

Lincoln County, Colorado

Financial Statements

December 31, 2019

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***r*farmer, llc**
a certified public accounting and consulting firm

Independent Auditor's Report

Board of County Commissioners
Lincoln County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Lincoln County, (the "County"), as of and for the year ended December 31, 2019, 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

The County's 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 did not audit the financial statements of Lincoln Community Hospital, which represent 25.3 percent, 14.3 percent, and 54.3 percent, respectively, of the assets, net position, and revenues of the governmental activities. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Lincoln Community Hospital, is based solely on the report of the other auditors. 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, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the County, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information on pages 32 – 35, and the pension schedules on pages 36 – 39 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.

Management has elected to not include the management's discussion and analysis required by the Governmental Accounting Standards Board. Our opinion on the basic financial statements is not affected by this omission.

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 balance sheet, statement of revenues, expenditures, and changes in fund balance, the budget and actual statements, the local highway finance report, and the schedule of expenditures of federal awards as required by the audit requirement of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information as identified above is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and the other auditors. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2020 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

rfarmer, llc

September 10, 2020

Lincoln County
Statement of Net Position
December 31, 2019

	<u>Governmental Activities</u>	<u>Total</u>	<u>Component Unit Lincoln Community Hospital</u>
ASSETS			
Cash and Equivalents	\$ 18,032,003	\$ 18,032,003	\$ 1,301,626
Receivables	5,961,527	5,961,527	6,701,923
Due from Other Governmental Agencies	1,000,000	1,000,000	-
Inventories	259,827	259,827	366,753
Prepaid Expenses	139,962	139,962	216,140
Capital Assets			
Land	109,425	109,425	-
Buildings	9,160,458	9,160,458	-
Equipment and Furniture	11,678,830	11,678,830	11,546,272
Less: Accumulated Depreciation	(9,973,395)	(9,973,395)	(7,606,308)
Total Capital Assets	<u>10,975,318</u>	<u>10,975,318</u>	<u>3,939,964</u>
Deferred outflows of resources pensions	<u>272,920</u>	<u>272,920</u>	
 Total Assets	 <u>36,641,557</u>	 <u>36,641,557</u>	 <u>12,526,406</u>
LIABILITIES			
Accounts payable and accrued expenses	130,064	130,064	3,616,635
Unearned Revenues	172,350	172,350	-
Long-term liabilities			
Due within one year			448,582
Capital leases and notes payable	124,789	124,789	-
Due in more than one year			
Long-term debt	-	-	2,938,314
Compensated absences	246,457	246,457	-
Landfill Closure Payable	564,436	564,436	-
Net Pension Liability	2,584,179	2,584,179	-
Total liabilities	<u>3,822,275</u>	<u>3,822,275</u>	<u>7,003,531</u>
Deferred inflows resource			
Pensions	1,387,818	1,387,818	-
Deferred property taxes	5,408,057	5,408,057	1,192,327
Total Deferred Inflow of Resources	<u>6,795,875</u>	<u>6,795,875</u>	<u>1,192,327</u>
NET POSITION			
Investment in capital assets	10,365,610	10,365,610	1,658,950
Restricted for:			
Restricted TABOR/expendable	384,147	384,147	163,080
Unrestricted	15,273,650	15,273,650	2,508,518
Total net position	<u>\$ 26,023,407</u>	<u>\$ 26,023,407</u>	<u>\$ 4,330,548</u>

The accompanying notes to financial statements
are an integral part of these statements.

**Lincoln County
Statement of Activities
For the Year Ended December 31, 2019**

<u>Functions/Programs</u>	<u>Program Revenue</u>				<u>Net (Expense) Revenue and Changes in Net Position</u>		<u>Component Unit Lincoln Community Hospital</u>
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>	<u>Total</u>	
Primary government							
Governmental Activities							
General Government	\$ 4,288,523	\$ 574,014	\$ 330,960	\$ 1,295	\$ (3,382,254)	\$ (3,382,254)	\$ -
Public Safety	2,342,348	66,830	-	-	(2,275,518)	(2,275,518)	
Highway and Streets	3,924,070	357,524	2,944,916	-	(621,630)	(621,630)	
Public Health	973,172	122,037	221,100	-	(630,035)	(630,035)	
Culture and Recreation	350,521	1,829	28,743	-	(319,949)	(319,949)	
Tourism	155,218	207,809	-	-	52,591	52,591	
Public Welfare	2,835,527	-	2,447,227	-	(388,300)	(388,300)	
Total governmental activities	<u>14,869,379</u>	<u>1,330,043</u>	<u>5,972,946</u>	<u>1,295</u>	<u>(7,565,095)</u>	<u>(7,565,095)</u>	
Total primary government	<u>\$ 14,869,379</u>	<u>\$ 1,330,043</u>	<u>\$ 5,972,946</u>	<u>\$ 1,295</u>	<u>(7,565,095)</u>	<u>(7,565,095)</u>	
Component Units							
Lincoln Community Hospital	19,156,780	17,761,873	418,645	30,350			(945,912)
Total component units	<u>\$ 19,156,780</u>	<u>\$ 17,761,873</u>	<u>\$ 418,645</u>	<u>\$ 30,350</u>			<u>(945,912)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purposes					5,224,540	5,224,540	442,856
SO and sales tax					3,399,469	3,399,469	-
Unrestricted investment earnings					290,130	290,130	10,447
Miscellaneous					27,558	27,558	-
Special item - gain (loss) on disposition of asset					(1,174,807)	(1,174,807)	4,000
Interest Expense					-	-	(134,166)
Transfers					-	-	634,081
Total general revenues, special items, and transfers					<u>7,766,890</u>	<u>7,766,890</u>	<u>957,218</u>
Change in net position					201,795	201,795	11,306
Net position - beginning-restated					25,821,612	25,821,612	4,319,242
Net position - ending					<u>\$ 26,023,407</u>	<u>\$ 26,023,407</u>	<u>\$ 4,330,548</u>

The accompanying notes to financial statements
are an integral part of these statements.

**Lincoln County
Balance Sheet
Governmental Funds
December 31, 2019**

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS						
Cash and cash equivalents	\$ 7,667,039	\$ 4,011,889	\$ 1,236,241	\$ 3,496,737	\$ 1,620,097	\$ 18,032,003
Taxes receivable, net	2,342,072	1,788,491	340,665	681,330	255,499	5,408,057
Other receivables	1,370,849	93,402	59,750	-	29,469	1,553,470
Inventories	8,000	251,827	-	-	-	259,827
Prepaid expenses	83,953	47,424	-	-	8,585	139,962
Total assets	<u>11,471,913</u>	<u>6,193,033</u>	<u>1,636,656</u>	<u>4,178,067</u>	<u>1,913,650</u>	<u>25,393,319</u>
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts payable	40,371	69,664	10,185	799	9,045	130,064
Unearned revenues	-	-	172,350	-	-	172,350
Total liabilities	<u>40,371</u>	<u>69,664</u>	<u>182,535</u>	<u>799</u>	<u>9,045</u>	<u>302,414</u>
Deferred cash in-flow resources						
Deferred property taxes	<u>2,342,072</u>	<u>1,788,491</u>	<u>340,665</u>	<u>681,330</u>	<u>255,499</u>	<u>5,408,057</u>
Fund balances:						
Non-spendable:						
Inventories	8,000	251,827	-	-	-	259,827
Prepaid expenses	83,953	47,424	-	-	8,585	139,962
Restricted--TABOR	384,147	-	-	-	-	384,147
Unassigned	8,613,370	-	-	-	-	8,613,370
	-	-	-	-	-	-
Committed	-	4,035,627	1,113,456	3,495,938	1,640,521	10,285,542
Total fund balances	<u>9,089,470</u>	<u>4,334,878</u>	<u>1,113,456</u>	<u>3,495,938</u>	<u>1,649,106</u>	<u>19,682,848</u>
Total liabilities and fund balances	<u>\$ 11,471,913</u>	<u>\$ 6,193,033</u>	<u>\$ 1,636,656</u>	<u>\$ 4,178,067</u>	<u>\$ 1,913,650</u>	<u>\$ 25,393,319</u>

The accompanying notes to financial statements
are an integral part of these statements.

Lincoln County
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
December 31, 2019

Total fund balance, governmental funds	\$	19,682,848
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		10,975,318
Certain other long-term assets are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		272,920
Some liabilities, (such as Notes Payable, Capital Lease Contract Payable, Long-term Compensated Absences, and Net Pension Liability), are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.		<u>(4,907,679)</u>
Net Position of Governmental Activities in the Statement of Net Position	\$	<u><u>26,023,407</u></u>

The accompanying notes to financial statements
are an integral part of these statements.

Lincoln County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	<u>General</u>	<u>Road & Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES						
Property Taxes	\$ 2,335,572	\$ 1,662,141	\$ 316,606	\$ 633,197	\$ 277,024	\$ 5,224,540
SO Tax	209,734	204,857	39,020	78,041	37,621	569,273
Sales and miscellaneous taxes	2,830,197	-	-	-	207,809	3,038,006
Intergovernmental	168,852	2,927,872	2,447,227	-	261,409	5,805,360
Charges for services	555,158	73,299	-	-	177,535	805,992
Investment earnings	283,300	2,331	447	888	3,164	290,130
Miscellaneous	184,368	301,269	19,850	-	7,195	512,682
Total revenues	<u>6,567,181</u>	<u>5,171,769</u>	<u>2,823,150</u>	<u>712,126</u>	<u>971,757</u>	<u>16,245,983</u>
EXPENDITURES						
Current:						
General government	3,690,534	62,635	-	34,828	10,644	3,798,641
Public Safety	2,129,877	-	-	-	77,730	2,207,607
Public Works	-	3,861,437	-	-	-	3,861,437
Health and sanitation	33,409	-	-	-	610,221	643,630
Culture and recreation	243,238	-	-	-	48,796	292,034
Tourism	-	-	-	-	155,218	155,218
Welfare	-	-	2,820,593	-	-	2,820,593
Debt Service:						
Principal	-	251,353	-	-	-	251,353
Capital Outlay	93,498	892,329	-	777,237	86,717	1,849,781
Total Expenditures	<u>6,190,556</u>	<u>5,067,754</u>	<u>2,820,593</u>	<u>812,065</u>	<u>989,326</u>	<u>15,880,294</u>
Excess (deficiency) of revenues over expenditures	<u>376,625</u>	<u>104,015</u>	<u>2,557</u>	<u>(99,939)</u>	<u>(17,569)</u>	<u>365,689</u>
OTHER FINANCING SOURCES (USES)						
Proceeds from capital leases	-	254,790	-	-	-	254,790
Transfers in	170,666	-	-	-	-	170,666
Transfers out	-	-	-	-	(170,666)	(170,666)
Total other financing sources and uses	<u>170,666</u>	<u>254,790</u>	<u>-</u>	<u>-</u>	<u>(170,666)</u>	<u>254,790</u>
SPECIAL ITEM						
Proceeds from sale of assets	14,674	-	-	-	-	14,674
Net change in fund balances	561,965	358,805	2,557	(99,939)	(188,235)	635,153
Fund balances - beginning	8,527,505	3,976,073	1,110,899	3,595,877	1,837,341	19,047,695
Fund balances - ending	<u>\$ 9,089,470</u>	<u>\$ 4,334,878</u>	<u>\$ 1,113,456</u>	<u>\$ 3,495,938</u>	<u>\$ 1,649,106</u>	<u>\$ 19,682,848</u>

The accompanying notes to financial statements
are an integral part of these statements.

Lincoln County
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of
Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2019

Net change in fund balances - total governmental funds: \$ 635,153

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays of \$1,849,781 is more than depreciation of \$989,232 in the current period. 860,549

Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain on the sale of the assets. Thus, the change in Net Position differs from the change in fund balance by the proceeds received and the gain or loss on the assets sold. (713,662)

Governmental funds report bond proceeds as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of bond principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. (3,437)

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

- Decrease (Increase) in accrued compensated absences and landfill costs not reflected on Governmental funds (271,054)
- Pension costs per the actual study in a defined benefit plan expense not reflected in the governmental funds (305,756)

Adjustment for rounding 2

Change in net position of governmental activities: \$ 201,795

The accompanying notes to financial statements
are an integral part of these statements.

Lincoln County
Statement of Fiduciary Net Position
Fiduciary Funds
December 31, 2019

	Agency Fund
ASSETS:	
Cash -County Clerk and Treasurer	\$ 2,849,323
Total assets	2,849,323
LIABILITIES:	
Due to other governmental units	2,849,323
TOTALS	\$ 2,849,323

The accompanying notes to financial statements
 are an integral part of these statements.

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Lincoln County, Colorado
Notes to Financial Statements
December 31, 2019

Note 1 **Summary of Significant Accounting Policies**

The financial statements of Lincoln County, Colorado (the County) have been prepared in conformity with generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial reporting entity consists of (1) primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The reporting entity's financial statements should present the funds of the primary government (including its blended component units, if any) with discretely presented component units reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the County.

Based on the above criteria, the Lincoln Community Hospital is included in the County's basic financial statements using the discrete presentation. The Hospital is governed by a board appointed by the County Commissioners. The Hospital is fiscally dependent on the County because the Hospital's budget is approved by the County Commissioners. Complete financial statements of the Hospital can be obtained directly at the Lincoln Community Hospital, PO Box 248, Hugo, CO 80821.

Government-Wide and Fund Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the County. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or activity are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes

and other items not properly included among program revenues are reported as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentations

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the County's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

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. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current periods, or soon enough thereafter, to pay liabilities of the current period. For this purpose, revenues are considered to be available if collected within 60 days after year-end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Sales tax collected and held at year end on behalf of the County is also recognized as revenue if collected within 60 days after year end. Expenditure-driven grants are recognized as revenue when qualifying expenditures have been incurred and all other grant requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

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

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

Fund Accounting

The accounts of the County are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The County reports the following major governmental funds:

General Fund - The general 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. The main sources of revenues are property taxes and sales taxes.

Road and Bridge Fund - This fund records costs related to County road and bridge construction and maintenance. By state law, Colorado counties are required to maintain a Road and Bridge Fund and a portion of road and bridge taxes is allocated to cities and towns for their road and street activities. The main sources of revenues are highway user trust fund and property taxes.

Human Services Fund - This fund administers social services programs under state and federal regulations. Colorado counties are required by law to maintain a Human Services Fund.

Capital Projects Fund - This fund accounts for major construction projects and the majority of the County's capital outlay.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges. The County does not have any enterprise funds.

Fiduciary funds focus on net assets and changes in net assets. The County reports the following fiduciary funds:

Agency Fund - This fund accounts for transactions related to assets held by the County in the capacity of trustee, custodian or agent for other governmental entities.

Short-Term Interfund Receivables/Payables

The County from time to time authorizes advances between County funds. Interfund receivables and payables are classified as internal balances on the government-wide statement of net assets and are classified as due to/from other funds on the balance sheet.

Receivables

For all revenue, the County uses sixty days as receivable under the modified accrual basis of accounting, except in instances where grant funds are involved and the criteria of receiving reimbursement has been met as of year-end.

Inventory

Inventory is valued at lower of cost (first in, first out) or market. Inventory in the special revenue fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time individual inventory items are purchased. Reported inventories are equally offset by a fund balance reserve which indicates that they do not constitute "available spendable resources" even though they are a component of net current assets.

Prepayments

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

Capital Assets

Capital assets, which include land, land improvements, buildings, furnishings, equipment and infrastructure assets (e.g. roads, bridges, sidewalks and similar items) are capitalized at actual or estimated costs. Donations of such assets are recorded at estimated fair value at the time of donation. Capital assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements.

Maintenance, repairs and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. When assets used in the operation of a government fund type are sold, the proceeds of the sale are recorded as revenues in the appropriate government fund. The County reports gains and losses on the disposal of capital assets (carrying value less sale proceeds, if any) in the government-wide statement of activities and enterprise

fund operating statement. Interest incurred during the construction phase of capital assets of business-type activities is included in the capitalized value of the assets constructed.

Capital assets are defined by the government as assets with an initial individual cost of more than \$5, 000 and an estimated useful life in excess of one year. The County's capital assets are depreciated using the straight-line method over the estimated useful lives of the fixed assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Estimated useful lives are:

Land improvements	15 to 50 years
Buildings and building improvements	15 to 50 years
Furniture, fixtures and equipment	3 to 50 years

As a Phase 3 government, as defined in GASB 34, the County has elected to not report major general infrastructure assets retroactively; therefore, the government-wide financial statements do not reflect infrastructure assets completed prior to January 1, 2004. There have been no infrastructure additions since January 1, 2004, so as of the current year-end the County is not reporting any infrastructure assets.

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on the property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. Delinquent notices for unpaid taxes are sent to property owners in July and properties are subject to tax sale in November. The County bills and collects its own property taxes and also taxes for the schools, town and special districts. Collections of the County taxes and remittance of them to the schools, town and special districts are accounted for in the agency funds. County property taxes are recognized when levied to the extent that they result in current receivables and deferred revenues and are recorded on the balance sheet of the appropriate fund.

Compensated Absences

Vacation and sick pay is accrued when earned in the government-wide statements according to the County's vacation and sick pay policy at the employee's prevailing wage as of the last day of the year.

Fund Equity

In the fund financial statements, the following classifications describe the relative strength of spending constraints.

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory and prepaid amounts) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to the limitations imposed by the County’s highest level of decision-making authority, the County Commissioners, or other individuals authorized to assign funds to be used for a specific purpose. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Assigned fund balance – The portion of fund balance set aside for planned or intended purposes but are neither restricted nor committed. The intended use may be expressed by the County Commissioners or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balances in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum, intended to be used for the purpose of that particular fund.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria. The County will only report a positive unassigned fund balance in the General Fund.

When both restricted and unrestricted fund balances are available for use, it is the County’s policy to use restricted amounts first. Unrestricted fund balance will be used in the following order: committed, assigned and unassigned.

Note 2 Budgetary Information

An annual budget and appropriation resolution is adopted by the Board of County Commissioners in accordance with the Colorado State Budget Act. The County follows these procedures in establishing the budgetary data reflected in the financial statements.

1. On or about September 1, the various department heads submit to the Board of County Commissioners a proposed operating budget for their department for the fiscal year commencing the following January 1. After a review and discussion with each department head, the Board adopts a preliminary operating budget for each fund including proposed expenditures and the means of financing them.
2. A notice is published informing the public that the proposed budget is available for inspection.
3. Prior to December 22, the budget is legally enacted through passage of a resolution by the Board of County Commissioners. Once enacted, budgets may be amended by passage of a supplemental appropriation approved by the County Commissioners. The final amended budget is used in the financial

statements. All appropriations lapse at year end. Supplemental budgets were adopted for 2019.

4. Budgets for the general, special revenue and capital projects funds are adopted on a basis consistent with generally accepted accounting principles. (GAAP)

The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level for all funds.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the County for either budget or financial reporting purposes.

The Conservation Trust Fund, Lodging Tax Tourism Fund, and the Department of Human Services Fund overspent their 2019 budgets.

Note 3 Deposits and Investments

Deposits

The County's deposits at year-end are as follows:

Insured (FDIC)	\$ 1,000,000
Collateralized by securities held by the pledging financial institution's trust department or agent in the County's name and U.S. Obligations	<u>19,881,326</u>
Total Cash and Deposits	20,881,326
Less amounts due other taxing entities	<u>(2,849,323)</u>
Cash with County Treasurer	<u>\$ 18,032,003</u>

Deposits are exposed to custodial credit risk (the risk that, in the event of the failure of a depository financial institution, the government would not be able to recover deposits or would not be able to recover collateral securities that are in the possession of an outside party) if they are not covered by depository insurance and are collateralized with securities held by the pledging financial institution, except for deposits collateralized by certain types of collateral pools including a single financial institution collateral pool where the fair value of the pool is equal to or exceeds all uninsured public deposits held by the financial institution (e.g. deposits insured by The Public Deposit Protection Act (PDPA)). Accordingly, none of the County's deposits at year-end are deemed to be exposed to custodial credit risk. The County has no policy regarding custodial credit risk for deposits.

Investments

Colorado statutes specify in which instruments the local government may invest, which include:

1. Repurchase agreements in obligations of the United States;
2. Obligations of the United States or obligations unconditionally guaranteed by the United States;
3. General obligation or revenue bonds of any state, District of Columbia, U.S. territory or any of their subdivisions, with certain limitations;
4. Bankers' acceptance issued by a state or national bank, with certain limitations;
5. Commercial paper, with certain limitations;
6. Any obligation, certificate of participation or lease/purchase of the investing public entity;
7. Money market fund, with certain limitations, which invest in the types of securities listed above;
8. Guaranteed investment contracts, with certain limitations;
9. Participation with other local governments in pooled investment funds (trust). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments. These trusts are "ColoTrust", "Jefftrust" and "C Safe".

Colorado State Statutes authorize the County to invest in obligations of the U.S. Treasury, agencies and instrumentalities, commercial paper, repurchase agreements, money market funds and local government investment pools with a maturity date no more than five years from the date of purchase. Investments are reported at fair value, which approximates cost, except for non-participating contracts, which are reported at amortized cost. The County has \$6,397,233 in U.S. obligations

The County has invested in COLOTRUST in the amount of \$3,932,450 as of year-end. COLOTRUST PRIME and PLUS+ pools are a 2a7-like investment pool. The following facts are relevant for 2a7-like investment pools:

- Credit risk: COLOTRUST PRIME and PLUS+ Portfolios are rated AAAM by S&P. COLOTRUST PLUS+ is rated AAA by Moody's and AAA/V1+ by Fitch.
- Custodial credit risk: COLOTRUST PRIME and PLUS+ participants' investments in the pool are evidenced by shares of the pool. Investments in pools should be disclosed, but not categorized because they are not evidenced by securities that exist in physical or book-entry form. The public entity's

investment is with the pool, not the securities that make up the pool; therefore, no disclosure is required.

- Concentration of credit risk: Pooled investments are excluded from the 5 percent disclosure requirement.

The Pension Fund investments are special managed accounts consisting of individual stocks and other investments and are not subject to credit ratings.

Interest Rate Risk: The County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates.

Credit Risk: With the exception of the Employee Pension Fund, the County does not have a formal investment policy that would further limit its investment choices beyond those listed above which are approved by Colorado Statutes.

All public funds within the jurisdiction of the Lincoln County Treasurer shall be invested in accordance with Colorado State Statutes and resolutions enacted by the Board of County Commissioners in a manner that seeks to accomplish the following objectives in the following priority:

Safety: To ensure the safety of all public funds, investments shall be made so as to minimize the potential for capital losses arising from changes in market value or default.

Safety of principal is the foremost objective of the investment program. Investments of Lincoln County will be made in a manner that seeks to ensure the preservation of capital in the Portfolio. To attain this objective, the Lincoln County Treasurer will endeavor to mitigate credit and interest rate risks

Credit risk: Lincoln County will minimize credit risk, which is the risk of loss due to the failure of the security issuer or backer, by:

- Limiting investments to the types of securities listed in the Authorized Investments section of this Policy.
- Diversifying the investment portfolio so that the impact of potential losses from any one type of security or from any one individual issuer will be minimized.

Interest rate risk: Lincoln County will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by:

- Structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities on the open market prior to maturity.

Liquidity: To ensure that adequate funds are available at all times to promptly pay all of the County's financial obligations, without need for the sale of investments at the risk of market losses due to untimely liquidation.

The Employee Pension Fund must achieve a minimum of two of the three performance criteria. For 3, 5, 10 and 15 years, the investment selection must be in the top (40%) of its peer group for annualized return. This benchmark can be overridden if the fund illustrates that its risk (standard deviation) has been below industry peers for given time frames.

Note 4 Capital Assets

A summary of changes in governmental activity capital assets is as follows:

	Jan 1, 2019	Additions	Deletions	Dec 31, 2019
Non-Depreciable Assets:				
Land	\$ 109,425	\$ -	\$ -	\$ 109,425
Total Non-Depreciable Assets	109,425	-	-	109,425
Depreciable Assets:				
Land Improvements	1,138,696	-	(1,138,696)	-
Buildings	7,314,526	1,845,932	-	9,160,458
Furniture, Fixtures & Equipment	14,181,783	1,252,479	(3,755,432)	11,678,830
Total Depreciable Assets	22,635,005	3,098,411	(4,894,128)	20,839,288
Total Accumulated Depreciation	(11,915,999)	(989,232)	2,931,836	(9,973,395)
Total Depreciable Assets, Net	10,719,006	2,109,179	(1,962,292)	10,865,893
Total Capital Assets, Net	\$ 10,828,431	\$ 2,109,179	\$ (1,962,292)	\$ 10,975,318

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

General Government	\$ 257,405
Public Safety	134,742
Highway and Roads	475,819
Health	47,904
Human Services	14,875
Culture and Recreation	58,487
Total Depreciation Expense	<u>\$ 989,232</u>

Note 5 Long Term Debt

Road & Bridge Fund

During the year, the County entered into new lease purchase agreements for road and bridge equipment. The interest rates vary from 3.2% to 3.5%. This lease was paid in full during 2019.

Landfill Closure and Post-Closure Costs

State and federal laws and regulations require the County to place a final cover on each of the units located at the landfill site as the capacity of those units is maximized. In addition, the County is required to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure costs will be paid throughout the life of the site as individual units are closed, and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, government accounting standards require that the County report a portion of these closure and postclosure care costs in each period based on landfill capacity used as of each balance sheet date. Landfill closure and postclosure care costs of \$338,482 and \$225,954, respectively, reported as of

December 31, 2019, represent the cumulative amount reported to date based on the use of 1.62% of the estimated capacity of the landfill.

The landfill is comprised of cells 1, 2, and 3. Currently, the County is using cell 3 as cells 1 and 2 are closed or in a closing stage.

Closure and post-closure care financial assurances are being met by the local financial test.

Changes in Long-Term Debt

The changes in long-term debt during the current year are summarized as follows:

	<u>Jan 1, 2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Dec 31, 2019</u>	<u>Due Within One Year</u>
Compensated Absences	\$ 246,457	\$ -	\$ -	\$ 246,457	\$ -
Landfill Closure Costs	293,382	271,054	-	564,436	-
Lease Purchase	121,353	254,790	(251,354)	124,789	124,789
Total	<u>\$ 661,192</u>	<u>\$ 525,844</u>	<u>\$ (251,354)</u>	<u>\$ 935,682</u>	<u>\$ 124,789</u>

Compensated absences are normally paid from the funds reporting payroll and related expenditures, including the General Fund, Road and Bridge Fund, Social Services Fund, Landfill Fund, Library Fund and Emergency 911 Fund. Landfill Closure Costs are payable from the Landfill Fund. The note payable is payable from the General Fund. The lease purchase is paid by the Road & Bridge Fund.

Note 6

Pension Plans

**LINCOLN COUNTY EMPLOYEE PENSION PLAN – A SINGLE EMPLOYER
PLAN**

Statement of Pension Expense under GASB Statement No. 68 - Fiscal Year Ended
December 31, 2019

Expense:	
Service Cost	190,669
Interest on Total Pension Liability	339,131
Current-Period Benefit Changes	348,575
Employee Contributions (made negative for addition here)	(110,360)
Projected Earnings on Plan Investments (made negative for addition here)	(168,545)
Pension Plan Administrative Expense	19,271
Other Changes in Plan Fiduciary Net Position	(9,500)
Recognition of Outflow (Inflow) of Resources due to Liabilities	(147,104)
Recognition of Outflow (Inflow) of Resources due to Assets	14,423
Total Pension Expense	<u><u>\$ 476,560</u></u>

Statement of Outflows and Inflows Arising from Current Reporting Period – Fiscal Year
Ended December 31, 2019

A. Outflows (Inflows) of Resourced due to Liabilities:

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$	-
2. Assumption Changes (gains) or losses	\$	-
3. Recognition period for Liabilities: Average of the expected remaining service lives of all employees (in years)		8.7958
4. Outflow (Inflow) of Resources to be recognized in the current pension expense for the difference between expected and actual experience of the Total Pension Liability	\$	-
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for assumption changes	\$	-
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$	-
7. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses for the difference between expected and actual experience of the Total pension Liability	\$	-
8. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses for assumption changes	\$	-
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$	-

B. Outflows (Inflows) of Resourced due to Assets:

1. Net Difference between projected and actual earnings on pension plan investments (gains) or losses	\$	(259,406)
2. Recognition period for Assets (in years)		5.0000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$	(51,881)
4. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$	(207,525)

Deferred Outflows and Inflows of Resources by Source – Fiscal Year Ended
December 31, 2019

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 37,572	\$ -
Changes in assumptions	-	1,156,004
Net difference between projected and actual earnings on pension plan investments	235,348	231,814
Total	\$ 272,920	\$ 1,387,818

Statement of Changes in Net Pension Liability and Related Ratios – Current Reporting
Period – Fiscal Year Ended December 31, 2019

	<u>2019</u>
A. Total pension liability:	
1. Service cost	\$ 190,669
2. Interest on the total pension liability	339,131
3. Changes of benefit terms	348,575
4. Difference between expected and actual experience of the total pension liability	-
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(156,358)
7. Net change in total pension liability	<u>722,017</u>
8. Total pension liability - beginning	4,827,869
9. Total pension liability – ending	<u>\$ 5,549,886</u>
B. Plan fiduciary net position:	
1. Contributions – employer	\$ 315,716
2. Contributions – employee	110,360
3. Net investment income	427,951
4. Benefit payments, including refunds of employee contributions	(156,358)
5. Pension plan administrative expense	(19,271)
6. Other	9,500
7. Net change in plan fiduciary net position	<u>687,897</u>
8. Plan fiduciary net position - beginning	2,277,809
9. Plan fiduciary net position – ending	<u>\$ 2,965,707</u>
C. Net pension liability	<u>\$ 2,584,179</u>
D. Plan fiduciary net position as a percentage of the total pension liability	53.44%
E. Covered-employee payroll	\$ 3,198,226
F. Net pension liability as a percentage of covered-employee payroll	80.80%

Schedules of Required Supplementary Information, Schedule of Changes in Net Pension Liability and Related Ratios Multiyear

	<u>2018</u>
A. Total pension liability:	
1. Service cost	\$ 300,859
2. Interest on the total pension liability	254,635
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the total pension liability	47,456
5. Changes of assumptions	(1,460,096)
6. Benefit payments, including refunds of employee contributions	<u>(227,946)</u>
7. Net change in total pension liability	(1,085,092)
8. Total pension liability - beginning	<u>5,912,961</u>
9. Total pension liability – ending	<u><u>\$ 4,827,869</u></u>
B. Plan fiduciary net position:	
1. Contributions – employer	\$ 113,912
2. Contributions – employee	105,775
3. Net investment income	(216,749)
4. Benefit payments, including refunds of employee contributions	(227,946)
5. Pension plan administrative expense	(16,823)
6. Other	-
7. Net change in plan fiduciary net position	<u>(241,831)</u>
8. Plan fiduciary net position - beginning	<u>2,519,640</u>
9. Plan fiduciary net position – ending	<u><u>\$ 2,277,809</u></u>
C. Net pension liability	<u><u>\$ 2,550,060</u></u>
D. Plan fiduciary net position as a percentage of the total pension liability	47.18%
E. Covered-employee payroll	\$ 3,105,074
F. Net pension liability as a percentage of covered-employee payroll	82.13%

Notes to Schedule of Contributions

Valuation Date: December 31, 2018
Notes: Actuarially determined contribution rates are calculated as of January 1 each year for implementation the following year.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of Payroll, Closed
Remaining Amortization Period	13 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table of rates that are specific to the type of eligibility condition.
Mortality	RP-2014 generational mortality tables with blue collar adjustment projected with Scale MP-2017.

Other Information:

Notes: The actuarial equivalent lump sum factors, employee contributions, and vesting schedule were all updated since the prior valuation.

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 4.28%, as well as what the plan's net pension liability would be if it were calculated using a Single discount Rate that is one percent lower or one percent higher.

1% Decrease	Current Single Discount	1% Increase
6.00%	Rate Assumption	8.00%
7.00%		
\$3,084,505	\$2,584,179	\$2,149,130

Local Government

Participation

Each Eligible Employee shall become a Participant on the Entry Date coincident with or next following such Employee's attainment of age 18 and completion of one Year of Service, provided that such Employee is still employed on such Entry Date. However, an Employee who is elected to the position held by such Employee with the Employer shall become a Participant upon the entry date coincident with or next following the date upon which the Employee formally assumes such position.

Required Participant Contributions

Participants shall be required to make monthly after-tax deduction contributions to the Trust under this Plan as a condition to participation, in an amount equal to 4.50% of such Participant's Compensation.

Employer Contributions

The Employer intends to contribute from time to time to the Trustee such amounts as may be actuarially determined as necessary to provide the benefits under the Plan and to fund the Plan in accordance with minimum standards applicable to the Plan. Any forfeitures arising under the Plan shall not be applied to increase the benefits any Participant would otherwise receive under the Plan but shall be applied to reduce the Employer contribution under the Plan.

Credited Service

"Year of Service" for purposes of both eligibility and vesting shall mean a twelve-consecutive month period in which the Employee is credited with at least 1,500 Hours of Service (1,000 Hours of Service prior to January 1, 1992).

Final Average Compensation

For individuals commencing participation in the plan prior to January 1, 2020, the Participant's Final Average Compensation is the average monthly compensation for the

highest Year of Service of the last 2 Years of Service preceding termination of employment, or the average monthly compensation of total Years of Service if fewer than 2 Years of Service. For individuals commencing participation in the plan on or after January 1, 2020, the Participant's Final Average Compensation is the average monthly compensation for the Participant's last 5 consecutive Years of Service, or the average monthly compensation for total Years of Service if fewer than 5 total years.

Normal Form of Retirement Benefits

Life Annuity.

Accrued Benefit

1.750% of average monthly compensation multiplied by total number of years of participation.

Death Benefit

Present value of accrued benefits.

Vesting Schedule

For individuals commencing participation in the Plan prior to January 1, 2020:

<u>Years of Service</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Percent Vested	0.00	0.00	0.00	62.50	100.00

For individuals commencing participation in the Plan on or after January 1, 2020:

<u>Years of Service</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>
Percent Vested	0.00	0.00	0.00	0.00	100.00

Service is calculated using all years of service.

Updated Plan Benefits - As of January 1, 2020, the Plan document was updated. This update included an update of the actuarial equivalence definition to be based on the RP-2014 mortality blue-collar tables. Additionally, the vesting schedule was updated for current and future members of the plan.

The County Commissioners make and approve any changes to the plan.

Actuarial Valuation Date	December 31, 2018
Measurement Date of the Net Pension Liability	December 31, 2019
Employer's Fiscal Year Ending Date (Reporting Date)	December 31, 2019

Membership

Number of:	
- Retirees and Beneficiaries	9
- Inactive, Nonretired Members	4
- Active Members	76
- Total	<u>89</u>
Covered Payroll	<u>\$ 3,198,226</u>

Net Pension Liability

Total Pension Liability	\$ 5,549,886
Plan Fiduciary Net Position	<u>2,965,707</u>
Net Pension Liability	<u>2,584,179</u>

Plan Fiduciary Net Position as a Percentage of Total Pension Liability	53.44%
Net Pension Liability as a Percentage of Covered Payroll	80.80%

Development of the Single Discount Rate

Single Discount Rate	7.00%
Long-Term Expected Rate of Investment Return	7.00%
Long-Term Municipal Bond Rate*	2.75%
Last year ending December 31 in the 2020 to 2119 projection period for which projected benefit payments are fully funded	2119

Total Pension Expense	<u>\$ 476,561</u>
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Deferred Compensation Plan

A deferred compensation plan under Section 457 of the Internal Revenue Code (IRC) is available to all employees for voluntary contributions of up to a maximum specified by the Internal Revenue Service. Employees are eligible to participate immediately upon his or her date of employment or reemployment. In accordance with the terms of the plan, distribution is not available to employees until retirement, death or in the event of an unforeseen emergency. The plan is administered by CCOERA, and plan provisions are established and may be amended by the County Commissioners.

Note 7 Risk Management

Due to the County's potential exposure 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, the County participates in the following public entity risk pools:

County Worker's Compensation Pool

Due to the high cost of obtaining worker's compensation insurance the County joined together with the Counties in the State of Colorado to form the County Worker's Compensation Pool (CWCP), a public entity risk pool operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its worker's compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of specified self-insured retention, which is determined each policy year. There have been no significant reductions in coverage from the prior year and settled claims have not exceeded coverage in any of the past three fiscal years.

Colorado Counties Casualty and Property Pool

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

Note 8 Commitments and Contingencies

TABOR

In November 1992, the Colorado voters passed a constitutional amendment (Tabor Amendment) to the State Constitution (Article X, Section 20) which requires voter approval for any increases in mill levies, revenue limits, spending limits, and creation of multi-year debt. In addition, the amendment requires that a 3% reserve be established for emergencies.

The initial base for local government spending and revenue limits is 1992 fiscal year spending (as defined by TABOR). Future spending and revenue limits are determined based on the prior year's spending (as defined under TABOR) adjusted for the inflation and annual local growth. Revenue in excess of the spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. In November 1995, the voters approved a ballot issue which read, in part, that the County "be... permitted to retain, appropriate and utilize, by retention for reserve, carry-over fund balance, or expenditures in 1995, and all subsequent years, notwithstanding any limitation of Article X, Section 20 of the Colorado Constitution." This ballot issue also included a provision that, although the revenue and spending limitations of TABOR would not apply in 1995

and subsequent years, any future increase in tax rates or mill levy or imposition of any new tax would continue to require consent of the voters.

The County has reserved \$384,147 within the General Fund for the emergency reserve under the Tabor Amendment.

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

The County believes that it is in compliance with the provisions of the Tabor Amendment except as indicated above. However, many provisions of the Tabor Amendment are complex and subject to further interpretation and will require judicial interpretation.

Note 9 Joint Venture

District Attorney for the Eighteenth Judicial District is a joint venture between four counties. The District Attorney represents the people of the counties and is established by state statute. The District Attorney is an elected office and the counties comprising the District other than approving their respective budgets do not exercise oversight responsibility, significantly affect operations, nor do they have any financial obligation beyond the budget.

The report of the Office of the District Attorney for the Eighteenth District may be obtained at the following address:

Office of the District Attorney
Eighteenth Judicial District
7305 S. Potomac St., Suite 300
Englewood, CO 80112-4031
720-874-8500

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**Lincoln County
Budget and Actual
General
For the year ended December 31, 2019**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 2,331,736	\$ 2,331,736	\$ 2,335,572
Sales and miscellaneous taxes	1,400,000	1,400,000	2,830,197
SO Taxes	130,000	130,000	209,734
Intergovernmental	705,000	705,000	168,852
Charges for services	585,084	585,084	555,158
Investment earnings	75,000	75,000	283,300
Miscellaneous	61,200	326,044	184,368
Total revenues	<u>5,288,020</u>	<u>5,552,864</u>	<u>6,567,181</u>
EXPENDITURES			
Current:			
General government	4,019,085	4,341,929	3,690,534
Public Safety	2,231,972	2,231,972	2,129,877
Health and sanitation	33,144	33,144	33,409
Culture and recreation	263,810	263,810	243,238
Capital Outlay	337,200	337,200	93,498
Total Expenditures	<u>6,885,211</u>	<u>7,208,055</u>	<u>6,190,556</u>
Excess (deficiency) of revenues over expenditures	<u>(1,597,191)</u>	<u>(1,655,191)</u>	<u>376,625</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	-	-	170,666
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>170,666</u>
SPECIAL ITEM			
Proceeds from sale capital assets	-	-	14,674
Net change in fund balances	<u>(1,597,191)</u>	<u>(1,655,191)</u>	<u>561,965</u>
Fund balances - beginning	8,343,664	8,343,664	8,527,505
Fund balances - ending	<u>\$ 6,746,473</u>	<u>\$ 6,688,473</u>	<u>\$ 9,089,470</u>

**Lincoln County
Budget and Actual
Road & Bridge Fund
For the year ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 1,659,880	\$ 1,659,880	\$ 1,662,141
Sales and miscellaneous taxes	165,000	165,000	204,857
Intergovernmental	2,454,708	2,454,708	2,927,872
Charges for services	-	-	73,299
Investment earnings	2,000	2,000	2,331
Miscellaneous	25,000	25,000	301,269
Total revenues	<u>4,306,588</u>	<u>4,306,588</u>	<u>5,171,769</u>
EXPENDITURES			
Current:			
General government	95,500	95,500	62,635
Highways and roads	4,976,727	4,976,727	3,861,435
Debt Service:			
Principal	400,000	400,000	251,353
Capital Outlay	600,000	600,000	892,329
Total Expenditures	<u>6,072,227</u>	<u>6,072,227</u>	<u>5,067,752</u>
Excess (deficiency) of revenues over expenditures	<u>(1,765,639)</u>	<u>(1,765,639)</u>	<u>104,017</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from capital leases	-	-	254,790
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>254,790</u>
Net change in fund balances	(1,765,639)	(1,765,639)	358,807
Fund balances - beginning	4,456,414	4,456,414	3,976,073
Fund balances - ending	<u>\$ 2,690,775</u>	<u>\$ 2,690,775</u>	<u>\$ 4,334,880</u>

**Lincoln County
Budget and Actual
Human Services Fund
For the year ended December 31, 2019**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 316,168	\$ 316,618	\$ 316,606
SO Taxes	-	-	39,020
Intergovernmental	2,509,000	2,509,000	2,447,227
Investment earnings	-	-	447
Miscellaneous	42,000	42,000	19,850
Total revenues	<u>2,867,168</u>	<u>2,867,618</u>	<u>2,823,150</u>
EXPENDITURES			
Current:			
Welfare	2,628,121	2,628,121	2,820,593
Total Expenditures	<u>2,628,121</u>	<u>2,628,121</u>	<u>2,820,593</u>
Excess (deficiency) of revenues over expenditures	<u>239,047</u>	<u>239,497</u>	<u>2,557</u>
Net change in fund balances	239,047	239,497	2,557
Fund balances - beginning	1,353,194	1,353,194	1,110,899
Fund balances - ending	<u>\$ 1,592,241</u>	<u>\$ 1,592,691</u>	<u>\$ 1,113,456</u>

**Lincoln County
Budget and Actual
Capital Projects Fund
For the year ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 632,335	\$ 632,335	\$ 633,197
Sales and miscellaneous taxes	61,000	61,000	78,041
Investment earnings	-	-	888
Miscellaneous	10,500	10,500	-
Total revenues	<u>703,835</u>	<u>703,835</u>	<u>712,126</u>
EXPENDITURES			
General Government	524,000	524,000	34,828
Capital Outlay	<u>1,232,000</u>	<u>1,232,000</u>	<u>777,237</u>
Total Operating Expenses	<u>1,756,000</u>	<u>1,756,000</u>	<u>812,065</u>
Operating income (loss)	<u>(1,052,165)</u>	<u>(1,052,165)</u>	<u>(99,939)</u>
Net change in fund balances	(1,052,165)	(1,052,165)	(99,939)
Fund balances - beginning	<u>3,703,259</u>	<u>3,703,259</u>	<u>3,595,877</u>
Fund balances - ending	<u>\$ 2,651,094</u>	<u>\$ 2,651,094</u>	<u>\$ 3,495,938</u>

**Lincoln County, Colorado
Schedule of Contributions Multiyear
Last 10 Fiscal Years (to be Built Prospectively)**

FYE Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2017	\$ 261,508	\$ 113,028	\$ 148,480	\$ 3,211,442	3.52%
2018	321,950	113,912	208,038	3,105,074	3.67%
2019	339,176	315,716	23,460	3,198,226	9.87%

** Includes both employer and State of Colorado Supplemental Discretionary Payment.*

Lincoln County, Colorado
Schedule of Changes in Net Pension Liability
and Related Ratios Multiyear
Last 10 Fiscal Years (to be Built Prospectively)

Fiscal year ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability:			
Service cost	\$ 190,669	\$ 300,859	\$ 292,096
Interest on the total pension liability	339,131	254,635	239,951
Changes of benefit terms	348,575	-	-
Difference between expected and actual experience of the total pension liability	-	47,456	-
Changes of assumptions	-	(1,460,096)	-
Benefit payments, including refunds of employee contributions	(156,358)	(227,946)	(158,720)
Net change in total pension liability	<u>722,017</u>	<u>(1,085,092)</u>	<u>373,327</u>
Total pension liability - beginning	4,827,869	5,912,961	5,539,634
Total pension liability – ending (a)	<u><u>\$ 5,549,886</u></u>	<u><u>\$ 4,827,869</u></u>	<u><u>\$ 5,912,961</u></u>
 Plan fiduciary net position:			
Contributions – employer	315,716	113,912	113,028
Contributions – employee	110,360	105,775	104,955
Net investment income	427,951	(216,749)	218,049
Benefit payments, including refunds of employee contributions	(156,358)	(227,946)	(158,720)
Pension plan administrative expense	(19,271)	(16,823)	(15,083)
Other	9,500	-	64,000
Net change in plan fiduciary net position	<u>687,898</u>	<u>(241,831)</u>	<u>326,229</u>
Plan fiduciary net position - beginning	<u>2,277,809</u>	<u>2,519,640</u>	<u>2,193,411</u>
Plan fiduciary net position – ending (b)	<u>2,965,707</u>	<u>2,277,809</u>	<u>2,519,640</u>
Net pension liability - ending (a) - (b)	<u><u>2,584,179</u></u>	<u><u>2,550,060</u></u>	<u><u>3,393,321</u></u>
 Plan fiduciary net position as a percentage of the total pension liability	53.44%	47.18%	42.61%
 Covered-employee payroll	\$ 3,198,226	\$ 3,105,074	\$ 3,211,442
 Net pension liability as a percentage of covered-employee payroll	80.80%	82.13%	105.66%

**Lincoln County
Balance Sheet
Other Governmental Funds
December 31, 2019**

	<u>Conservation Trust</u>	<u>Library Fund</u>	<u>Public Health</u>	<u>Emergency 911 Fund</u>	<u>Lodging Tax Tourism Fund</u>	<u>Landfill Fund</u>	<u>Total Governmental Funds</u>
ASSETS							
Cash and cash equivalents	\$ 68,379	\$ 33,773	\$ 218,458	\$ 260,452	\$ 171,465	\$ 867,570	\$ 1,620,097
Taxes receivable, net	-	42,583	42,583	-	-	170,333	255,499
Other receivables	-	-	23,115	3,079	-	3,275	29,469
Prepaid expenses	-	-	5,580	-	-	3,005	8,585
Total assets	<u>68,379</u>	<u>76,356</u>	<u>289,736</u>	<u>263,531</u>	<u>171,465</u>	<u>1,044,183</u>	<u>1,913,650</u>
LIABILITIES AND FUND BALANCES							
Liabilities:							
Accounts payable	-	133	5,569	246	-	3,097	9,045
Total liabilities	-	133	5,569	246	-	3,097	9,045
Deferred cash in-flow resources							
Deferred property taxes	-	42,583	42,583	-	-	170,333	255,499
Fund balances:							
Non-spendable							
Prepaid expenses	-	-	5,580	-	-	3,005	8,585
Committed	68,379	33,640	236,004	263,285	171,465	867,748	1,640,521
Total fund balances	<u>68,379</u>	<u>33,640</u>	<u>241,584</u>	<u>263,285</u>	<u>171,465</u>	<u>870,753</u>	<u>1,649,106</u>
Total liabilities and fund balances	<u>\$ 68,379</u>	<u>\$ 76,356</u>	<u>\$ 289,736</u>	<u>\$ 263,531</u>	<u>\$ 171,465</u>	<u>\$ 1,044,183</u>	<u>\$ 1,913,650</u>

Lincoln County
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2019

	Conservation Trust	Library Fund	Contingent Fund	Public Health	Emergency 911 Fund	Lodging Tax Tourism Fund	Landfill Fund	Total-Other Governmental Funds
REVENUES								
Property Taxes	\$ -	\$ 39,574	\$ -	\$ 79,153	\$ -	\$ -	\$ 158,297	\$ 277,024
SO Taxes	-	4,878	-	9,755	-	-	22,988	37,621
Lodging Taxes	-	-	-	-	-	207,809	-	207,809
Intergovernmental	28,743	-	-	232,666	-	-	-	261,409
Charge for services	334	-	-	-	66,830	-	110,371	177,535
Investment earnings	2,776	55	-	112	-	-	221	3,164
Miscellaneous	-	1,496	-	4,843	-	-	856	7,195
Total revenues	<u>31,853</u>	<u>46,003</u>	<u>-</u>	<u>326,529</u>	<u>66,830</u>	<u>207,809</u>	<u>292,733</u>	<u>971,757</u>
EXPENDITURES								
Current:								
General government	-	-	-	4,697	-	-	5,947	10,644
Public Safety	-	-	-	-	77,730	-	-	77,730
Health and sanitation	-	-	-	363,965	-	-	246,256	610,221
Culture and recreation	-	48,796	-	-	-	-	-	48,796
Tourism	-	-	-	-	-	155,218	-	155,218
Capital Outlay	86,717	-	-	-	-	-	-	86,717
Total Expenditures	<u>86,717</u>	<u>48,796</u>	<u>-</u>	<u>368,662</u>	<u>77,730</u>	<u>155,218</u>	<u>252,203</u>	<u>989,326</u>
Excess (deficiency) of revenues over expenditures	<u>(54,864)</u>	<u>(2,793)</u>	<u>-</u>	<u>(42,133)</u>	<u>(10,900)</u>	<u>52,591</u>	<u>40,530</u>	<u>(17,569)</u>
OTHER FINANCING SOURCES (USES)								
Transfers out	-	-	(170,666)	-	-	-	-	(170,666)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(170,666)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(170,666)</u>
SPECIAL ITEM								
Net change in fund balances	(54,864)	(2,793)	(170,666)	(42,133)	(10,900)	52,591	40,530	(188,235)
Fund balances - beginning	123,243	36,433	170,666	283,717	274,185	118,874	830,223	1,837,341
Fund balances - ending	<u>\$ 68,379</u>	<u>\$ 33,640</u>	<u>\$ -</u>	<u>\$ 241,584</u>	<u>\$ 263,285</u>	<u>\$ 171,465</u>	<u>\$ 870,753</u>	<u>\$ 1,649,106</u>

**Lincoln County
Budget and Actual
Library Fund
For the year ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 39,521	\$ 39,521	\$ 39,574
SO Taxes	3,300	3,300	4,878
Investment earnings	-	-	55
Miscellaneous	4,500	4,500	1,496
Total revenues	<u>47,321</u>	<u>47,321</u>	<u>46,003</u>
EXPENDITURES			
Current:			
Culture and recreation	<u>51,198</u>	<u>51,198</u>	<u>48,796</u>
Total Expenditures	<u>51,198</u>	<u>51,198</u>	<u>48,796</u>
Excess (deficiency) of revenues over expenditures	<u>(3,877)</u>	<u>(3,877)</u>	<u>(2,793)</u>
Net change in fund balances	(3,877)	(3,877)	(2,793)
Fund balances - beginning	<u>28,797</u>	<u>28,797</u>	<u>36,433</u>
Fund balances - ending	<u><u>\$ 24,920</u></u>	<u><u>\$ 24,920</u></u>	<u><u>\$ 33,640</u></u>

**Lincoln County
Budget and Actual
Contingent Fund
For the year ended December 31, 2019**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	170,666	170,666	-
Total Expenditures	<u>170,666</u>	<u>170,666</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>(170,666)</u>	<u>(170,666)</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers out	-	-	(170,666)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(170,666)</u>
Net change in fund balances	(170,666)	(170,666)	(170,666)
Fund balances - beginning	170,666	170,666	170,666
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Lincoln County
Budget and Actual
Conservation Trust
For the year ended December 31, 2019**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Intergovernmental	\$ 24,000	\$ 24,000	\$ 28,743
Charges for services	-	-	334
Investment earnings	2,000	9,365	2,776
Total revenues	<u>26,000</u>	<u>33,365</u>	<u>31,853</u>
EXPENDITURES			
Current:			
Culture and recreation	5,000	12,365	-
Capital Outlay	<u>65,000</u>	<u>65,000</u>	<u>86,717</u>
Total Expenditures	<u>70,000</u>	<u>77,365</u>	<u>86,717</u>
Excess (deficiency) of revenues over expenditures	<u>(44,000)</u>	<u>(44,000)</u>	<u>(54,864)</u>
Net change in fund balances	(44,000)	(44,000)	(54,864)
Fund balances - beginning	125,839	125,839	123,243
Fund balances - ending	<u>\$ 81,839</u>	<u>\$ 81,839</u>	<u>\$ 68,379</u>

Lincoln County
Budget and Actual
Emergency 911 Fund
For the year ended December 31, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 50,000	\$ 50,000	\$ 66,830
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>66,830</u>
EXPENDITURES			
Current:			
Public Safety	<u>99,500</u>	<u>99,500</u>	<u>77,730</u>
Total Expenditures	<u>99,500</u>	<u>99,500</u>	<u>77,730</u>
expenditures	<u>(49,500)</u>	<u>(49,500)</u>	<u>(10,900)</u>
Net change in fund balances	(49,500)	(49,500)	(10,900)
Fund balances - beginning	<u>282,002</u>	<u>282,002</u>	<u>274,185</u>
Fund balances - ending	<u>\$ 232,502</u>	<u>\$ 232,502</u>	<u>\$ 263,285</u>

**Lincoln County
Budget and Actual
Public Health
For the year ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Property Taxes	\$ 79,042	\$ 79,042	\$ 79,153
SO Taxes	9,000	9,000	9,755
Intergovernmental	215,354	262,436	232,666
Investment earnings	-	-	112
Miscellaneous	-	-	4,843
Total revenues	<u>303,396</u>	<u>350,478</u>	<u>326,529</u>
EXPENDITURES			
Current:			
General government	6,000	6,000	4,697
Health	381,106	428,188	363,965
Capital Outlay	9,000	9,000	-
Total Expenditures	<u>396,106</u>	<u>443,188</u>	<u>368,662</u>
Excess (deficiency) of revenues over expenditures	<u>(92,710)</u>	<u>(92,710)</u>	<u>(42,133)</u>
Net change in fund balances	(92,710)	(92,710)	(42,133)
Fund balances - beginning	251,238	-	283,717
Fund balances - ending	<u>\$ 158,528</u>	<u>\$ (92,710)</u>	<u>\$ 241,584</u>

**Lincoln County
Budget and Actual
Landfill Fund
For the year ended December 31, 2019**

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Property Taxes	\$ 158,084	\$ 158,084	\$ 158,297
Sales and miscellaneous taxes	12,000	12,000	22,988
Charge for Services	120,000	120,000	110,371
Investment earnings	-	-	221
Miscellaneous	3,500	3,500	856
Total revenues	<u>293,584</u>	<u>293,584</u>	<u>292,733</u>
EXPENDITURES			
General government	6,000	6,000	5,947
Health and Sanitation	353,621	353,621	246,256
Total Operating Expenses	<u>359,621</u>	<u>359,621</u>	<u>252,203</u>
Operating income (loss)	<u>(66,037)</u>	<u>(66,037)</u>	<u>40,530</u>
Net change in fund balances	(66,037)	(66,037)	40,530
Fund balances - beginning	827,613	827,613	830,223
Fund balances - ending	<u>\$ 761,576</u>	<u>\$ 761,576</u>	<u>\$ 870,753</u>

**Lincoln County
Budget and Actual
Lodging Tax Tourism Fund
For the year ended December 31, 2019**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Lodging Taxes	\$ 135,000	\$ 140,727	\$ 207,809
Total revenues	<u>135,000</u>	<u>140,727</u>	<u>207,809</u>
EXPENDITURES			
Current:			
Tourism	149,200	154,927	155,218
Total Expenditures	<u>149,200</u>	<u>154,927</u>	<u>155,218</u>
Excess (deficiency) of revenues over expenditures	<u>(14,200)</u>	<u>(14,200)</u>	<u>52,591</u>
Net change in fund balances	(14,200)	(14,200)	52,591
Fund balances - beginning	46,243	46,243	118,874
Fund balances - ending	<u>\$ 32,043</u>	<u>\$ 32,043</u>	<u>\$ 171,465</u>

LOCAL HIGHWAY FINANCE REPORT		City or County: Lincoln
		YEAR ENDING : December 2019
This Information From The Records Of Lincoln County:	Prepared By: Phone:	Jacob Piper 719-743-2810

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,753,766
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	269,367	b. Snow and ice removal	0
3. Other local imposts (from page 2)	1,866,998	c. Other	0
4. Miscellaneous local receipts (from page 2)	631,689	d. Total (a. through c.)	0
5. Transfers from toll facilities		4. General administration & miscellaneous	62,635
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	269,367
a. Bonds - Original Issues		6. Total (1 through 5)	5,085,768
b. Bonds - Refunding Issues		B. Debt service on local obligations:	0
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	2,768,054	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,927,872	2. Notes:	
D. Receipts from Federal Government (from page 2)	0	a. Interest	0
E. Total receipts (A.7 + B + C + D)	5,695,926	b. Redemption	251,353
		c. Total (a. + b.)	251,353
		3. Total (1.c + 2.c)	251,353
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	5,337,121

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)	121,353	254,790	201,353	174,790

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,976,073	5,695,926	5,337,121	4,334,878	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2019

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	1,662,141	a. Interest on investments	2,331
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	73,299
5. Specific Ownership &/or Other	204,857	g. Other Misc. Receipts	301,269
6. Total (1. through 5.)	204,857	h. Other lease purchase agreements	254,790
c. Total (a. + b.)	1,866,998	i. Total (a. through h.)	631,689
	(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	2,921,695	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	0
a. State bond proceeds		b. FEMA	0
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	0	d. Federal Transit Admin	
d. Other (Specify) Mineral leasing	1,609	e. U.S. Corps of Engineers	
e. Other (Specify) Taylor Grazing	4,568	f. Other Federal	
f. Total (a. through e.)	6,177	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,927,872	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

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

Notes and Comments:

Lincoln County
Schedule of Expenditures of Federal Awards
For the year ended December 31, 2019

GRANT TITLE		FEDERAL CFDA NUMBER	AMOUNT OF AWARD EXPENDED	
DEPARTMENT OF HEALTH & HUMAN SERVICES:				
CCDF Cluster				
CCDF Disc.	colorado dept of human services	93.575	\$ 34.601	
CCDF Match/Mand	colorado dept of human services	93.596	<u>2.254</u>	36.855
IV-D Administration	colorado dept of human services	93.563	76.394	
LEAP	colorado dept of human services	93.568	568	
Title IV-E FC	colorado dept of human services	93.658	158.715 *	
Block Grant- Title XX	colorado dept of human services	93.667	70.097	
IV-B Child Care	colorado dept of human services	93.645	16.666	
CO Works- TANF	colorado dept of human services	93.558	92.896 *	
IV-E Relation Guard	colorado dept of human services	93.090	1.228	
IV-E Adoption	colorado dept of human services	93.659	<u>62.708</u>	
Total				479,272
DEPARTMENT OF HEALTH CARE POLICY & FINANCING				
Medicaid Title XIX	colorado dept of health care policy & financing	93.778	<u>89.374</u>	
Total				89,374
DEPARTMENT OF PUBLIC HEALTH & ENVIRONMENT				
EPR	colorado dept of public health & envir	93.069	106.085	
SP	colorado dept of public health & envir	93.136	4.996	
IMM Core JG20CH	colorado dept of public health & envir	93.268	824	
CHAPS	colorado dept of public health & envir	93.991	7.500	
IMM Core JG17CH	colorado dept of public health & envir	93.539	6.714	
OPPI program	colorado dept of public health & envir	93.994	<u>5.662</u>	
Total				131,781
DEPARTMENT OF HOMELAND SECURITY				
Emergency Management	colorado dept of local affairs	97.042	<u>34.597</u>	34,597
DEPARTMENT OF AGRICULTURE:				
Food Stamp Admin.	colorado dept of human services	10.561	58.844	
Food Assistance EBT	colorado dept of human services	10.551	<u>88</u>	58,932
Women, Infant & Children Special Supplemental Nutrition Program for Women, Infant & Children	colorado dept of public health & envir	10.557	38.539	
Total	colorado dept of public health & envir	10.557	<u>90.655</u>	129,194
TOTAL FEDERAL FINANCIAL AWARDS			<u>\$ 960,005</u>	

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1: BASIS OF PRESENTATION

The Lincoln County does not use the de minimus indirect cost rate.

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Lincoln County and is presented on the modified accrual basis of accounting.

* Major programs

**Lincoln County Colorado
Schedule of Findings and Questioned Costs
December 31, 2019**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None Reported
Is any noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	No
Are any significant deficiencies identified?	None reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No
Identification of major federal programs:	
CFDA Number(s):	Name of federal program:
93.658	Title IV-E FC
93.558	Colorado Works (TANF)
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as a low-risk auditee?	Yes

rfarmer, llc
a certified public accounting and consulting firm

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

Board of County Commissioners
Lincoln County, Colorado

We have audited, 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, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Lincoln County as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated September 10, 2020.

Internal Control over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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 financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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

rfarmer, Uc

September 10, 2020

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

Board of County Commissioners
Lincoln County

Report on Compliance for Each Major Federal Program

We have audited Lincoln County's (the "County") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the County's major federal programs for the year ended December 31, 2019. The County'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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

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

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

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

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

rfarmer, llc

September 10, 2020