

Fremont County, Colorado

Financial Statements

December 31, 2016

Board of County Commissioners

Edward Norden

Debbie Bell

Timothy Payne

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FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of County Commissioners
Fremont County
Canon City, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Fremont County, Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the County's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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, each major fund, and the aggregate remaining fund information of Fremont County, Colorado as of December 31, 2016, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required budgetary information on pages 30 - 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2017 on our consideration of Fremont County, Colorado'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 Fremont County, Colorado's internal control over financial reporting and compliance.

John Cutler & Associates, LLC

July 31, 2017

Fremont County, Colorado
Management's Discussion and Analysis
For the Year Ended December 31, 2016

The Management Discussion and Analysis (MD&A) is designed to provide an easy-to-read discussion of the County's financial condition and operating results and to disclose to the reader important financial activities and issues related to the County's basic operations. The MD&A should be read in conjunction with the County's basic financial statements.

The County has one financial category - government-type activities. Within the government type activities, the Board of County Commissioners has designated a General Fund and several Special Revenue Funds. The government type activities are funded primarily through the County's ad-valorem property tax, sales and use taxes, specific ownership taxes, grants and contributions, and charges for services.

Financial Highlights

The General Fund Reserve Balance, which includes the Sheriff, Capital Expenditures, Payment in Lieu of Taxes, Waste Disposal, and Public Building and Maintenance Funds, increased to \$8,067,036 at the end of 2016, an increase of \$2,526,461 for the year. Total General Fund Balance is approximately 39% of 2016 General Fund spending of \$20,617,168.

The Department of Transportation Fund Reserve Balance increased to \$1,797,353 at the end of 2016, an increase of \$346,556 for the year. The total Transportation Fund Reserve Balance is approximately 51% of 2016 Transportation Fund spending of \$3,552,980.

Fremont County Issue 1A was passed favorably by voters in November, 2014. The issue allows the county to retain and spend all revenues received by the county from the current property tax mill levy rate at the level of 12.294 mills, which was the mill levy rate in 1992 when TABOR was passed by Colorado voters (Taxpayers Bill of Rights; Amendment 1; Article X, Section 20). The approval exempted the property tax revenue and sales and use tax increase from the TABOR limitation of growth and inflation as defined in the Amendment. This was effective beginning January 1, 2015.

In November 2013 Fremont County Voters passed Fremont County Ballot Issue 1A, which increased the sales tax rate from 1.5% to 2.5%, and allocates the collections of the additional 1% to go to the Sheriff's Department to be used for operations and capital expenditures. The revenue collected in 2016 was \$3,838,210. This Ballot Issue will expire on December 31, 2023.

Using This Annual Report

This annual report consists of three required parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the County:

-
-
- The first two statements are government-wide financial statements that provide both long-term and short-term information about the County's overall financial status.
 - The remaining statements are fund financial statements that focus on individual parts of the County government, reporting the County's operations in more detail than the government-wide statements.

The basic financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of required supplementary information (RSI) that further explains and supports the information in the financial statements.

Following the RSI are additional statements that are required by oversight agencies but are not a required part of the financial statement under generally accepted accounting principles.

Government-Wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report information about the County as a whole and include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the County's net position and changes in net position. The County's net position – the difference between assets and liabilities – is one way to measure the County's financial health, or financial position. Over time, increases and decreases in the County's net position are one indicator of whether its financial health is improving or deteriorating. Other non-financial factors, however, such as changes in the County's property tax base are needed to assess the overall health of the County.

Fund Financial Statements

The fund financial statements provide more detailed information about the County's funds, focusing on its most significant funds – not the County as a whole.

Governmental fund – All of the County's activity is reported in governmental funds, which focuses on how money flows into and out of the each of the funds and the balances left at year-end that are available for use in future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all of other financial assets that can readily be converted to cash. The governmental fund statement provides a detailed short-term view of the County's general governmental operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the County's programs.

STATEMENT OF NET POSITION

The perspective of the statement of net position is of the County as a whole. The following is a summary of the County's net assets for the last two years:

	2016	2015
ASSETS		
Cash and Investments	\$ 17,598,061	\$ 13,261,676
Restricted Cash and Investments	2,741,696	2,570,048
Receivables		
Property Taxes	5,369,432	5,317,463
Account	2,473,097	2,250,806
Prepaid Expenses	239,376	207,407
Inventory	233,248	289,019
Capital Assets, Not Depreciated	3,676,670	1,242,580
Capital Assets, Depreciated		
Net of Accumulated Depreciation	36,095,368	37,420,821
TOTAL ASSETS	68,426,948	62,559,820
LIABILITIES		
Accounts Payable	3,691,170	2,412,764
Accrued Expenses	617,592	590,014
Accrued Interest Payable	43,140	40,507
Accrued Compensated Absences	1,260,352	1,218,555
Unearned Revenues	1,633,221	1,447,186
Noncurrent Liabilities		
Due within One Year	1,834,407	705,000
Due in More Than One Year	25,703,568	21,593,572
TOTAL LIABILITIES	34,783,450	28,007,598
DEFERRED INFLOW OF RESOURCES		
Deferred Property Tax Revenue	5,369,432	5,317,463
Deferred Charges	(127,653)	(133,455)
TOTAL DEFERRED INFLOW OF RESOURCES	5,241,779	5,184,008
NET POSITION		
Net Investment in Capital Assets	14,975,759	18,934,877
Restricted for Emergencies	726,000	685,000
Unrestricted	12,699,960	9,748,337
NET POSITION	\$ 28,401,719	\$ 29,368,214

CAPITAL ASSETS AND DEBT ADMINISTRATION – COUNTY WIDE

The following table summarizes the County's capital assets for the last two years:

Description	2016	2015
Governmental Activities		
Capital Assets, Not Being Depreciated		
Land	\$ 1,218,612	\$ 1,218,612
Construction in Progress	2,458,058	23,968
Total Capital Assets, Not Being Depreciated	<u>3,676,670</u>	<u>1,242,580</u>
Capital Assets, Being Depreciated		
Buildings and Improvements	39,690,819	39,690,819
Equipment and Furniture	9,229,057	8,339,261
Infrastructure	85,802,685	84,900,925
Total Capital Assets, Being Depreciated	<u>134,722,561</u>	<u>132,931,005</u>
Less Accumulated Depreciation	<u>(98,627,193)</u>	<u>(95,510,184)</u>
Total Capital Assets, Being Depreciated, Net	<u>36,095,368</u>	<u>37,420,821</u>
Governmental Activities Capital Assets, Net	<u><u>39,772,038</u></u>	<u><u>38,663,401</u></u>

DEBT OUTSTANDING

The County's long-term debt consists of the following:

Description	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Certificates of Participation 2012	5,655,000	-	-	5,655,000	-
2012 Discount	(92,236)	-	5,729	(86,507)	-
Series 2013 COPS (US Bank)	10,330,000	-	(215,000)	10,115,000	220,000
Series 2013 COPS (US Bank) Discount	(158,778)	-	6,903	(151,875)	-
Series 2013 COPS (UMB)	6,345,000	-	(490,000)	5,855,000	520,000
Series 2013 COPS (UMB) Premium	219,586	-	(12,917)	206,669	-
Series 2016 COPS (UMB-Sheriff)	-	5,105,000	-	5,105,000	695,000
2016 Capital Lease	-	1,200,000	(360,312)	839,688	399,407
Compensated Absences	1,218,555	41,797	-	1,260,352	-
Total Governmental Activities	<u><u>23,517,127</u></u>	<u><u>6,346,797</u></u>	<u><u>(1,065,597)</u></u>	<u><u>28,798,327</u></u>	<u><u>1,834,407</u></u>

Certificates of Participation

Certificates of Participation Series 2012 dated September 12, 2012 and maturing each December 15 from 2022 through 2031. Interest rates vary from 3.375% to 3.5%.

Certificates of Participation Series 2013A dated October 24, 2014 and maturing each December 15 from 2014 through 2021 and 2032 through 2038. Interest rates vary from 1.1% to 5.75%.

Certificates of Participation Series 2013B dated October 24, 2014 and maturing each December 15 from 2014 through 2032. Interest rates vary from 3% to 5%.

Certificates of Participation Series 2016 dated June 3, 2016 and maturing each June 3 and December 3 from 2017 through 2023. Interest rates 1.710%.

Capital Lease

The County has entered into a capital lease agreement to purchase sheriff department vehicles and emergency equipment which will be paid from revenues of the General Fund. These lease requires monthly payments of \$34,199 including interest in the amount of 1.671% per annum. The lease matures in February 2019.

ECONOMIC AND OTHER FACTORS

Sales and use tax revenues increased in 2016 by \$227,235 from 2016. Budgeted revenue for 2017 has been projected to increase \$622,824, or 12.8% from 2016 budget. This drastic budget increase is to get the numbers in line with the actuals coming in. Seventy-five percent of sales and use tax revenues are designated for deposit into the General Fund. The remaining twenty-five percent is earmarked for the Sales & Use Tax Capital Improvement Fund. Total sales and use tax collections are estimated to be \$5,473,000 in 2017.

In November 2013 Fremont County Voters passed Fremont County Ballot Issue 1A, which increased the sales tax rate from 1.5% to 2.5%, and allocates the collections of the additional 1% to go to the Sheriff's Department to be used for operations and capital expenditures. The revenue collected in 2016 was \$3,838,210. This Ballot Issue will expire on December 31, 2023.

The Assessed Valuation for tax year 2016 collected in 2017 increased by \$13,922,800. The current assessed value is \$432,489,411, which totals \$5,369,432 in property tax revenues. This amount is assessed in 2016 and collected in 2017.

In November 2000, Colorado voters approved Amendment 20, which allows the use and sale of medical marijuana. Fremont County adopted regulations in 2015, which licensed and regulated Medical Marijuana Facilities and collected fees for these facilities. The total collections in 2016 were \$111,595. The 2017 budget amount is \$130,575.

CONTACTING THE COUNTY'S FINANCIAL MANAGEMENT

This financial report is designed to provide the general public with a general overview of the County's finances and to reflect the County's accountability for the revenues it receives. If you have any questions regarding this report or need additional financial information, please contact:

Fremont County, Colorado
Budget & Finance Officer
615 Macon Avenue, Room 106
Cañon City, CO 81212
Tel: (719) 276-7351
Fax: (719) 276-7353

FREMONT COUNTY, COLORADO

STATEMENT OF NET POSITION

As of December 31, 2016

	GOVERNMENTAL ACTIVITIES	
	2016	2015
ASSETS		
Cash and Investments	\$ 17,598,061	\$ 13,261,676
Restricted Cash and Investments	2,741,696	2,570,048
Receivables		
Property Taxes	5,369,432	5,317,463
Account	2,473,097	2,250,806
Prepaid Expenses	239,376	207,407
Inventory	233,248	289,019
Capital Assets, Not Depreciated	3,676,670	1,242,580
Capital Assets, Depreciated		
Net of Accumulated Depreciation	36,095,368	37,420,821
TOTAL ASSETS	68,426,948	62,559,820
LIABILITIES		
Accounts Payable	3,691,171	2,412,764
Accrued Expenses	617,592	590,014
Accrued Interest Payable	43,140	40,507
Accrued Compensated Absences	1,260,352	1,218,555
Unearned Revenues	1,633,221	1,447,186
Noncurrent Liabilities		
Due within One Year	1,834,407	705,000
Due in More Than One Year	25,703,568	21,593,572
TOTAL LIABILITIES	34,783,451	28,007,598
DEFERRED INFLOW OF RESOURCES		
Deferred Property Tax Revenue	5,369,432	5,317,463
Deferred Charges	(127,653)	(133,455)
TOTAL DEFERRED INFLOW OF RESOURCES	5,241,779	5,184,008
NET POSITION		
Net Investment in Capital Assets	14,975,759	18,934,877
Restricted for Emergencies	726,000	685,000
Unrestricted, Unreserved	12,699,959	9,748,337
	\$ 28,401,718	\$ 29,368,214

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

FREMONT COUNTY, COLORADO

STATEMENT OF ACTIVITIES

Year Ended December 31, 2016

FUNCTIONS/PROGRAMS	Expenses	Program Revenues			Net (Expense) Revenue and Change In Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
					Totals	
					2016	2015
PRIMARY GOVERNMENT						
Governmental Activities						
General Government	\$ 10,194,135	\$ 4,721,811	\$ 298,983	\$ -	\$ (5,173,341)	\$ (5,195,974)
Public Safety	11,267,845	1,722,202	-	-	(9,545,643)	(7,671,312)
Airport	877,677	423,987	17,750	-	(435,940)	(498,599)
Health and Welfare	8,329,812	91,460	6,756,135	-	(1,482,217)	(1,356,126)
Highways and Streets	5,018,795	390,566	2,934,756	-	(1,693,473)	(2,133,508)
Culture and Recreation	246,485	-	-	196,020	(50,465)	21,974
Intergovernmental	158,376	-	-	-	(158,376)	(396,529)
Interest on Long Term Debt	996,093	-	-	-	(996,093)	(993,574)
Total Governmental Activities	\$ 37,089,218	\$ 7,350,026	\$ 10,007,624	\$ 196,020	\$ (19,535,548)	\$ (18,223,648)
GENERAL REVENUES						
					5,116,632	5,069,106
					782,493	782,493
					9,265,996	9,209,549
					2,424,645	3,089,460
					109,263	94,006
					870,023	559,086
					18,569,052	18,803,700
					(966,496)	580,052
					29,368,214	28,788,162
					\$ 28,401,718	\$ 29,368,214

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

FREMONT COUNTY, COLORADO

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2016

	GENERAL FUND	TRANSPORATION FUND	HUMAN SERVICES FUND	SALES AND USE FUND
ASSETS				
Cash and Investments	\$ 8,969,080	\$ 1,378,115	\$ 3,097,505	\$ 535,811
Restricted Cash and Investments	103,809	-	1,737	2,636,150
Due From Other Funds	136,703	170,105	-	21,747
Property Taxes Receivable	3,694,833	367,616	1,168,154	-
Accounts Receivable	1,318,372	228,935	594,162	183,981
Inventory	-	156,899	-	-
Prepaid Expenses	211,204	23,744	-	-
TOTAL ASSETS	\$ 14,434,001	\$ 2,325,414	\$ 4,861,558	\$ 3,377,689
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 1,948,409	\$ 92,340	\$ 1,150,069	\$ -
Accrued Expenses	347,333	68,105	173,515	-
Due To Other Funds	369,883	-	-	-
Unearned Revenue	6,507	-	1,626,714	-
TOTAL LIABILITIES	2,672,132	160,445	2,950,298	-
DEFERRED INFLOW OF RESOURCES				
Deferred Property Tax Revenue	3,694,833	367,616	1,168,154	-
FUND EQUITY				
Fund Balance				
Nonspendable	211,204	180,643	-	-
Restricted	726,000	-	-	3,377,689
Committed	-	-	-	-
Assigned	-	1,616,710	743,106	-
Unassigned	7,129,832	-	-	-
TOTAL FUND EQUITY	8,067,036	1,797,353	743,106	3,377,689
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY	\$ 14,434,001	\$ 2,325,414	\$ 4,861,558	\$ 3,377,689

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.

Long-term liabilities are not due and payable in the current period and are not reported in the funds.

This is the amount of COP payable (\$26,730,000), bond discounts \$238,382, bond premium (\$206,669), capital lease payable (\$839,688), accrued interest payable (\$43,140), deferred charges \$127,653, and the balance of accrued compensated absences (\$1,260,352) for the year.

Net position of governmental activities

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

SELF FUNDED INSURANCE FUND	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2016	2015
\$ 2,265,505	\$ 1,352,045	\$ 17,598,061	\$ 13,261,676
-	-	2,741,696	2,570,048
183,000	44,444	555,999	354,884
-	138,829	5,369,432	5,317,463
-	147,647	2,473,097	2,250,806
-	76,349	233,248	289,019
-	4,428	239,376	207,407
<u>\$ 2,448,505</u>	<u>\$ 1,763,742</u>	<u>\$ 29,210,909</u>	<u>\$ 24,251,303</u>

\$ 475,917	\$ 24,436	\$ 3,691,171	\$ 2,412,764
-	28,639	617,592	590,014
21,154	164,962	555,999	354,884
-	-	1,633,221	1,447,186
<u>497,071</u>	<u>218,037</u>	<u>6,497,983</u>	<u>4,804,848</u>

-	138,829	5,369,432	5,317,463
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-	80,777	472,624	496,426
-	1,006,372	5,110,061	4,700,375
1,951,434	334,414	2,285,848	2,469,853
-	(14,687)	2,345,129	1,792,888
-	-	7,129,832	4,669,450
<u>1,951,434</u>	<u>1,406,876</u>	<u>17,343,494</u>	<u>14,128,992</u>

<u>\$ 2,448,505</u>	<u>\$ 1,763,742</u>
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39,772,038 38,663,401

(28,713,814) (23,424,179)

\$ 28,401,718 \$ 29,368,214

FREMONT COUNTY, COLORADO

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2016

	GENERAL FUND	TRANSPORATION FUND	HUMAN SERVICES FUND	SALES AND USE FUND
REVENUES				
Taxes	\$ 12,319,050	\$ 334,787	\$ 1,331,214	\$ 1,438,167
Insurance Premiums	-	-	-	-
Intergovernmental	1,727,430	3,009,287	6,382,875	-
Licenses and Permits	555,697	-	-	-
Charges for Services	2,885,862	390,566	-	-
Interest Income	12,550	-	-	74,775
Miscellaneous	221,430	41,231	-	9
TOTAL REVENUES	<u>17,722,019</u>	<u>3,775,871</u>	<u>7,714,089</u>	<u>1,512,951</u>
EXPENDITURES				
Current				
General Government	5,416,673	-	-	17,538
Public Safety	10,417,265	-	-	-
Airport	-	-	-	-
Health and Welfare	51,197	-	7,466,603	-
Highways and Streets	-	3,453,330	-	-
Culture and Recreation	-	-	-	-
Intergovernmental	158,376	-	-	-
Capital Outlay	4,091,188	99,650	-	47,395
Bond Issue Costs	106,282	-	-	-
Debt Service				
Principal	360,312	-	-	705,000
Interest	15,875	-	-	972,068
TOTAL EXPENDITURES	<u>20,617,168</u>	<u>3,552,980</u>	<u>7,466,603</u>	<u>1,742,001</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,895,149)</u>	<u>222,891</u>	<u>247,486</u>	<u>(229,050)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Issuance of Debt	5,105,000	-	-	-
Proceeds from Capital Lease	1,200,000	-	-	-
Bond Premium/Discount	-	-	-	-
Transfers In	10,000	250,000	-	478,750
Transfers Out	(893,390)	(126,335)	(17,186)	-
TOTAL OTHER FINANCING	<u>5,421,610</u>	<u>123,665</u>	<u>(17,186)</u>	<u>478,750</u>
NET CHANGE IN FUND BALANCES	2,526,461	346,556	230,300	249,700
FUND BALANCES, Beginning	<u>5,540,575</u>	<u>1,450,797</u>	<u>512,806</u>	<u>3,127,989</u>
FUND BALANCES, Ending	<u>\$ 8,067,036</u>	<u>\$ 1,797,353</u>	<u>\$ 743,106</u>	<u>\$ 3,377,689</u>

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

SELF FUNDED INSURANCE FUND	OTHER GOVERNMENTAL FUNDS	TOTALS	
		2016	2015
\$ -	\$ 478,563	\$ 15,901,781	\$ 15,014,250
2,891,634	-	2,891,634	2,779,693
-	772,037	11,891,629	12,749,450
-	16,037	571,734	404,359
-	528,143	3,804,571	3,946,833
21,386	22,854	131,565	99,230
560,810	106,328	929,808	573,780
<u>3,473,830</u>	<u>1,923,962</u>	<u>36,122,722</u>	<u>35,567,595</u>
3,938,697	383,660	9,756,568	9,593,305
-	127,669	10,544,934	8,807,771
-	539,051	539,051	580,614
-	632,330	8,150,130	7,589,537
-	-	3,453,330	3,400,099
-	143,903	143,903	63,222
-	-	158,376	396,529
-	69,158	4,307,391	2,820,090
-	-	106,282	-
-	-	1,065,312	660,000
-	-	987,943	991,940
<u>3,938,697</u>	<u>1,895,771</u>	<u>39,213,220</u>	<u>34,903,107</u>
(464,867)	28,191	(3,090,498)	664,488
-	-	5,105,000	-
-	-	1,200,000	-
-	-	-	-
183,000	126,678	1,048,428	1,071,436
-	(11,517)	(1,048,428)	(1,071,436)
<u>183,000</u>	<u>115,161</u>	<u>6,305,000</u>	<u>-</u>
(281,867)	143,352	3,214,502	664,488
<u>2,233,301</u>	<u>1,263,524</u>	<u>14,128,992</u>	<u>13,464,504</u>
<u>\$ 1,951,434</u>	<u>\$ 1,406,876</u>	<u>\$ 17,343,494</u>	<u>\$ 14,128,992</u>

FREMONT COUNTY, COLORADO

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

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ 3,214,502
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay \$4,353,486 exceeded depreciation expense (\$3,244,849) in the current period.	1,108,637
Debt proceeds are reported as financing sources in the governmental funds and increase fund balance. In the government-wide statements, however, issuing debt increases long-term liabilities in the statement of net position and does not effect the statement of activities. This includes bond proceeds (\$5,105,000) and capital lease proceeds (\$1,200,000).	(6,305,000)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This includes debt principal payments \$1,065,312, change in compensated absences (\$41,797), amortization of bond discount (\$12,632), amortization of bond premium \$12,917, amortization of deferred charges (\$5,802), and change in accrued interest payable (\$2,633).	<u>1,015,365</u>
Change in Net Position of Governmental Activities	<u>\$ (966,496)</u>

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

FREMONT COUNTY, COLORADO

STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUND
December 31, 2016

	<u>AGENCY FUND</u>
ASSETS	
Cash and Investments	<u>\$ 481,716</u>
LIABILITIES	
Due to Public Trustee	\$ 161,063
Due to Other Governments	<u>320,653</u>
TOTAL LIABILITIES	<u>\$ 481,716</u>

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

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Fremont County, Colorado (the “County”) is presented to assist in the understanding of the County’s basic financial statements. The financial statements and notes are representations of the County’s management, which is responsible for their integrity and objectivity. These accounting policies conform to the generally accepted accounting principles (GAAP) as applied to government units, and have been consistently applied in preparation of the financial statements. The Government Accounting Standards Board (GASB) is the standard-setting body that establishes governmental accounting and financial reporting principles. The following is a summary of the County’s significant policies.

Organization

The County operates under the regulations pursuant to the Colorado Revised Statutes that designates a Board of County Commissioners to act as the governing authority. The County provides the following services: public safety (sheriff) highways and streets, sanitation, health and social services, parks and recreation, public improvements, planning and zoning, and general administrative services.

Reporting Entity

In accordance with governmental accounting standards, the County has considered the possibility of inclusion of additional entities in its basic financial statements.

The definition of the reporting entity is based primarily on financial accountability. The County is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if County officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the County. The County may also be financially accountable for governmental organizations that are fiscally dependent upon it.

Based on these considerations, the following entities have been included in the County financial statements:

Elected Officials

All financial transactions of the offices of elected officials of Fremont County (Assessor, Clerk and Recorder, Coroner, District Attorney, Sheriff, and Treasurer) are recorded in the General Fund. The Board of County Commissioners has budgetary authority over elected officials and is accountable for all fiscal matters.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Fremont County Public Trustee

Title 38, Article 37 of the 1976 Colorado Revised Statutes (CRS), as amended, governs the Fremont County Public Trustee. Amounts in excess of required reserves are paid to the County. Under Title 29-1, Section 602, Subpart 5 of CRS, effective January 1, 1990, the Office of the Public Trustee was deemed a part of the County for financial reporting purposes. The Fremont County Public Trustee is reported as a blended component unit and is recorded as an agency fund in the County's basic financial statements.

Fremont County Finance Corporation (FCFC)

The Fremont County Finance Corporation was formed in 1985 as a not-for-profit corporation under Section 501(C)(4) of the Internal Revenue Code, and exists solely to finance the construction of various County facilities including the criminal justice facility and the social services building. FCFC is reported as a blended component unit in the County's general-purpose financial statements. The underlying notes of participation are reported in the government-wide statement of net position and payments made on the debt, and investments used to service the debt, are reflected in the County's Sales and Use Tax Capital Improvements Fund. The fixed assets of FCFC are also reported in the County's government-wide statement of net position.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e. the Statement of Net Position and the Statement of Activities) present financial information of the County as a whole. The reporting information includes all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental activities normally are supported by taxes and intergovernmental revenues.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the County and for each function of the County's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include fees and charges paid by recipients of goods or services offered by programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Government-Wide and Fund Financial Statements(Continued)

Revenues that are not classified as program revenues are presented as general revenues. The effects of interfund activity have been eliminated from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the County.

Fund Financial Statements

The fund financial statements provide information about the County's funds, including its fiduciary funds. Separate statements for each fund category – governmental, proprietary and fiduciary – are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The fiduciary funds are presented separately. The County does not have any proprietary funds.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

The County reports the following major governmental funds:

General Fund – This fund is the general operating fund of the County. It is used to account for all financial resources except those required to be accounted for in another fund. This fund includes the activities of funds that are maintained separately by the County for internal purposes but are combined in these financial statements for reporting purposes because the expenditures and/or revenues for those separate funds are dependent upon or transfers to or from the general fund. These separate funds include the following: sheriff, capital expenditures, payment in lieu of taxes, waste disposal, and public building and maintenance funds.

Department of Transportation – accounts for the construction and maintenance of the County’s roads and bridges.

Human Services – accounts for intergovernmental and grants received for public assistance programs.

Sales and Use Tax – accounts for a portion of revenues from sales and use taxes that are restricted to capital outlay. This fund is also used to account for the activities related to the repayment of the certificates of participation. This fund also includes the Fremont County Finance Corporation’s revenues, expenses, and fund balance.

Self-Funded Insurance Fund – Accounts for medical, dental, and visual benefits for eligible employees and dependents.

Cash and Investments

Cash equivalents include investments with original maturities of three months or less. Investments are recorded at fair value.

Interfund Receivables and Payables

During the course of operations, numerous transactions occur between individual funds. The resulting receivables and payable are classified on the balance sheet as “due from other funds” and “due to other funds”, because they are short-term in nature.

Noncurrent portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Inventory

Inventory of the County consists of consumable supplies in the Road and Bridge, Airport and Weed Control funds. Inventory is stated at the lower of cost or fair value using the first-in, first-out method. Inventory purchases are recorded as expenditures at the time the individual inventory items are purchased and adjusted to inventory at year-end based on a physical count. Reported inventories are equally offset by a fund balance reserve that indicates that they do not constitute “available spendable resources: even though they are a component of net current assets.

Capital Assets

Capital assets, which include property, equipment, and infrastructure, are reported in the government-wide financial statements. All capital assets are valued at historical cost. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

For buildings and equipment assets capitalized have an original cost of \$5,000 or more and more than a one year useful life. Infrastructure assets are capitalized if the cost is greater than \$25,000. Depreciation has been calculated on each class of depreciable property using the straight line method. Estimated useful lives are as follows:

Buildings	20 - 50 years
Improvements	5 – 30 years
Equipment	3 - 10 years
Infrastructure	7 - 50 years

Accrued Compensated Absences

Employees may earn up to a maximum of forty-eight days accrued vacation. At termination, employees are paid for any accumulated vacation leave. These compensated absences are recognized when due in the governmental fund types. The total accrued liability for compensated absences has been recorded in the government-wide statement of net position.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method.

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

Net Position

The government-wide financial statements, utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the County's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The County typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Fund Balances

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the County is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The County reports the following fund balance classifications:

- *Nonspendable* – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The County has classified Inventories, and Prepaid Items as being Nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

General Fund – Prepaid Expenses	\$211,204
Department of Transportation – Prepaid Expenses	23,744
Department of Transportation Fund – Inventory	156,899
Airport – Prepaid Expenses	2,326
Airport – Inventory	33,004
Department of Health – Prepaid Expenses	2,102
Department of Health – Inventory	23,468
Weed Fund – Inventory	<u>19,877</u>
Total Nonspendable Funds	<u><u>\$472,624</u></u>

- *Restricted* – This classification includes amounts restricted for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

General Fund – Emergency Reserves (TABOR)	\$726,000
Sales & Use Tax Fund – Debt Reserve and Capital Outlay	3,377,689
Gaming Impact Fund – Gaming Impact	1,612
Conservation Trust Fund – Parks and Recreation	650,226
Restricted Fund – Capital Expenses	<u>354,534</u>
Total Restricted Funds	<u><u>\$5,110,061</u></u>

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Fund Balances (Continued)

- *Committed* – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of County Commissioners. These amounts cannot be used for any other purpose unless the Board of County Commissioners removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Self-Insurance Fund – Self Insurance	\$1,951,435
Lodging Tax Fund – Advertising	143,661
Airport Fund - Airport	125,842
Restricted Fund – Designated for Projects	44,500
Weed Control Fund – Weed Department	<u>20,411</u>
 Total Committed Funds	 <u><u>\$2,285,849</u></u>

- *Assigned* - This classification includes amounts that are constrained by the County’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board of County Commissioners or through the Board of County Commissioners delegating this responsibility to another individual through the budgetary process. This classification also includes the remaining positive fund balance for all governmental funds except for the General Fund.

Department of Transportation	\$1,616,710
Department of Human Services	743,106
Department of Health Fund	<u>(14,687)</u>
 Total Assigned Funds	 <u><u>\$2,345,129</u></u>

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Fund Balances (Continued)

- *Unassigned* - This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

General Fund	<u>\$7,129,832</u>
Total Unassigned Funds	<u>\$7,129,832</u>

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, *deferred outflow of resources*, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows or resources. This separate financial statement element, *deferred inflow of resources*, represents an acquisition of net position and fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the County's financial position and operations. However, comparative data has not been presented in all statements because such inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified to be consistent with current year's presentation.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(CONTINUED)

Property Tax Revenue Recognition

Property attach as an enforceable lien on property as of January 1. Taxes are levied December 15 and are due and payable in full by April 30 or in two equal installments due February 28 and June 15 of the ensuring year. Since these taxes are not normally available to the County until 2017, a receivable and related deferred inflow of resources is recorded at December 31, 2016.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

The budgets of the County have been prepared in conformity with generally accepted accounting principles similar to that basis on which the governmental fund statements have been prepared.

The County adheres to the following procedures in establishing budgeting data reflected in the financial statements:

1. Budgets are required pursuant to Colorado Revised Statutes (CRS) for all funds. During September, the County Budget and Finance Officer assembles the prospective budgets for the ensuing year from each elected official and department head.
2. Prior to October 15, the Budget and Finance Officer submits a proposed budget for ensuing year to the Board of County Commissioners.
3. Public hearings are held to obtain taxpayer comment.
4. Prior to December 15, the budget is adopted by formal resolution.
5. Expenditures may not legally exceed appropriations for funds. However, the Board of County Commissioners may amend the budget through use of a supplemental appropriation process pursuant to CRS.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budget

During the year the County amended the budgets of the various funds as follows:

Fund	Original Budget	Budget Amendment	Amended Budget
General Fund	\$ 23,946,436	\$ 2,432,000	\$ 26,378,436
Department of Transportation	3,919,128	-	3,919,128
Department of Health Fund	539,238	120,000	659,238
County Lodging Tax Fund	164,797	50,000	214,797
Airport Fund	1,053,548	-	1,053,548
Gaming Impact Fund	-	-	-
Sales & Use Tax Fund	1,767,494	-	1,767,494
Department of Human Services Fund	8,519,135	-	8,519,135
Conservation Trust Fund	263,000	-	263,000
Self-Funded Group Insurance	3,025,294	740,000	3,765,294
Weed Control Fund	165,231	-	165,231
Restricted Funds Fund	195,090	-	195,090

State Compliance

For the year ended December 31, 2016, actual expenditures exceeded budgeted amounts in the Self Insurance Fund by \$173,403. This may be a violation of state statute.

FREMONT COUNTY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 3: DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2016 follows:

Petty Cash	1,977
Deposits	18,097,507
Investments	<u>2,721,989</u>
Total	<u><u>20,821,473</u></u>
Reported in Governmental Activities	20,339,757
Reported in Agency Fund	<u>481,716</u>
Total	<u><u>20,821,473</u></u>

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. 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. At December 31, 2016, State regulatory commissioners have indicated that all financial institutions holding deposits for the County are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution 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 County has no policy regarding custodial credit risk for deposits.

At December 31, 2016, the County had deposits with financial institutions with a carrying amount of \$18,097,507. The bank balances with the financial institutions were \$18,313,158. Of these balances, \$603,809 was covered by federal depository insurance and \$17,709,349 was covered by collateral held by authorized escrow agents in the financial institutions name (PDPA).

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

At December 31, 2016, the County had the following investments:

ColoTrust	\$753,763
US Treasury Obligations	463,068
Commercial Paper	<u>1,505,158</u>
Total	<u>\$2,721,989</u>

Investment Interest Rate Risk

The County has no formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investment Credit Risk

The County has no investment policy that limits its investment choices other than the limitation of state law as follows:

1. Direct obligations of the U.S. Government, its agencies, and instrumentalities to which the full faith and credit of the U.S. Government is pledged or obligations to the payment of which the full faith and credit of the State is pledged;
2. Certificates of deposit or savings accounts that are either insured or secured with acceptable collateral with in-state financial institutions, and fully insured certificates of deposit or savings accounts in out of state financial institutions;
3. With certain limitation, negotiable certificates of deposit, prime bankers acceptances, prime commercial paper, and repurchase agreements with certain limitations;
4. Town, municipal, or school district tax supported debt obligations; bond or revenue anticipation notes; money; or bond or revenue anticipation notes of public trusts whose beneficiary is a town, municipality, or school district;
5. Notes or bonds secured by a mortgage or trust deed insured by the Federal Housing Administrator and debentures issued by the Federal Housing Administrator, and obligations of the National Mortgage Association; and
6. Money market funds regulated by the Securities and Exchange Commission in which investments consist of the investments in 1, 2, 3, and 4 above.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Concentrations of Investment Credit Risk

The County places no limit on the amount it may invest in any one issuer. The County invests excess funds under the prudent investor rule. Criteria for selection of investments and their order of priority are: 1) safety; 2) liquidity; and 3) yield.

The County's investment policy controls credit risk by limiting its investments to those allowed by Colorado statutes. Historically, however, the County has only invested in US Treasuries. As of December 31, 2016, the County had investments in First American Treasury and Toyota Motor Credit Company. All are rated AAAM by Standard and Poor's and Aaa- by Moody's Investor Services.

Fair Value

The District categorizes 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 observable inputs.

At December 31, 2016, the District held investments in U.S. Treasury Obligations in the amount of \$463,068 with maturity dates of less than one and four years. Given the low risk of this type of investment, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

At December 31, 2016, the District held investments in Commercial Paper in the amount of \$1,505,158 with maturity dates of less than one year. Given the low risk of this type of investment, the District has not established a policy limiting the amount of investments in this type of security and deems it unnecessary at this time. These investments are valued with Level 1 inputs.

The District had invested \$753,763 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool’s share price multiplied by the number of shares held. The government-investor does not “look through” the pool to report a pro rata share of the pool’s investments, receivables, and payables. This investment is valued using Level 2 inputs.

Restricted Cash and Investments

Cash and investments have been restricted in the Sales and Use Tax Fund for the repayment of debt in the amount of \$2,636,150. Cash and Investments in the amount of \$103,809 is restricted in the General Fund to comply with the County’s capital lease requirements. Restricted cash in the Human Services Fund is in an account held in trust for others in the amount of \$1,737.

NOTE 4: INTERFUND BALANCES AND TRANSFERS

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

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund	Airport Fund	\$ 10,000
Transportation Fund	General Fund	250,000
Self Insurance Fund	General Fund	183,000
Department of Health Fund	General Fund	106,678
Sales and Use Tax Fund	General Fund	333,712
Sales and Use Tax Fund	Transportation Fund	126,335
Sales and Use Tax Fund	Airport Fund	1,517
Sales and Use Tax Fund	Human Services Fund	17,186
Weed Control Fund	General Fund	<u>20,000</u>
Total		<u>\$ 1,048,428</u>

The transfers are for reimbursements of costs that were paid on behalf of other funds and for annual payments to other funds to offset expenses incurred by those funds.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 4: INTERFUND BALANCES AND TRANSFERS (CONTINUED)

Interfund balances for the year ended December 31, 2016, were comprised of the following:

<u>Due From Other Funds</u>	<u>Due To Other Funds</u>	<u>Amount</u>
Self Insurance Fund	General Fund	\$ 183,000
Conservation Trust Fund	General Fund	552
Weed Control Fund	Conservation Trust Fund	12,000
Restricted Fund	General Fund	1,150
Department of Health Fund	General Fund	25,389
Transportation Fund	General Fund	135,519
Transportation Fund	Conservation Trust Fund	25,422
Transportation Fund	Airport Fund	5,593
Transportation Fund	Weed Control Fund	3,571
Airport Fund	General Fund	4,043
Airport Fund	Conservation Trust Fund	1,310
Sales and Use Tax Fund	Airport Fund	1,517
Sales and Use Tax Fund	General Fund	20,230
General Fund	Self Insurance Fund	21,154
General Fund	Conservation Trust Fund	13,235
General Fund	Department of Public Health Fund	81,102
General Fund	Weed Control Fund	<u>21,212</u>
Total		<u>\$ 555,999</u>

At December 31, 2016, these amounts are owed between funds due to timing differences related to receipts and disbursements into and out of the General Fund not being transferred from the funds in the same accounting period the underlying revenue or expenditure was recorded.

FREMONT COUNTY, COLORADO

**NOTES TO THE FINANCIAL STATEMENTS
December 31, 2016**

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2016 is summarized below:

Description	Balance, Beginning of Year	Additions	Deletions	Balance, End of Year
Governmental Activities				
Capital Assets, Not Being Depreciated				
Land	\$ 1,218,612	\$ -	\$ -	\$ 1,218,612
Construction in Progress	23,968	2,458,058	(23,968)	2,458,058
Total Capital Assets, Not Being Depreciated	1,242,580	2,458,058	(23,968)	3,676,670
Capital Assets, Being Depreciated				
Buildings and Improvements	39,690,819	-	-	39,690,819
Equipment and Furniture	8,339,261	1,017,636	(127,840)	9,229,057
Infrastructure	84,900,925	901,760	-	85,802,685
Total Capital Assets, Being Depreciated	132,931,005	1,919,396	(127,840)	134,722,561
Less Accumulated Depreciation for				
Buildings and Improvements	(18,062,123)	(1,469,647)	-	(19,531,770)
Equipment and Furniture	(6,947,131)	(669,761)	127,840	(7,489,052)
Infrastructure	(70,500,930)	(1,105,441)	-	(71,606,371)
Total Accumulated Depreciation	(95,510,184)	(3,244,849)	127,840	(98,627,193)
Total Capital Assets, Being Depreciated, Net	37,420,821	(1,325,453)	-	36,095,368
Governmental Activities Capital Assets, Net	38,663,401	1,132,605	(23,968)	39,772,038

The following schedule summarizes depreciation expense by function:

Description	Amount
Highways & Roads	\$ 1,505,278
General Government	395,770
Airport	338,626
Sheriff	446,006
Other Public Safety	276,905
Culture & Recreation	102,582
Health & Welfare	179,682
Total	\$ 3,244,849

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: LONG-TERM DEBT

Changes in Long-term Debt

The following is a summary of changes in general long-term debt for the year ended December 31, 2016:

Description	Beginning Balance	Additions	Payments	Ending Balance	Due Within One Year
Certificates of Participation 2012	5,655,000	-	-	5,655,000	-
2012 Discount	(92,236)	-	5,729	(86,507)	-
Series 2013 COPS (US Bank)	10,330,000	-	(215,000)	10,115,000	220,000
Series 2013 COPS (US Bank) Discount	(158,778)	-	6,903	(151,875)	-
Series 2013 COPS (UMB)	6,345,000	-	(490,000)	5,855,000	520,000
Series 2013 COPS (UMB) Premium	219,586	-	(12,917)	206,669	-
Series 2016 COPS (UMB-Sheriff)	-	5,105,000	-	5,105,000	695,000
2016 Capital Lease	-	1,200,000	(360,312)	839,688	399,407
	-				
Compensated Absences	1,218,555	41,797	-	1,260,352	-
	<u>23,517,127</u>	<u>6,346,797</u>	<u>(1,065,597)</u>	<u>28,798,327</u>	<u>1,834,407</u>
Total Governmental Activities	<u>23,517,127</u>	<u>6,346,797</u>	<u>(1,065,597)</u>	<u>28,798,327</u>	<u>1,834,407</u>

Certificates of Participation

Certificates of Participation Series 2012 dated September 12, 2012 and maturing each December 15 from 2022 through 2031. Interest rates vary from 3.375% to 3.5%.

Certificates of Participation Series 2013A dated October 24, 2014 and maturing each December 15 from 2014 through 2021 and 2032 through 2038. Interest rates vary from 1.1% to 5.75%.

Certificates of Participation Series 2013B dated October 24, 2014 and maturing each December 15 from 2014 through 2032. Interest rates vary from 3% to 5%.

Certificates of Participation Series 2016 dated June 3, 2016 and maturing each June 3 and December 3 from 2017 through 2023. Interest rates 1.710%.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 6: LONG-TERM DEBT (CONTINUED)

Principal and payments to maturity on the certificates of participation are as follows:

<u>Year Ended</u>	<u>Principle</u>	<u>Interest</u>	<u>Total</u>
2017	1,435,000	1,035,353	2,470,353
2018	1,510,000	998,226	2,508,226
2019	1,265,000	957,469	2,222,469
2020	1,295,000	926,319	2,221,319
2021	1,400,000	890,286	2,290,286
2022-2026	3,980,000	3,956,114	7,936,114
2027-2031	6,495,000	3,148,751	9,643,751
2032-2036	6,480,000	1,745,075	8,225,075
2037-2038	2,870,000	228,375	3,098,375
Total	<u>\$ 26,730,000</u>	<u>\$ 13,885,968</u>	<u>\$40,615,968</u>

Capital Lease

The County has entered into a capital lease agreement to purchase sheriff department vehicles and emergency equipment which will be paid from revenues of the General Fund. These lease requires monthly payments of \$34,199 including interest in the amount of 1.671% per annum. The lease matures in February 2019.

Following is a schedule of the future minimum lease payments required under the capital lease obligation at December 31, 2016:

Year Ended December 31,

2017	\$ 410,385
2018	410,385
2019	<u>34,199</u>
Total Minimum Lease Payments	854,969
Less: Interest	<u>(15,281)</u>
Present Value of Minimum Lease Payments	<u>\$ 839,688</u>

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFITS

Deferred Compensation Plan

The County offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all County employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency.

Retirement Plan

County employees are members of the Colorado Counties Officials and Employee Retirement Association (CCOERA). The CCOERA administers a multiple-employer defined contribution plan. The Plan's purpose is to provide benefits to its members and their dependents at retirement. Employees' rights vest in employer contributions and in the earnings, losses, and changes in fair market value of the Plan assets after 5 years of service credit.

In 2016 the County matched 3% of eligible payroll. Employee contributions must match employer contributions and are funded on a current basis. Total payroll for the County was \$13,747,228 of which \$11,484,515 was eligible. Total contributions to the plan by the County in 2016 were \$343,982.

Net earnings or losses are allocated quarterly to the Plan participants. The allocation is based on each participant's balance as of the beginning of that quarter. Participants receiving benefit payments upon retirement or termination, are allocated earnings through the date of the distribution.

As of May 31, 2016, the Plan's assets did not include any Fremont County securities or loans.

Vacation and Sick Leave

Employees are paid for unused vacation time accumulated prior to termination, provided that the unused annual leave does not exceed the amount that could be accrued in a 24-month period based on the employees' current accrual rate. The County does not pay for any accumulated sick leave.

Health Insurance

The County provides a group health insurance program consisting of medical coverage for all regular employees. The County contributes between 75% and 91% of the cost for regular full-time employees, depending on which plan the employee signs up for. The County has set up a self-

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 7: EMPLOYEE BENEFITS (CONTINUED)

insurance plan for the employee's health insurance. The County contracts with Meritain to provide the administration and operation of the plan.

Under the plan the County is self-insured for the first \$55,000 in claims per participant per year. For amounts in excess of \$55,000 the County has purchased insurance coverage.

Life Insurance

The County funds the total cost of a life insurance program that insures each regular County employee for \$10,000. The program also provides spousal coverage of \$5,000, and dependent coverage of \$2,000 for dependents between the age of six months and 23 years old.

NOTE 8: RISK MANAGEMENT

The County is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. In order to obtain insurance coverage at a cost which it considered to be economically justifiable, the County became a member of Colorado Counties, Inc. which had previously served as the administrator of the following self-funded public entity insurance pools:

Colorado Counties Casualty and Property Pool (CCCPP)

CCCPP was formed on July 1, 1986 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the pool is to provide a risk management fund for defined property and casualty coverage of the member counties. The County pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental agreement of formation of CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 8: RISK MANAGEMENT (CONTINUED)

County Workers' Compensation Pool (CWCP)

CWCP was formed on January 1, 1985 by an intergovernmental agreement among member counties of Colorado Counties, Inc. The purpose of the joint venture is to provide a joint workers' compensation pool for employees of the member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and that the Pool will purchase insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year.

Health Insurance Fund

All funds that have employees enrolled in the County Insurance Plan are required to make payments in the County Health Insurance Fund. Under this plan the County self-insures employee health claims up to \$55,000 per participant. The County purchases commercial insurance for claims in excess of \$55,000. Changes in the Fund's claims liability amount for the last 3 years were:

<u>Year</u>	<u>Beginning of Year Liability</u>	<u>Claims</u>	<u>Claims Paid</u>	<u>Balance End of Year</u>
2014	173,540	1,948,455	1,954,695	\$ 167,300
2015	167,300	2,408,322	2,320,574	\$ 255,048
2016	255,048	3,115,615	2,894,746	\$ 475,917

NOTE 9: COMMITMENTS AND CONTINGENCIES

Emergency Telephone Service Authority (ETSA – 911)

EGSA – 911 was established in 1989 to provide and administer emergency telephone service to Canon City, Florence, and all surrounding communities within the County. The County is financially responsible for certain operating costs incurred by ETSA; however, it does not have an equity interest at this time. ETSA prepared separate financial statements which are available through the County's Finance Office. The ETSA is not reported in the County's financial statements.

It was determined that the ETSA is a joint venture for the following reasons: (1) It was organized by an intergovernmental agreement between the County, City of Canon City, and City of Florence; and (2) the County retains an ongoing financial interest and financial responsibilities.

FREMONT COUNTY, COLORADO

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2016

NOTE 9: COMMITMENTS AND CONTINGENCIES (CONTINUED)

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The County believes it is in compliance with the amendment. However, the County has made certain interpretations of the amendment's language in order to determine its compliance.

The County has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2016, the emergency reserve of \$726,000 was recorded in the General Fund.

Litigation

In the course of its operations the County becomes party to various legal proceedings. The County does not believe that any of the current legal proceedings, or potential proceedings which the County is aware of, will have a material adverse impact on the County's financial statements.

FREMONT COUNTY, COLORADO

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2016

	2016			VARIANCE	2015
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	Actual
REVENUES					
Taxes	\$ 11,065,644	\$ 11,065,644	\$ 12,319,050	\$ 1,253,406	\$ 11,565,451
Licenses and Permits	473,500	473,500	555,697	82,197	404,359
Intergovernmental	1,257,280	1,257,280	1,727,430	470,150	3,182,752
Charges for Services	2,938,758	2,938,758	2,885,862	(52,896)	3,012,732
Interest Income	17,000	17,000	12,550	(4,450)	20,739
Miscellaneous	211,548	211,548	221,430	9,882	41,270
TOTAL REVENUES	<u>15,963,730</u>	<u>15,963,730</u>	<u>17,722,019</u>	<u>1,758,289</u>	<u>18,227,303</u>
EXPENDITURES					
Current					
General Government	5,532,089	5,564,089	5,416,673	147,416	6,077,611
Public Safety	10,759,667	10,759,667	10,417,265	342,402	8,675,669
Health and Welfare	51,825	51,825	51,197	628	715
Intergovernmental	32,511	32,511	158,376	(125,865)	396,529
Capital Outlay	1,904,300	4,304,300	4,091,188	213,112	2,192,328
Debt Issue Costs	-	-	106,282	(106,282)	-
Debt Service					
Principal	-	-	360,312	(360,312)	-
Interest	-	-	15,875	(15,875)	-
TOTAL EXPENDITURES	<u>18,280,392</u>	<u>20,712,392</u>	<u>20,617,168</u>	<u>95,224</u>	<u>17,342,852</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,316,662)</u>	<u>(4,748,662)</u>	<u>(2,895,149)</u>	<u>1,853,513</u>	<u>884,451</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Issuance of Debt	-	2,400,000	5,105,000	2,705,000	-
Proceeds from Capital Lease	-	-	1,200,000	1,200,000	-
Transfers In	60,000	60,000	10,000	(50,000)	271,814
Transfers Out	(915,188)	(915,188)	(893,390)	21,798	(650,376)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(855,188)</u>	<u>1,544,812</u>	<u>5,421,610</u>	<u>3,876,798</u>	<u>(378,562)</u>
NET CHANGE IN FUND BALANCE	(3,171,850)	(3,203,850)	2,526,461	5,730,311	505,889
FUND BALANCE, Beginning	<u>4,890,634</u>	<u>4,890,634</u>	<u>5,540,575</u>	<u>649,941</u>	<u>5,034,686</u>
FUND BALANCE, Ending	<u>\$ 1,718,784</u>	<u>\$ 1,686,784</u>	<u>\$ 8,067,036</u>	<u>\$ 6,380,252</u>	<u>\$ 5,540,575</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

TRANSPORTATION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 344,102	\$ 334,787	\$ (9,315)	\$ 326,502
Charges for Services	191,700	390,566	198,866	356,206
Intergovernmental	2,666,627	3,009,287	342,660	2,985,852
Miscellaneous	15,500	41,231	25,731	161,898
TOTAL REVENUES	<u>3,217,929</u>	<u>3,775,871</u>	<u>557,942</u>	<u>3,830,458</u>
EXPENDITURES				
Highways and Streets	3,734,793	3,453,330	281,463	3,400,099
Capital Outlay	50,000	99,650	(49,650)	247,553
TOTAL EXPENDITURES	<u>3,784,793</u>	<u>3,552,980</u>	<u>231,813</u>	<u>3,647,652</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(566,864)</u>	<u>222,891</u>	<u>789,755</u>	<u>182,806</u>
OTHER FINANCING SOURCES				
Transfers In	383,750	250,000	(133,750)	24,202
Transfers Out	(134,335)	(126,335)	8,000	(175,448)
TOTAL OTHER FINANCING SOURCES	<u>249,415</u>	<u>123,665</u>	<u>(125,750)</u>	<u>(151,246)</u>
NET CHANGE IN FUND BALANCES	(317,449)	346,556	664,005	31,560
FUND BALANCES, Beginning	<u>996,911</u>	<u>1,450,797</u>	<u>453,886</u>	<u>1,419,237</u>
FUND BALANCES, Ending	<u>\$ 679,462</u>	<u>\$ 1,797,353</u>	<u>\$ 1,117,891</u>	<u>\$ 1,450,797</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

HUMAN SERVICES FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 1,165,632	\$ 1,331,214	\$ 165,582	\$ 1,297,304
Intergovernmental	7,166,469	6,382,875	(783,594)	5,845,424
TOTAL REVENUES	8,332,101	7,714,089	(618,012)	7,142,728
EXPENDITURES				
Health and Welfare	8,519,135	7,466,603	1,052,532	6,996,260
TOTAL EXPENDITURES	8,519,135	7,466,603	1,052,532	6,996,260
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(187,034)	247,486	434,520	146,468
OTHER FINANCING SOURCES				
Transfers Out	-	(17,186)	(17,186)	-
NET CHANGE IN FUND BALANCE	(187,034)	230,300	417,334	146,468
FUND BALANCE, Beginning	433,947	512,806	78,859	366,338
FUND BALANCE, Ending	\$ 246,913	\$ 743,106	\$ 496,193	\$ 512,806

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SALES AND USE TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016			2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	
REVENUES				
Taxes	\$ 1,212,544	\$ 1,438,167	\$ 225,623	\$ 1,381,720
Interest	2,000	74,775	72,775	72,216
Miscellaneous	-	9	9	37
TOTAL REVENUES	<u>1,214,544</u>	<u>1,512,951</u>	<u>298,407</u>	<u>1,453,973</u>
EXPENDITURES				
General Government	15,338	17,538	(2,200)	20,396
Capital Outlay	75,000	47,395	27,605	374,645
Debt Service				
Principal	705,000	705,000	-	660,000
Interest	972,156	972,068	88	991,940
TOTAL EXPENDITURES	<u>1,767,494</u>	<u>1,742,001</u>	<u>25,493</u>	<u>2,046,981</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(552,950)</u>	<u>(229,050)</u>	<u>323,900</u>	<u>(593,008)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	478,750	478,750	-	447,814
Transfers Out	-	-	-	(162,500)
TOTAL OTHER FINANCING SOURCES (USES)	<u>478,750</u>	<u>478,750</u>	<u>-</u>	<u>285,314</u>
NET CHANGE IN FUND BALANCE	(74,200)	249,700	323,900	(307,694)
FUND BALANCE, Beginning	<u>3,024,766</u>	<u>3,127,989</u>	<u>103,223</u>	<u>3,435,683</u>
FUND BALANCE, Ending	<u>\$ 2,950,566</u>	<u>\$ 3,377,689</u>	<u>\$ 427,123</u>	<u>\$ 3,127,989</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SELF FUNDED GROUP INSURANCE FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016			VARIANCE	2015 ACTUAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	Positive (Negative)	
REVENUES					
Insurance Premiums	\$ 2,790,546	\$ 2,790,546	\$ 2,891,634	\$ 101,088	\$ 2,779,693
Interest	-	-	21,386	21,386	-
Miscellaneous	160,000	160,000	560,810	400,810	329,801
TOTAL REVENUES	<u>2,950,546</u>	<u>2,950,546</u>	<u>3,473,830</u>	<u>523,284</u>	<u>3,109,494</u>
EXPENDITURES					
General Government	<u>3,025,294</u>	<u>3,765,294</u>	<u>3,938,697</u>	<u>(173,403)</u>	<u>3,164,492</u>
TOTAL EXPENDITURES	<u>3,025,294</u>	<u>3,765,294</u>	<u>3,938,697</u>	<u>(173,403)</u>	<u>3,164,492</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(74,748)</u>	<u>(814,748)</u>	<u>(464,867)</u>	<u>349,881</u>	<u>(54,998)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>-</u>	<u>200,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>-</u>	<u>200,000</u>
NET CHANGE IN FUND BALANCE	108,252	(631,748)	(281,867)	349,881	145,002
FUND BALANCE, Beginning	<u>2,680,144</u>	<u>2,680,144</u>	<u>2,233,301</u>	<u>(446,843)</u>	<u>2,088,299</u>
FUND BALANCE, Ending	<u>\$ 2,788,396</u>	<u>\$ 2,048,396</u>	<u>\$ 1,951,434</u>	<u>\$ (96,962)</u>	<u>\$ 2,233,301</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 December 31, 2016

	COUNTY LODGING TAX FUND	AIRPORT FUND	GAMING IMPACT FUND	WEED CONTROL FUND
ASSETS				
Cash and Investments	\$ 108,993	\$ 137,913	\$ 1,612	\$ -
Due From Other Funds	-	5,353	-	12,000
Property Taxes Receivable	-	138,829	-	-
Accounts Receivable	37,688	5,803	-	36,634
Inventory	-	33,004	-	19,877
Prepaid Expenses	-	2,326	-	-
TOTAL ASSETS	\$ 146,681	\$ 323,228	\$ 1,612	\$ 68,511
LIABILITIES, DEFERRED INFLOWS, AND FUND EQUITY				
LIABILITIES				
Accounts Payable	\$ 3,020	\$ 10,400	\$ -	\$ 828
Accrued Expenses	-	5,717	-	2,612
Due To Other Funds	-	7,110	-	24,783
Unearned Revenue	-	-	-	-
TOTAL LIABILITIES	3,020	23,227	-	28,223
DEFERRED INFLOW OF RESOURCES				
Deferred Property Tax Revenue	-	138,829	-	-
FUND EQUITY				
Fund Balance				
Nonspendable	-	35,330	-	19,877
Restricted	-	-	1,612	-
Committed	143,661	125,842	-	20,411
Assigned	-	-	-	-
Unassigned	-	-	-	-
TOTAL FUND EQUITY	143,661	161,172	1,612	40,288
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND EQUITY	\$ 146,681	\$ 323,228	\$ 1,612	\$ 68,511

See the accompanying independent auditors' report.

CONSERVATION TRUST FUND	DEPARTMENT OF HEALTH FUND	RESTRICTED FUNDS FUND	TOTALS	
			2016	2015
\$ 705,684	\$ -	\$ 397,843	\$ 1,352,045	\$ 1,199,002
552	25,389	1,150	44,444	8,855
-	-	-	138,829	138,529
-	67,481	41	147,647	111,120
-	23,468	-	76,349	84,967
-	2,102	-	4,428	1,153
<u>\$ 706,236</u>	<u>\$ 118,440</u>	<u>\$ 399,034</u>	<u>\$ 1,763,742</u>	<u>\$ 1,543,626</u>
\$ 4,043	\$ 6,145	\$ -	\$ 24,436	\$ 38,517
-	20,310	-	28,639	25,952
51,967	81,102	-	164,962	37,145
-	-	-	-	39,959
<u>56,010</u>	<u>107,557</u>	<u>-</u>	<u>218,037</u>	<u>141,573</u>
-	-	-	138,829	138,529
-	25,570	-	80,777	86,120
650,226	-	354,534	1,006,372	887,386
-	-	44,500	334,414	236,552
-	(14,687)	-	(14,687)	53,466
-	-	-	-	-
<u>650,226</u>	<u>10,883</u>	<u>399,034</u>	<u>1,406,876</u>	<u>1,263,524</u>
<u>\$ 706,236</u>	<u>\$ 118,440</u>	<u>\$ 399,034</u>	<u>\$ 1,763,742</u>	<u>\$ 1,543,626</u>

FREMONT COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 Year Ended December 31, 2016

	COUNTY LODGING TAX FUND	AIRPORT FUND	GAMING IMPACT FUND	WEED CONTROL FUND
REVENUES				
Taxes	\$ 203,771	\$ 160,816	\$ -	\$ 113,976
Licenses and Permits	-	-	-	-
Intergovernmental	49,410	17,750	-	-
Charges for Services	-	423,987	-	12,696
Interest Income	-	-	-	22,302
Miscellaneous	-	23,042	-	-
TOTAL REVENUES	<u>253,181</u>	<u>625,595</u>	<u>-</u>	<u>148,974</u>
EXPENDITURES				
Current				
General Government	212,185	-	-	157,205
Public Safety	-	-	-	-
Airport	-	539,051	-	-
Health and Welfare	-	-	-	-
Culture and Recreation	-	-	-	-
Capital Outlay	-	69,158	-	-
TOTAL EXPENDITURES	<u>212,185</u>	<u>608,209</u>	<u>-</u>	<u>157,205</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>40,996</u>	<u>17,386</u>	<u>-</u>	<u>(8,231)</u>
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	-	20,000
Transfers Out	-	(11,517)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(11,517)</u>	<u>-</u>	<u>20,000</u>
NET CHANGE IN FUND BALANCES	40,996	5,869	-	11,769
FUND BALANCES, Beginning	<u>102,665</u>	<u>155,303</u>	<u>1,612</u>	<u>28,519</u>
FUND BALANCES, Ending	<u>\$ 143,661</u>	<u>\$ 161,172</u>	<u>\$ 1,612</u>	<u>\$ 40,288</u>

See the accompanying independent auditors' report.

CONSERVATION TRUST FUND	DEPARTMENT OF HEALTH FUND	RESTRICTED FUNDS FUND	TOTALS	
			2016	2015
\$ -	\$ -	\$ -	\$ 478,563	\$ 443,273
-	16,037	-	16,037	-
196,020	373,260	135,597	772,037	735,422
-	91,460	-	528,143	577,895
552	-	-	22,854	6,275
-	1,199	82,087	106,328	40,774
<u>196,572</u>	<u>481,956</u>	<u>217,684</u>	<u>1,923,962</u>	<u>1,803,639</u>
-	-	14,270	383,660	330,806
-	-	127,669	127,669	132,102
-	-	-	539,051	580,614
-	632,330	-	632,330	592,562
143,903	-	-	143,903	63,222
-	-	-	69,158	5,564
<u>143,903</u>	<u>632,330</u>	<u>141,939</u>	<u>1,895,771</u>	<u>1,704,870</u>
<u>52,669</u>	<u>(150,374)</u>	<u>75,745</u>	<u>28,191</u>	<u>98,769</u>
-	106,678	-	126,678	127,606
-	-	-	(11,517)	(83,112)
-	106,678	-	115,161	44,494
52,669	(43,696)	75,745	143,352	143,263
<u>597,557</u>	<u>54,579</u>	<u>323,289</u>	<u>1,263,524</u>	<u>1,120,261</u>
<u>\$ 650,226</u>	<u>\$ 10,883</u>	<u>\$ 399,034</u>	<u>\$ 1,406,876</u>	<u>\$ 1,263,524</u>

FREMONT COUNTY, COLORADO

COUNTY LODGING TAX FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016			VARIANCE Positive (Negative)	2015 TOTAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Taxes	\$ 145,000	\$ 195,000	\$ 203,771	\$ 8,771	\$ 190,298
Intergovernmental	25,000	25,000	49,410	24,410	50,000
Miscellaneous	-	-	-	-	2,600
TOTAL REVENUES	<u>170,000</u>	<u>220,000</u>	<u>253,181</u>	<u>33,181</u>	<u>242,898</u>
EXPENDITURES					
General Government	<u>164,797</u>	<u>214,797</u>	<u>212,185</u>	<u>2,612</u>	<u>190,686</u>
TOTAL EXPENDITURES	<u>164,797</u>	<u>214,797</u>	<u>212,185</u>	<u>2,612</u>	<u>190,686</u>
NET CHANGE IN FUND BALANCES	5,203	5,203	40,996	35,793	52,212
FUND BALANCES, Beginning	<u>42,880</u>	<u>42,880</u>	<u>102,665</u>	<u>59,785</u>	<u>50,453</u>
FUND BALANCES, Ending	<u>\$ 48,083</u>	<u>\$ 48,083</u>	<u>\$ 143,661</u>	<u>\$ 95,578</u>	<u>\$ 102,665</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

AIRPORT FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 TOTAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Taxes	\$ 159,529	\$ 160,816	\$ 1,287	\$ 155,485
Intergovernmental	475,000	17,750	(457,250)	3,852
Charges for Services	342,830	423,987	81,157	412,802
Miscellaneous	6,000	23,042	17,042	16,975
TOTAL REVENUES	<u>983,359</u>	<u>625,595</u>	<u>(357,764)</u>	<u>589,114</u>
EXPENDITURES				
Airport	552,031	539,051	12,980	580,614
Capital Outlay	500,000	69,158	430,842	5,564
TOTAL EXPENDITURES	<u>1,052,031</u>	<u>608,209</u>	<u>443,822</u>	<u>586,178</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(68,672)</u>	<u>17,386</u>	<u>86,058</u>	<u>2,936</u>
OTHER FINANCING SOURCES (USES)				
Transfers Out	<u>(1,517)</u>	<u>(11,517)</u>	<u>(10,000)</u>	<u>(1,517)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,517)</u>	<u>(11,517)</u>	<u>(10,000)</u>	<u>(1,517)</u>
NET CHANGE IN FUND BALANCES	(70,189)	5,869	76,058	1,419
FUND BALANCES, Beginning	<u>152,450</u>	<u>155,303</u>	<u>2,853</u>	<u>153,884</u>
FUND BALANCES, Ending	<u>\$ 82,261</u>	<u>\$ 161,172</u>	<u>\$ 78,911</u>	<u>\$ 155,303</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

WEED CONTROL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 127,000	\$ 113,976	\$ (13,024)	\$ 97,490
Charges for Services	18,000	12,696	(5,304)	21,281
Miscellaneous Income	4,000	22,302	18,302	5,224
TOTAL REVENUES	149,000	148,974	(26)	123,995
EXPENDITURES				
Public Safety	165,231	157,205	8,026	135,960
TOTAL EXPENDITURES	165,231	157,205	8,026	135,960
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(16,231)	(8,231)	8,000	(11,965)
OTHER FINANCING SOURCES				
Transfers In	20,000	20,000	-	32,000
Transfers Out	-	-	-	(5,000)
TOTAL OTHER FINANCING SOURCES	20,000	20,000	-	27,000
NET CHANGE IN FUND BALANCES	3,769	11,769	8,000	15,035
FUND BALANCES, Beginning	3,685	28,519	24,834	13,484
FUND BALANCES, Ending	\$ 7,454	\$ 40,288	\$ 32,834	\$ 28,519

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

CONSERVATION TRUST FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 180,000	\$ 196,020	\$ 16,020	\$ 168,313
Interest Income	1,000	552	(448)	1,051
TOTAL REVENUES	181,000	196,572	15,572	169,364
EXPENDITURES				
Culture and Recreation	183,000	143,903	39,097	63,222
TOTAL EXPENDITURES	183,000	143,903	39,097	63,222
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(2,000)	52,669	54,669	106,142
OTHER FINANCING SOURCES				
Transfers Out	(80,000)	-	80,000	(71,095)
TOTAL OTHER FINANCING SOURCES	(80,000)	-	80,000	(71,095)
NET CHANGE IN FUND BALANCE	(82,000)	52,669	134,669	35,047
FUND BALANCE, Beginning	507,390	597,557	90,167	562,510
FUND BALANCE, Ending	\$ 425,390	\$ 650,226	\$ 224,836	\$ 597,557

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

DEPARTMENT OF HEALTH FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016			VARIANCE Positive (Negative)	2015 TOTAL
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		
REVENUES					
Licenses and Permits	\$ 34,500	\$ 34,500	\$ 16,037	\$ (18,463)	\$ -
Intergovernmental	357,822	377,822	373,260	(4,562)	382,668
Charges for Services	89,000	89,000	91,460	2,460	143,812
Miscellaneous	269	269	1,199	930	1,281
TOTAL REVENUES	<u>481,591</u>	<u>501,591</u>	<u>481,956</u>	<u>(19,635)</u>	<u>527,761</u>
EXPENDITURES					
Health and Welfare	<u>539,238</u>	<u>659,238</u>	<u>632,330</u>	<u>26,908</u>	<u>592,562</u>
TOTAL EXPENDITURES	<u>539,238</u>	<u>659,238</u>	<u>632,330</u>	<u>26,908</u>	<u>592,562</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(57,647)</u>	<u>(157,647)</u>	<u>(150,374)</u>	<u>7,273</u>	<u>(64,801)</u>
OTHER FINANCING SOURCES					
Transfers In	100,976	106,678	106,678	-	94,606
Transfers Out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,500)</u>
TOTAL OTHER FINANCING SOURCES	<u>100,976</u>	<u>106,678</u>	<u>106,678</u>	<u>-</u>	<u>89,106</u>
NET CHANGE IN FUND BALANCES	43,329	(50,969)	(43,696)	7,273	24,305
FUND BALANCES, Beginning	<u>54,579</u>	<u>54,579</u>	<u>54,579</u>	<u>-</u>	<u>30,274</u>
FUND BALANCES, Ending	<u>\$ 97,908</u>	<u>\$ 3,610</u>	<u>\$ 10,883</u>	<u>\$ 7,273</u>	<u>\$ 54,579</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

RESTRICTED FUNDS FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2016

	2016		VARIANCE Positive (Negative)	2015 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Intergovernmental	\$ 130,500	\$ 135,597	\$ 5,097	\$ 130,589
Other Revenue	50,000	82,087	32,087	19,918
TOTAL REVENUES	<u>180,500</u>	<u>217,684</u>	<u>37,184</u>	<u>150,507</u>
EXPENDITURES				
General Government	33,600	14,270	19,330	4,160
Public Safety	161,490	127,669	33,821	132,102
TOTAL EXPENDITURES	<u>195,090</u>	<u>141,939</u>	<u>53,151</u>	<u>136,262</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(14,590)</u>	<u>75,745</u>	<u>90,335</u>	<u>14,245</u>
OTHER FINANCING SOURCES				
Transfers In	-	-	-	1,000
TOTAL OTHER FINANCING SOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
NET CHANGE IN FUND BALANCE	(14,590)	75,745	90,335	15,245
FUND BALANCE, Beginning	<u>324,317</u>	<u>323,289</u>	<u>(1,028)</u>	<u>308,044</u>
FUND BALANCE, Ending	<u>\$ 309,727</u>	<u>\$ 399,034</u>	<u>\$ 89,307</u>	<u>\$ 323,289</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

COMBINING STATEMENT OF FIDUCIARY
ASSETS AND LIABILITIES
AGENCY FUNDS
Year Ended December 31, 2016

	2016			2015 ACTUAL
	PUBLIC TRUSTEE	OTHER GOVERNMENTS	TOTAL	
ASSETS				
Cash and Investments	\$ 161,063	\$ 320,653	\$ 481,716	\$ 441,259
TOTAL ASSETS	<u>\$ 161,063</u>	<u>\$ 320,653</u>	<u>\$ 481,716</u>	<u>\$ 441,259</u>
LIABILITIES				
Due to Public Trustee	\$ 161,063	\$ -	\$ 161,063	\$ 148,957
Due to Other Governments	<u>-</u>	<u>320,653</u>	<u>320,653</u>	<u>292,302</u>
TOTAL LIABILITIES	<u>\$ 161,063</u>	<u>\$ 320,653</u>	<u>\$ 481,716</u>	<u>\$ 441,259</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

COMBINING STATEMENT OF CHANGES IN
FIDUCIARY ASSETS AND LIABILITIES
AGENCY FUNDS

Year Ended December 31, 2016

	<u>BALANCE</u> 12/31/2015	<u>ADDITIONS</u>	<u>DEDUCTIONS</u>	<u>BALANCE</u> 12/31/2016
ASSETS				
Cash and Investments				
Public Trustee	\$ 148,957	\$ 1,340,016	\$ 1,327,910	\$ 161,063
Other Governments	292,302	25,006,906	24,978,555	320,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 441,259</u>	<u>\$ 26,346,922</u>	<u>\$ 26,306,465</u>	<u>\$ 481,716</u>
LIABILITIES				
Due to Public Trustee	148,957	1,340,016	1,327,910	161,063
Due to Other Governments	292,302	25,006,906	24,978,555	320,653
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 441,259</u>	<u>\$ 26,346,922</u>	<u>\$ 26,306,465</u>	<u>\$ 481,716</u>

See the accompanying independent auditors' report.

COMPLIANCE



JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners
Fremont County, Colorado

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*

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, each major fund, and the aggregate remaining fund information of Fremont County, Colorado as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise Fremont County, Colorado's basic financial statements, and have issued our report thereon dated July 31, 2017.

Internal Control over Financial Reporting

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

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

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 Fremont County, Colorado'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

John Luttrell & Associates, LLC

July 31, 2017



JOHN CUTLER & ASSOCIATES

To The Board of County Commissioners
Fremont County, Colorado

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE AS REQUIRED BY THE UNIFORM GUIDANCE

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Fremont County, Colorado'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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Fremont County, Colorado'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 Fremont County, Colorado's compliance.

Opinion on Each Major Federal Program

In our opinion, Fremont County, Colorado complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2016.

Report on Internal Control Over Compliance

Management of Fremont County, Colorado is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Fremont County, Colorado's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 Fremont County, Colorado's internal control over compliance.

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

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 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

John Luther & Associates, LLC

July 31, 2017

FREMONT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended December 31, 2016

Summary of Auditors- Results

Financial Statements

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies noted? _____ yes x none reported

Noncompliance material to financial statements noted?

_____ yes x no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ yes x no

- Significant deficiencies identified? _____ yes x none reported

Type of auditor's report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?

_____ yes x no

Identification of major program:

- 93.568 Low Income Home Energy Assistance
- 93.558 Temporary Aid for Needy Families
- 93.658 Title IV-E Foster Care

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

Auditee qualified as low-risk auditee? x yes _____ no

Findings Related to Financial Statements

The audit of the financial statements did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those financial statements.

Findings and Questioned Costs for Federal Awards

The audit of federal awards did not disclose any significant deficiencies in internal control that would be considered a material weakness, and did not disclose any instances of noncompliance with requirements of certain provisions of laws, regulations, and grants that were material to those federal awards.

FREMONT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Health and Human Services			
Passed through the Colorado Department Of Health and Human Services			
Low Income Home Energy Assistance	Yes	93.568	\$ 763,881
Temporary Aid for Needy Families	Yes	93.558	1,655,406
Child Support Enforcement	No	93.563	292,608
CDCF Cluster			
Child Card Development Block Grant	No	93.575	224,154
Child Care Mandatory Matching Funds	No	93.596	274,645
Total CDCF Cluster			<u>498,799</u>
Child Welfare Services	No	93.645	45,630
Title IV-E Foster Care	Yes	93.658	954,922
Title IV-E Adoption	No	93.659	217,864
Title IV-E Guardianship Assistance	No	93.090	7,193
Child Abuse and Neglect Discretionary Activities	No	93.670	25,635
Social Services Block Grant	No	93.667	297,962
Medical Assistance Program	No	93.778	468,479
Healthy Communities	No	93.UKN	9,757
Foster Care Independence Program	No	93.674	81,920
Promoting Safe and Stable Families	No	93.556	49,431
Passed through the Colorado Department Of Health Care Policy and Financing			
Medical Assistance Program	No	93.778	221,179
Passed through the Colorado Office of Performance and Strategic Outcomes			
Child Care Mandatory Matching Funds	No	93.596	22,050
Passed through the Colorado Department Of Public Health and Environment			
Healthy Immunizations	No	93.268	44,596
Public Health Emergency Preparedness	No	93.069	<u>32,000</u>
Total U.S. Department of Health and Human Services			<u>5,689,312</u>
U.S. Department of Agriculture			
Passed through the Colorado Department of Health and Human Services			
Nutrition Assistance Program	No	10.561	490,645
Passed through the Colorado Department of Public Safety			
Disaster Grants - Public Assistance	No	97.036	53,203
Passed through the Colorado Department of Treasury			
Roads and Schools - Grants to States	No	10.665	<u>115,247</u>
Total U.S. Department of Agriculture			<u>659,095</u>

See the accompanying independent auditors' report.

FREMONT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2016

(Continued)

	<u>Major Program ?</u>	<u>CDFA #</u>	<u>Total Expenditures</u>
U.S. Department of Transportation			
Passed through the Colorado Department of Transportation Highway Training and Education	No	20.215	<u>205,769</u>
U.S. Department of Housing and Urban Development			
Passed through the Colorado Department of Local Affairs Community Development Block Grant	No	14.228	<u>108,824</u>
U.S. Department of Justice			
Passed through the US Marshals Office Equitable Sharing Program	No	16.922	244,506
Passed through the Colorado Division of Criminal Justice Crime Victim Assistance	No	16.575	<u>26,138</u>
Department of Homeland Security			
Passed through the Colorado Department of Homeland Security Homeland Security Grant Program	No	97.067	214,092
Passed through the Colorado Division of Emergency Mangement Emergency Management Performance Grants	No	97.042	<u>30,000</u>
Total Federal Financial Assistance			<u><u>\$ 7,177,736</u></u>

NOTES

1. Basis of Presentation

The Schedule of Expenditures of Federal Awards includes the federal grant activity of the County 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 purpose financial statements.

2. There were no subrecipients in 2016.

3. The County did not use the 10% de minimus cost rate.

See the accompanying independent auditors' report.

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

LOCAL HIGHWAY FINANCE REPORT		City or County: Fremont
		YEAR ENDING : December 2016
This Information From The Records Of County of Fremont	Prepared By: Sunny Bryant Phone: 719-276-7351	

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)	855,978
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,465,386
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	
2. General fund appropriations		b. Snow and ice removal	23,501
3. Other local imposts (from page 2)	334,787	c. Other	
4. Miscellaneous local receipts (from page 2)	566,827	d. Total (a. through c.)	23,501
5. Transfers from toll facilities		4. General administration & miscellaneous	334,451
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	3,679,315
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)	901,614	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,819,028	2. Notes:	
D. Receipts from Federal Government (from page 2)	305,229	a. Interest	
E. Total receipts (A.7 + B + C + D)	4,025,871	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)	
			3,679,315

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,442,797	4,025,871	3,679,315	1,789,353	(0)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2016

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	291,210	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	1,455
4. Licenses		f. Charges for Services	191,018
5. Specific Ownership &/or Other	43,578	g. Other Misc. Receipts	39,776
6. Total (1. through 5.)	43,578	h. Other	334,577
c. Total (a. + b.)	334,787	i. Total (a. through h.)	566,827
	(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	2,704,058	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	46,257
a. State bond proceeds		b. FEMA	258,972
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	114,970	d. Federal Transit Admin	
d. Other (Specify) - DOLA Grant		e. U.S. Corps of Engineers	
e. Other (Specify) - Fire/Flood	0	f. Other Federal	
f. Total (a. through e.)	114,970	g. Total (a. through f.)	305,229
4. Total (1. + 2. + 3.f)	2,819,028	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		278,199	278,199
(3). System Preservation		474,951	474,951
(4). System Enhancement & Operation		102,828	102,828
(5). Total Construction (1) + (2) + (3) + (4)	0	855,978	855,978
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	855,978	855,978
			(Carry forward to page 1)

Notes and Comments: