basic financial statements, and have issued my report thereon dated April 19, 2018.

Internal Control Over Financial Reporting

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

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

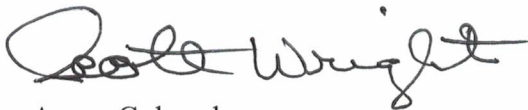
My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during my audit I did not identify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

Compliance and Other Matters

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

Purpose of this Report

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



Avon, Colorado
April 19, 2018

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Chaffee County, Colorado
Salida, Colorado

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

Report on Compliance for Each Major Federal Program

I have audited Chaffee County, Colorado's compliance with the types of compliance requirements described in the *OMB compliance Supplement* that could have a direct and material effect on each Chaffee County, Colorado major federal programs for the year ended December 31, 2017. Chaffee County, Colorado's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In my opinion, Chaffee County, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

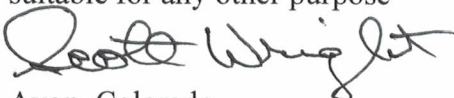
Report on Internal Control Over Compliance

Management of Chaffee County, Colorado, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Chaffee County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Chaffee County, Colorado's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of my testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose



Avon, Colorado
April 19, 2018

CHAFFEE COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS YEAR ENDED DECEMBER 31, 2017

A. Summary of Auditor Results

- The auditor's report expresses an unqualified opinion on Chaffee County, Colorado's basic financial statements as of and for the year ended December 31, 2017.
- No reportable conditions relating to the audit of the basic financial statements are reported in the 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*.
- No instances of noncompliance material to the basic financial statements of Chaffee County, Colorado were disclosed during the audit.
- No reportable conditions relating to the audit of the major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with the Uniform Guidance.
- The auditor's report on Compliance for the Major Federal Award Programs for Chaffee County, Colorado expresses an unqualified opinion.
- There are no audit findings relative to the major federal award programs for Chaffee County, Colorado to be reported in Part C of this schedule.
- The programs tested as major federal programs were:
 - CFDA 93.778 Medical Assistance Program, Medicaid (Title XIX)
 - CFDA 10.551 Supplemental Nutrition Assistance Program
- The threshold for distinguishing type A and B programs was \$750,000.
- Chaffee County, Colorado was determined to be a low risk auditee.

B. FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING STANDARDS (GAGAS)

- None

C. FINDINGS AND QUESTIONED COSTS UNDER THE UNIFORM GUIDANCE

- None

CHAFFEE COUNTY, COLORADO

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS YEAR ENDED DECEMBER 31, 2017

A. Summary Schedule of Prior Audit Findings

- There were no prior year audit findings and/or questioned costs for the year ended December 31, 2016 for Chaffee County, Colorado.