

Lincoln County, Colorado

Financial Statements

December 31, 2018

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December 31, 2018**

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

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*Independent Auditor's Report*

Board of County Commissioners  
Lincoln County

**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, 2018, 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 33.68 percent, 16.7 percent, and 54.37 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 units, each major fund, and the aggregate remaining fund information of the County as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the budgetary information and the Schedule of Contributions on pages 27-30 and page 31 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 omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America requires to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers such information to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operation, economic or historical context. 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 accompanying supplementary information as listed in the Table of Contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 accompanying 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 24, 2019 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, Uc*

September 24, 2019

**Lincoln County  
Statement of Net Position  
December 31, 2018**

	<u>Governmental Activities</u>	<u>Total</u>	<u>Component Unit Lincoln Community Hospital</u>
<b>ASSETS</b>			
Cash and Equivalents	\$ 18,857,890	\$ 18,857,890	\$ 978,868
Receivables	5,888,690	5,888,690	6,168,645
Inventories	259,827	259,827	310,896
Prepaid Expenses	139,962	139,962	246,416
Capital Assets			
Land	109,425	109,425	160,783
Buildings	7,314,526	7,314,526	6,274,679
Equipment and Furniture	14,181,783	14,181,783	5,000,203
Land Improvements/Construction in Progress	1,138,696	1,138,696	159,121
Less: Accumulated Depreciation	<u>(11,915,999)</u>	<u>(11,915,999)</u>	<u>(7,182,371)</u>
Total Capital Assets	10,828,431	10,828,431	4,412,415
Total Assets	<u>35,974,800</u>	<u>35,974,800</u>	<u>12,117,240</u>
<b>LIABILITIES</b>			
Accounts payable and accrued expenses	631,267	631,267	4,507,186
Unearned Revenues	171,606	171,606	250,000
Long-term liabilities			
Due within one year			
Capital leases and notes payable	149,179	149,179	410,925
Due in more than one year			
Capital leases and notes payable	(27,827)	(27,827)	2,234,677
Accrued interest		-	
Compensated absences	246,457	246,457	-
Landfill Closure Payable	293,382	293,382	-
Net Pension Liability	3,393,321	3,393,321	-
Total liabilities	<u>4,857,385</u>	<u>4,857,385</u>	<u>7,402,788</u>
Deferred cash in-flows resource			
Deferred property taxes	<u>5,295,808</u>	<u>5,295,808</u>	<u>395,210</u>
<b>NET POSITION</b>			
Investment in capital assets	10,365,610	10,365,610	1,528,888
Restricted for:			
Restricted TABOR/expendable	394,380	394,380	516,414
Unrestricted	<u>15,061,617</u>	<u>15,061,617</u>	<u>2,273,940</u>
Total net position	<u>\$ 25,821,607</u>	<u>\$ 25,821,607</u>	<u>\$ 4,319,242</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, 2018**

	Program Revenue			Net (Expense) Revenue and Changes in Net Position		Component Unit Lincoln Community Hospital
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government	
<b>Functions/Programs</b>						
<b>Primary government</b>						
Governmental Activities						
General Government	\$ 3,488,906	\$ 616,270	\$ 140,287	\$ -	\$ (2,732,349)	\$ -
Public Safety	2,231,510	166,118	52,344	-	(2,013,048)	-
Highway and Streets	4,481,887	-	2,830,340	-	(1,651,547)	-
Public Health and Welfare	364,584	14,827	82,637	-	(267,120)	-
Culture and Recreation	320,475	9,961	17,266	-	(293,248)	-
Tourism	136,711	-	-	-	(136,711)	-
Public Welfare	2,802,791	-	2,389,695	-	(413,096)	-
Total governmental activities	13,826,864	807,176	5,512,569	-	(7,507,119)	-
	<u>\$ 13,826,864</u>	<u>\$ 807,176</u>	<u>\$ 5,512,569</u>	<u>\$ -</u>	<u>(7,507,119)</u>	<u>(7,507,119)</u>
<b>Component Units</b>						
Total primary government	20,050,958	17,658,386	5,137	260,832		(2,126,603)
Lincoln Community Hospital	<u>\$ 20,050,958</u>	<u>\$ 17,658,386</u>	<u>\$ 5,137</u>	<u>\$ 260,832</u>		<u>(2,126,603)</u>

**General revenues:**

Taxes:						
Property taxes, levied for general purposes					5,191,047	429,877
SO and sales tax					2,472,748	-
Unrestricted investment earnings					256,928	6,657
Miscellaneous					290,718	-
Special item - gain on sale of asset					18,570	-
Transfers					-	630,368
Total general revenues, special items, and transfers					8,230,011	1,066,902
Change in net position					722,892	(1,059,701)
Net position - beginning-restated					25,098,715	5,378,943
Net position - ending					\$ 25,821,607	\$ 4,319,242

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

**Lincoln County  
Balance Sheet  
Governmental Funds  
December 31, 2018**

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>						
Cash and cash equivalents	\$ 8,341,859	\$ 3,836,739	\$ 1,227,454	\$ 3,598,211	\$ 1,853,632	\$ 18,857,895
Taxes receivable, net	2,331,736	1,659,880	395,210	632,335	276,647	5,295,808
Other receivables	370,039	133,029	63,048	-	26,766	592,882
Inventories	8,000	251,827	-	-	-	259,827
Prepaid expenses	83,953	47,424	-	-	8,585	139,962
Total assets	<u>11,135,587</u>	<u>5,928,899</u>	<u>1,685,712</u>	<u>4,230,546</u>	<u>2,165,630</u>	<u>25,146,374</u>
<b>LIABILITIES AND FUND BALANCES</b>						
Liabilities:						
Accounts payable	276,345	292,947	7,998	2,335	51,642	631,267
Unearned revenues	-	-	171,606	-	-	171,606
Total liabilities	<u>276,345</u>	<u>292,947</u>	<u>179,604</u>	<u>2,335</u>	<u>51,642</u>	<u>802,873</u>
Deferred cash in-flow resources						
Deferred property taxes	<u>2,331,736</u>	<u>1,659,880</u>	<u>395,210</u>	<u>632,335</u>	<u>276,647</u>	<u>5,295,808</u>
Fund balances:						
Non-spendable:						
Inventories	8,000	251,827	-	-	-	259,827
Prepaid expenses	83,953	47,424	-	-	8,585	139,962
Restricted--TABOR	188,745	-	-	-	170,666	359,411
Unassigned	8,246,808	-	-	-	-	8,246,808
Committed	-	3,676,821	1,110,898	3,595,876	1,658,090	10,041,685
Total fund balances	<u>8,527,506</u>	<u>3,976,072</u>	<u>1,110,898</u>	<u>3,595,876</u>	<u>1,837,341</u>	<u>19,047,693</u>
Total liabilities and fund balances	<u>\$ 11,135,587</u>	<u>\$ 5,928,899</u>	<u>\$ 1,685,712</u>	<u>\$ 4,230,546</u>	<u>\$ 2,165,630</u>	<u>\$ 25,146,374</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, 2018**

Total fund balance, governmental funds	\$	19,047,693
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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.		10,828,431
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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.		(4,054,512)
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Adjustment for rounding		(5)
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Net Assets of Governmental Activities in the Statement of Net Position	<u>\$</u>	<u>25,821,607</u>
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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, 2018**

	<u>General</u>	<u>Road &amp; Bridge Fund</u>	<u>Human Services Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>						
Property Taxes	\$ 2,320,002	\$ 1,651,778	\$ 314,773	\$ 629,248	\$ 275,374	\$ 5,191,175
SO Tax	148,366	146,072	28,613	55,646	24,993	403,690
Sales and miscellaneous taxes	1,889,170	-	-	-	180,142	2,069,312
Intergovernmental	192,631	2,830,340	2,389,695	-	269,245	5,681,911
Charges for services	643,042	-	-	-	151,381	794,423
Investment earnings	250,010	2,700	507	1,011	2,320	256,548
Miscellaneous	185,825	28,608	16,262	45,145	14,878	290,718
Total revenues	<u>5,629,046</u>	<u>4,659,498</u>	<u>2,749,850</u>	<u>731,050</u>	<u>918,333</u>	<u>14,687,777</u>
<b>EXPENDITURES</b>						
Current:						
General government	3,163,114	-	-	19,359	4,735	3,187,208
Public Safety	1,898,278	-	-	-	26,060	1,924,338
Public Works	-	3,966,178	-	-	-	3,966,178
Health and sanitation	137,453	-	-	-	567,374	704,827
Culture and recreation	221,416	-	-	-	76,694	298,110
Tourism	-	-	-	-	136,711	136,711
Welfare	-	-	2,783,974	-	-	2,783,974
Debt Service:						
Principal	-	254,677	-	-	-	254,677
Interest and other charges	-	10,582	-	-	-	10,582
Capital Outlay	-	569,602	-	454,399	-	1,024,001
Total Expenditures	<u>5,420,261</u>	<u>4,801,039</u>	<u>2,783,974</u>	<u>473,758</u>	<u>811,574</u>	<u>14,290,606</u>
Excess (deficiency) of revenues over expenditures	<u>208,785</u>	<u>(141,541)</u>	<u>(34,124)</u>	<u>257,292</u>	<u>106,759</u>	<u>397,171</u>
<b>OTHER FINANCING SOURCES (USES)</b>						
Proceeds from capital leases	-	77,462	-	-	-	77,462
Total other financing sources and uses	<u>-</u>	<u>77,462</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>77,462</u>
Net change in fund balances	208,785	(64,079)	(34,124)	257,292	106,759	474,633
Fund balances - beginning	8,318,721	4,040,151	1,145,022	3,338,584	1,730,582	18,573,060
Fund balances - ending	<u>\$ 8,527,506</u>	<u>\$ 3,976,072</u>	<u>\$ 1,110,898</u>	<u>\$ 3,595,876</u>	<u>\$ 1,837,341</u>	<u>\$ 19,047,693</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, 2018**

Net change in fund balances - total governmental funds: \$ 474,633

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 \$1,024,001 is more than depreciation of \$918,790 in the current period. 105,211

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. 177,215

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 not reflected on Governmental funds (46,111)

Increase in defined benefit plan expense not reflected in the governmental funds (47,098)

Adjustment for basis of assets traded-in 40,472

Change in net position of governmental activities: \$ 722,892

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

**Lincoln County**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**December 31, 2018**

	<u>Agency Fund</u>
<b>ASSETS:</b>	
Cash -County Clerk and Treasurer	\$ 2,551,854
Total assets	<u>2,551,854</u>
<b>LIABILITIES:</b>	
Due to other governmental units	2,551,854
<b>TOTALS</b>	<u>\$ 2,551,854</u>

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

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**Lincoln County, Colorado**  
**Note to Financial Statements**  
**December 31, 2018**

**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 during 2017.
4. Budgets for the general, special revenue, capital projects and expendable trust 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.

Supplemental budgets were adopted for 2018.

**Note 3**

**Deposits and Investments**

Deposits

The County's cash and cash investments at year-end are as follows:

Cash on Hand	\$ 4,778
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The County's deposits at year-end are as follows:

Insured (FDIC)	1,000,000
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Collateralized by securities held by the pledging financial institution's trust department or agent in the County's name and U.S. Obligations	<u>404,966</u>
---	----------------

Total Cash and Deposits	21,409,744
-------------------------	------------

Less amounts due other taxing entities	<u>(2,551,854)</u>
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Cash with County Treasurer	<u>\$ 18,857,890</u>
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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". The County had \$18,940 invested in C Safe at year-end.

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 \$6,300,000 in U.S. obligations

The County has invested in COLOTRUST in the amount of \$4,606,265 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 insure 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, 2018	Additions	Transfers Deletions	Dec 31, 2018
Non-Depreciable Assets:				
Land	\$ 109,425	\$ -	\$ -	\$ 109,425
Total Non-Depreciable Assets	109,425	-	-	109,425
Depreciable Assets:				
Land Improvements	931,458	207,238	-	1,138,696
Buildings	7,314,526	-	-	7,314,526
Furniture, Fixtures & Equipment	13,819,835	1,029,863	(667,915)	14,181,783
Total Depreciable Assets	22,065,819	1,237,101	(667,915)	22,635,005
Total Accumulated Depreciation	(11,511,066)	(918,790)	513,857	(11,915,999)
Total Depreciable Assets, Net	10,554,753	318,311	(154,058)	10,719,006
Total Capital Assets, Net	\$ 10,664,178	\$ 318,311	\$ (154,058)	\$ 10,828,431

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

General Government	\$ 170,530
Public Safety	151,210
Highways and Roads	505,129
Health	40,472
Human Services	16,829
Culture and Recreation	34,620
Total Depreciation Expense	<u>\$ 918,790</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%. Repayment terms for these and previous agreements are as follows:

	Principal	Interest	Total
2019	\$ 43,891	\$ 121	\$ 44,012
	\$ 43,891	\$ 121	\$ 44,012

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 \$98,132 and \$195,250, respectively, reported as of December 31, 2009, represent the cumulative amount reported to date based on the use of 1.62% of the estimated capacity of the landfill. The County will recognize the remaining estimated cost of closure and post-closure care of \$5,888,698 and \$11,927,906, respectively, as the remaining estimated capacity of the full 320-acre landfill site is used. These amounts are based on current cost estimates assuming that the landfill had reached maximum capacity in 2010. Actual costs may differ from this estimate due to inflation, changes in technology or changes in regulations.

The landfill is comprised of a number of cells, each of which will be excavated as additional space is needed. Currently, the County is using the third cell of an estimated 104 cells expected to be utilized at this site. It is anticipated that it will take an additional 10 years to fill this cell. The total number of anticipated cells is derived from the average current cell size and total acreage available. Based on the current rate of use of the landfill, the landfill's life is estimated to be 989 years with 972 years remaining.

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:

	Jan 1, 2018	Additions	Deletions	Dec 31, 2018	Due Within One Year
Compensated Absences	\$ 200,347	\$ 46,110	\$ -	\$ 246,457	\$ -
Landfill Closure Costs	293,382	-	-	293,382	-
Lease Purchase	298,568	-	(254,677)	43,891	43,891
Lease Purchase	-	77,462	-	77,462	77,462
<b>Total</b>	<b>\$ 792,297</b>	<b>\$ 123,572</b>	<b>\$ (254,677)</b>	<b>\$ 661,192</b>	<b>\$ 121,353</b>

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**

#### Statement of Pension Expense under GASB Statement No. 68 - Fiscal Year Ended December 31, 2018

##### **Expense:**

Service Cost	\$ 292,096
Interest on Total Pension Liability	239,951
Current-Period Benefit Changes	-
Employee Contributions (made negative for addition here)*	(104,955)
Projected Earnings on Plan Investments (made negative for addition here)	(157,325)
Pension Plan Administrative Expense	15,083
Other Changes in Plan Fiduciary Net Position	(64,000)
Recognition of Outflow (Inflow) of Resources due to Liabilities	-
Recognition of Outflow (Inflow) of Resources due to Assets	(12,145)
<b>Total Pension Expense</b>	<b>\$ 208,705</b>

\*Employee contributions amount is based on the total contribution times the ratio of the employee contribution rate and the total contribution rate.

#### Statement of Outflows and Inflows Arising from Current Reporting Period – Fiscal Year Ended December 31, 2018

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

1. Difference between expected and actual experience of the Total Pension Liability (gains) or losses	\$ 0
2. Assumption Changes (gains) or losses	\$ 0
3. Recognition period for Liabilities: Average of the expected Remaining service lives of all employees (in years)	9.6030
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	\$ 0
5. Outflow (Inflow) of Resources to be recognized in the current pension expense for assumption changes	\$ 0
6. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Liabilities	\$0
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	\$0
8. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses for assumption changes	\$ 0
9. Deferred Outflow (Inflow) of Resources to be recognized in future pension expenses due to Liabilities	\$ 0

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

1. Net Difference between projected and actual earnings on pension plan investments (gains) or losses	\$ (60,724)
2. Recognition period for Assets (in years)	5.000
3. Outflow (Inflow) of Resources to be recognized in the current pension expense due to Assets	\$ (12,145)
4. Deferred outflow (Inflow) of Resources to be recognized in future pension expenses due to Assets	\$ (48,579)

History of Deferred Outflows and Inflows of Resources by Source – Fiscal Year Ended December 31, 2018

History of Deferred Outflows and Deferred Inflows of Resources by Source

**Difference between expected and actual experience – Net (inflows)/outflows of resources**

Recognition period 9.6030

	2018	Total	Deferred Net (Inflows)/Outflows at Measurement Date
2018	\$ -	\$ -	\$ -
2019	-	-	-
2020	-	-	-
2021	-	-	-
2022	-	-	-
2023	-	-	-
2024	-	-	-
2025	-	-	-
Thereafter	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**Assumption changes – Net (inflows)/outflows of resources**

Recognition Period 9.6030

	2018		Total		
2018	\$	-	\$	-	\$ -
2019		-		-	-
2020		-		-	-
2021		-		-	-
2022		-		-	-
2023		-		-	-
2024		-		-	-
2025		-		-	-
Thereafter		-		-	-
Total	\$	-	\$	-	-

**Net Difference between projected and actual earnings on pension plan investments – Net (inflows)/outflows of resources**

Recognition period 5.0000

	2018		Total		
2018	\$	-	\$	-	\$ -
2019		-		-	-
2020		-		-	-
2021		-		-	-
2022		-		-	-
2023		-		-	-
2024		-		-	-
2025		-		-	-
Thereafter		-		-	-
Total	\$	-	\$	-	-

**Total Net Differences from all sources – Net (inflows)/outflows of resources**

Recognition period 5.0000

	2018		Total		
2018	\$	(12,145)	\$	(12,145)	\$ (48,579)
2019		(12,145)		(12,145)	-
2020		(12,145)		(12,145)	-
2021		(12,144)		(12,144)	-
2022		-		-	-
2023		-		-	-
2024		-		-	-
2025		-		-	-
Thereafter		-		-	-
Total	\$	(60,724)	\$	(60,724)	-

Statement of Outflows and Inflows Arising from Current and Prior Reporting Periods –  
Fiscal Year Ended December 31, 2018

A - Outflows and Inflows of Resources due to Liabilities and Assets to be  
Recognized in Current Pension Expense

	Outflows of Resources		Inflows of Resources		Net Outflows of Resources
Due to Liabilities	\$ -		\$ -		\$ -
Due to Assets	-		12,145		( 12,145)
<b>Total</b>	<b>\$ -</b>		<b>\$ 12,145</b>		<b>\$ (12,145)</b>

B - Outflows and Inflows of Resources by Source to be  
Recognized in Current Pension Expense

	Outflows of Resources		Inflows of Resources		Net Outflows of Resources
Differences between expected and actual experience	\$ -		\$ -		\$ -
Assumption Changes	-		-		-
Net Difference between projected and actual earnings on pension plan investments	-		12,145		(12,145)
<b>Total</b>	<b>\$ -</b>		<b>\$ 12,145</b>		<b>\$ (12,145)</b>

C – Deferred Outflows and Deferred Inflows of Resources by  
Source to be Recognized in Future Pension Expense

	Deferred Outflows of Resources		Deferred Inflows of Resources		Net Deferred Outflows of Resources
Differences between expected and actual experience	\$ -		\$ -		\$ -
Assumption Changes	-		-		-
Net Difference between projected and actual earnings on pension plan investments	-		48,579		(48,579)
<b>Total</b>	<b>\$ -</b>		<b>\$ 48,579</b>		<b>\$ (48,579)</b>

D – Deferred Outflows and Deferred Inflows of Resources by  
Year to be Recognized in Future Pension Expense

Year ending December 31	Net Deferred Outflows of Resources
2018	\$ (12,145)
2019	(12,145)
2020	(12,145)
2021	(12,145)
2022	-
Thereafter	-
<b>Total</b>	<b>\$ (12,145)</b>

Statement of Changes in Net Pension Liability and Related Ratios – Current Reporting  
Period – Fiscal Year Ended December 31, 2018

<b>A Total Pension Liability:</b>	
1. Service cost	\$ 292,096
2. Interest on the total pension liability	239,951
3. Changes of benefit terms	-
4. Difference between expected and actual experience of the total pension liability	-
5. Changes of assumptions	-
6. Benefit payments, including refunds of employee contributions	(158,720)
7. Net change in total pension liability	239,951
8. Total pension liability – beginning	5,539,634
9. Total pension liability - ending	<u>\$ 5,912,961</u>
<b>B. Plan Fiduciary Net Position:</b>	
1. Contributions – employer	\$ 113,028
2. Contributions – employee	104,955
3. Net investment income	218,049
4. Benefit payments, including refunds of employee contributions	(158,720)
5. Pension plan administrative expense	(15,083)
6. Other	64,000
7. Net change in plan fiduciary net position	326,229
8. Plan fiduciary net position – beginning	2,193,411
9. Plan fiduciary net position - ending	<u>\$ 2,519,640</u>
<b>C. Net Pension Liability</b>	<u>\$ 3,393,321</u>
<b>D. Plan Fiduciary net Position as a Percentage of the Total Pension Liability</b>	42.61%
<b>E. Covered-Employee Payroll</b>	\$ 3,211,442
<b>F. Net Pension Liability as a Percentage of Covered-Employee Payroll</b>	105.66%

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

Last 10 Fiscal Years (which may be built prospectively)

Fiscal year ending December 31,	2018
<b>Total pension liability</b>	
Service cost	\$ 292,096
Interest on the total pension liability	239,951
Changes of benefit terms	0
Difference between expected and actual experience	0
Changes of assumptions	0
Benefit payments including refunds of employee contributions	(158,720)
Net change in total pension liability	373,327
Total pension liability – beginning	5,539,634
Total pension liability – ending (a)	<u>5,912,961</u>
 <b>Plan fiduciary net position</b>	
Employer contributions	113,028
Employer contributions*	104,955
Pension plan net investment income	218,049
Benefit payments including refunds of employee contributions	(158,720)
Pension plan administrative expense	(15,083)
Other	64,000
Net change in plan fiduciary net position	326,229
Plan fiduciary net position – beginning	2,193,411
Plan fiduciary net position – ending (b)	<u>2,519,640</u>
 Net pension liability – ending (a) – (b)	<u>3,393,321</u>
 Plan fiduciary net position as a percentage of total pension liability	42.61%
Covered-employee payroll	3,211,442
Net pension liability as a percentage of covered-employee payroll	105.66%

\*Employee contributions amount is based on the total contribution times the ratio of the employee contribution rate and the total contribution rate. The remainder was allocated as employer contributions.

Notes to Schedule of Contributions

**Valuation Date:** December 31, 2016  
**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	15 Years
Asset Valuation Method	Market Value
Inflation	2.50%
Salary Increases	3.00%
Investment Rate of Return	7.00%
Retirement Age	Experience-based table o 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** There were no benefit changes during the year. The roll-forward methodology employed for Purposes of the GASB disclosures is based on Generally accepted actuarial methods.

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 Rate Assumption	1% Increase
3.28%	4.28%	5.28%
\$ 4,056,933	\$ 3,393,321	\$ 2,824,193

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 \$170,666 within the Contingency Fund and \$188,745 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

**Note 10****Recent Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) issued Statement No. 68, Accounting and Financial Reporting for Pension – an Amendment of GASB Statement No. 27. GASB Statement No. 68, which is effective for financial statements for periods beginning after June 15, 2014, amends or supersedes accounting and financial reporting guidance for Defined Benefit Pension Plans. The County adopted GASB Statements by retroactively restating the beginning net assets as of January 1, 2018.

The effect of the restatement on net assets is as follows:

Net Assets at January 1, 2018	\$ 28,444,939
Deferred Inflow of Resources	-
Deferred Outflow of Resources	-
Net Pension Liability	<u>(3,346,223)</u>
Net Assets at December 31, 2018	<u>\$ 25,098,716</u>

**Lincoln County  
Budget and Actual  
General  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 1,690,182	\$ 1,690,182	\$ 2,320,002
Sales and miscellaneous taxes	1,350,000	1,350,000	1,889,170
SO Taxes	105,000	105,000	148,366
Intergovernmental	491,195	491,195	192,631
Charges for services	589,084	589,084	643,042
Investment earnings	75,000	75,000	250,010
Miscellaneous	60,000	60,000	185,825
Total revenues	<u>4,360,461</u>	<u>4,360,461</u>	<u>5,629,046</u>
<b>EXPENDITURES</b>			
Current:			
General government	3,358,848	3,358,848	3,163,114
Public Safety	2,289,544	2,289,544	1,898,278
Health and sanitation	260,001	260,001	137,453
Culture and recreation	233,500	233,500	221,416
Capital Outlay	1,258	1,258	-
Total Expenditures	<u>6,143,151</u>	<u>6,143,151</u>	<u>5,420,261</u>
Excess (deficiency) of revenues over expenditures	<u>(1,782,690)</u>	<u>(1,782,690)</u>	<u>208,785</u>
Net change in fund balances	(1,782,690)	(1,782,690)	208,785
Fund balances - beginning	4,254,968	4,254,968	8,318,721
Fund balances - ending	<u>\$ 2,472,278</u>	<u>\$ 2,472,278</u>	<u>\$ 8,527,506</u>

**Lincoln County  
Budget and Actual  
Road & Bridge Fund  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 1,650,361	\$ 1,650,361	\$ 1,651,778
Sales and miscellaneous taxes	175,000	175,000	146,072
Intergovernmental	2,400,000	2,400,000	2,830,340
Investment earnings	2,000	2,000	2,700
Miscellaneous	10,000	10,000	28,608
Total revenues	<u>4,237,361</u>	<u>4,237,361</u>	<u>4,659,498</u>
<b>EXPENDITURES</b>			
Current:			
Highways and roads	5,409,700	5,409,700	3,966,176
Principal	600,000	600,000	254,677
Interest and other charges	-	-	10,582
Capital Outlay	100,000	100,000	569,602
Total Expenditures	<u>6,109,700</u>	<u>6,109,700</u>	<u>4,801,037</u>
Excess (deficiency) of revenues over expenditures	<u>(1,872,339)</u>	<u>(1,872,339)</u>	<u>(141,539)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	-	-	77,462
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>77,462</u>
Net change in fund balances	(1,872,339)	(1,872,339)	(64,077)
Fund balances - beginning	3,529,956	3,529,956	4,040,151
Fund balances - ending	<u>\$ 1,657,617</u>	<u>\$ 1,657,617</u>	<u>\$ 3,976,074</u>

**Lincoln County  
Budget and Actual  
Human Services Fund  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 314,354	\$ 314,354	\$ 314,773
SO Taxes	-	-	28,613
Intergovernmental	2,500,000	2,500,000	2,389,695
Investment earnings	-	-	507
Miscellaneous	51,000	51,000	16,262
Total revenues	<u>2,865,354</u>	<u>2,865,354</u>	<u>2,749,850</u>
<b>EXPENDITURES</b>			
Current:			
Welfare	2,895,167	2,895,167	2,783,974
Total Expenditures	<u>2,895,167</u>	<u>2,895,167</u>	<u>2,783,974</u>
Excess (deficiency) of revenues over expenditures	<u>(29,813)</u>	<u>(29,813)</u>	<u>(34,124)</u>
Net change in fund balances	(29,813)	(29,813)	(34,124)
Fund balances - beginning	1,330,051	1,330,051	1,145,022
Fund balances - ending	<u>\$ 1,300,238</u>	<u>\$ 1,300,238</u>	<u>\$ 1,110,898</u>

**Lincoln County  
Budget and Actual  
Capital Projects Fund  
For the year ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ 628,709	\$ 628,709	\$ 629,248
Sales and miscellaneous taxes	65,000	65,000	55,646
Investment earnings	-	-	1,011
Miscellaneous	10,500	10,500	45,145
Total revenues	<u>704,209</u>	<u>704,209</u>	<u>731,050</u>
<b>EXPENDITURES</b>			
General Government	535,000	535,000	19,359
Capital Outlay	965,000	965,000	454,399
Total Operating Expenses	<u>1,500,000</u>	<u>1,500,000</u>	<u>473,758</u>
Operating income (loss)	<u>(795,791)</u>	<u>(795,791)</u>	<u>257,292</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from capital leases	500	500	-
Total other financing sources and uses	<u>500</u>	<u>500</u>	<u>-</u>
Net change in fund balances	(795,291)	(795,291)	257,292
Fund balances - beginning	3,331,517	3,331,517	3,338,584
Fund balances - ending	<u>\$ 2,536,226</u>	<u>\$ 2,536,226</u>	<u>\$ 3,595,876</u>

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

<b>FYE Ending December 31,</b>	<b>Actuarially Determined Contribution</b>	<b>Actual Contribution*</b>	<b>Contribution Deficiency (Excess)</b>	<b>Covered Payroll</b>	<b>Actual Contribution as a % of Covered Payroll</b>
2017	\$ 261,508	\$ 113,028	\$ 148,480	\$ 3,211,442	3.52%

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

Lincoln County  
Balance Sheet  
Other Governmental Funds  
December 31, 2018

	Conservation Trust	Library Fund	Contingent Fund	Public Health	Emergency 911 Fund	Lodging Tax Tourism Fund	Landfill Fund	Total Governmental Funds
<b>ASSETS</b>								
Cash and cash equivalents	\$ 123,243	\$ 37,035	\$ 170,666	\$ 279,202	\$ 288,976	\$ 123,097	\$ 831,413	\$ 1,853,632
Taxes receivable, net	-	39,521	-	79,042	-	-	158,084	276,647
Other receivables	-	-	-	19,268	3,900	-	3,598	26,766
Prepaid expenses	-	-	-	5,580	-	-	3,005	8,585
Total assets	123,243	76,556	170,666	383,092	292,876	123,097	996,100	2,165,630
<b>LIABILITIES AND FUND BALANCES</b>								
Liabilities:								
Accounts payable	-	603	-	20,332	18,691	4,223	7,793	51,642
Total liabilities	-	603	-	20,332	18,691	4,223	7,793	51,642
Deferred cash in-flow resources								
Deferred property taxes	-	39,521	-	79,042	-	-	158,084	276,647
Fund balances:								
Non-spendable								
Prepaid expenses	-	-	-	5,580	-	-	3,005	8,585
Restricted--TABOR	-	-	170,666	-	-	-	-	170,666
Committed	123,243	36,432	-	278,138	274,185	118,874	827,218	1,658,090
Total fund balances	123,243	36,432	170,666	283,718	274,185	118,874	830,223	1,837,341
Total liabilities and fund balances	\$ 123,243	\$ 76,556	\$ 170,666	\$ 383,092	\$ 292,876	\$ 123,097	\$ 996,100	\$ 2,165,630



**Lincoln County**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Governmental Funds**

For the Year Ended December 31, 2018

	Conservation Trust	Library Fund	Contingent Fund	Public Health	Emergency 911 Fund	Lodging Tax Tourism Fund	Landfill Fund	Total-Other Governmental Funds
<b>REVENUES</b>								
Property Taxes	\$ -	\$ 39,314	\$ -	\$ 78,830	\$ -	\$ -	\$ 157,230	\$ 275,374
SO Taxes	-	3,478	-	7,351	-	-	14,164	24,993
Lodging Taxes	-	-	-	-	-	180,142	-	180,142
Intergovernmental	25,516	-	-	243,729	-	-	-	269,245
Charge for services	-	-	-	2,073	47,964	-	101,344	151,381
Investment earnings	2,257	63	-	-	-	-	-	2,320
Miscellaneous	-	12,550	-	724	-	-	1,604	14,878
Total revenues	27,773	55,405	-	332,707	47,964	180,142	274,342	918,333
<b>EXPENDITURES</b>								
Current:								
General government	-	-	-	4,735	-	-	-	4,735
Public Safety	-	-	-	-	26,060	-	-	26,060
Health and sanitation	-	-	-	372,072	-	-	195,302	567,374
Culture and recreation	17,978	58,716	-	-	-	-	-	76,694
Tourism	-	-	-	-	-	136,711	-	136,711
Total Expenditures	17,978	58,716	-	376,807	26,060	136,711	195,302	811,574
Excess (deficiency) of revenues over expenditures	9,795	(3,311)	-	(44,100)	21,904	43,431	79,040	106,759
Net change in fund balances	9,795	(3,311)	-	(44,100)	21,904	43,431	79,040	106,759
Fund balances - beginning	113,448	39,743	170,666	327,818	252,281	75,443	751,183	1,730,582
Fund balances - ending	\$ 123,243	\$ 36,432	\$ 170,666	\$ 283,718	\$ 274,185	\$ 118,874	\$ 830,223	\$ 1,837,341

**Lincoln County  
Budget and Actual  
Library Fund  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 39,294	\$ 39,294	\$ 39,314
SO Taxes	3,300	3,300	3,478
Investment earnings	-	-	63
Miscellaneous	4,500	5,716	12,550
Total revenues	<u>47,094</u>	<u>48,310</u>	<u>55,405</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	57,500	58,716	58,716
Total Expenditures	<u>57,500</u>	<u>58,716</u>	<u>58,716</u>
Excess (deficiency) of revenues over expenditures	<u>(10,406)</u>	<u>(10,406)</u>	<u>(3,311)</u>
Net change in fund balances	(10,406)	(10,406)	(3,311)
Fund balances - beginning	37,315	37,315	39,743
Fund balances - ending	<u>\$ 26,909</u>	<u>\$ 26,909</u>	<u>\$ 36,432</u>

**Lincoln County  
Budget and Actual  
Contingent Fund  
For the year ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Property Taxes	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>			
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>
Net change in fund balances	(170,666)	(170,666)	-
Fund balances - beginning	170,666	170,666	170,666
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,666</u>

**Lincoln County  
Budget and Actual  
Conservation Trust  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Intergovernmental	\$ 24,000	\$ 24,000	\$ 25,516
Investment earnings	1,600	1,600	2,257
Total revenues	<u>25,600</u>	<u>25,600</u>	<u>27,773</u>
<b>EXPENDITURES</b>			
Current:			
Culture and recreation	<u>70,000</u>	<u>70,000</u>	<u>17,978</u>
Total Expenditures	<u>70,000</u>	<u>70,000</u>	<u>17,978</u>
Excess (deficiency) of revenues over expenditures	<u>(44,400)</u>	<u>(44,400)</u>	<u>9,795</u>
Net change in fund balances	(44,400)	(44,400)	9,795
Fund balances - beginning	<u>116,062</u>	<u>116,062</u>	<u>113,448</u>
Fund balances - ending	<u>\$ 71,662</u>	<u>\$ 71,662</u>	<u>\$ 123,243</u>

**Lincoln County**  
**Budget and Actual**  
**Emergency 911 Fund**  
**For the year ended December 31, 2018**

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
<b>REVENUES</b>			
Charges for services	\$ 50,000	\$ 50,000	\$ 47,964
Total revenues	<u>50,000</u>	<u>50,000</u>	<u>47,964</u>
<b>EXPENDITURES</b>			
Current:			
Public Safety	100,000	100,000	26,060
Total Expenditures	100,000	100,000	26,060
expenditures	<u>(50,000)</u>	<u>(50,000)</u>	<u>21,904</u>
Net change in fund balances	(50,000)	(50,000)	21,904
Fund balances - beginning	252,492	252,492	252,281
Fund balances - ending	<u>\$ 202,492</u>	<u>\$ 202,492</u>	<u>\$ 274,185</u>

**Lincoln County  
Budget and Actual  
Public Health  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 78,588	\$ 78,588	\$ 78,830
SO Taxes	9,000	9,000	7,351
Intergovernmental	192,000	239,082	243,729
Charges for services	-	-	2,073
Miscellaneous	-	-	724
Total revenues	<u>279,588</u>	<u>326,670</u>	<u>332,707</u>
<b>EXPENDITURES</b>			
Current:			
General government	6,000	6,000	4,735
Health	317,000	364,082	372,072
Capital Outlay	9,000	9,000	-
Total Expenditures	<u>332,000</u>	<u>379,082</u>	<u>376,807</u>
Excess (deficiency) of revenues over expenditures	<u>(52,412)</u>	<u>(52,412)</u>	<u>(44,100)</u>
Net change in fund balances	(52,412)	(52,412)	(44,100)
Fund balances - beginning	280,873	280,873	327,818
Fund balances - ending	<u>\$ 228,461</u>	<u>\$ 228,461</u>	<u>\$ 283,718</u>

**Lincoln County  
Budget and Actual  
Landfill Fund  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Property Taxes	\$ 157,177	\$ 157,177	\$ 157,230
Sales and miscellaneous taxes	12,000	12,000	14,164
Charge for Services	125,000	125,000	101,344
Miscellaneous	4,043	4,043	1,604
Total revenues	<u>298,220</u>	<u>298,220</u>	<u>274,342</u>
<b>EXPENDITURES</b>			
Health and Sanitation	<u>350,000</u>	<u>350,000</u>	<u>195,302</u>
Total Operating Expenses	<u>350,000</u>	<u>350,000</u>	<u>195,302</u>
Operating income (loss)	<u>(51,780)</u>	<u>(51,780)</u>	<u>79,040</u>
Net change in fund balances	(51,780)	(51,780)	79,040
Fund balances - beginning	766,853	766,853	751,183
Fund balances - ending	<u>\$ 715,073</u>	<u>\$ 715,073</u>	<u>\$ 830,223</u>

**Lincoln County  
Budget and Actual  
Lodging Tax Tourism Fund  
For the year ended December 31, 2018**

	<b>Budgeted Amounts</b>		<b>Actual Amounts, Budgetary Basis</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Lodging Taxes	\$ 135,000	\$ 135,000	\$ 180,142
Total revenues	<u>135,000</u>	<u>135,000</u>	<u>180,142</u>
<b>EXPENDITURES</b>			
Current:			
Tourism	164,200	164,200	136,711
Total Expenditures	<u>164,200</u>	<u>164,200</u>	<u>136,711</u>
Excess (deficiency) of revenues over expenditures	<u>(29,200)</u>	<u>(29,200)</u>	<u>43,431</u>
Net change in fund balances	(29,200)	(29,200)	43,431
Fund balances - beginning	66,564	66,564	75,443
Fund balances - ending	<u>\$ 37,364</u>	<u>\$ 37,364</u>	<u>\$ 118,874</u>



<b>LOCAL HIGHWAY FINANCE REPORT</b>		City or County: Lincoln
		YEAR ENDING : December 2018
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
<b>A. Receipts from local sources:</b>		<b>A. Local highway disbursements:</b>	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	4,436,687
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	308,497	b. Snow and ice removal	38,727
3. Other local imposts (from page 2)	1,800,550	c. Other	0
4. Miscellaneous local receipts (from page 2)	28,608	d. Total (a. through c.)	38,727
5. Transfers from toll facilities		4. General administration & miscellaneous	60,364
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	308,497
a. Bonds - Original Issues		6. Total (1 through 5)	4,844,275
b. Bonds - Refunding Issues		<b>B. Debt service on local obligations:</b>	
c. Notes	77,462	1. Bonds:	
d. Total (a. + b. + c.)	77,462	a. Interest	
7. Total (1 through 6)	2,215,117	b. Redemption	
<b>B. Private Contributions</b>		c. Total (a. + b.)	0
<b>C. Receipts from State government</b> (from page 2)	2,830,340	2. Notes:	
<b>D. Receipts from Federal Government</b> (from page 2)	0	a. Interest	10,582
<b>E. Total receipts (A.7 + B + C + D)</b>	5,045,457	b. Redemption	254,677
		c. Total (a. + b.)	265,259
		3. Total (1.c + 2.c)	265,259
		<b>C. Payments to State for highways</b>	
		<b>D. Payments to toll facilities</b>	
		<b>E. Total disbursements (A.6 + B.3 + C + D)</b>	5,109,534

**IV. LOCAL HIGHWAY DEBT STATUS**  
(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
<b>A. Bonds (Total)</b>				0
1. Bonds (Refunding Portion)				
<b>B. Notes (Total)</b>	298,568	77,462	254,677	121,353

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

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	4,040,151	5,045,457	5,109,534	3,976,074	0

Notes and Comments:

**LOCAL HIGHWAY FINANCE REPORT**

STATE:  
Colorado  
YEAR ENDING (mm/yy):  
December 2018

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

ITEM	AMOUNT	ITEM	AMOUNT
<b>A.3. Other local imposts:</b>		<b>A.4. Miscellaneous local receipts:</b>	
a. Property Taxes and Assessments	1,654,478	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses	0	f. Charges for Services	0
5. Specific Ownership &/or Other	146,072	g. Other Misc. Receipts	28,608
6. Total (1. through 5.)	146,072	h. Other lease purchase agreements	0
c. Total (a. + b.)	1,800,550	i. Total (a. through h.)	28,608
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
<b>C. Receipts from State Government</b>		<b>D. Receipts from Federal Government</b>	
1. Highway-user taxes	2,815,594	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	14,746	d. Federal Transit Admin	
d. Other (Specify) Mineral leasing	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal	
f. Total (a. through e.)	14,746	g. Total (a. through f.)	0
4. Total (1. + 2. + 3.f)	2,830,340	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)
<b>A.1. Capital outlay:</b>			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation			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, 2018**

<b>GRANT TITLE</b>		<b>FEDERAL CFDA NUMBER</b>	<b>AMOUNT OF AWARD EXPENDED</b>	
<b>DEPARTMENT OF HEALTH &amp; HUMAN SERVICES:</b>				
IV-D Administration	colorado dept of human services	93.563	\$ 73,869	
LEAP	colorado dept of human services	93.568	70,440	
Title IV-E FC	colorado dept of human services	93.658	168,963	*
Block Grant- Title XX	colorado dept of human services	93.667	52,412	
IV-B Child Care	colorado dept of human services	93.645	7,966	
PSSF	colorado dept of human services	93.556	1,056	
CO Works- TANF	colorado dept of human services	93.558	92,473	*
CCDF Disc.	colorado dept of human services	93.575	16,949	
CCDF Match/Mand	colorado dept of human services	93.596	996	
IV-E Relation Guard	colorado dept of human services	93.090	1,124	
IV-E Adoption	colorado dept of human services	93.659	<u>43,414</u>	
Total				529,662
<b>DEPARTMENT OF HEALTH CARE POLICY &amp; FINANCING</b>				
Medicaid Title XIX	colorado dept of health care policy & financing	93.778	<u>88,389</u>	
Total				88,389
<b>DEPARTMENT OF PUBLIC HEALTH &amp; ENVIRONMENT</b>				
IMM Core Services	colorado dept of public health & envir	93.268	625	
PHEP Funding	colorado dept of public health & envir	93.074	99,251	
CHAPS	colorado dept of public health & envir	93.758	7,500	
IMM Core JG17CH	colorado dept of public health & envir	93.539	3,332	
Care Coordination	colorado dept of public health & envir	93.994	<u>4,530</u>	
Total				115,238
<b>DEPARTMENT OF HOMELAND SECURITY</b>				
Emergency Management	colorado dept of local affairs	97.042	<u>10,025</u>	
				10,025
<b>DEPARTMENT OF AGRICULTURE:</b>				
Food Stamp Admin.	colorado dept of human services	10.561	68,292	
Women, Infant & Children		10.557	29,731	
Special Supplemental Nutrition Program for Women, Infant & Children		10.557	<u>81,031</u>	
Total				179,054
<b>COLORADO DEPARTMENT OF LOCAL AFFAIRS:</b>				
Community Development Block Grant		14.228	<u>44,032</u>	
Total				44,032
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>			<u>\$ 966,400</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.

Lincoln County passed through CDBG funds to a sub-recipient.

\* Major programs

**Lincoln County Colorado  
Schedule of Findings and Questioned Costs  
December 31, 2018**

**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

**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, each major fund, and the aggregate remaining fund information of Lincoln County, Colorado (“the County”) as of and for the year ended December 31, 2018, 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 24, 2019.

***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, llc***

September 24, 2019

**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, Colorado'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, 2018. 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, 2018.

## 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 were not 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 24, 2019