



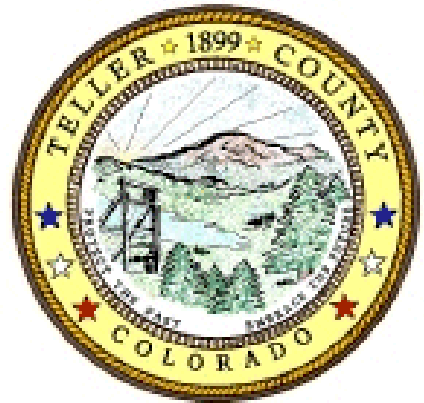
FINANCIAL STATEMENTS

For The Year Ended

DECEMBER 31, 2017

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TELLER COUNTY, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2017

Teller County, Colorado
Annual Financial Report
For The Year Ended December 31, 2017

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Independent Auditors' Report

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

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Teller County, Colorado (the County), 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.

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the County as of December 31, 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, budgetary comparison information and the modified approach for County infrastructure capital assets on pages i through ix, 35 through 37 and 38 through 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules, the Highway Users Tax Fund Schedule and the schedule of expenditures of federal awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Report On Comparative Information

We have previously audited the County's 2016 financial statements, and we expressed unmodified audit opinions on those audited financial statements in our report dated June 9, 2017. In our opinion, the comparative information presented herein as of and for the year ended December 31, 2016 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required By Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RubinBrown LLP

June 5, 2018



MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Teller County, Colorado, we offer readers of the Teller County financial statements this narrative overview and analysis of the financial activities of Teller County for the fiscal year ended December 31, 2017. Consistent with the required reporting standards mandated by the Governmental Accounting Standards Board Statement #34 (GASB 34), Teller County is pleased to present our annual financial report in what we hope to be an informative and understandable format. We encourage readers to consider the information presented here while reviewing the financial statements.

Financial Highlights

- The County's assets and deferred outflows exceeded its liabilities and deferred inflows by \$288,415,067 (net position) for the calendar year reported. At December 31, 2016 net position of \$286,550,374 was reported. This substantial increase in net position is primarily due to an increase in cash balances and decreases in the County's capital lease liability. These changes result from conservative revenue estimates, continued conservative operating budgets and spending, and intentional increases in long-term capital plan funding reserves and wildfire contingency funds.
- Total net position is comprised of the following:
 - (1) Net investment in capital assets of \$269,518,638, comparable to the prior year's balance of \$269,954,733, which includes infrastructure, property and equipment net of accumulated depreciation and reduced for outstanding debt related to the purchase or construction of capital assets. The decrease in net asset value is substantially due to current year depreciation.
 - (2) Net position of \$420,000 is restricted for emergencies by constraints imposed from outside the County.
 - (3) Unrestricted net position of \$18,476,429 represents the portion available to maintain the County's continuing obligations to citizens and creditors, and includes an improvement from net position of \$16,175,641 unrestricted at December 31, 2016.
- In 2016 total assessed value of property that generated the County's 2017 property tax revenues decreased for the third year in a row. The levy on total values resulted in a decrease in 2017 total property tax-related revenues of about \$184,000, following a 2016 drop of about \$108,000. County management maintained proactive and conservative budgeting and spending policies through 2017, while maintaining services.
- The County's governmental funds reported total ending fund balance of \$16,546,332 this year, an increase of \$1,486,423 from the prior year ending fund balance of \$15,059,909. The largest portion of this increase is in the County's Capital Projects Fund, in anticipation of future capital projects. Through the County's extended strategic plan and budgeting process, management will prioritize and identify critical needs and service levels to be addressed with available funds.
- At the end of the reported calendar year, fund balance for the General Fund was \$5,837,988, or 39.9% of total General Fund expenditures, compared to 40.6% at December 31, 2016.
- Overall, the County has strengthened its financial position by adhering to budget policies and long-term capital plans, which include maintaining the County's operating abilities and service levels, fund balances and capital reserves. The County has resumed activity on long-term capital plans that had been placed on hold.

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

Overview of the Financial Statements

This Management Discussion and Analysis document introduces the County's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic

financial statements. The County also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

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

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

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

2017	\$288,415,067
2016	286,550,374
2015	284,542,511

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

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

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

Fund Financial Statements

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

The County uses three types of funds:

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

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

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

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

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

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

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

Notes to the Basic Financial Statements

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

Other Supplementary Information

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

Financial Analysis of the County as a Whole

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

The County's net position at calendar year-end 2017 was \$288,415,067, as compared to \$286,550,374 the previous year. The following table provides a summary of the County's net position:

Summary of Net Assets for the year ended December 31, 2017
(With comparative amounts for the year ended December 31, 2016)

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Total	Percentage of Total
Assets:						
Current assets	\$ 28,675,589	\$ 245,807	\$ 28,921,396	10%	\$ 26,314,004	9%
Capital assets	268,605,192	2,613,810	271,219,002	90%	271,987,170	91%
Total assets	297,280,781	2,859,617	300,140,398	100%	298,301,174	100%
Deferred Outflows of Resources:						
Unamortized charge	-	239,636	239,636	100%	287,563	100%
Liabilities:						
Current liabilities	1,670,393	514,483	2,184,876	54%	2,414,465	51%
Long-term liabilities	307,434	1,588,958	1,896,392	46%	2,320,405	49%
Total liabilities	1,977,827	2,103,441	4,081,268	100%	4,734,870	100%
Deferred Inflows of Resources:						
Unearned prperty tax revenue	7,883,699	-	7,883,699	100%	7,303,493	100%
Net position:						
Net investment in capital assets	268,605,192	913,446	269,518,638	94%	269,954,733	94%
Restricted	420,000	-	420,000	0%	420,000	0%
Unrestricted	18,394,063	82,366	18,476,429	6%	16,175,641	6%
Total net position	\$ 287,419,255	\$ 995,812	\$ 288,415,067	100%	286,550,374	100%

The County continues to maintain an adequate current ratio. The current ratio compares current assets to current liabilities and is an indication of the ability to pay current obligations. The current ratio for governmental activities is 3.00 to 1. The business-type activities report a current ratio of 0.94 to 1. For the County overall, the current ratio is 2.90 to 1, as compared to 2.74 to 1 reported at the at the end of 2016.

The County reports positive balances in net position for the governmental activities as well as for the combination of the wastewater utility fund and the jail fund. Whereas historically the jail fund reported negative net position, for this year and 2016, it reports positive net position of \$183,499 and \$77,072, respectively. Net position increased \$1,160,225 for governmental activities and improved by \$704,468 for business-type activities. The County's overall financial position improved during calendar year 2017.

Note that 93% of the governmental activities' net position results from investment in capital assets. The County uses these capital assets to provide services to its citizens. Capital assets in the business-type activities also provide services, but in addition, they generate revenues for these funds. 93% of the County's total net position is included in capital assets, as compared to 94% in the prior year.

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

Summary of Changes in Net Assets for the year ended December 31, 2017
(With comparative amounts for the year ended December 31, 2016)

	2017			2016		
	Governmental Activities	Business-type Activities	Total	Percentage of Total	Total	Percentage of Total
Revenues:						
Program:						
Charges for services	\$ 1,955,163	\$ 3,450,837	\$ 5,406,000	20%	\$ 5,009,335	19%
Operating grants & contributions	7,398,750	-	7,398,750	27%	7,698,185	29%
Capital grants & contributions	75,323	76,700	152,023	1%	17,700	0%
General:						
Taxes	10,367,977	-	10,367,977	39%	10,380,084	39%
Other	3,503,139	27,986	3,531,125	13%	3,331,647	13%
Total revenues	23,300,352	3,555,523	26,855,875	100%	26,436,951	100%
Program Expenses:						
General government	6,771,816	-	6,771,816	27%	6,425,738	26%
Public safety	7,071,718	-	7,071,718	28%	6,939,606	28%
Public works	4,164,633	-	4,164,633	17%	4,416,276	18%
Health and human services	4,018,464	-	4,018,464	16%	3,833,441	16%
Culture and recreation	113,496	-	113,496	0%	93,680	0%
Wastewater utility	-	140,218	140,218	1%	149,349	1%
Jail	-	2,710,837	2,710,837	11%	2,570,998	11%
Total expenses	22,140,127	2,851,055	24,991,182	100%	24,429,088	100%
Change in net position	1,160,225	704,468	1,864,693		2,007,863	
Net position beginning of year	286,259,030	291,344	286,550,374		284,542,511	
Net position end of year	<u>\$ 287,419,255</u>	<u>\$ 995,812</u>	<u>\$ 288,415,067</u>		<u>\$ 286,550,374</u>	

GOVERNMENTAL REVENUES

The County is heavily reliant on property and sales taxes to support governmental operations and capital. These taxes provided 44% of the County's governmental revenues in 2017 as compared to 45% in 2016. Operating grants and contributions are the second largest revenue source with \$7.4 million in 2017 governmental revenues or 32% of the total, down from 33% in 2016. Note that charges for services and grants and contributions has dropped to 43% of governmental program expenses from 44% in 2016, with road and social services assistance making up the majority of program operating revenues. Local sales and gaming tax revenues increased 4.3% from the prior year, following a 6.2% increase in 2016, indicating a continuation of the gradual positive trend in the local economy. The government's taxpayers and the County's other general governmental revenues has comprised 59% of the governmental revenues for the last two years.

GOVERNMENTAL FUNCTIONAL EXPENSES

The public safety and public works functions make up approximately 51% of the total governmental activities expenses for 2017, compared with 52% in 2016. General government continues to total about 30%, and health and human services about 18% of 2017 governmental expenditures.

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

	Governmental Activities			
	2017		2016	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
General government	\$ 6,771,816	\$ 5,439,922	\$ 6,425,738	\$ 5,054,695
Public safety	7,071,718	4,934,977	6,939,606	4,709,026
Public works	4,164,633	1,650,926	4,416,276	1,956,218
Health and human services	4,018,464	715,571	3,833,441	452,363
Culture and recreation	113,496	(30,505)	93,680	(60,194)
Total	\$ 22,140,127	\$ 12,710,891	\$ 21,708,741	\$ 12,112,108

In this table, the County recognized capital asset contributions of \$75,323 in 2017 as current year program revenues but which offset expenditures that are capitalized as public safety assets. After reducing gross expenses by program revenues, public safety (which includes Community Development Services) totals 39% of the adjusted net cost of services in 2017 and 2016. Public works shows approximately 13% of the 2017 net cost of services, as compared to 16% in 2016. Over half of the funding for the operations of the Road and Bridge Fund (in public works) is Highway User Tax Fund money received from the State.

BUSINESS-TYPE ACTIVITIES
Revenues vs. Costs

The jail enterprise fund showed net operating income of \$196,459 in 2017, compared to \$584,933 in 2016. This drop is related to maintenance projects as well as other circumstances. Teller County is resuming increased marketing of our facility to obtain external revenue by housing prisoners from other entities. One-time corrections to past fee schedules resulted in a 2017 net operating income of \$521,341 for the wastewater fund, compared to a net operating loss of \$3,371 in 2016.

Financial Analysis of the County's Funds

Governmental Funds

As discussed, governmental funds are reported in the fund statements with a short-term inflow and outflow of spendable resources focus. This information is useful in assessing resources available at the end of the year in comparison with upcoming financing requirements. Governmental funds reported ending fund balances of \$16,546,332, an increase from \$15,059,909 at the end of 2016. The residual amount of unassigned fund balance in the County's general fund, after accounting for all levels of constraint determined according to GASB54, is \$2,978,278 as compared to \$3,098,120 at the end of 2016, indicating that the increase in total fund balance was limited as to the purpose of its spending.

Major Governmental Funds

The general fund is the County's primary operating fund and the largest source of day-to-day service delivery. Originally budgeted to decrease by about \$1.8 million, actual revenues and expenditures in the general fund resulted in a fund balance increase of \$161,318. Except in the area of property tax revenue, improved revenue trends have modestly continued through 2017, allowing the County to gradually fund priorities in our updated strategic plan. Our ongoing budgetary caution resulted in general fund revenues above the 2017 adjusted budget amounts by \$1.0 million, and departments continued to hold the line on expenditures, resulting in expenses of about \$1.6 million less than budget.

Property taxes distributed to the general fund show a 5.6% decrease from calendar year 2016, resulting from a shift in breakdown between funds as well as a reduction in assessed values of property in the County. Distribution of sales taxes to the general fund increased by about 60% from the prior year, due to shifts in distribution that were determined during the 2017 budgeting process as well as an increase in total revenues. General fund revenues from other governmental entities (mainly State and Federal) increased nearly 11% from those in 2016 partially due to a shift in gaming tax revenue distribution. Revenues from all types of general fund licenses and permits resulted in a total increase of 22% from 2016. Charges for general fund services had a minimal decrease of less than 2%, after a 9% increase in 2016.

The general fund balance is considered adequate, and due to conservative budget and spending practices, it shows the equivalent of 40% of annual expenditures in 2017. In the general fund, all areas of expenditures showed increases. The increased spending was a result of the deliberate implementation of our strategic plan.

Total road and bridge fund revenues decreased by about \$560,000, the result of the previously discussed shifts in sales tax and gaming tax budget allocations between funds. Funding and personnel resources have been shifted to major maintenance projects in the past three years. Monetary results of these actions show a 2017 decrease of about \$225,000 in road and bridge fund expenditures and a decrease in year-end fund balance of about \$120,000. Uncertainty of highway user tax funds from the state has caused the County to anticipate lower revenues during the last few budget years, however negative changes have not materialized. This has resulted in higher than anticipated fund balances in 2017 and 2016, available for the following years' road and bridge expenditures.

In the social services fund, total revenue increased by about \$335,000 resulting from the shift in property taxes discussed earlier and an intergovernmental reimbursement increase of about \$85,000 from 2016. Total expenditures increased by \$83,000, resulting in a slight decrease in fund balance. The December 2017 distribution of property tax levied to the social services fund was further increased to mitigate continued attrition in fund balance.

Proprietary Funds

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

Budgetary Highlights

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

The General Fund – Over the course of the year, the Board of County Commissioners has found it necessary to adopt adjustments and supplemental appropriations to the 2017 general fund budget, for the following reasons:

- Revenues that were not anticipated in the originally adopted budget, that have been obtained to fund specific programs or services (ie: grants approved after adoption of the budget, increased program funding)
- Carryover of designated funds received in 2016 but not expended until 2017
- Moving budgeted funds from one spending authority or area to another

Adjustments to the general fund budget resulted in a net increase of appropriations equaling \$968,521.

Actual general fund revenues came in \$1,009,360 higher than the adjusted budget amounts. County departments continued to maintain costs through careful monitoring of expenditures, which came in about 10% lower than the adjusted budget. Comparatively, the County spent about 92% of the authorized general fund budget in 2016. Past revenue trends are taken into account while developing conservative estimates for the budget.

Other Major Governmental Funds – Over the course of the year, the Board of County Commissioners has found it necessary to adopt adjustments and supplemental appropriations to other major governmental funds' 2017 budgets. Substantial amounts were:

- Road and bridge fund appropriations were increased by \$266,959, primarily for unanticipated fund balance carryover from 2016.
- Social services fund expenditure budget was increased by \$267,048 to appropriate additional grant and program revenues for expenditure.
- The capital projects fund budget was increased by \$215,323, to allow for the expenditure of projects planned but not finalized in 2016, and to recognize capital asset donations and unanticipated revenues.

Capital Assets and Debt Administration

Capital Assets

At December 31, 2017, the County had \$271,219,002 invested in a broad range of capital assets, including land, buildings, park facilities, roads, bridges and sewer lines. This is a decrease of \$768,168 or 0.3%, which results mainly from current year depreciation. In 2006, the County had completed valuation and condition assessments of all infrastructure in our road and trail systems built prior to 2003, and included them under the “modified approach” of reporting as non-depreciable assets under GASB34. This method of reporting, assessing and tracking the County’s infrastructure has shown to be a valuable asset management tool. Due to the successful results of tracking road and trail infrastructure under the modified approach, in 2011 the County reconditioned the Wastewater infrastructure, completed a full assessment of the system, and has added that infrastructure to the assets tracked under the modified approach of reporting. The most recent assessment of all county road and trail infrastructure was performed in the three years ended December 31, 2015, and of the wastewater infrastructure in the three years ended December 31, 2017. The County will continue to perform infrastructure assessments every three years. The County's investment in capital assets, net of accumulated depreciation, for governmental and business-type activities as of December 31, 2017, was \$268,605,192 and \$2,613,810 respectively. The total change in this net investment was a decrease of 0.2% for governmental and a 5.3% decrease for business-type activities. See Note 4-D for additional information about changes in capital assets during the calendar year and outstanding at the end of the year. The following table provides a summary of capital asset activity:

	Capital Assets (net of depreciation)						% Change
	Governmental Activities		Business Activities		Total		
	2017	2016	2017	2016	2017	2016	
Land	\$ 3,225,910	\$ 3,225,910	\$ 101,300	\$ 101,300	\$ 3,327,210	\$ 3,327,210	0.0%
Construction in progress	16,394	31,209	24,197	-	40,591	31,209	30.1%
Buildings & Improvements	4,998,942	5,278,229	1,492,543	1,679,003	6,491,485	6,957,232	-6.7%
Machinery and equipment	2,384,309	2,703,199	43,058	27,977	2,427,367	2,731,176	-11.1%
Software	5,073	13,067	-	-	5,073	13,067	-61.2%
Infrastructure	257,974,564	257,974,564	952,712	952,712	258,927,276	258,927,276	0.0%
Total Capital Assets, net	\$ 268,605,192	\$ 269,226,178	\$ 2,613,810	\$ 2,760,992	\$ 271,219,002	\$ 271,987,170	-0.3%

Long-term Debt

At the end of the calendar year, the County had outstanding debt obligations of \$2,366,741, including debt for compensated absences. During the year, the County retired \$380,000 in capital leases, or 16% of the beginning outstanding capital lease obligations. In 2017, the County had a net decrease in compensated absence balances due, of \$48,765 or 10%.

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals		% Change
	2017	2016	2017	2016	2017	2016	
Capital leases	\$ -	\$ -	\$ 1,940,000	\$ 2,320,000	\$ 1,940,000	\$ 2,320,000	-16.4%
Compensated absences	384,293	416,925	42,448	58,581	426,741	475,506	-10.3%
Total	\$ 384,293	\$ 416,925	\$ 1,982,448	\$ 2,378,581	\$ 2,366,741	\$ 2,795,506	-15.3%

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

Economic Conditions Affecting the County

Gaming and sales tax revenue is showing slow but steady improvement, indicating a somewhat positive local outlook. Building-related activity showed a solid increase through 2017 and revenues exceeded our conservative estimates. To-date 2018 activity supports the expectation of moderate increases in building-related revenues.

The Public Trustee reports very little foreclosure activity in the County. Assessed values certified in 2017 for 2018 revenues showed an increase, despite the previously anticipated changes to the residential assessment ratio required by Colorado's Gallagher Amendment. We expect these positive changes in assessed values to continue through at least the next year.

The Cripple Creek & Victor Gold Mine, now owned by the Newmont Mining Corporation, continued to show increases in 2017 production however mine management has indicated that expected production for 2018 will decrease. Newmont Mining Corporation continues to be a valuable member of the community and stimulates the County's economy as it has in the past.

County Elected Officials once again prioritized funding for across-the-board salary increases according to market and employee performance. County management has cautiously approved increases in employment positions to address the protracted period of stagnant staffing levels.

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

Contacting the County's Financial Management

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



BASIC FINANCIAL STATEMENTS

Teller County, Colorado
Statement of Net Position
December 31, 2017

	Primary Government		Total
	Governmental Activities	Business-type Activities	
Assets			
Current Assets			
Cash and investments (Note 4-A)	\$ 18,882,605	\$ 270,688	\$ 19,153,293
Receivables:			
Accounts	1,295,520	100,452	1,395,972
Property taxes	7,883,699	-	7,883,699
Intergovernmental	188,780	-	188,780
Internal	145,386	(145,386)	-
Prepaid expenses	146,912	-	146,912
Inventory	132,687	-	132,687
Other Assets			
Prepaid items	-	20,053	20,053
Capital Assets (Note 4-D)			
Nondepreciable capital assets	261,216,868	1,078,209	262,295,077
Depreciable capital assets, net	7,388,324	1,535,601	8,923,925
Total Assets	297,280,781	2,859,617	300,140,398
Deferred Outflows of Resources			
Unamortized charge	-	239,636	239,636
Total Deferred Outflows of Resources	-	239,636	239,636
Liabilities			
Current Liabilities			
Accounts payable	1,096,765	118,018	1,214,783
Intergovernmental payable	496,769	-	496,769
Accrued interest payable	-	2,975	2,975
Compensated absences payable	76,859	8,490	85,349
Capital leases payable	-	385,000	385,000
Long-Term Liabilities: (Note 4-G)			
Compensated absences payable (net of current portion)	307,434	33,958	341,392
Capital leases payable (net of current portion)	-	1,555,000	1,555,000
Total Liabilities	1,977,827	2,103,441	4,081,268
Deferred Inflows of Resources			
Unearned property tax revenue	7,883,699	-	7,883,699
Total Deferred Inflows of Resources	7,883,699	-	7,883,699
Net Position			
Net investment in capital assets (Note 4-I)	268,605,192	913,446	269,518,638
Restricted for:			
Emergencies (Note 5-C)	420,000	-	420,000
Unrestricted	18,394,063	82,366	18,476,429
Total Net Position	\$ 287,419,255	\$ 995,812	\$ 288,415,067

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Activities
For the Year Ended December 31, 2017

Function/Program	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities							
General government	\$ 6,771,816	\$ 1,051,639	\$ 280,255	\$ -	\$ (5,439,922)	\$ -	\$ (5,439,922)
Public safety	7,071,718	807,559	1,253,859	75,323	(4,934,977)	-	(4,934,977)
Public works	4,164,633	53,224	2,460,483	-	(1,650,926)	-	(1,650,926)
Health and human services	4,018,464	42,741	3,260,152	-	(715,571)	-	(715,571)
Culture and recreation	113,496	-	144,001	-	30,505	-	30,505
Total Governmental Activities	22,140,127	1,955,163	7,398,750	75,323	(12,710,891)	-	(12,710,891)
Business-Type Activities:							
Water and sewer	140,218	660,703	-	76,700	-	597,185	597,185
Jail	2,710,837	2,790,134	-	-	-	79,297	79,297
Total Business-Type Activities	2,851,055	3,450,837	-	76,700	-	676,482	676,482
Total - Primary Government	\$ 24,991,182	\$ 5,406,000	\$ 7,398,750	\$ 152,023	(12,710,891)	676,482	(12,034,409)
		General Revenues					
		Property taxes levied for general government purposes			7,318,545	-	7,318,545
		Sales taxes			3,049,432	-	3,049,432
		Gaming taxes			1,939,961	-	1,939,961
		Specific ownership taxes and other			1,031,264	-	1,031,264
		Unrestricted grants			278,077	-	278,077
		Gain on sale of capital assets			6,200	-	6,200
		Investment earnings			119,202	-	119,202
		Miscellaneous			128,435	27,986	156,421
		Total General Revenues			13,871,116	27,986	13,899,102
		Change in Net Position			1,160,225	704,468	1,864,693
		Net Position Beginning of Year			286,259,030	291,344	286,550,374
		Net Position End of Year			\$ 287,419,255	\$ 995,812	\$ 288,415,067

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Balance Sheet
Governmental Funds
December 31, 2017

	General	Road and Bridge	Social Services	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and investments	\$ 5,398,542	\$ 2,882,274	\$ 677,051	\$ 5,041,012	\$ 2,234,093	\$ 16,232,972
Receivables:						
Accounts	841,664	277,028	42,691	105,076	-	1,266,459
Property taxes	6,402,881	220,696	1,060,419	-	199,703	7,883,699
Intergovernmental	-	-	188,780	-	-	188,780
Interfund	145,386	-	-	-	-	145,386
Prepaid expenses	140,079	1,231	4,577	-	1,025	146,912
Total Assets	12,928,552	3,381,229	1,973,518	5,146,088	2,434,821	25,864,208
Liabilities, Deferred Inflows and Fund Balances						
Liabilities						
Accounts payable	687,683	88,350	159,692	-	1,683	937,408
Intergovernmental payable	-	-	496,769	-	-	496,769
Total Liabilities	687,683	88,350	656,461	-	1,683	1,434,177
Deferred Inflows of Resources						
Unearned property tax revenue	6,402,881	220,696	1,060,419	-	199,703	7,883,699
Total Deferred Inflows of Resources	6,402,881	220,696	1,060,419	-	199,703	7,883,699
Fund Balances						
Nonspendable	140,079	1,231	4,577	-	1,025	146,912
Restricted	20,049	-	-	120,648	1,167,385	1,308,082
Committed	-	-	-	-	1,031,452	1,031,452
Assigned	2,699,582	3,070,952	252,061	5,025,440	33,573	11,081,608
Unassigned	2,978,278	-	-	-	-	2,978,278
Total Fund Balances	5,837,988	3,072,183	256,638	5,146,088	2,233,435	16,546,332
Total Liabilities, Deferred Inflows and Fund Balances	\$ 12,928,552	\$ 3,381,229	\$ 1,973,518	\$ 5,146,088	\$ 2,434,821	\$ 25,864,208

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Reconciliation of Governmental Funds Balance Sheet to
The Statement of Net Position
December 31, 2017

Total Governmental Fund Balances	\$	16,546,332
 Amounts reported for governmental activities in the statement of net position are different because:		
 Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds (exclusive of internal service funds' capital assets)		
Cost	\$ 273,534,717	
Less accumulated depreciation	(6,673,438)	266,861,279
 The internal service funds are used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds. The assets and liabilities of the internal service funds are included in governmental activities columns in the statement of net position.		
		4,381,928
 Liabilities are not due and payable in the current period and therefore are not reported in the fund balance sheets but are reported on the government-wide statement of net position:		
Compensated absences		(370,284)
 Net Position of Governmental Activities	 \$	 287,419,255

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2017

	General	Road and Bridge	Social Services	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Revenues						
Property taxes	\$ 6,336,883	\$ 203,637	\$ 577,573	\$ -	\$ 200,452	\$ 7,318,545
Sales taxes	1,707,682	640,381	-	701,369	-	3,049,432
Intergovernmental	4,347,668	2,993,853	2,564,338	453,769	144,001	10,503,629
Licenses and permits	640,441	26,939	-	-	-	667,380
Charges for services	1,136,575	12,340	-	-	-	1,148,915
Fines and forfeitures	51,141	3,462	-	-	-	54,603
Investment earnings	47,026	19,655	-	25,034	5,966	97,681
Miscellaneous	261,776	5,351	3,731	161,588	-	432,446
Total Revenues	14,529,192	3,905,618	3,145,642	1,341,760	350,419	23,272,631
Expenditures						
Current:						
General government	6,508,164	-	-	23,979	-	6,532,143
Public safety	6,993,389	-	-	-	-	6,993,389
Highways and streets	-	4,023,463	-	-	-	4,023,463
Health and human services	1,046,763	-	2,971,474	-	-	4,018,237
Culture and recreation	44,703	-	-	-	67,367	112,070
Capital Outlay	21,400	-	-	85,506	-	106,906
Total Expenditures	14,614,419	4,023,463	2,971,474	109,485	67,367	21,786,208
Excess (Deficiency) of Revenues Over Expenditures	(85,227)	(117,845)	174,168	1,232,275	283,052	1,486,423
Other Financing Sources (Uses)						
Transfers in	246,545	-	-	-	-	246,545
Transfers out	-	-	(201,545)	(45,000)	-	(246,545)
Total Other Financing Sources (Uses)	246,545	-	(201,545)	(45,000)	-	-
Net Change in Fund Balances	161,318	(117,845)	(27,377)	1,187,275	283,052	1,486,423
Fund Balances Beginning of Year	5,676,670	3,190,028	284,015	3,958,813	1,950,383	15,059,909
Fund Balances End of Year	\$ 5,837,988	\$ 3,072,183	\$ 256,638	\$ 5,146,088	\$ 2,233,435	\$ 16,546,332

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2017

Net Changes In Fund Balances - Total Governmental Funds		\$ 1,486,423
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures.		
However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay and donated capital value exceeded depreciation expense in the current period.		
Depreciation expense	\$ (403,110)	
Capital outlay	106,906	(296,204)
Capitalized assets are not reported on the governments fund financial statements, however on the government-wide statements fixed assets and related depreciation have been reported. This is the net value of assets removed.		
Accumulated depreciation	\$ 85,380	
Capitalized asset	(89,875)	(4,495)
The internal service fund is used by management to charge the costs of the operation and maintenance of the vehicle fleet to individual funds. The net revenue of certain activities of the internal service fund is reported with governmental activities.		
		(57,195)
Compensated absences reported in the statement of activities, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Liability @ 12/31/17	\$ (370,284)	
Liability @ 12/31/16	401,980	31,696
Change in Net Position of Governmental Activities		\$ 1,160,225

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater Utility	Jail	Total	
Assets				
Current Assets:				
Cash and investments	\$ -	\$ 270,688	\$ 270,688	\$ 2,649,633
Receivables:				
Accounts	10,309	90,143	100,452	29,061
Inventory	-	-	-	132,687
Prepaid items	-	20,053	20,053	-
Total Current Assets	10,309	380,884	391,193	2,811,381
Noncurrent Assets:				
Capital Assets:				
Land	-	101,300	101,300	-
Infrastructure	952,712	-	952,712	-
Other non-depreciable assets	-	24,197	24,197	-
Depreciable capital assets, net	-	1,535,601	1,535,601	1,743,913
Total Noncurrent Assets	952,712	1,661,098	2,613,810	1,743,913
Total Assets	963,021	2,041,982	3,005,003	4,555,294
Deferred Outflows of Resources				
Unamortized charge	-	239,636	239,636	-
Total Deferred Outflows of Resources	-	239,636	239,636	-
Liabilities				
Current Liabilities:				
Accounts payable	5,322	112,696	118,018	159,357
Interfund payable	145,386	-	145,386	-
Accrued interest	-	2,975	2,975	-
Compensated absences payable	-	8,490	8,490	2,802
Capital leases payable	-	385,000	385,000	-
Total Current Liabilities	150,708	509,161	659,869	162,159
Long-Term Liabilities:				
Compensated absences payable (net of current portion)	-	33,958	33,958	11,207
Capital leases payable (net of current portion)	-	1,555,000	1,555,000	-
Total Long-Term Liabilities	-	1,588,958	1,588,958	11,207
Total Liabilities	150,708	2,098,119	2,248,827	173,366
Net Position				
Net investment in capital assets	952,712	(39,266)	913,446	1,743,913
Unrestricted	(140,399)	222,765	82,366	2,638,015
Total Net Position	\$ 812,313	\$ 183,499	\$ 995,812	\$ 4,381,928

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Revenues,
Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2017

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Wastewater Utility	Jail	Total	
Operating Revenues				
Charges for services	\$ 660,553	\$ 2,790,134	\$ 3,450,687	\$ 1,330,495
Intergovernmental	-	-	-	358
Licenses and permits	150	-	150	-
Miscellaneous	856	27,130	27,986	300
Total Operating Revenues	661,559	2,817,264	3,478,823	1,331,153
Operating Expenses				
Administration	7,961	26,584	34,545	-
Operations	132,257	2,404,552	2,536,809	979,212
Depreciation	-	189,669	189,669	436,857
Total Operating Expenses	140,218	2,620,805	2,761,023	1,416,069
Operating Income (Loss)	521,341	196,459	717,800	(84,916)
Non-Operating Revenues (Expenses)				
Gain on sale of capital assets	-	-	-	6,200
Investment earnings	-	-	-	21,521
Interest and fiscal charges	-	(90,032)	(90,032)	-
Total Non-Operating Revenues (Expenses)	-	(90,032)	(90,032)	27,721
Gain Before Capital Contributions	521,341	106,427	627,768	(57,195)
Capital contributions	76,700	-	76,700	-
Change in Net Position	598,041	106,427	704,468	(57,195)
Net Position Beginning of Year	214,272	77,072	291,344	4,439,123
Net Position End of Year	\$ 812,313	\$ 183,499	\$ 995,812	\$ 4,381,928

See the accompanying notes to the basic financial statements.

Teller 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
	Wastewater Utility	Jail	Total	
Cash Flows from Operating Activities				
Cash received from customers	\$ 64,609	\$ 2,770,930	\$ 2,835,539	\$ 1,317,641
Cash payments for goods and services	(141,309)	(1,575,258)	(1,716,567)	(673,903)
Cash payments to employees for services	-	(932,805)	(932,805)	(258,775)
Net Cash Provided (Used) by Operating Activities	(76,700)	262,867	186,167	384,963
Cash Flows from Capital and Related Financing Activities				
Principal paid on long-term debt	-	(380,000)	(380,000)	-
Interest paid on long-term debt	-	(42,688)	(42,688)	-
Gain from sale of capital assets	-	-	-	6,200
Contributions	76,700	-	76,700	-
Payments for capital acquisitions	-	(42,487)	(42,487)	(116,570)
Net Cash Provided (Used) by Capital and Related Financing Activities	76,700	(465,175)	(388,475)	(110,370)
Cash Flows from Investing Activities				
Investment earnings	-	-	-	21,521
Net Increase in Cash and Cash Equivalents	-	(202,308)	(202,308)	296,114
Cash and Cash Equivalents Beginning of Year	-	472,996	472,996	2,353,519
Cash and Cash Equivalents End of Year	\$ -	\$ 270,688	\$ 270,688	\$ 2,649,633

(continued)

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2017

(continued)

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Fund
	Wastewater Utility	Jail	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 521,341	\$ 196,459	\$ 717,800	\$ (84,916)
Adjustments:				
Depreciation	-	189,669	189,669	436,857
(Increase) Decrease in Assets:				
Accounts receivable	(1,928)	(46,334)	(48,262)	(13,512)
Prepaid expenses	-	(5,706)	(5,706)	-
Inventory	-	-	-	(23,243)
Increase (Decrease) in Liabilities:				
Accounts payable	(1,091)	(55,088)	(56,179)	70,713
Compensated absences payable	-	(16,133)	(16,133)	(936)
Interfund payable	(595,022)	-	(595,022)	-
Net Cash Provided (Used) by Operating Activities	<u>\$ (76,700)</u>	<u>\$ 262,867</u>	<u>\$ 186,167</u>	<u>\$ 384,963</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Comparative Statement of Fiduciary Assets and Liabilities
Agency Funds
December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Assets		
Cash and investments	\$ 916,683	\$ 1,140,103
Total Assets	<u>916,683</u>	<u>1,140,103</u>
Liabilities		
County warrants outstanding	69,195	279,345
Accounts payable	231,139	277,523
Due to other entities	<u>616,349</u>	<u>583,235</u>
Total Liabilities	<u>\$ 916,683</u>	<u>\$ 1,140,103</u>

See the accompanying notes to the basic financial statements.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 1 - Summary of Significant Accounting Policies

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

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

1-A. Reporting Entity

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

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

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

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

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

A brief description of the blended component unit follows:

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

1-B. Basis of Presentation

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

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

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

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

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

The General Fund – The general fund accounts for all financial resources except those required to be accounted for in another fund.

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

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

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

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

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

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

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

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

1-C. Measurement Focus

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

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

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

1-D. Basis of Accounting

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

Revenues – Exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On the modified accrual basis, revenue is recorded when the exchange takes place and in the fiscal year in which the resources are measurable and become available.

Teller County, Colorado
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For the Year Ended December 31, 2017

Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the County, the phrase “available for exchange transactions” means expected to be received within 60 days of year-end.

Revenues - Non-exchange Transactions - Non-exchange transactions in which the County receives value without directly giving equal value in return, include sales taxes, property taxes, grants and donations. On an accrual basis, revenue from sales taxes is recognized in the period in which the taxable sale takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (Note 4-C) Property taxes assessed in 2017 that are due in 2018 are recorded as property taxes receivable and a deferred inflow at December 31, 2017.

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

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

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

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

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

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

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

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

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

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

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

- Obligations of the United States and certain U.S. government agencies securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities

Teller County, Colorado
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For the Year Ended December 31, 2017

- Certain money market funds
- Guaranteed investment contracts

1-E-2 Interfund Balances

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

1-E-3 Consumable Inventories

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

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

1-E-4 Prepaid Items

Payments made to vendors for services that will benefit periods beyond December 31, 2017, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed.

1-E-5 Capital Assets

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

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

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

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

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

1-E-6 Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position reports a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises under both the full (government-wide financial statement) and the modified accrual (fund financial statement) bases of accounting, that qualifies for reporting in this category. Accordingly, the item, *unearned property tax revenue*, is reported in both the statement of net position and in the balance sheet of governmental funds. These future revenues are deferred and recognized as an inflow of resources in the period that the amounts become available (calendar year 2018).

1-E-7 Compensated Absences

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

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

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

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

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

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

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

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

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

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

- **Nonspendable** – Fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

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

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

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

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

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

1-E-10 Operating Revenues and Expenses

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

1-E-11 Contributions of Capital

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

1-E-12 Interfund Activity

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

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

Eliminations have been made to minimize the double counting of internal activities. The County’s internal service fund (which provides services primarily to other funds of the County) is presented, in summary form, as part of the proprietary fund financial

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

statements. Since the principal users of the internal services are the County's governmental activities, financial activities of the internal service fund are presented in the governmental activities column when presented at the government-wide level. The costs of these services are allocated to the appropriate function/program (general government, public safety, public works, health and human services, and culture and recreation) in the statement of activities.

1-E-13 Estimates

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

1-E-14 Comparative Data

Comparative total data for the prior year have been presented only for individual funds in the fund financial statements in order to provide an understanding of the changes in the financial position and operations of these funds. The basic financial statements include certain prior-year summarized comparative information in total but not at the level of detail required for a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the government's financial statements for the year ended December 31, 2016, from which the summarized information was derived.

Note 2 – Intergovernmental Agreement

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

Note 3 – Stewardship, Compliance and Accountability

3-A. Excess of Expenditures over Appropriations

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

Note 4 - Detailed Notes on All Funds

4-A. Deposits and Investments

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

Teller County, Colorado
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For the Year Ended December 31, 2017

As of December 31, 2017, the County had the following deposits:

	Insured	Collateralized	Fair Value/ Bank Balance	Carrying Amount	Maturities
Cash On Hand	\$ -	\$ -	\$ -	\$ 75,911	
Deposits	674,393	7,316,244	7,990,637	7,802,482	
CDs	250,000	-	250,000	250,000	12/1/2018
Total Deposits and Cash on Hand	<u>\$ 924,393</u>	<u>\$ 7,316,244</u>	<u>\$ 8,240,637</u>	<u>\$ 8,128,393</u>	

Investment Risk Factors - There are many factors that can affect the value of investments, some of which are custodial credit risk, credit risk and interest rate risk. The County Treasurer has established a cash and investment policy to minimize the County's exposure to these risks. The County follows Colorado state statutes for investing. As such, in 2017 the County investment portfolio includes certificates of deposit with maturity lengths in excess of three months. Because of this, the only exposure the County has is to custodial credit risk. The County's investment policy does not specifically address these risks.

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

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

	Fair Value/ Carrying Amount	Maturities	Rating
Investments			
GNMA	\$ 11,393	11/20/22-3/20/32	AA+
Total	<u>\$ 11,393</u>		

The County's investments in U.S. Agency obligations (GNMA's) are valued at \$11,393 using inputs, other than quoted prices that are observable, such as interest rates and yield curves observable at commonly quoted intervals (Level 2 inputs).

Investments in local government investment pools or in money market funds are not evidenced by securities that exist in physical or book entry form. The County had invested \$11,930,190 in Public Trust Pools, which are investment vehicles established by state statute for local government entities in Colorado to pool surplus funds for investment purposes. The pools operate similarly to a money market fund and each share is equal in value to \$1.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The State securities commission administers and enforces all state statutes governing public trust pools.

	Amount	Rating
Investments in local government Investment Pools		
Colotrust	\$8,663,671	AAAm
CSAFE	3,266,519	AAAm
Total	<u>\$11,930,190</u>	

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

Teller County, Colorado
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The external investment pools conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. The investments will conform to its Permitted Investments and will meet Standard & Poor’s investment guidelines to achieve a AAAM rating, the highest attainable rating for a Local Government Investment Pool.

Financial statements for Colotrust may be obtained through its website at: www.colotrust.com . Financial statements for CSAFE may be obtained through its website at: www.csafe.org .

Cash & Investment Reconciliation:

Fund Reporting Level:	
Governmental Funds - Balance Sheet	\$16,232,972
Proprietary Fund Type Statement of Net Position	2,920,321
Statement of Fiduciary Assets and Liabilities	916,683
Total	\$20,069,976

4-B. Receivables

Receivables at December 31, 2017 consisted of taxes, accounts (billings for user charges, including unbilled utility receivables), intergovernmental receivables arising from grants and other intergovernmental revenues.

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

4-C. Property Taxes

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

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

4-D. Capital Assets

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

	Balance 01/1/2017	Additions	Deductions	Balance 12/31/2017
Governmental activities, (excluding internal service fund):				
Capital assets not being depreciated:				
Land	\$ 2,594,155	\$ -	\$ -	\$ 2,594,155
Land - right of ways	631,755	-	-	631,755
Infrastructure - Roads	257,811,571	-	-	257,811,571
Infrastructure - Trails	162,993	-	-	162,993
Construction in progress	-	40,373	23,979	16,394
	<u>261,200,474</u>	<u>40,373</u>	<u>23,979</u>	<u>261,216,868</u>
Total capital assets not being depreciated				
Other capital assets:				
Buildings	8,406,997	-	-	8,406,997
Vehicles and road equipment	180,353	97,742	-	278,095
Furniture and fixtures	1,858,317	23,979	89,875	1,792,421
Software	563,065	-	-	563,065
Other improvements	1,277,271	-	-	1,277,271
Construction in progress	31,209	-	31,209	-
	<u>12,317,212</u>	<u>121,721</u>	<u>121,084</u>	<u>12,317,849</u>
Total depreciable capital assets				
Total cost of capital assets	<u>273,517,686</u>	<u>162,094</u>	<u>145,063</u>	<u>273,534,717</u>
Accumulated depreciation:				
Buildings	4,108,842	239,233	-	4,348,075
Vehicles and road equipment	63,212	16,009	-	79,221
Furniture and fixtures	1,336,459	99,820	85,380	1,350,899
Software	549,998	7,994	-	557,992
Other improvements	297,197	40,054	-	337,251
	<u>6,355,708</u>	<u>403,110</u>	<u>85,380</u>	<u>6,673,438</u>
Total accumulated depreciation				
Governmental activities capital assets, net	<u>\$ 267,161,978</u>	<u>\$ (241,016)</u>	<u>\$ 59,683</u>	<u>\$ 266,861,279</u>

Additions include \$55,188 in asset value that was previously included as construction in progress, which was not current year capital outlay.

Governmental activities depreciation expense

General government	\$ 242,839
Public safety	72,849
Highways and streets	86,527
Health and welfare	895
	<u>403,110</u>
Total governmental activities depreciation expense	<u>\$ 403,110</u>

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

	Balance 01/1/2017	Additions	Deductions	Balance 12/31/2017
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 101,300	\$ -	\$ -	\$ 101,300
Infrastructure - wastewater system	952,712	-	-	952,712
Construction in Progress	-	24,197	-	24,197
Total non-depreciable capital assets	1,054,012	24,197	-	1,078,209
Depreciable capital assets:				
Building/plant	5,188,697	-	-	5,188,697
Other improvements	405,100	-	-	405,100
Equipment	123,578	18,290	-	141,868
Furniture & fixtures	63,815	-	-	63,815
Total depreciable capital assets	5,781,190	18,290	-	5,799,480
Total cost of capital assets	6,835,202	42,487	-	6,877,689
Accumulated depreciation:				
Building/plant	3,636,253	172,956	-	3,809,209
Other improvements	278,541	13,504	-	292,045
Equipment	95,601	3,209	-	98,810
Furniture & fixtures	63,815	-	-	63,815
Total accumulated depreciation	4,074,210	189,669	-	4,263,879
Business-type activities capital assets, net	<u>\$ 2,760,992</u>	<u>\$ (147,182)</u>	<u>\$ -</u>	<u>\$ 2,613,810</u>
Internal service fund				
Assets not yet put into service	\$ -	\$ 43,221	\$ -	\$ 43,221
Depreciable capital assets:				
Machinery and Equipment	10,358,272	127,327	195,289	10,290,310
Less accumulated depreciation	8,294,072	436,857	141,311	8,589,618
Internal service fund, net	<u>\$ 2,064,200</u>	<u>\$ (266,309)</u>	<u>\$ 53,978</u>	<u>\$ 1,743,913</u>

The additions to accumulated depreciation consist of current year depreciation expense of \$189,669 in business-type activities and \$436,857 in the internal service fund. On the government-wide statement of net position, the internal service assets are included in the governmental activities column.

4-E. Interfund Balances and Transfers

Interfund balances at December 31, 2017 consisted of the following amounts and represent wastewater cash overdraws that are covered by the general fund. The County expects to repay all interfund balances within one year.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Payable to:	Payable from:	
	Wastewater Utility	Total
General Fund	\$ 145,386	\$ 145,386
	\$ 145,386	\$ 145,386

Interfund transfers for the year ended December 31, 2017 consisted of the following:

Transfers to:	Transfers From:		
	Social Services Fund	Capital Projects Fund	Total
General Fund	\$ 201,545	\$ 45,000	\$ 246,545
	\$ 201,545	\$ 45,000	\$ 246,545

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

4-F. Other Commitments

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

Total rent for 2017 was \$37,387 and total NNN charges were \$9,063. This lease renewed through November 30, 2018 at \$3,258 per month plus NNN charges.

In March 2014, the County entered into a lease agreement with Tamarac Business Park, LLC, for property located at 800 Research Drive, Suites 100, 200 and 230 in Woodland Park, which replaced the County offices in the Manor Court and Cobblestone buildings previously leased from the State Land Board. This lease commenced on August 1, 2014 and may be extended annually through June 30, 2024. Gross rent shall be \$12,300 per month, increased 3% annually upon each extension, plus janitorial costs of \$1030 per month as of December 2015.

Year	Annual Rent
8/17-7/18	161,286
8/18-7/19	166,125

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Monthly payments are made through the General Fund and the Social Services Fund reimburses the General Fund for a portion of the rent. The amount of rent paid in 2017 was \$158,546, of which \$83,554 was reimbursed from Social Services. 2017 janitorial cost payments in the amount of \$12,417 were made through the General Fund, of which \$6,514 was reimbursed from Social Services.

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

4-G. Long-Term Debt

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

	<u>Business-Type Activities</u>
Capital Assets	\$5,924,976
Less: Accumulated Depreciation	<u>(4,263,878)</u>
Total	<u>\$1,661,098</u>

The refunded principal was \$3,110,000. Upon refunding, the principal was reduced by \$470,019 using funds previously held in a restricted interest-bearing account in the Teller County Facilities Corporation's name. The average interest rate on the refunded certificates was 4.94%, as compared to a rate of 1.84% after conversion. The present value savings resulting from the refinancing was about \$347,000. Remaining maturity dates are from December 2018 through December 2022, as compared to the previous final maturity date of December 2024. Future minimum lease payments are as follows:

Year	Capital Leases		Total
	Principal	Interest	
2018	\$ 385,000	\$ 35,696	\$ 420,696
2019	385,000	28,612	413,612
2020	385,000	21,528	406,528
2021	390,000	14,444	404,444
2022	395,000	7,268	402,268
Total	\$ 1,940,000	\$ 107,548	\$ 2,047,548

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Changes in Long-term Debt - Changes in the County's long-term obligations consisted of the following for the year ended December 31, 2017:

	Outstanding 1/1/2017	Additions	Reductions	Outstanding 12/31/2017	Amounts Due in One Year
Governmental Activities					
Compensated absences*	\$ 416,925	477,436	510,068	384,293	76,859
Total Governmental Activities	<u>\$ 416,925</u>	<u>\$ 477,436</u>	<u>\$ 510,068</u>	<u>\$ 384,293</u>	<u>\$ 76,859</u>
Business-Type Activities					
Capital leases	\$ 2,320,000	\$ -	\$ 380,000	\$ 1,940,000	\$ 385,000
Compensated absences	58,581	70,811	86,944	42,448	8,490
Total Business-Type Activities	<u>\$ 2,378,581</u>	<u>\$ 70,811</u>	<u>\$ 466,944</u>	<u>\$ 1,982,448</u>	<u>\$ 393,490</u>

* Includes the internal service fund liability.

The business-type activities capital lease is being retired from the jail fund. In 2017, government-wide interest costs and interest charged to expense were \$90,032.

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

4-H. Pensions

The County is a member of the Colorado County Officials and Employees Retirement Association, which operates a defined contribution retirement plan. Substantially all County employees are required to participate after one year of continuous service. Total payroll for 2017 was \$10,153,693 and covered payroll totaled \$8,548,143. Contributions by the County (employer) are 4% of the eligible employee's annual compensation. Employees must contribute a matching amount, but can increase their contribution up to ten percent on a non-deductible basis. Contributions made by the employer and employees for 2017 were \$341,926 each, which represents 3.4% of total payroll and 4% of covered payroll. The plan is funded through the various funds that pay for the employment of County personnel to cover the County's (employer) share. The County maintains no control over the plan, other than being a member of the Association. As of January 1, 1997, the plan was changed to pre-tax status (414H). No fixed benefits are paid or payable upon retirement; therefore, the County has no unfunded liability under the plan. Financial statements for CCOERA may be obtained through its website at: www.ccoera.org.

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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

Fund Balances:

The components of fund balances are made up of:

	General Fund	Road & Bridge Fund	Social Services Fund	Capital Projects Fund	Other Governmental Funds	Total
Fund balances:						
Nonspendable:						
Prepaid expenses	\$ 140,079	\$ 1,231	\$ 4,577	\$ -	\$ 1,025	\$ 146,912
Restricted for:						
Local declared emergency disaster	-	-	-	-	420,000	420,000
Parks & open space	-	-	-	-	747,385	747,385
Clerk & Recorder expenditures	-	-	-	120,648	-	120,648
Certified VIN fees	20,049	-	-	-	-	20,049
Total restricted:	20,049	-	-	120,648	1,167,385	1,308,082
Committed to:						
Local declared emergency disaster-wildfires	-	-	-	-	1,031,452	1,031,452
Assigned to:						
County parks	112,530	-	-	-	-	112,530
Facilities projects	179,000	-	-	-	-	179,000
Communications project	-	-	-	16,617	-	16,617
Fire support operations	12,500	-	-	-	-	12,500
Slash/mulch program	19,337	-	-	-	-	19,337
Sheriff's Auxilliaris	23,290	-	-	-	-	23,290
CR231 road project	-	40,000	-	-	-	40,000
Earned revenue not spent - TPECC	24,248	-	-	-	-	24,248
Earned revenue not spent - Public Health	58,880	-	-	-	-	58,880
Ensuing year's budget	2,268,605	1,836,542	-	-	-	4,105,147
County transportation system	-	1,194,410	-	-	-	1,194,410
Social services programs	-	-	251,801	-	-	251,801
Local declared emergency disaster	-	-	-	-	33,573	33,573
Capital purchases & projects	-	-	-	5,008,823	-	5,008,823
Other purposes	1,192	-	260	-	-	1,452
Total assigned:	2,699,582	3,070,952	252,061	5,025,440	33,573	11,081,608
Unassigned:	2,978,278	-	-	-	-	2,978,278
Total fund balances	\$ 5,837,988	\$ 3,072,183	\$ 256,638	\$ 5,146,088	\$ 2,233,435	\$ 16,546,332

Net Position:

Net investment in capital assets reported on the government-wide statement of net position as of December 31, 2017 is as follows:

	Governmental Activities	Business Type Activities
Cost of capital assets	\$ 283,868,248	\$ 6,877,688
Less accumulated depreciation	15,263,056	4,263,878
Book value	268,605,192	2,613,810
Less capital related debt	-	1,940,000
Plus unamortized loss on refunding	-	239,636
Net investment in capital assets	<u>\$ 268,605,192</u>	<u>\$ 913,446</u>

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 5 - Other Notes

5-A. Risk Management

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

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

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

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

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

	<u>2017</u>	<u>2016</u>
Estimated Claims liability at January 1	\$ 270,241	\$ 446,153
Deposits	2,356,094	1,793,593
Less:		
Fixed Administrative Costs	535,680	496,596
Contributions to HSAs	-	55,894
Claims Paid	1,899,969	1,398,969
PPACA Fees	<u>10,968</u>	<u>18,046</u>
Estimated Claims liability at December 31	<u>\$ 179,718</u>	<u>\$ 270,241</u>

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

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

The County also is exposed to various risks of loss related to property and casualty losses. In 1986, the County joined together with other Counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool (CAPP), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

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

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

5-B. Contingent Liabilities

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

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

5-C. Tax, Spending and Debt Limitations

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

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

In accordance with Article X, Section 20 of the Colorado Constitution, the County has reserved all fund balances for future expenditures. Included in these reserves is 3% for Emergency Reserves, estimated to be \$420,000 at December 31, 2017.

5-D. Welfare Reform

Conversion to the Colorado Electronic Benefit Transfer System (EBTS) occurred on August 1, 1997 pursuant to C.R.S. 26-1-122 (2) (a) and 26-2-104. The method of payment to recipients and service providers changed from a paper warrant system to an electronic debit card system or direct deposits. The electronic payments are processed by a State contractor, Fidelity Information Services. EBTS reduces or eliminates the amount of expenditures and revenues for the TANF/Colorado Works, AND, OAP, HCA, FA, LEAP, Child Care, Child Welfare & CORE programs reflected in the County General Ledger. The full amount of the EBTs are shown as expenditures at the state level and only the County share is shown on the County General Ledger. The State of Colorado assumes much of the internal control responsibility for these programs. The following is the Schedule of EBT Authorizations, Warrant Expenditures and Total Expenditures for the year ended December 31, 2017:

Teller County, Colorado
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

(Unaudited)					
PROGRAM	STATE PD FOR TELLER COUNTY	COUNTY SHARE OF STATE PAID	EXPENDITURES BY COUNTY WARRANT	STATE PD + EXPEND. BY COUNTY WARRANT	TOTAL EXPEND & TRFRS OUT
Temporary Assistance for Needy Families (TANF)	299,312	63,949	145,931	445,243	209,880
CHATS/Child Care	323,340	31,798	32,433	355,773	64,231
Child Welfare	593,279	120,204	1,136,426	1,729,705	1,256,630
Regular Administration	4,380	4,380	573,259	577,639	577,639
Core Services	222,142	7,453	156,570	378,712	164,023
IV-D Administration	1,692	2,000	143,989	145,681	145,989
Low-Income Energy Assistance (LEAP)	287,736	0	0	287,736	0
Adult Protective Services	0	0	116,100	116,100	116,100
Aid to the Needy Disabled (AND)	71,038	10,488	0	71,038	10,488
Old Age Pension (OAP)	400,938	911	13,051	413,989	13,962
Food Assistance	3,136,639	0	88,420	3,225,059	88,420
Food Assist Fraud	0	0	0	0	0
IV-E Waiver Intervention	0	0	67,601	67,601	67,601
Title XX Training	0	0	1,867	1,867	1,867
FosterCare/Adoption Grant	0	0	2,077	2,077	2,077
Child Welfare Discr Grant	0	0	0	0	0
CO Comm Response Grant	0	0	82,840	82,840	82,840
PSSF grant (title IV-B pt 2)	0	0	7,708	7,708	7,708
1) Subtotal	5,340,496	241,183	2,568,272	7,908,768	2,809,455
Use of IV-E Waiver Savings	0	0	6,802	6,802	6,802
Use of Parental Fees	0	0	13,462	13,462	13,462
Use of HB1451 incentives	0	0	117,424	117,424	117,424
Medicaid Transportation	0	0	0	0	0
Workfare	0	0	0	0	0
RMS bkd to state not county	0	0	-17,322	-17,322	-17,322
County Only	0	0	223,675	223,675	223,675
Acctg Basis Differences	0	0	19,523	19,523	19,523
2) Subtotal	0	0	363,564	363,564	363,564
Grand Total	5,340,496	241,183	2,931,836	8,272,332	3,173,019

1) Programs Settled in CFMS

2) Programs Not Settled in CFMS



REQUIRED

SUPPLEMENTARY INFORMATION

Teller County, Colorado
General Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 6,323,941	\$ 6,323,941	\$ 6,336,883	\$ 12,942
Sales taxes	1,637,638	1,637,638	1,707,682	70,044
Intergovernmental	3,476,975	3,663,052	4,347,668	684,616
Licenses and permits	435,600	435,600	640,441	204,841
Charges for services	1,052,657	1,064,757	1,136,575	71,818
Fines and forfeitures	54,500	54,500	51,141	(3,359)
Investment earnings	7,500	10,100	47,026	36,926
Miscellaneous	288,930	330,244	261,776	(68,468)
Total Revenues	13,277,741	13,519,832	14,529,192	1,009,360
Expenditures				
Current:				
General government	7,011,078	7,809,245	6,508,164	1,301,081
Public safety	7,180,695	7,137,311	6,993,389	143,922
Health and human services	976,781	1,205,815	1,046,763	159,052
Culture and recreation	79,059	50,799	44,703	6,096
Capital Outlay	6,500	19,464	21,400	(1,936)
Total Expenditures	15,254,113	16,222,634	14,614,419	1,608,215
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,976,372)	(2,702,802)	(85,227)	2,617,575
Other Financing Sources				
Transfers in	179,225	211,787	246,545	34,758
Total Other Financing Sources	179,225	211,787	246,545	34,758
Net Change in Fund Balances	(1,797,147)	(2,491,015)	161,318	2,652,333
Reserve for Abatements	(15,000)	(15,000)	-	15,000
Fund Balances Beginning of Year	4,031,970	4,725,838	5,676,670	950,832
Fund Balances End of Year	\$ 2,219,823	\$ 2,219,823	\$ 5,837,988	\$ 3,618,165

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

See the accompanying independent auditors' report.

Teller County, Colorado
Road and Bridge Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 203,297	\$ 203,297	\$ 203,637	\$ 340
Sales taxes	594,670	594,670	640,381	45,711
Intergovernmental	1,516,826	1,516,826	2,993,853	1,477,027
Licenses and permits	19,000	19,000	26,939	7,939
Charges for services	5,340	12,340	12,340	-
Fines and forfeitures	6,000	6,000	3,462	(2,538)
Investment earnings	3,300	3,300	19,655	16,355
Miscellaneous	2,000	2,000	5,351	3,351
Total Revenues	2,350,433	2,357,433	3,905,618	1,548,185
Expenditures				
Current:				
Highways and streets	3,474,247	3,491,206	4,023,463	(532,257)
Capital Outlay	900,000	1,150,000	-	1,150,000
Total Expenditures	4,374,247	4,641,206	4,023,463	617,743
Net Change in Fund Balances	(2,023,814)	(2,283,773)	(117,845)	2,165,928
Reserve for Abatements	(2,000)	(2,000)	-	2,000
Fund Balances Beginning of Year	2,450,407	2,710,366	3,190,028	479,662
Fund Balances End of Year	\$ 424,593	\$ 424,593	\$ 3,072,183	\$ 2,647,590

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

See the accompanying independent auditors' report.

Teller County, Colorado
Social Services Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 576,299	\$ 576,299	\$ 577,573	\$ 1,274
Intergovernmental	2,408,436	2,605,625	2,564,338	(41,287)
Charges for services	50	50	-	(50)
Miscellaneous	-	1,830	3,731	1,901
Total Revenues	2,984,785	3,183,804	3,145,642	(38,162)
Expenditures				
Current:				
Health and human services	2,949,864	3,216,912	2,971,474	245,438
Excess (Deficiency) of Revenues Over Expenditures	34,921	(33,108)	174,168	207,276
Other Financing (Uses)				
Transfers out	(179,225)	(179,225)	(201,545)	(22,320)
Net Change in Fund Balances	(144,304)	(212,333)	(27,377)	184,956
Reserve for Abatements	(3,000)	(3,000)	-	3,000
Fund Balances Beginning of Year	288,935	356,964	284,015	(72,949)
Fund Balances End of Year	\$ 141,631	\$ 141,631	\$ 256,638	\$ 115,007

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

See the accompanying independent auditors' report.

Teller County, Colorado
Required Supplementary Information
Modified Approach for County Infrastructure Capital Assets
For the Year Ended December 31, 2017

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

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

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

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

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

Road and trail infrastructure systems:

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

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

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

See the accompanying independent auditors’ report.

Teller County, Colorado
Required Supplementary Information
Modified Approach for County Infrastructure Capital Assets
For the Year Ended December 31, 2017

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

The County's road and trail infrastructure is constantly deteriorating from the following factors: 1) usage, 2) weather and 3) utility installation and private road cuts. The County is continuously taking action to mediate the effects of deterioration through maintenance and improvement activities as annually defined in our Road Maintenance and Improvement Plan.

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

<u>Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>
2017	\$ 3,491,206	\$ 4,023,463
2016	3,457,424	4,250,605
2015	3,411,685	3,499,769
2014	3,465,621	3,920,531
2013	3,407,148	3,207,368

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

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

Wastewater infrastructure system:

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

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

Condition Distribution		
As of 3 years ended:	2014	2017
Good	99%	97%
Fair	1%	3%
Poor	0%	0%

The County's next full 3-year assessment cycle will be completed as of December 31, 2020.

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

<u>Year</u>	<u>Maintenance Estimate</u>	<u>Actual Expenditures</u>
2017	\$ 7,000	\$ 2,654
2016	7,000	6,436
2015	2,000	36
2014	3,000	1,017
2013	2,000	1,255

A substantial recondition of the system was performed in 2011.

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

See the accompanying independent auditors' report.

Teller County, Colorado
Notes to Required Supplementary Information
For the Year Ended December 31, 2017

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

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

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

All unexpended annual appropriations lapse at year-end.

The 2017 adopted budget was amended upward from \$28,931,405 to \$31,061,658.



SUPPLEMENTARY INFORMATION



**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

Teller County, Colorado
General Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes	\$ 6,336,883	\$ 6,710,961
Sales taxes	1,707,682	1,064,663
Intergovernmental	4,347,668	3,927,496
Licenses and permits	640,441	526,405
Charges for services	1,136,575	1,156,685
Fines and forfeitures	51,141	87,422
Investment earnings	47,026	20,341
Miscellaneous	261,776	604,403
Total Revenues	<u>14,529,192</u>	<u>14,098,376</u>
Expenditures		
Current:		
General government	6,508,164	6,161,035
Public safety	6,993,389	6,785,735
Health and human services	1,046,763	941,850
Culture and recreation	44,703	28,179
Capital Outlay	<u>21,400</u>	<u>48,823</u>
Total Expenditures	<u>14,614,419</u>	<u>13,965,622</u>
Excess (Deficiency) of Revenues		
Over (Under) Expenditures	<u>(85,227)</u>	<u>132,754</u>
Other Financing Sources (Uses)		
Transfers in	<u>246,545</u>	<u>183,751</u>
Total Other Financing Sources (Uses)	<u>246,545</u>	<u>183,751</u>
Net Change in Fund Balances	161,318	316,505
Fund Balances Beginning of Year	<u>5,676,670</u>	<u>5,360,165</u>
Fund Balances End of Year	<u>\$ 5,837,988</u>	<u>\$ 5,676,670</u>

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			2016	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Taxes					
Property taxes	\$ 6,323,941	\$ 6,323,941	\$ 6,318,702	\$ (5,239)	\$ 6,694,214
Delinquent property taxes	-	-	3,318	3,318	(1,331)
Interest and penalties	-	-	14,863	14,863	18,078
Sales taxes	1,637,638	1,637,638	1,707,682	70,044	1,064,663
Total Taxes	7,961,579	7,961,579	8,044,565	82,986	7,775,624
Intergovernmental					
Election fees	19,000	19,000	9,394	(9,606)	34,559
Specific ownership	575,000	620,075	824,770	204,695	674,426
Payment in lieu of taxes	200,000	200,000	276,279	76,279	287,596
Gaming taxes	1,101,272	1,101,272	1,125,177	23,905	743,681
Gaming impact grants	548,574	548,574	839,190	290,616	896,183
Mineral impact grants	-	-	-	-	34,564
Cigarette taxes	8,000	8,000	8,695	695	10,374
Veterans office	8,280	8,280	8,316	36	8,316
Public health contracts	283,003	389,140	482,421	93,281	461,579
Law enforcement contracts	276,560	295,195	288,430	(6,765)	294,906
Federal mineral lease distribution	95,000	95,000	119,733	24,733	111,763
Senior services contracts	-	-	-	-	13,423
Sanitarian contract	20,000	22,357	22,357	-	20,000
Build a generation grants	86,485	86,485	29,730	(56,755)	77,054
Early childhood council grants	99,451	99,451	132,604	33,153	93,805
LEAF	2,000	2,000	2,242	242	2,564
EMS subsidy	-	-	5,322	5,322	-
State impact assistance	500	500	618	118	-
State payment in lieu taxes	1,200	1,200	1,180	(20)	1,952
Other governmental contracts	7,650	21,389	23,619	2,230	5,399
Other	145,000	145,134	147,591	2,457	155,352
Total Intergovernmental	3,476,975	3,663,052	4,347,668	684,616	3,927,496
Licenses and Permits					
Building permits	300,000	300,000	442,819	142,819	382,544
Elevator permits	3,000	3,000	4,720	1,720	4,450
Sanitation permits	25,000	25,000	40,469	15,469	37,441
Contractor licenses	60,000	60,000	67,655	7,655	63,675
Liquor licenses	2,600	2,600	2,568	(32)	1,935
Health licenses	25,000	25,000	56,974	31,974	17,589
Planning and zoning fees	20,000	20,000	25,236	5,236	18,771
Total Licenses and Permits	\$ 435,600	\$ 435,600	\$ 640,441	\$ 204,841	\$ 526,405

(continued)

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Revenues - Budget and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

(continued)

	2017			2016	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Revenues					
Charges For Services					
Fees of County Offices					
Assessor	\$ 1,000	\$ 1,000	\$ 4,204	\$ 3,204	\$ 1,106
Sheriff	91,500	91,500	105,092	13,592	142,664
Clerk	550,000	550,000	604,150	54,150	584,136
Treasurer	315,000	315,000	313,362	(1,638)	304,444
Public health	63,407	63,407	53,224	(10,183)	66,898
Public trustee	30,000	30,000	39,683	9,683	43,806
Other services	1,750	13,850	16,860	3,010	13,631
Total Charges For Services	1,052,657	1,064,757	1,136,575	71,818	1,156,685
Fines and Forfeitures					
Model traffic code fines	53,500	53,500	48,026	(5,474)	85,888
Code and enforcement	-	-	350	350	600
Animal control	1,000	1,000	2,000	1,000	934
Other fines	-	-	765	765	-
Total Fines and Forfeitures	54,500	54,500	51,141	(3,359)	87,422
Investment Earnings	7,500	10,100	47,026	36,926	20,341
Miscellaneous					
Sheriffs auxiliary organizations	-	28,000	29,359	1,359	21,235
Early childhood council	104,992	104,992	30,148	(74,844)	85,296
Other	183,938	197,252	202,269	5,017	497,872
Total Miscellaneous	288,930	330,244	261,776	(68,468)	604,403
Total Revenues	\$ 13,277,741	\$ 13,519,832	\$ 14,529,192	\$ 1,009,360	\$ 14,098,376

See the accompanying independent auditors' report.

Teller County, Colorado
General Fund
Schedule of Expenditures - Budget and Actual
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	2017			2016	
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
Expenditures					
General Government					
Office of the Board	\$ 552,655	\$ 582,344	\$ 538,896	\$ 43,448	\$ 481,235
Finance	538,757	597,263	589,786	7,477	521,315
Legal services	714,588	743,588	699,952	43,636	671,971
Human resources	259,748	272,448	187,289	85,159	178,772
Central utilities	197,585	197,585	178,643	18,942	189,676
Public works administration	304,061	314,027	308,496	5,531	288,875
Central support	958,201	874,716	833,180	41,536	707,190
Information technology	822,992	853,640	822,035	31,605	706,961
Assessor	863,081	868,907	846,318	22,589	790,142
Clerk and recorder	551,640	554,567	544,945	9,622	478,640
Elections	42,434	42,434	15,880	26,554	72,786
Treasurer	353,700	362,414	346,506	15,908	331,076
Public trustee	100,960	109,358	100,735	8,623	91,262
County surveyor	18,811	21,111	19,990	1,121	15,726
Facilities	731,865	666,769	473,300	193,469	633,348
Personnel contingency	-	745,474	-	745,474	-
Employee benefits	-	2,600	2,213	387	2,060
Total General Government	7,011,078	7,809,245	6,508,164	1,301,081	6,161,035
Public Safety					
Law Enforcement					
Sheriff	3,468,631	3,368,748	3,309,421	59,327	3,162,938
Detentions	2,475,000	2,475,000	2,474,197	803	2,474,189
Sheriff Auxilliary Organizations	-	35,000	28,803	6,197	19,321
Animal control	114,784	117,949	114,284	3,665	114,665
Search and rescue	10,066	9,820	6,839	2,981	7,027
Coronor	107,510	120,331	105,447	14,884	91,962
CDS - administration	200,808	212,196	208,204	3,992	196,134
CDS - operations	504,552	512,472	502,738	9,734	490,260
Environmental health	90,615	74,135	70,739	3,396	71,119
Emergency management	162,192	165,123	138,720	26,403	133,259
Fire and EMS support	40,427	40,427	32,889	7,538	24,861
Hazmat	6,110	6,110	1,108	5,002	-
Total Public Safety	7,180,695	7,137,311	6,993,389	143,922	6,785,735
Health and Human Services					
Public health	608,943	794,849	764,006	30,843	641,226
Build a generation	116,570	122,379	88,969	33,410	84,072
Early childhood council	229,443	265,681	172,571	93,110	193,264
Veterans office	21,825	22,906	21,217	1,689	23,288
Total Health and Human Services	976,781	1,205,815	1,046,763	159,052	941,850
Culture and Recreation					
County parks	5,679	5,679	2,300	3,379	2,388
Extension office	73,380	45,120	42,403	2,717	25,791
Total Culture and Recreation	79,059	50,799	44,703	6,096	28,179
Capital Outlay	6,500	19,464	21,400	(1,936)	48,823
Total Expenditures	\$ 15,254,113	\$ 16,222,634	\$ 14,614,419	\$ 1,608,215	\$ 13,965,622

See the accompanying independent auditors' report.

Teller County, Colorado
Road and Bridge Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes	\$ 203,637	\$ 268,653
Sales taxes	640,381	978,339
Intergovernmental	2,993,853	3,157,475
Charges for services	12,340	15,340
Licenses and permits	26,939	23,253
Fines and forfeitures	3,462	6,240
Earnings on investments	19,655	8,289
Miscellaneous	5,351	6,815
Total Revenues	<u>3,905,618</u>	<u>4,464,404</u>
Expenditures		
Current:		
Highways and streets	4,023,463	4,250,605
Total Expenditures	<u>4,023,463</u>	<u>4,250,605</u>
Net Change in Fund Balances	(117,845)	213,799
Fund Balances Beginning of Year	<u>3,190,028</u>	<u>2,976,229</u>
Fund Balances End of Year	<u>\$ 3,072,183</u>	<u>\$ 3,190,028</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Social Services Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Revenues		
Property taxes	\$ 577,573	\$ 322,934
Intergovernmental	2,564,338	2,479,714
Miscellaneous	3,731	6,243
Total Revenues	<u>3,145,642</u>	<u>2,808,891</u>
Expenditures		
Current:		
Health and human services	2,971,474	2,888,218
Excess (Deficiency) of Revenues Over Expenditures	<u>174,168</u>	<u>(79,327)</u>
Other Financing (Uses)		
Transfers out	(201,545)	(183,751)
Total Other Financing (Uses)	<u>(201,545)</u>	<u>(183,751)</u>
Net Change in Fund Balances	(27,377)	(263,078)
Fund Balances Beginning of Year	<u>284,015</u>	<u>547,093</u>
Fund Balances End of Year	<u>\$ 256,638</u>	<u>\$ 284,015</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Capital Projects Fund
Comparative Statement of Revenues, Expenditures and
Changes in Fund Balances
For the Years Ended December 31, 2017 and 2016

	2017	2016
Revenues		
Sales taxes	\$ 701,369	\$ 834,465
Intergovernmental	453,769	589,787
Investment earnings	25,034	10,581
Miscellaneous	161,588	88,103
Total Revenues	1,341,760	1,522,936
Expenditures		
Current:		
General government	23,979	90,267
Public safety	-	33,497
Capital Outlay	85,506	16,100
Total Expenditures	109,485	139,864
Excess of Revenues Over Expenditures	1,232,275	1,383,072
Other Financing (Uses)		
Transfers out	(45,000)	-
Total Other Financing (Uses)	(45,000)	-
Net Change in Fund Balances	1,187,275	1,383,072
Fund Balances Beginning of Year	3,958,813	2,575,741
Fund Balances End of Year	\$ 5,146,088	\$ 3,958,813

See the accompanying independent auditors' report.

Teller County, Colorado
Capital Projects Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Sales taxes	\$ 673,668	\$ 673,668	\$ 701,369	\$ 27,701
Intergovernmental	397,177	417,177	453,769	36,592
Investment earnings	4,200	24,200	25,034	834
Miscellaneous	83,000	158,323	161,588	3,265
Total Revenues	<u>1,158,045</u>	<u>1,273,368</u>	<u>1,341,760</u>	<u>68,392</u>
Expenditures				
Current:				
General government	30,000	105,000	23,979	81,021
Public safety	9,281	9,281	-	9,281
Capital Outlay	<u>-</u>	<u>95,323</u>	<u>85,506</u>	<u>9,817</u>
Total Expenditures	<u>39,281</u>	<u>209,604</u>	<u>109,485</u>	<u>100,119</u>
Excess (Deficiency) of Revenues				
Excess of Revenues Over Expenditures	1,118,764	1,063,764	1,232,275	168,511
Other Financing (Uses)				
Transfers out	-	(45,000)	(45,000)	-
Net Change in Fund Balances	1,118,764	1,018,764	1,187,275	168,511
Fund Balances Beginning of Year	<u>3,687,926</u>	<u>3,787,926</u>	<u>3,958,813</u>	<u>170,887</u>
Fund Balances End of Year	<u>\$ 4,806,690</u>	<u>\$ 4,806,690</u>	<u>\$ 5,146,088</u>	<u>\$ 339,398</u>

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

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Balance Sheet
Nonmajor Special Revenue Funds
December 31, 2017

	Conservation Trust	Contingent	Total Nonmajor Special Revenue Funds
Assets			
Cash and investments	\$ 749,068	\$ 1,485,025	\$ 2,234,093
Receivables:			
Property taxes	-	199,703	199,703
Prepaid expenses	1,025	-	1,025
Total Assets	750,093	1,684,728	2,434,821
Liabilities, Deferred Inflows and Fund Balances			
Liabilities			
Accounts payable	1,683	-	1,683
Total Liabilities	1,683	-	1,683
Deferred Inflows of Resources			
Unearned property tax revenue	-	199,703	199,703
Total Deferred Inflows of Resources	-	199,703	199,703
Fund Balances			
Nonspendable	1,025	-	1,025
Restricted	747,385	420,000	1,167,385
Committed	-	1,031,452	1,031,452
Assigned	-	33,573	33,573
Total Fund Balances	748,410	1,485,025	2,233,435
Total Liabilities, Deferred Inflows and Fund Balances	\$ 750,093	\$ 1,684,728	\$ 2,434,821

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Year Ended December 31, 2017

	Conservation Trust	Contingent	Total Nonmajor Special Revenue Funds
Revenues			
Property taxes	\$ -	\$ 200,452	\$ 200,452
Intergovernmental	144,001	-	144,001
Investment earnings	5,966	-	5,966
Total Revenues	149,967	200,452	350,419
Expenditures			
Current:			
Culture and recreation	67,367	-	67,367
Total Expenditures	67,367	-	67,367
Net Change in Fund Balances	82,600	200,452	283,052
Fund Balances Beginning of Year	665,810	1,284,573	1,950,383
Fund Balances End of Year	\$ 748,410	\$ 1,485,025	\$ 2,233,435

See the accompanying independent auditors' report.

Teller County, Colorado
Conservation Trust Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Intergovernmental	\$ 140,000	\$ 140,000	\$ 144,001	\$ 4,001
Investment earnings	1,000	1,000	5,966	4,966
Total Revenues	141,000	141,000	149,967	8,967
Expenditures				
Current:				
Culture and recreation	110,393	110,393	67,367	43,026
Total Expenditures	110,393	110,393	67,367	43,026
Net Change in Fund Balances	30,607	30,607	82,600	51,993
Fund Balances Beginning of Year	617,983	617,983	665,810	47,827
Fund Balances End of Year	\$ 648,590	\$ 648,590	\$ 748,410	\$ 99,820

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

See the accompanying independent auditors' report.

Teller County, Colorado
Contingent Fund
Schedule of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Revenues				
Property taxes	\$ 200,001	\$ 200,001	\$ 200,452	\$ 451
Total Revenues	200,001	200,001	200,452	451
Expenditures	-	-	-	-
Excess of Revenues Over Expenditures	200,001	200,001	200,452	451
Other Financing (Uses)				
Transfers out	(1,450,720)	(1,450,720)	-	1,450,720
Net Change in Fund Balances	(1,250,719)	(1,250,719)	200,452	1,451,171
Fund Balances Beginning of Year	1,284,292	1,284,292	1,284,573	281
Fund Balances End of Year	<u>\$ 33,573</u>	<u>\$ 33,573</u>	<u>\$ 1,485,025</u>	<u>\$ 1,451,452</u>

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

See the accompanying independent auditors' report.

Teller County, Colorado
Wastewater Utility Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 660,553	\$ 144,937
Licenses and permits	150	200
Miscellaneous	856	841
Total Operating Revenues	<u>661,559</u>	<u>145,978</u>
Operating Expenses		
Administration	7,961	14,143
Operations	132,257	135,206
Total Operating Expenses	<u>140,218</u>	<u>149,349</u>
Gain (Loss) before Capital Contributions	521,341	(3,371)
Capital Contributions	<u>76,700</u>	<u>17,700</u>
Change in Net Position	598,041	14,329
Net Position Beginning of Year	<u>214,272</u>	<u>199,943</u>
Net Position End of Year	<u>\$ 812,313</u>	<u>\$ 214,272</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Wastewater Utility Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Charges for services	\$ 135,000	\$ 140,000	\$ 660,553	\$ 520,553
Licenses and permits	-	-	150	150
Miscellaneous	-	-	856	856
Total Operating Revenues	<u>135,000</u>	<u>140,000</u>	<u>661,559</u>	<u>521,559</u>
Operating Expenses				
Administration	10,363	10,851	7,961	2,890
Operations	141,998	146,998	132,257	14,741
Total Operating Expenses	<u>152,361</u>	<u>157,849</u>	<u>140,218</u>	<u>17,631</u>
Gain (Loss) before Capital Contributions	(17,361)	(17,849)	521,341	539,190
Capital Contributions	-	-	76,700	76,700
Change in Net Position	(17,361)	(17,849)	598,041	615,890
Net Position Beginning of Year	<u>191,713</u>	<u>192,201</u>	<u>214,272</u>	<u>22,071</u>
Net Position End of Year	<u>\$ 174,352</u>	<u>\$ 174,352</u>	<u>\$ 812,313</u>	<u>\$ 637,961</u>

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

See the accompanying independent auditors' report.

Teller County, Colorado
Jail Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 2,790,134	\$ 2,965,750
Miscellaneous	27,130	47,513
Total Operating Revenues	<u>2,817,264</u>	<u>3,013,263</u>
Operating Expenses		
Administration	26,584	28,649
Operations	2,404,552	2,212,914
Depreciation	189,669	186,767
Total Operating Expenses	<u>2,620,805</u>	<u>2,428,330</u>
Operating Income	<u>196,459</u>	<u>584,933</u>
Non-Operating (Expenses)		
Interest	(90,032)	(70,287)
Other debt-related expenses	-	(72,381)
Total Non-Operating (Expenses)	<u>(90,032)</u>	<u>(142,668)</u>
Change in Net Position	106,427	442,265
Net Position Beginning of Year	<u>77,072</u>	<u>(365,193)</u>
Net Position End of Year	<u>\$ 183,499</u>	<u>\$ 77,072</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Jail Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Charges for services	\$ 2,816,000	\$ 2,816,000	\$ 2,790,134	\$ (25,866)
Miscellaneous	39,300	39,300	27,130	(12,170)
Total Operating Revenues	<u>2,855,300</u>	<u>2,855,300</u>	<u>2,817,264</u>	<u>(38,036)</u>
Operating Expenses				
Administration	26,108	26,108	26,584	(476)
Operations	2,443,303	2,732,439	2,404,552	327,887
Depreciation	197,797	197,797	189,669	8,128
Total Operating Expenses	<u>2,667,208</u>	<u>2,956,344</u>	<u>2,620,805</u>	<u>335,539</u>
Operating Income Gain (Loss)	<u>188,092</u>	<u>(101,044)</u>	<u>196,459</u>	<u>297,503</u>
Non-Operating (Expenses)				
Interest	(79,300)	(90,300)	(90,032)	268
Total Non-Operating (Expenses)	<u>(79,300)</u>	<u>(90,300)</u>	<u>(90,032)</u>	<u>268</u>
Change in Net Position	108,792	(191,344)	106,427	297,771
Net Position Beginning of Year	<u>(199,533)</u>	<u>100,603</u>	<u>77,072</u>	<u>(23,531)</u>
Net Position End of Year	<u>\$ (90,741)</u>	<u>\$ (90,741)</u>	<u>\$ 183,499</u>	<u>\$ 274,240</u>

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

See the accompanying independent auditors' report.

Teller County, Colorado
Fleet Management Fund
Comparative Statement of Revenues,
Expenses and Changes in Fund Net Position
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for the Year Ended December 31, 2016)

	<u>2017</u>	<u>2016</u>
Operating Revenues		
Charges for services	\$ 1,330,495	\$ 1,339,446
Intergovernmental	358	-
Miscellaneous	300	693
Total Operating Revenues	<u>1,331,153</u>	<u>1,340,139</u>
Operating Expenses		
Operations	979,212	1,000,064
Depreciation	436,857	436,362
Total Operating Expenses	<u>1,416,069</u>	<u>1,436,426</u>
Operating (Loss)	<u>(84,916)</u>	<u>(96,287)</u>
Non-Operating Revenues		
Gain on sale of capital assets	6,200	-
Investment earnings	21,521	8,985
Total Non-Operating Revenues	<u>27,721</u>	<u>8,985</u>
Change in Net Position	(57,195)	(87,302)
Net Position Beginning of Year	<u>4,439,123</u>	<u>4,526,425</u>
Net Position End of Year	<u>\$ 4,381,928</u>	<u>\$ 4,439,123</u>

See the accompanying independent auditors' report.

Teller County, Colorado
Fleet Management Fund
Schedule of Revenues, Expenses and
Changes in Fund Net Position - Budget and Actual
For the Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Positive (Negative)
Operating Revenues				
Charges for services	\$ 1,456,244	\$ 1,561,444	\$ 1,330,495	\$ (230,949)
Intergovernmental	-	-	358	358
Miscellaneous	-	-	300	300
Total Operating Revenues	<u>1,456,244</u>	<u>1,561,444</u>	<u>1,331,153</u>	<u>(230,291)</u>
Operating Expenses				
Operations	1,161,776	1,268,554	979,212	289,342
Depreciation	512,917	512,917	436,857	76,060
Total Operating Expenses	<u>1,674,693</u>	<u>1,781,471</u>	<u>1,416,069</u>	<u>365,402</u>
Operating (Loss)	<u>(218,449)</u>	<u>(220,027)</u>	<u>(84,916)</u>	<u>135,111</u>
Non-Operating Revenue				
Gain on sale of capital assets	80,000	80,000	6,200	(73,800)
Investment earnings	3,600	3,600	21,521	17,921
Total Non-Operating Revenue	<u>83,600</u>	<u>83,600</u>	<u>27,721</u>	<u>(55,879)</u>
Change in Net Position	(134,849)	(136,427)	(57,195)	79,232
Net Position Beginning of Year	<u>4,259,178</u>	<u>4,260,756</u>	<u>4,439,123</u>	<u>178,367</u>
Net Position End of Year	<u>\$ 4,124,329</u>	<u>\$ 4,124,329</u>	<u>\$ 4,381,928</u>	<u>\$ 257,599</u>

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

See the accompanying independent auditors' report.

Teller County, Colorado
Combining Statement of Changes in Assets and Liabilities
Agency Funds
For the Year Ended December 31, 2017

	<u>Balance</u> <u>January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>December 31, 2017</u>
Payroll Trust Fund				
Assets				
Cash and investments	\$ 6,551	\$ 19,291	\$ 18,757	\$ 7,085
Total Assets	<u>6,551</u>	<u>19,291</u>	<u>18,757</u>	<u>7,085</u>
Liabilities				
Accounts payable	6,551	11,398,094	11,397,560	7,085
Total Liabilities	<u>6,551</u>	<u>11,398,094</u>	<u>11,397,560</u>	<u>7,085</u>
Clerk & Recorder's Trust Fund				
Assets				
Cash and investments	270,972	3,350,809	3,397,727	224,054
Total Assets	<u>270,972</u>	<u>3,350,809</u>	<u>3,397,727</u>	<u>224,054</u>
Liabilities				
Accounts payable	270,972	8,255,325	8,302,243	224,054
Total Liabilities	<u>270,972</u>	<u>8,255,325</u>	<u>8,302,243</u>	<u>224,054</u>
Treasurer's Office				
Assets				
Cash and investments	862,580	25,248,946	25,425,982	685,544
Liabilities				
County warrants outstanding	279,345	(210,150)	-	69,195
Due to other entities	583,235	25,459,096	25,425,982	616,349
Total Liabilities	<u>862,580</u>	<u>25,248,946</u>	<u>25,425,982</u>	<u>685,544</u>
Total				
Assets				
Cash and investments	1,140,103	28,619,046	28,842,466	916,683
Total Assets	<u>1,140,103</u>	<u>28,619,046</u>	<u>28,842,466</u>	<u>916,683</u>
Liabilities				
County warrants outstanding	279,345	(210,150)	-	69,195
Accounts payable	277,523	19,653,419	19,699,803	231,139
Due to other entities	583,235	25,459,096	25,425,982	616,349
Total Liabilities	<u>\$ 1,140,103</u>	<u>\$ 44,902,365</u>	<u>\$ 45,125,785</u>	<u>\$ 916,683</u>

See the accompanying independent auditors' report.



SPECIAL REPORTS

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Teller
	YEAR ENDING : December, 2017

This Information From The Records Of County of Teller, CO	Prepared By: Phone:
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I. DISPOSITION OF HIGHWAY-USER REVENUES AVAILABLE FOR LOCAL GOVERNMENT EXPENDITURE

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	409,622
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	1,919,461
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	110,889
2. General fund appropriations		b. Snow and ice removal	1,271,100
3. Other local imposts (from page 2)	896,262	c. Other	249,397
4. Miscellaneous local receipts (from page 2)	40,808	d. Total (a. through c.)	1,631,386
5. Transfers from toll facilities		4. General administration & miscellaneous	62,994
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	4,023,463
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	937,070	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,957,293	2. Notes:	
D. Receipts from Federal Government (from page 2)	11,255	a. Interest	
E. Total receipts (A.7 + B + C + D)	3,905,618	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)	4,023,463

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
	3,190,028	3,905,618	4,023,463	3,072,183	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT	STATE: Colorado
	YEAR ENDING (mm/yy): 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	203,637	a. Interest on investments	19,655
b. Other local imposts:		b. Traffic Fines & Penalties	3,462
1. Sales Taxes	640,381	c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	
4. Licenses	26,939	f. Charges for Services	
5. Specific Ownership &/or Other	25,305	g. Other Misc. Receipts	17,691
6. Total (1. through 5.)	692,625	h. Other	
c. Total (a. + b.)	896,262	i. Total (a. through h.)	40,808
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,458,850	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	11,255
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	89,418	d. Federal Transit Admin	
d. Other (Specify) - Gaming Tax	407,392	e. U.S. Corps of Engineers	
e. Other (Specify) - Waldo Canyon Fire	1,633	f. Other Federal	
f. Total (a. through e.)	498,443	g. Total (a. through f.)	11,255
4. Total (1. + 2. + 3.f)	2,957,293	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	409,622		409,622
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	409,622	0	409,622
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	409,622	0	409,622
			(Carry forward to page 1)

Notes and Comments:



**FEDERAL FINANCIAL
AWARD REPORTS**

**Independent Auditors' Report On
Internal Control Over Financial Reporting
And On Compliance And Other Matters
Based On An Audit Of Financial Statements
Performed In Accordance With
Government Auditing Standards**

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Teller County, Colorado (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 5, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

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

RubinBrown LLP

June 5, 2018

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

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

Report On Compliance For Each Major Federal Program

We have audited Teller County, Colorado's (the County) compliance with the types of compliance requirements described in the Office of Management and Budget's *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2017. The County's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion On Each Major Federal Program

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

Report On Internal Control Over Compliance

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

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

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

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

RubinBrown LLP

June 5, 2018

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

Federal Agency/Program Title	Direct/Pass Through	Pass Through Entity	Federal CFDA #	Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF AGRICULTURE					
Food Assistance Admin Cluster	Pass Through	Colo Dept of Human Services	10.561	183,606	\$0
Women, Infant & Children	Pass Through	Colo Dept of Health and Environment	10.557	75,818	0
WIC Food Vouchers	Pass Through	Colo Dept of Health and Environment	10.557	188,985	0
Sub-Total CFDA #10.557				<u>264,803</u>	<u>0</u>
Title I - Schools and Roads Cluster	Direct		10.665	11,255	0
Total U.S. Dept of Agriculture				<u>459,664</u>	<u>0</u>
U.S. DEPARTMENT OF JUSTICE					
Bulletproof Vest Partnership Program	Direct		16.607	9,300	0
Cellular Forensic Equipment	Pass Through	Colo Dept of Public Safety	16.738	12,964	0
Total U.S. Dept of Justice				<u>22,264</u>	<u>0</u>
U.S. DEPARTMENT OF EDUCATION					
Race to the Top Early Learning Challenge	Pass Through	Colo Dept of Human Services	84.412	22,778	14,481
Total U.S. Dept of Education				<u>22,778</u>	<u>14,481</u>
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES					
Emergency Prep and Response CORE	Pass Through	Colo Dept of Health and Environment	93.074	34,133	0
Emergency Prep and Response EBOLA	Pass Through	Colo Dept of Health and Environment	93.074	2,447	0
Sub-Total CFDA #93.074				<u>36,580</u>	<u>0</u>
SAMHSA COACT 2.0	Pass Through	Colo Dept of Human Services	93.104	97,832	0
Family Planning Project	Pass Through	Colo Dept of Health and Environment	93.217	8,212	0
Immunization Programs	Pass Through	Colo Dept of Health and Environment	93.268	4,727	0
Womens Wellness Connection Clinical Services	Pass Through	Colo Dept of Health and Environment	93.752	288	0
Womens Wellness Connection Care Coordination	Pass Through	Colo Dept of Health and Environment	93.752	735	0
Sub-Total CFDA #93.752				<u>1,023</u>	<u>0</u>
CHAPS	Pass Through	Colo Dept of Health and Environment	93.758	8,750	0
Family Planning STd/AAPS Straight Pay	Pass Through	Colo Dept of Health and Environment	93.940	600	0
Maternal & Child Health	Pass Through	Colo Dept of Health and Environment	93.994	18,118	0
Early Head Start	Pass Through	Cripple Creek-Victor School District RE-1	93.600	49,419	4,666
IV-E Guardianship Assistance	Pass Through	Colo Dept of Human Services	93.090	1,975	0
PSSF - Promoting Safe & Stable Families	Pass Through	Colo Dept of Human Services	93.556	2,405	0
TANF Cluster	Pass Through	Colo Dept of Human Services	93.558	401,594	0
Title IV-D Admin	Pass Through	Colo Dept of Human Services	93.563	145,741	0
CCDF - Discretionary Cluster	Pass Through	Colo Dept of Human Services	93.575	149,508	0
Joint Initiatives for Youth & Families Cluster	Pass Through	Joint Initiatives for Youth & Families	93.575	5,148	1,980
ECC - Child Care & Development Block Grant Cluster	Pass Through	Colo Dept of Human Services	93.575	60,407	26,134
Sub-Total CFDA #93.575				<u>215,063</u>	<u>28,114</u>
CCDF - Mandatory & Match Cluster	Pass Through	Colo Dept of Human Services	93.596	83,037	0
Sub-Total CCDF Cluster				<u>298,100</u>	<u>28,114</u>
Title IV-B Child Welfare	Pass Through	Colo Dept of Human Services	93.645	20,603	0
Title IV-E FC	Pass Through	Colo Dept of Human Services	93.658	360,083	0
Title IV-E Adoption	Pass Through	Colo Dept of Human Services	93.659	87,430	0
Title XX Block Grant	Pass Through	Colo Dept of Human Services	93.667	140,728	0
Healthy Communities Medical Assistance	Pass Through	Colo Dept of Health Care Policy & Financing	93.767	3,009	0
Healthy Communities Medical Assistance Cluster	Pass Through	Colo Dept of Health Care Policy & Financing	93.778	15,801	0
Title XIX Medicaid Cluster	Pass Through	Colo Dept of Health Care Policy & Financing	93.778	240,701	0
Sub-Total CFDA #93.778 & Medicaid Cluster				<u>256,502</u>	<u>0</u>
Total U.S. Dept of Health & Human Services				<u>\$1,943,431</u>	<u>32,780</u>
U.S. DEPARTMENT OF TRANSPORTATION					
Click It or Ticket	Pass Through	Colo Dept of Transportation	20.600	1,743	0
Total U.S. Dept of Transportation				<u>1,743</u>	<u>0</u>
TOTAL FEDERAL AWARDS				<u>\$2,449,880</u>	<u>\$47,261</u>

See the note to the schedule of expenditures of federal awards

Teller County, Colorado
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2017

Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Teller County, Colorado, and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the Teller County, Colorado, financial statements for the year ended December 31, 2017.

Indirect Cost Rate

The County has not elected to use the de Minimis Indirect Cost Rate of 10% for federal grants and funds.

TELLER COUNTY, COLORADO

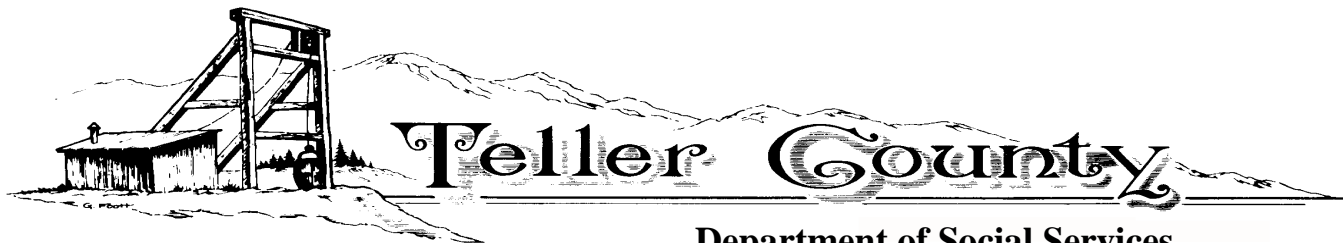
SCHEDULE OF FINDINGS AND QUESTIONED COSTS *(Continued)*
For The Year Ended December 31, 2017

Section II - Financial Statement Findings

None

Section III - Federal Award Findings And Questioned Costs

None



Department of Social Services

Kim Mauthe, Director (719) 686-5500

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For The Year Ended December 31, 2017**

Finding 2016-001 Eligibility

Significant Deficiency on Internal Control Over Compliance

CFDA 93.558 – Temporary Assistance for Needy Families (TANF)

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

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

Summary of Prior Audit Finding: The County is responsible for establishing and performing internal controls over eligibility to ensure recipients are in compliance with requirements of the grant.

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

Status: The County has established and implemented internal controls over eligibility in the current year.