



Elbert County Government Annual Financial Report

For the year ended December 31, 2017

ELBERT COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2017

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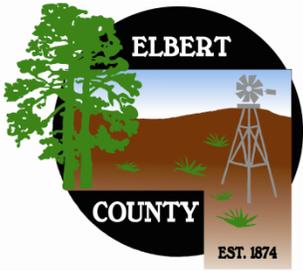
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INTRODUCTORY SECTION

COUNTY OF ELBERT



Elbert County Government
215 Comanche St.
PO BOX 7
Kiowa, CO 80117

June 1, 2018

To the Board of County Commissioners and the Citizens of Elbert County:

The Comprehensive Annual Financial Report of Elbert County, Colorado for the fiscal year ended December 31, 2017 is hereby submitted.

This report consists of management's representations concerning the finances of Elbert County. Consequently, management assumes full responsibility for both the accuracy of the presented data, and for the completeness and reliability of the information presented in this report. To provide a reasonable basis for making these representations, management of Elbert County has established internal controls that are designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information of the preparation of the Elbert County financial statements in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). Since the cost of internal controls should not outweigh their benefits, Elbert County's internal controls have been designed to provide reasonable assurance the financial statements will be free from material misstatement.

To the best of our knowledge and belief, this financial report is accurate in all material aspects and reported in a manner which fairly represents the financial position and results of operations of Elbert County as measured by the financial activity of its various funds. Further, we believe all disclosures that are necessary to enable the reader to gain the maximum understanding of Elbert County's financial activities have been included.

Colorado Revised Statute (CRS) 29-1-603 requires local governments to have an annual audit of their financial statements, performed in accordance with generally accepted auditing standards, by a firm of licensed certified public accountants. (CRS) 29-6-605 requires the financial statements be presented in conformity with US GAAP.

The County's financial statements have been audited by RubinBrown LLP. The goal of the independent audit is to provide reasonable assurance that the financial statements of the County, for the fiscal year ended December 31, 2017, are free of material misstatement. The independent audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the

financial statements, assessing the accounting policies used as well as the reasonableness of estimates made by management, and evaluating the overall financial statement presentation. The independent auditor, based upon their audit, rendered an unmodified opinion, concluding that these financial statements are fairly presented in conformity with US GAAP. The independent auditor's report is presented in the financial section of this report. In addition to meeting the requirements set forth in state statutes, the audit included a federally mandated "Single Audit" designed to meet the needs of federal grantor agencies (Single Audit Act Amendments of 1996 and related Title 2 U.S. Code of Federal Regulation (CFR) Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirement for Federal Awards (Uniform Guidance). The standards governing Single Audit engagements require the independent auditor to report not only on the fair representation of the financial statements, but also on the government's internal controls and compliance with legal requirements involved in the administration of federal awards. The reports issued by the independent auditors are presented in a separately issued Single Audit Report. GASB requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the report of the independent auditors.

Profile of Elbert County

Elbert County was formed in 1874. The County covers 1851 square miles. The county is very diverse in population ranging from rural to urban. The County has a population of about 26,451.

The County provides a wide range of services that include law enforcement and public safety, planning and zoning, public works, public health and human services, elections, motor vehicle and general administrative services.

The three-member Board of County Commissioners (BOCC) serves as the legislative, policy-making and administrative body governing the unincorporated area of the County. The commissioners are elected at large from one of three geographical districts and serve staggered four-year terms (term-limited to two terms).

The County is one of four counties, along with Arapahoe, Douglas and Lincoln counties in the Eighteenth Judicial District served by the District Attorney, an elected official responsible for prosecuting all criminal case filings.

The Board is directly supported by the County Manager and County Attorney. Department Heads manage the remainder of the County's functions, including Public Works, County Administration, Health & Human Services, Community & Development Services, Information Technology and Office of Emergency Management.

The Board is charged with the responsibility of providing adequate budget appropriations to fund statutory functions, as well as responding to the service needs of the citizens. In turn, the other elected and appointed officials are charged with managing their authorized budgets in order to meet their statutory obligations and service demands as cost-effectively as possible. The Board is required to adopt a final budget no later than the end of the fiscal year. The adopted budget becomes the County's annual financial plan and mechanism to control spending.

In closing, we wish to acknowledge the interest, leadership and support of the Board of County Commissioners, the Elected Officials and the cooperation of each of Elbert County's Departments as we work together to conduct Elbert County's financial operations. Each person involved demonstrates prudent fiscal management and stewardship with regards to the actual and ongoing financial conditions of Elbert County. We aim to provide basic sustainable foundations that result in a high quality of life for our citizens, taxpayers and communities.

Respectfully submitted,

Sam Albrecht
County Manager



Elbert County, Colorado

Elbert County Organization Officials

Elected Officials

• Commissioner District 1	Chris Richardson	Current Term: 2017-2021
• Commissioner District 2	Danny Willcox	Current Term: 2016-2019
• Commissioner District 3	Grant Thayer	Current Term: 2017-2021
• Sheriff	Shayne Heap	Current Term: 2015-2019
• Treasurer/Public Trustee	Rick Pettitt	Current Term: 2015-2019
• Assessor	Billie Mills	Current Term: 2015-2019
• Coroner	Mike Graeff	Current Term: 2015-2019
• Surveyor	Keith Westfall	Current Term: 2015-2019
• Clerk & Recorder	Dallas Schroeder	Current Term: 2015-2019

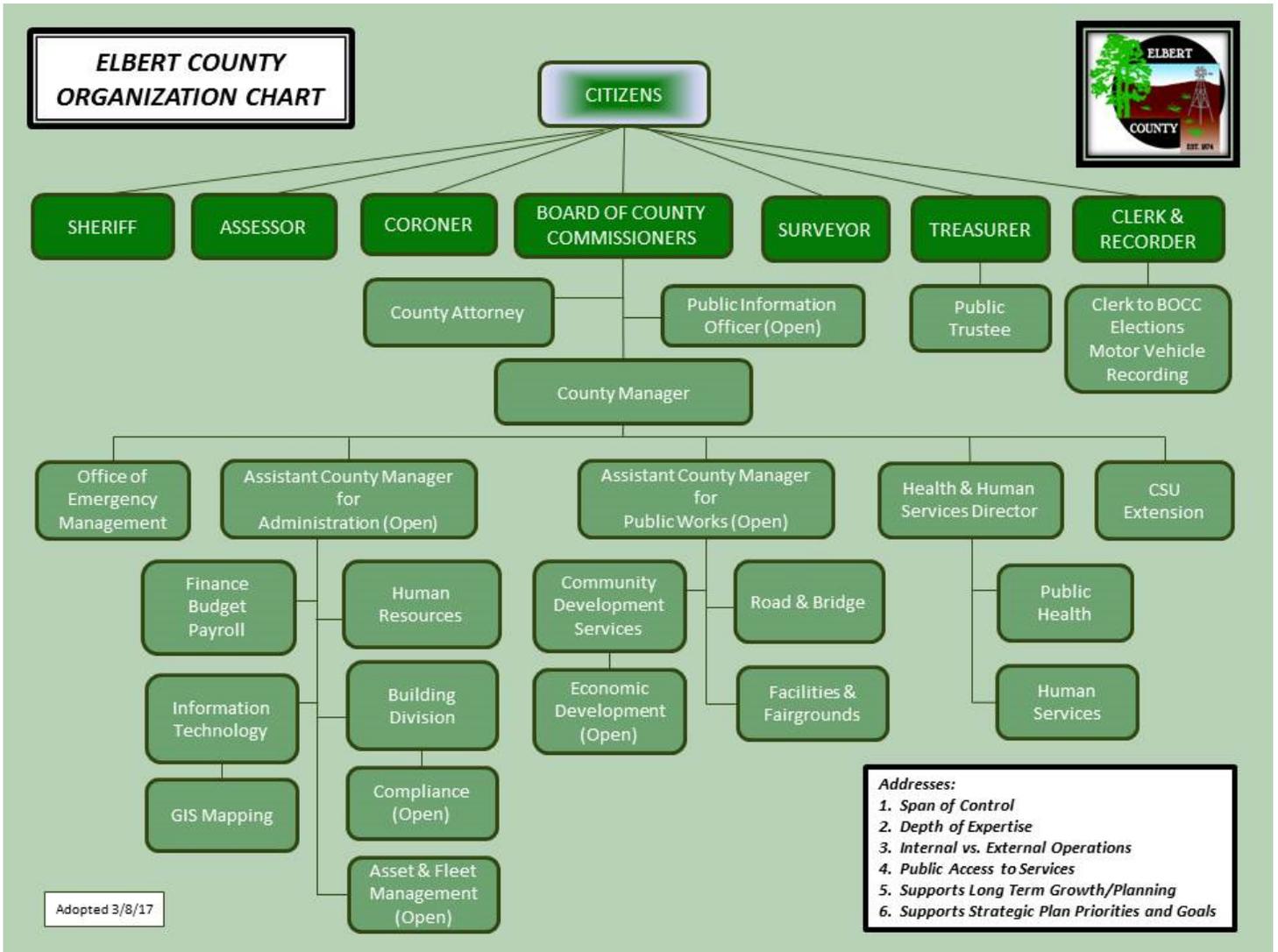
Appointed Officials

• County Manager	Sam Albrecht
• County Attorney	Bart Greer
• Budget Officer	Rick Pettitt



Elbert County, Colorado

Elbert County Organizational Chart





Elbert County, Colorado

ELBERT COUNTY GOVERNMENT FUND CHART

Governmental accounting is based upon fund accounting. Each separate fund has a unique purpose and must be self-balancing. Required by statute, governmental funds have a spending focus. The Fund chart utilized by Elbert County is detailed below. All Elbert County Funds used Modified Accrual as the basis of accounting.

Fund 010- General Fund

- The General Fund is used to account for all resources associated with traditional government functions that are not required legally or by sound financial management practices to be accounted for in another fund. As the County's main operating fund, the General Fund accounts for general County operations such as public safety, planning and building, parks and recreation, tax assessment and collection, motor vehicle, elections, finance, and administration.

Department 000	Non-Departmental
Department 011	Commissioners
Department 012	Human Resources
Department 015	Other Administration
Department 017	Information Technology
Department 018	Finance Department
Department 020	Clerk & Recorder
Department 021	County Attorney
Department 025	Elections
Department 030	Treasurer
Department 040	Assessor
Department 060	Maintenance
Department 070	General Fund Fleet
Department 170	District Attorney
Department 210	Justice Center
Department 211	Sheriff's Office
Department 213	Coroner's Office
Department 273	Office of Emergency Management
Department 280	Building Division
Department 285	Community Development Services
Department 515	4-H Fair
Department 520	Fairgrounds
Department 525	Fairboard
Department 610	CSU Extension
Department 701	Surveyor



Elbert County, Colorado

Fund 015- Health Fund

- The Health Fund is used to account for monies expended only for the purposes of public and environmental health pursuant to Colorado Revised Statutes 25-1-511(1)(2).

Fund 020- Road & Bridge

- The Road and Bridge Fund is used to account for the County's share of State revenues that are legally restricted for the maintenance of highways and roads within the County's boundaries and to account for revenues restricted for highway and road purposes.

Fund 025- Sales & Use Tax Fund

- The Sales and Use Tax Fund is used to account for the collection of County sales tax and use tax restricted for capital expenditures set forth by resolution.

Fund 040- Law Enforcement Assistance Fund

- The Law Enforcement Assistance Fund is used to account for the collection of revenue from law enforcement citations. Revenues in this fund are used for expenses related to law enforcement activities.

Fund 050- Human Services Fund

- The Human Services Fund is used to account for the County's State, Federal and property tax revenues that are restricted for providing social services to the residents of the County.



Elbert County, Colorado

Fund 070- Retirement Fund

- The Retirement Fund is used to account for the County's portion of retirement contribution for employees.

Fund 075- Capital Improvement Fund

- The Capital Improvement Fund is used to account for all major capital improvements and investments.

Fund 085- Impact Fund

- The Impact Fund is used to account for the collection and expense of impact funds related to development.

Fund 090- Conservation Trust Fund

- The Conservation Trust Fund is used to account for the State of Colorado Lottery funds allocated to the County for recreational uses.

Fund 095- Debt Service Fund

- The Debt Service Fund is used to account for the accumulation of resources of general long-term debt principal and interest associated with the lease mortgage revenue bond.



Elbert County, Colorado

Fund 079- Sun Country Meadows Public Improvement District Fund

- The Sun Country Meadows Public Improvement District Fund is used to account for the mill levy tax collection on all properties within the boundaries of the district for the purpose of paying the future special improvement district general obligation bonds.

Fund 082- Chapparral Valley Special District Fund

- The Chapparral Valley Fund is a debt service fund to account for the collection of special assessments in this district for the use of paying the local improvement district bonds.

Fund 083- Meadows Station Public Improvement District Fund

- The Meadows Station Fund is used to account for the mill levy tax collection on all properties within the boundaries of the district for the purpose of paying the special improvement district general obligation bonds.

Fund 084- Foxwood Estates & Foxwood Ranches Public Improvement District Fund

- The Foxwood Estates Fund is used to account for the mill levy tax collection on all properties within the boundaries of the district for the purpose of paying the special improvement district general obligation bonds.



Independent Auditors' Report

Board of County Commissioners
Elbert County
Kiowa, Colorado

Report On The Financial Statements

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

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the County as of December 31, 2017 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages IV through IX and 33 through 39, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The introductory section, combining and individual fund statements and schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund statements and schedules and the Local Highway Finance Report are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund statements and schedules and the Local Highway Finance Report are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2018 on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

RubinBrown LLP

June 18, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

ELBERT COUNTY, COLORADO MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Elbert County (the County), the Board of County Commissioners offers readers of the County's financial statements this narrative overview and analysis of the financial activities of the County for the fiscal year ended December 31, 2017.

Financial Highlights

- Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,803,934 (net position) at the close of the fiscal year. Of this amount, \$13,730,908 in unrestricted net position is available to meet ongoing and future obligations of the County.
- The net decrease in capital assets for the year was \$1,007,614. The decrease was due to depreciation expense of \$6,226,918 exceeding capital additions of \$5,403,878. This reduction was decreased by a gain on disposal of assets of \$155,531. The majority of the capital outlay is related to the purchase and remodeling of the Samuel Elbert Building, the capital construction related to roads, and the lease purchase agreements for road equipment in the Road and Bridge Funds and for vehicles for the Sheriff's Office.
- As of the close of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,337,176.
- Total net position increased by \$4,961,873. This is the result of permit revenue increasing \$4,931,900. The majority of this increase is due to the Rush Creek Wind Farm with permit revenues of \$4,276,622. Tax revenues also increased \$875,741.
- Total long-term debt increased by \$791,462 during the current fiscal year. Debt increased due to new capital leases of approximately \$2.1 million and the increase in compensated absences of \$125,157. These increases were offset by principal payments of \$1,435,926.
- Total cash and investments, including that held in a fiduciary capacity, increased by \$7,386,654. The majority of this increase was in unrestricted cash of the County which totaled \$14,610,098 at December 31, 2017. In addition, the County recorded \$363,630 in unspent lease proceeds.
- As noted above, tax revenues increased \$875,741. The majority of this increase was property and specific ownership taxes. However, sales and use taxes also increased. In addition, at the end of the fiscal year, the Treasurer's Office held \$366,899 more for other governments than it had at the end of last fiscal year.
- Both General Fund revenues and expenditures increased as compared to the prior year. The net change in fund balance increased from \$955,560 to \$5,788,025. The Board of County Commissioners, the County Treasurer, and Management recognize this is a one-time revenue source. As a result, they established committed fund balance to pay for future costs related to inspecting Rush Creek Wind Farm as well as a stabilization fund totaling \$3,250,000. Committed fund balance totaled \$3,680,000. General Fund assigned fund balance also includes \$500,000 for contingencies. Unassigned fund balance increased to \$3,406,002. This continues the trend of increasing unrestricted fund balance and compares very favorably to the fiscal year ended December 31, 2009 when unrestricted fund balance was a negative \$1 million.

Overview of the Financial Statements

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

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

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

The statement of activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Both government-wide financial statements identify functions of the County that are principally to be supported by taxes and intergovernmental revenue (governmental activities). The governmental activities of the County include general government, public safety, public works, public health and welfare, culture and recreation, auxiliary services, and debt service.

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

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

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

The County maintains 15 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenue, expenditures, and changes in fund balances for the General Fund, the Road and Bridge special revenue fund, Human Services special revenue fund, Sales and Use Tax special revenue fund each of which are considered major funds. Data for the other twelve governmental funds are combined into a single aggregated presentation. Individual fund data for these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The County adopts an annual appropriated budget for its major and nonmajor governmental funds. All funds are adopted on the GAAP basis of accounting except for the General, Road and Bridge and Law Enforcement Assistance Funds. Amounts expended as the result of capital leases are not included in the budgeted revenues or expenditures. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Fiduciary funds. Fiduciary funds are used to account for assets held for the benefit of parties outside the County. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the County's own programs.

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents in the form of required supplementary information, budgetary comparison statements for the major governmental funds.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information.

This report also contains a local highway finance report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The County's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$81,803,934.

	Net Position	
	<u>2017</u>	<u>2016</u>
Current assets	\$ 27,481,713	\$ 18,164,597
Capital assets	75,920,612	76,928,226
Total assets	<u>103,402,325</u>	<u>95,092,823</u>
Deferred outflows of resources	<u>151,272</u>	<u>183,877</u>
Current liabilities	1,918,617	998,728
Long-term liabilities	9,545,095	8,753,633
Total liabilities	<u>11,463,712</u>	<u>9,752,361</u>
Deferred inflows of resources	<u>10,285,951</u>	<u>8,682,278</u>
Net investment in capital assets	67,212,638	68,994,162
Restricted net position	860,388	1,282,181
Unrestricted net position	13,730,908	6,565,718
Total net position	<u><u>\$ 81,803,934</u></u>	<u><u>\$ 76,842,061</u></u>

The largest portion of the County's net position (82.2%) reflects its investment in capital assets. This compares to the December 31, 2016 percentage of 89.8%. The County's liquid net assets have increased dramatically. The County uses its capital assets to provide services to citizens; consequently, the assets are not available for future spending.

An additional portion of the County's net position (1.1%) represents resources that are subject to restrictions on how they can be used and/or are not currently available for the County's ongoing obligations. The remaining balance of unrestricted net position \$13,730,908 may be used to meet the government's future expenditures. Unrestricted net position increased \$7,165,190 during 2017.

At the end of the current fiscal year, the County reported positive balances in all three categories of net position.

The County's net position increased by \$4,961,873 during the current fiscal year. As noted above, this is the result of permit revenue increasing \$4,931,900 and tax revenues also increasing \$875,741. A small portion of these revenue increases were offset by increases in expenses of less than 2%.

Change in Net Position

	2017	2016
Revenues		
Program revenues		
Charges for services	\$ 9,523,706	\$ 4,219,352
Operating grants and contributions	7,435,855	7,537,736
Capital grants and contributions	4,950	-
General revenues		
Taxes	13,262,804	12,387,063
Intergovernmental	6,114	9,901
Investment and interest income	71,127	32,932
Gain on sale of capital assets	155,531	-
Other	186,949	30,537
Total revenues	30,647,036	24,217,521
Expenses		
General government	4,949,722	3,987,854
Public safety	5,637,758	4,990,956
Public works	10,048,249	10,605,289
Public health and welfare	4,275,353	4,792,280
Culture and recreation	324,008	329,649
Auxiliary services	139,602	141,443
Interfund charges for services	18,384	-
Interest on long-term debt	292,087	380,117
Total expenses	25,685,163	25,227,588
Change in net position	4,961,873	(1,010,067)
Net position - Beginning	76,842,061	77,852,128
Net position - Ending	\$ 81,803,934	\$ 76,842,061

Financial Analysis of the Government's Funds

As noted earlier, the County uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds.

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

As of the end of the current fiscal year, the County's governmental funds reported combined ending fund balances of \$15,337,176, of which \$13,127,456 is attributed to the major funds.

The General Fund is the chief operating fund of the County. At the end of the current fiscal year, the General Fund had a fund balance of \$8,034,688. This is an increase of \$5,788,025 from the prior year. Fiscal year 2017 marks the fourth year that the County's General Fund has had positive unassigned fund balance. As noted above, the County has committed a portion of this increase for future costs, a stabilization fund and assigned a portion of the fund balance for contingencies.

Revenues increased for all line items compared to 2016. As discussed above, the largest increase was in licenses and permits which rose \$4,226,458. Taxes increased \$385,908. The majority of this increase was in specific ownership taxes which rose \$289,226. Intergovernmental revenues increased \$521,406. A new state grant, the Black and Gray Market Marijuana Enforcement Grant Program provided a reimbursement of General Fund expenditures of \$121,210. The CWCB grant also increased \$128,078. Charges for services also increased as a separate revenue and expense is recorded for outsourced engineering costs in the Community Development Services Department. Expenditures increased a total of \$1,492,212. Increases were noted for software support of \$150,088 in Central Data Processing, CWCB grant expense in other administration, increased County Sheriff expenses of \$192,587, pass through grants to other governments of \$201,973 and increased transfers out of \$133,422.

The Road and Bridge Special Revenue Fund had a total fund balance of \$2,269,142 as of December 31, 2017. The Road and Bridge Special Revenue Fund's fund balance decreased slightly, \$1,354 from the previous year. In the current year, total revenues were \$334,207 higher than in 2016. Capital lease proceeds were \$620,616 higher than last year. This increase was offset as the Road and Bridge Special Revenue Fund received no transfers in from the Sales and Use Tax Special Revenue Fund. Expenditures increased \$948,209. Capital outlay increased \$1,453,693, while contract services decreased \$270,739 and recycled asphalt decreased \$95,024.

The Human Services Special Revenue Fund's fund balance was \$581,623 at the end of the current fiscal year. The Human Services Special Revenue Fund's fund balance increased \$70,381 from the previous year. Revenues decreased \$490,326 over the prior year. This decrease was in reimbursements of costs from the State of Colorado. Expenditures also decreased \$455,255, as the amounts expended by the State of Colorado on the County's behalf dropped \$135,859 for the second year in a row.

The Sales and Use Tax Special Revenue Fund's fund balance was \$2,242,003 at the end of the current fiscal year. The Sales and Use Tax Special Revenue Fund's fund balance increased \$682,146 from the previous year. Sales and use taxes increased \$377,703. Capital outlay and the costs for public works increased \$993,192 and \$114,474 respectively.

Original Budget Compared to Final Budget

The Board of County Commissioners adopted a supplemental appropriations to increase expenditures in the General and Capital Improvement funds. The General Fund appropriations increased a total of \$821,122 while the Capital Improvement Fund expenditures increased \$143,500.

These additional funds were used for capital outlay costs payments, outsourced engineering costs, pass through grants to other governments and to settle a lawsuit.

Capital Assets

The County invested, not including donated assets, \$5,403,878 in capital assets for its governmental-type activities for the year ended December 31, 2017. This investment in capital assets consists primarily of infrastructure, equipment and vehicles. Additional information on the County's capital assets can be found in Note 4 on page 19 of this report.

Long-Term Debt

At December 31, 2017 the County had total long-term debt of \$9,545,095. Long-term debt includes the Refunding Lease Mortgage Revenue Bond, Series 2016, capital leases used to finance equipment and vehicles, compensated absences and the titan missile complex. In an effort to save interest costs, during 2015 and 2016 the Chaparral Valley Debt Service Fund, borrowed funds from the Road and Bridge Fund and called its bonds early. The County continues to find innovative approaches to save money. Additional information on the County's long-term debt can be found in Note 5 on beginning page 20 of this report.

Economic Factors and Next Year's Budgets

The County has appropriated \$29,294,864 for spending in the 2018 fiscal year budget. Budgeted 2016 revenue of \$27,757,104 and the use of accumulated fund balances will be sufficient to cover the appropriated expenditures in 2018. For the 2018 fiscal year, the General Fund's fund balance is expected to increase about \$70,000.

Requests for Information

This financial report is designed to provide a general overview of Elbert County's finances for all those with an interest in the County's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Sam Albrecht, County Manager

PO Box 7, Kiowa, Colorado 80117

Sam.albrecht@elbertcounty-co.gov.

BASIC FINANCIAL STATEMENTS

ELBERT COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2017

	Governmental Activities
ASSETS	
Cash and investments	\$ 14,610,098
Receivables	1,682,559
Due from other governments	57,165
Property taxes receivable	10,236,682
Assessments receivable	49,269
Inventory of supplies	409,359
Cash and investments - Restricted	436,581
Capital assets, not being depreciated	
Land and water rights	5,673,350
Capital assets, net of accumulated depreciation	
Buildings, equipment and infrastructure	70,247,262
Total assets	103,402,325
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on debt refunding	151,272
LIABILITIES	
Accounts payable and accrued liabilities	1,806,068
Accrued interest payable	60,031
Unearned revenues	52,518
Noncurrent liabilities	
Due within one year	1,475,359
Due in more than one year	8,069,736
Total liabilities	11,463,712
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue-property taxes and assessments	10,285,951
NET POSITION	
Net investment in capital assets	67,212,638
Restricted	
Emergency reserves	415,698
Other purposes	18,898
Debt service	48,628
Clerk and Recorder's technology fee	18,834
Conservation trust	358,330
Unrestricted	13,730,908
Total net position	\$ 81,803,934

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF ACTIVITIES
Year Ended December 31, 2017

<u>Functions/Programs</u>	<u>Program Revenues</u>				Net (Expense) Revenue and Changes in Net Position
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 4,949,722	\$ 1,819,130	\$ 191,708	\$ -	\$ (2,938,884)
Public safety	5,637,758	6,822,218	695,610	4,950	1,885,020
Public works	10,048,249	454,826	2,759,948	-	(6,833,475)
Public health and welfare	4,275,353	291,424	3,637,557	-	(346,372)
Culture and recreation	324,008	136,108	151,032	-	(36,868)
Auxiliary services	139,602	-	-	-	(139,602)
Pooled vehicles	18,384	-	-	-	(18,384)
Interest on long-term debt	292,087	-	-	-	(292,087)
Total primary government	<u>\$ 25,685,163</u>	<u>\$ 9,523,706</u>	<u>\$ 7,435,855</u>	<u>\$ 4,950</u>	<u>(8,720,652)</u>

General revenues:

Taxes	13,262,804
Grants not restricted to a specific program	6,114
Investment earnings	71,127
Other	186,949
Gain on disposal of assets	155,531
Total general revenues	<u>13,682,525</u>
Change in net position	4,961,873
Net position - Beginning	76,842,061
Net position - Ending	<u>\$ 81,803,934</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**ELBERT COUNTY, COLORADO
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2017**

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Sales and Use Tax</u>
ASSETS				
Cash and investments with Treasurer	\$ 7,787,747	\$ 1,568,036	\$ 664,998	\$ 2,336,355
Cash and investments with Treasurer - Restricted	18,202	-	-	-
Accounts receivable	826,556	401,681	-	352,287
Assessments receivable	-	-	-	-
Due from other funds	-	-	-	-
Advances to other funds	-	105,833	-	-
Due from other governments	-	-	57,165	-
Property taxes receivable	5,805,258	3,380,529	533,768	-
Inventory of supplies	3,142	406,217	-	-
Total assets	<u>\$14,440,905</u>	<u>\$ 5,862,296</u>	<u>\$ 1,255,931</u>	<u>\$ 2,688,642</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts payable and accrued liabilities	\$ 566,791	\$ 210,458	\$ 123,719	\$ 446,639
Due to other funds	-	291	347	-
Unearned revenue	34,168	1,876	16,474	-
Advances from other funds	-	-	-	-
Total liabilities	<u>600,959</u>	<u>212,625</u>	<u>140,540</u>	<u>446,639</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue-property taxes and assessments	5,805,258	3,380,529	533,768	-
FUND BALANCES				
Nonspendable				
Inventory	3,142	406,217	-	-
Restricted				
Emergency reserves	265,958	98,132	16,220	-
Other purposes	18,202	-	696	-
Debt service	-	-	-	-
Capital asset purchases	-	-	-	-
Clerk and Recorder's technology fee	18,834	-	-	-
Conservation trust	-	-	-	-
Committed				
Rush Creek Wind Farm inspection costs	430,000	-	-	-
Stabilization	3,250,000	-	-	-
Assigned				
Contingency	500,000	-	-	-
Transportation	-	1,764,793	-	-
Public health and welfare	-	-	564,707	-
Public safety	-	-	-	-
Capital projects	-	-	-	2,242,003
Debt service	-	-	-	-
Retirement	-	-	-	-
Community development services	142,550	-	-	-
Unassigned	3,406,002	-	-	-
Total fund balances	<u>8,034,688</u>	<u>2,269,142</u>	<u>581,623</u>	<u>2,242,003</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$14,440,905</u>	<u>\$ 5,862,296</u>	<u>\$ 1,255,931</u>	<u>\$ 2,688,642</u>

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,252,962	\$ 14,610,098
418,379	436,581
102,035	1,682,559
49,269	49,269
638	638
-	105,833
-	57,165
517,127	10,236,682
-	409,359
<u>\$ 3,340,410</u>	<u>\$ 27,588,184</u>

\$ 458,461	\$ 1,806,068
-	638
-	52,518
105,833	105,833
<u>564,294</u>	<u>1,965,057</u>

<u>566,396</u>	<u>10,285,951</u>
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-	409,359
35,388	415,698
-	18,898
48,628	48,628
363,630	363,630
-	18,834
358,330	358,330
-	430,000
-	3,250,000
-	500,000
-	1,764,793
208,032	772,739
309,888	309,888
820,196	3,062,199
3,285	3,285
160,849	160,849
-	142,550
(98,506)	3,307,496
<u>2,209,720</u>	<u>15,337,176</u>

<u>\$ 3,340,410</u>	<u>\$ 27,588,184</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 2,252,962	\$ 14,610,098
418,379	436,581
102,035	1,682,559
49,269	49,269
638	638
-	105,833
-	57,165
517,127	10,236,682
-	409,359
<u>\$ 3,340,410</u>	<u>\$ 27,588,184</u>

\$ 458,461	\$ 1,806,068
-	638
-	52,518
105,833	105,833
<u>564,294</u>	<u>1,965,057</u>

<u>566,396</u>	<u>10,285,951</u>
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-	409,359
35,388	415,698
-	18,898
48,628	48,628
363,630	363,630
-	18,834
358,330	358,330
-	430,000
-	3,250,000
-	500,000
-	1,764,793
208,032	772,739
309,888	309,888
820,196	3,062,199
3,285	3,285
160,849	160,849
-	142,550
(98,506)	3,307,496
<u>2,209,720</u>	<u>15,337,176</u>

<u>\$ 3,340,410</u>	<u>\$ 27,588,184</u>
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2017

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - Total governmental funds	\$ 15,337,176
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	75,920,612
Deferred charge on debt refunding, net of accumulated amortization, are not financial resources and, therefore, are not reported in the funds.	151,272
Accrued interest payable is not included in the funds.	(60,031)
Noncurrent liabilities, including capital leases and bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(9,545,095)</u>
Net position of governmental activities	<u><u>\$ 81,803,934</u></u>

These financials statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	<u>Special Revenue Funds</u>			
	<u>General</u>	<u>Road and Bridge</u>	<u>Human Services</u>	<u>Sales and Use Tax</u>
REVENUES				
Taxes	\$ 6,655,445	\$ 3,047,744	\$ 455,659	\$ 2,718,176
Special assessments	-	-	-	-
Licenses and permits	5,645,626	-	-	-
Intergovernmental	836,546	2,766,062	3,531,671	-
Charges for services	1,973,263	207,542	-	-
Net investment income	49,601	6,236	666	-
Miscellaneous	504,372	99,589	84,323	-
Total revenues	<u>15,664,853</u>	<u>6,127,173</u>	<u>4,072,319</u>	<u>2,718,176</u>
EXPENDITURES				
Current				
General government	4,221,826	264,137	-	79,288
Public safety	4,632,137	-	-	-
Public works	-	4,180,024	-	160,747
Public health and welfare	22,706	-	4,001,938	-
Culture and recreation	187,700	-	-	-
Auxiliary services	139,602	-	-	-
Pool vehicles	18,384	-	-	-
Debt service				
Principal and interest	7,480	932,032	-	-
Capital outlay	104,437	2,175,288	-	1,755,164
Total expenditures	<u>9,334,272</u>	<u>7,551,481</u>	<u>4,001,938</u>	<u>1,995,199</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>6,330,581</u>	<u>(1,424,308)</u>	<u>70,381</u>	<u>722,977</u>
OTHER FINANCING SOURCES (USES)				
Capital lease financing	45,200	1,342,211	-	-
Insurance recoveries	43,473	11,777	-	-
Sale of general capital assets	12,101	68,966	-	-
Transfers in	-	-	-	-
Transfers (out)	(643,330)	-	-	(40,831)
Total other financing sources (uses)	<u>(542,556)</u>	<u>1,422,954</u>	<u>-</u>	<u>(40,831)</u>
NET CHANGE IN FUND BALANCES	5,788,025	(1,354)	70,381	682,146
FUND BALANCES - BEGINNING OF YEAR	<u>2,246,663</u>	<u>2,270,496</u>	<u>511,242</u>	<u>1,559,857</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,034,688</u>	<u>\$ 2,269,142</u>	<u>\$ 581,623</u>	<u>\$ 2,242,003</u>

Nonmajor Governmental Funds	Total Governmental Funds
\$ 374,912	\$ 13,251,936
15,077	15,077
-	5,645,626
312,644	7,446,923
1,150,271	3,331,076
10,415	66,918
12,420	700,704
<u>1,875,739</u>	<u>30,458,260</u>
265,611	4,830,862
448,105	5,080,242
103,002	4,443,773
224,032	4,248,676
96,762	284,462
-	139,602
-	18,384
749,805	1,689,317
1,368,989	5,403,878
<u>3,256,306</u>	<u>26,139,196</u>
<u>(1,380,567)</u>	<u>4,319,064</u>
714,820	2,102,231
4,095	59,345
232,938	314,005
1,184,161	1,184,161
(500,000)	(1,184,161)
<u>1,636,014</u>	<u>2,475,581</u>
255,447	6,794,645
<u>1,954,273</u>	<u>8,542,531</u>
<u>\$ 2,209,720</u>	<u>\$ 15,337,176</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2017

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds	\$ 6,794,645
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation expense. This is the amount by which depreciation and gain on the disposal of assets exceeded capital outlay in the current period.

Capital outlay	5,403,878
Proceeds from disposal of assets	(340,105)
Gain on disposal of assets	155,531
Depreciation	(6,226,918)

The issuance of long-term debt (e.g. capital leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt proceeds	(2,102,231)
Principal payments made	1,435,926

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

Change in compensated absences	(125,157)
Change in accrued interest	(1,091)
Amortization of deferred loss on refunding	(32,605)

Change in net position of governmental activities	\$ <u><u>4,961,873</u></u>
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These financials statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2017

	Agency Funds			Colorado State University Extension	Total
	Treasurer	Public Trustee	Sheriff's Office		
ASSETS					
Cash and investments	\$ 1,772,396	\$ 68,706	\$ 232,449	\$ 35,363	\$ 2,108,914
Accounts receivable	1,480	-	-	-	1,480
Total assets	<u>\$ 1,773,876</u>	<u>\$ 68,706</u>	<u>\$ 232,449</u>	<u>\$ 35,363</u>	<u>\$ 2,110,394</u>
LIABILITIES					
Due to other governments	\$ 1,295,897	\$ -	\$ -	\$ -	\$ 1,295,897
Other liabilities	388,452	-	232,449	35,363	656,264
Outstanding checks payable	89,527	-	-	-	89,527
Escrow deposits held by public trustee	-	68,706	-	-	68,706
Total liabilities	<u>\$ 1,773,876</u>	<u>\$ 68,706</u>	<u>\$ 232,449</u>	<u>\$ 35,363</u>	<u>\$ 2,110,394</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 1 - DEFINITION OF REPORTING ENTITY

Elbert County, Colorado (County) is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member elected Board of County Commissioners (Board), responsible for setting policy, appointing administrative personnel, and the adoption of an annual budget in accordance with State statutes. The County provides the following services: public safety, health and welfare, fairground facilities construction and maintenance, construction and maintenance of roads and bridges, and general administrative services.

The County follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Based on the application of these criteria, the County is financially accountable for the Elbert County Building Authority (Building Authority), Foxwood Estates and Foxwood Ranches Public Improvement District (Foxwood Estates), Meadow Station Subdivision Public Improvement District (Meadow Station) and Sun Country Meadows Public Improvement District (Sun Country Meadows). These entities are reported as blended component units within the debt and debt service funds of the County. The Building Authority's capital assets are reflected in the County's capital assets and its debt is recorded in the County's long-term debt. The Building Authority was registered with the State of Colorado as a nonprofit corporation on November 11, 2005. The Building Authority is governed by a Board of Directors that consist of three members. The initial Board was established by the County Commissioners. Any future changes to Board members will be decided by a majority vote of the existing members. For Foxwood Estates, Meadow Station, and Sun Country Meadows, the County Commissioners are the Board of the Districts. In addition, the County is obligated in some manner for the debt of these Districts. The financial statements of the component units are found only in this document. Chaparral Valley Subdivision 2 does not have separate corporate powers and is also reported as part of the County's legal entity, as a debt service fund.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the County conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the primary government except for the fiduciary activities. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the County is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 instead as general revenues.

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets, and redemption of bonds and notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal year. The County has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the County considers grant revenues to be susceptible to accrual if they are anticipated to be collected within a year after the current fiscal period. The major sources of revenue susceptible to accrual are property taxes, specific ownership taxes, sales taxes, and grant funding. All other revenue items are considered to be measurable and available only when cash is received by the County. Expenditures, other than interest on long-term obligations, interest on capital leases, environmental hazard monitoring and mitigation, and certain compensated absences, are recorded when the liability is incurred or the long-term obligation is due.

Major Funds - In the fund financial statements, the County reports the following major governmental funds:

- The *General Fund* is the County's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

Major Funds (Continued) - The County reports the following major special revenue funds:

- The *Road and Bridge Fund* accounts for the proceeds of restricted revenue to be used for maintaining road and bridge operations.
- The *Human Services Fund* accounts for federal and state resources received by the County for various social programs as well as a portion of the County property taxes designated for this purpose.
- The *Sales and Use Tax Fund* accounts for the revenue generated by the 1% sales and use tax on applicable sales and purchases within the County. For the year ended December 31, 2017, for comparability purposes, the County has elected to include this as a major fund.

Non-Major Funds – The County reports four non-major governmental funds that account for debt service requirements of the following special improvement districts: 1) Chaparral Valley, 2) Meadows Station, 3) Foxwood Estates and 4) Sun Country Meadows. The County also reports one other debt service fund for lease mortgage revenue bond. The County reports five non-major special revenue funds: 1) Law Enforcement Assistance, 2) Impact Assistance, 3) Public Health and Administration, 4) Retirement, and 5) Conservation Trust. The County also reports one non-major capital projects fund, the Capital Improvement fund.

Additionally, *Agency Funds*, account for assets held by the County as an agent for other governmental units and individuals. The Agency Funds are custodial in nature and do not present results of operations or have a measurement focus but utilize the accrual basis of accounting.

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.

Budgets

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level, which includes other financing uses, and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated. The General, Road and Bridge and Law Enforcement Assistance Funds do not budget or appropriate amounts related to entering into capital lease transactions, as entering into a capital lease does not provide for or use financial resources. The payments required under capital lease agreements are included in the appropriations resolution.

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances

Cash and Investments - Except for cash held by third parties (cash and investments with trustee and lessor), all cash is deposited with the County Treasurer.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Cash and Investments (Continued) - When funds are received, the accounts of the fund receiving the money are credited. When expenditures are made, the cash with Treasurer is reduced and the expenditures recorded. The Treasurer invests the funds to achieve the best possible return on the investment while ensuring the principal is maintained. All funds record cash and investments as cash with County Treasurer. Net investment income is allocated to the General, Conservation Trust and Impact Assistance Funds, in accordance with statutory requirements. Cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at fair value, with the exception of the local government investment pool and the First American Government Obligations Fund Class Y investments, which are stated at the net asset value of the shares owned.

Accounts Receivable – Accounts receivable relate to amounts collected in 2018 which the County earned or were entitled to during the 2017 fiscal year. The County believes all amounts recorded are fully collectible.

Inventories - Inventories of supplies held for consumption by the General and Road and Bridge Funds are valued at average cost. The cost of inventory is recorded as an expenditure at the time individual inventory items are used. Reported inventories are equally offset by a fund balance reserve which indicates they do not constitute available spendable resources even though they are a component of assets.

Capital Assets - Capital assets, which include property, equipment, and infrastructure (e.g. roads and similar items), and intangibles (e.g. water rights), are reported in the government-wide financial statements. Capital assets are defined by the County as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the County are depreciated using the straight-line method over the estimated economic useful lives:

Buildings	20 - 40 years
Equipment	3 - 15 years
Infrastructure	30 years

Unearned Revenues – Unearned revenues consist of advances received on grants and fees received in advance of performing services that are recognized as revenue when the terms of the grant are fulfilled or the services are performed.

Compensated Absences - The County has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when earned in the government-wide financial statements. A liability is reported in the governmental funds when payment is due.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities.

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

Cost of Refunding - In the government-wide financial statements, the deferred cost of refunding is being amortized using the effective interest method over the life of the defeased Certificates of Participation. The amortization amount is a component of interest expense and the unamortized deferred cost is reflected as a deferred outflow of resources.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. For the year ended December 31, 2017, the County includes \$151,272 of deferred outflows of resources related to the loss on refunding of debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes and special assessments earned but levied for a subsequent period totaling \$10,285,951.

Fund Balances – The Nonmajor debt service fund, the Chaparral Valley Fund, has negative fund balance of \$98,506. As more fully described in Note 10, this is the result of an advance from the Road and Bridge Fund. As special assessments and support from the General Fund have been received, and this advance has been repaid Chaparral Valley's fund balance increased.

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. Fund balances of the governmental funds are classified as follows:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, as the Board is the highest level of decision-making body for the County. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board.

The General Fund's committed fund balances are comprised of the following:

Expenses related to the inspection of the building permits issued in connection with Rush Creek Wind Farm totaling \$430,000.

A stabilization fund totaling \$3,250,000, which can only be used when the decrease in General Fund revenues is more than 5%, the assigned contingency fund, discussed below, is extinguished, or the ending fund balance of the General Fund is less than \$400,000.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. Included in assigned fund balance is a contingency fund of \$500,000 to be used if there is a catastrophic event to County owned equipment or vehicles or if the County is directly involved in an emergency situation.

Amounts which are assigned for the General Fund represent fund balance related to certain Community and Development Services fees which are appropriated for the following year's expenditures. Included in this amount is \$142,550 of engineering costs which are anticipated to be expended in 2018.

Unassigned – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the County considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the County considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of County Commissioners has provided otherwise in its commitment or assignment actions.

Property Taxes

Property taxes are levied by the Board. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to put a tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the County's taxes and taxes for other entities within the County during the ensuing calendar year. The collection and remittance of taxes for other entities is accounted for in an agency fund.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

The taxes are payable by April or if in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November. Property taxes, net of estimated uncollectible taxes, are recorded initially as unearned revenue in the year they are levied and measurable. Property tax revenues are recorded as revenue in the year for which they are levied, in most instances the year in which collection occurs.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 3 - CASH AND INVESTMENTS

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

Statement of net position:	
Cash and investments	\$ 14,610,098
Cash and investments – Restricted	436,581
Total cash and investments - Statement of net position	<u>15,046,679</u>
Statement of fiduciary net position	2,108,914
	<u>\$ 17,155,593</u>

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

Cash on hand	\$ 303,491
Deposits with financial institutions	10,873,993
Investments	5,978,109
Total cash and investments	<u>\$ 17,155,593</u>

Deposits with Financial Institutions

Custodial credit risk-deposits. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2017, the County's cash deposits had a bank balance of \$10,955,647 and a carrying balance of \$10,873,993. At December 31, 2017, of the County's deposits \$750,308 was covered by the Federal Deposit Insurance Corporation (FDIC), \$10,205,339 was covered by the PDPA.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Investments

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

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

The County adopted an investment policy during 2018. Prior to that time the County followed State statutes regarding investments.

Concentration of credit risk. While the County's policy does not prescribe percentages of investments that maybe held, the County generally limits its concentration of investments to certain money market funds and local government investment pools, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the County is not subject to concentration of custodial risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Interest rate risk. The County's policy for the investment of operating funds limits maturities to five years or less unless approved by the Commissioners in a separate action. Such actions are generally associated with a debt service reserve or sinking fund requirements.

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

	Weighted Average Maturity	Net Asset Value
COLOTRUST Plus+	34 days to reset 94 days to maturity	<u>\$ 5,614,787</u>

COLOTRUST

The County invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standards & Poor's. COLOTRUST does not have any unfunded commitments, redemption restrictions or redemption notice periods.

In addition, two lessors are holding unexpended lease proceeds totaling \$363,630. Of this amount \$308 is covered by FDIC insurance. The remaining \$363,322 is invested by the lessor in First American Government Obligations Fund Class Y (the Fund) a money market fund which is valued at a Net Asset Value (NAV) of \$1. The goals of the fund are preservation of capital and maintenance of liquidity. The Fund invests in short-term U.S. government securities and repurchase agreements secured by U.S. government securities. At December 31, 2017, the Fund had 41.1% of its portfolio in daily liquid assets and 65.2% of its portfolio in weekly liquid assets. First American Government Obligations Fund Class Y is rated AAAM by Standards & Poor's. The Fund does not have any unfunded commitments, redemption restrictions or redemption notice periods. However, as noted in the following paragraph, amounts can only be released at only the discretion of the lessor.

Fair Value Hierarchy. The County categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The County has no investments required to be reported under the fair value hierarchy.

Restricted Cash and Investments

The County considers cash related to contingencies to be restricted by the State of Colorado statutes. Those amounts total \$18,202 at December 31, 2017. The County also considers cash held for special assessment debt to be restricted to payment of debt service. At December 31, 2017, restricted cash related to special assessments totaled \$54,749. The County has unexpended lease proceeds which are held by the lessor and are to be used to either purchase capital assets or for debt service. At December 31, 2017, unexpended lease proceeds totaled \$363,630. Restricted cash and investments at December 31, 2017 totaled \$436,581.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 4 - CAPITAL ASSETS

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

	Balance at December 31, 2016	Increases	Decreases	Balance at December 31, 2017
Primary Government				
Capital assets, not being depreciated:				
Water rights	\$ 4,100,445	\$ -	\$ -	\$ 4,100,445
Land	709,612	146,254	(61,000)	794,866
Construction in progress	-	2,007,684	(1,229,645)	778,039
Total capital assets, not being depreciated	<u>4,810,057</u>	<u>2,153,938</u>	<u>(1,290,645)</u>	<u>5,673,350</u>
Capital assets, being depreciated:				
Buildings	11,336,128	509,816	(124,000)	11,721,944
Equipment	11,710,476	2,740,124	(1,940,125)	12,510,475
Infrastructure	<u>173,722,787</u>	<u>1,229,645</u>	<u>-</u>	<u>174,952,432</u>
Total capital assets, being depreciated	<u>196,769,391</u>	<u>4,479,585</u>	<u>(2,064,125)</u>	<u>199,184,851</u>
Less accumulated depreciation for:				
Buildings	(5,163,314)	(272,419)	38,153	(5,397,580)
Equipment	(8,252,692)	(1,428,804)	1,902,398	(7,779,098)
Infrastructure	<u>(111,235,216)</u>	<u>(4,525,695)</u>	<u>-</u>	<u>(115,760,911)</u>
Total accumulated depreciation	<u>(124,651,222)</u>	<u>(6,226,918)</u>	<u>1,940,551</u>	<u>(128,937,589)</u>
Total capital assets, being depreciated, net	<u>72,118,169</u>	<u>(1,747,333)</u>	<u>(123,574)</u>	<u>70,247,262</u>
Capital assets, net	<u>\$ 76,928,226</u>	<u>\$ 406,605</u>	<u>\$ (1,414,219)</u>	<u>\$ 75,920,612</u>

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

General government	\$ 46,883
Public safety	558,410
Public health and welfare	19,303
Public works	5,562,776
Culture and recreation	39,546
Total depreciation expense	<u>\$ 6,226,918</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the County's long-term obligations for the year ended December 31, 2017

	Balance at December 31, 2016	Additions	Reductions	Balance at December 31, 2017	Due Within One Year
Governmental Activities:					
Capital lease obligations	\$ 2,453,632	\$ 2,102,231	\$ 1,034,925	\$ 3,520,938	\$ 970,794
General obligation debt	430,000	-	70,000	360,000	50,000
Refunding lease mort revenue bonds	5,664,309	-	326,001	5,338,308	334,565
Titan Missile Complex	10,000	-	5,000	5,000	5,000
Compensated absences	195,692	239,688	114,531	320,849	115,000
	<u>\$ 8,753,633</u>	<u>\$ 2,341,919</u>	<u>\$ 1,550,457</u>	<u>\$ 9,545,095</u>	<u>\$ 1,475,359</u>

The activity of the County's long-term obligations is as follows:

Capital Leases

The County has entered into several lease agreements as lessee for financing the acquisition of certain equipment and software as described below. These lease agreements qualify as capital leases for accounting purposes and, therefore, have been recorded at the present value of their future minimum lease payments as of the inception date. In addition, the lease purchase agreements do not constitute general obligation debts of the County as defined by Colorado Revised Statutes as there are annual appropriation clauses in the lease agreements.

The assets acquired through capital leases as of December 31, 2017 are as follows:

	<u>Governmental Activities</u>
Equipment and software	\$ 6,363,461
Less accumulated depreciation	(3,025,112)
Total	<u>\$ 3,338,349</u>

Following is a summary of terms relating to the various capital lease agreements

On June 17, 2013, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$97,242. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$5,191, consisting of principal and interest with a rate of 2.80%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

On June 17, 2013, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$99,937. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$5,335, consisting of principal and interest with a rate of 2.80%.

On August 28, 2013, the County entered into a capital lease obligation to purchase a four wheel drive loader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$77,225. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,171, consisting of principal and interest with a rate of 3.30%.

On October 1, 2013, the County entered into a capital lease obligation to purchase a motor grader, which was fully financed at a value of \$269,022. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$14,363, consisting of principal and interest with a rate of 2.80%.

On June 4, 2013, the County entered into a capital lease obligation to purchase a motor grader, which was fully financed at a value of \$84,607. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,495, consisting of principal and interest with a rate of 2.59%.

On September 20, 2013, the County entered into a capital lease obligation to purchase two International dump trucks, which were fully financed at a value of \$437,908. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$23,841, consisting of principal and interest with a rate of 3.30%.

On May 19, 2014, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$91,220. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,837, consisting of principal and interest with a rate of 2.50%.

On May 19, 2014, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$91,220. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,837, consisting of principal and interest with a rate of 2.50%.

On May 19, 2014, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$91,220. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,837, consisting of principal and interest with a rate of 2.50%.

On May 19, 2014, the County entered into a capital lease obligation to purchase a motor grader. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$91,220. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$4,837, consisting of principal and interest with a rate of 2.50%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases (Continued)

On January 10, 2015, the County entered into a capital lease obligation to purchase seven fully equipped police vehicles, which were fully financed at a value of \$356,000. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$19,088, consisting of principal and interest with a rate of 2.67%.

On April 8, 2015, the County entered into a capital lease obligation to purchase a motor grader which were fully financed at a value of \$282,737. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$15,165, consisting of principal and interest with a rate of 3.00%.

On July 1, 2015, the County entered into a capital lease obligation to purchase a motor grader valued at \$280,841. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$113,841. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,106, consisting of principal and interest with a rate of 3.00%.

On May 15, 2015, the County entered into a capital lease obligation to purchase a dump truck with a snowplow, which was fully financed at a value of \$200,054. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$10,754, consisting of principal and interest with a rate of 2.77%.

On May 15, 2015, the County entered into a capital lease obligation to purchase a dump truck, which was fully financed at a value of \$162,855. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$8,754, consisting of principal and interest with a rate of 2.77%.

On October 28, 2015, the County entered into a capital lease obligation to purchase a motor grader valued at \$280,841. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$110,841. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$5,945, consisting of principal and interest with a rate of 3.00%.

On October 28, 2015, the County entered into a capital lease obligation to purchase a motor grader valued at \$280,841. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$108,841. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$5,838, consisting of principal and interest with a rate of 3.00%.

On February 29, 2016, the County entered into a capital lease obligation to purchase a motor grader valued at \$300,763. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$148,263. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$7,998, consisting of principal and interest with a rate of 3.25%.

On February 29, 2016, the County entered into a capital lease obligation to purchase a motor grader valued at \$299,410. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$146,910. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$7,925, consisting of principal and interest with a rate of 3.25%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases (Continued)

On June 29, 2016, the County entered into a capital lease obligation to purchase a loader valued at \$167,602. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$9,042, consisting of principal and interest with a rate of 3.25%.

On May 1, 2016, the County entered into a capital lease obligation to purchase three fully equipped police vehicles, which were fully financed at a value of \$157,421. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$8,462 consisting of principal and interest with a rate of 2.80%.

On July 25, 2016, the County entered into a capital lease obligation to purchase two fully equipped police vehicles, which were fully financed at a value of \$103,244. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$5,550 consisting of principal and interest with a rate of 2.80%.

On December 28, 2016, the County entered into a capital lease obligation to purchase a motor grader valued at \$299,410. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$129,410. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,981, consisting of principal and interest with a rate of 3.25%.

On December 28, 2016, the County entered into a capital lease obligation to purchase a motor grader valued at \$299,410. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$129,410. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,981, consisting of principal and interest with a rate of 3.25%.

On February 15, 2017, the County entered into a capital lease obligation to purchase 6 vehicles valued at \$332,410. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$17,896, consisting of principal and interest with a rate of 2.87%.

On February 15, 2017, the County entered into a capital lease obligation to purchase a vehicle valued at \$45,200. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$2,493, consisting of principal and interest with a rate of 3.82%.

On June 1, 2017, the County entered into a capital lease obligation to purchase equipment valued at \$354,005. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$19,044, consisting of principal and interest with a rate of 2.83%.

On June 1, 2017, the County entered into a capital lease obligation to purchase equipment valued at \$215,775. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$11,608, consisting of principal and interest with a rate of 2.83%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Capital Leases (Continued)

On June 1, 2017, the County entered into a capital lease obligation to purchase a truck valued at \$119,950. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$6,453, consisting of principal and interest with a rate of 2.83%.

On June 1, 2017, the County entered into a capital lease obligation to purchase a truck valued at \$215,096. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$11,571, consisting of principal and interest with a rate of 2.83%.

On June 1, 2017, the County entered into a capital lease obligation to purchase of two motor graders valued at \$624,215. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$239,215. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$12,869, consisting of principal and interest with a rate of 2.83%.

On November 13, 2017, the County entered into a capital lease obligation to purchase of two motor graders valued at \$624,170. The County traded in existing equipment as part of the planned rotation of equipment and financed the remaining \$198,170. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$10,694, consisting of principal and interest with a rate of 2.95%.

On November 13, 2017, the County entered into a capital lease obligation to purchase of four trucks valued at \$220,996. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$11,925, consisting of principal and interest with a rate of 2.95%.

On November 20, 2017, the County entered into a capital lease obligation to purchase of two vehicles valued at \$161,414. The lease is on a quarterly basis for 20 consecutive quarterly periods with payments of \$8,710, consisting of principal and interest with a rate of 2.95%.

The future minimum lease obligations and the net present value of these minimum lease payments as of December 31, 2017, were as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Governmental</u> <u>Activities</u>
2018	\$ 1,166,544
2019	970,778
2020	785,038
2021	537,565
2022	268,898
Total minimum lease payments	3,728,823
Less amounts representing interest	(207,885)
Present value of minimum lease payments	<u>\$ 3,520,938</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Special Assessment Bonds

The following Special Assessment Bonds are to be serviced by special assessments levied against real property in the County, which is specifically benefited by the improvements. However, the County has accepted responsibility for a portion of the debt service payments related to these special assessments.

The Chaparral Valley 2 Subdivision Local Improvement District Special Assessment Bonds, dated January 10, 2003 were issued in the principal amount of \$350,000. As described in Note 10 to the financial statements, the Road and Bridge Fund advanced the Chaparral Valley Debt Service Fund \$127,000 for the purpose of retiring the remaining debt. The prepayment option for these bonds was elected and no principal is outstanding at December 31, 2017. The Chaparral Valley 2 Subdivision Local Improvement District owes the Road and Bridge Fund \$105,833 at December 31, 2017.

General Obligation Bonds

The Meadows Station Subdivision Public Improvement District General Obligation Bonds, dated December 23, 2004 were issued in the principal amount of \$625,000. Principal and interest, computed at a variable rate of 3.15% - 5.25% per annum, is payable semi-annually on June 1 and December 1, and maturing December 1, 2024, except if redeemed prior thereof. The bonds are subject to prepayment prior to maturity by the County on December 1, 2006, and each December 1 thereafter. The principal amount outstanding at December 31, 2017 was \$180,000.

The Foxwood Estates and Foxwood Ranches Public Improvement District General Obligation Bonds, dated January 27, 2005 were issued in the principal amount of \$345,000. Principal and interest are computed at a variable rate of 3.25% - 5.50% per annum and maturing December 1, 2029. The principal amount outstanding at December 31, 2017 was \$180,000.

Lease Revenue Refunding Bonds

On March 1, 2016, the Building Authority issued the Elbert County Building Authority Lease Revenue Refunding Bond, Series 2016 in the amount of \$5,825,000 to refinance the Elbert County, Colorado Lease Mortgage Revenue Bonds, Series 2009. The purpose of this refunding was to reduce total debt service payments \$1,951,487, attain a decreased interest rate, the removal of certain bond covenants and requirements including the requirement to maintain \$500,000 of reserve cash, and the elimination of a balloon payment in 2028. Principal and interest payments, including an annual rate of 2.610%, total \$235,863 and are due on March 1 and September 1 each year with a maturity date of March 1, 2031. Any unpaid principal on the bonds may be prepaid in whole or in part by the County on any payment date on or after September 1, 2021 at an amount equal to 100% of the principal amount being prepaid, plus accrued interest to the prepayment date. The principal amount outstanding at December 31, 2017 was \$5,338,308.

The following is a schedule of the debt services requirements to maturity as of December 31, 2017.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Year Ending <u>December 31,</u>	Governmental Activities		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$ 384,565	\$ 156,749	\$ 541,314
2019	398,354	145,509	543,863
2020	407,374	133,740	541,114
2021	416,631	121,705	538,336
2022	411,131	108,371	519,502
2023-2027	2,027,128	375,918	2,403,046
2028-2032	1,653,125	92,267	1,745,392
	<u>\$ 5,698,308</u>	<u>\$ 1,134,259</u>	<u>\$ 6,832,567</u>

Compensated Absences

According to the County's Compensated Absences Policy, the maximum hours of vacation accrual for all employees, except for Sherriff, Patrol and Dispatch, are 72 hours. The Sherriff, Patrol and Dispatch may accrue up to 80 hours of vacation annually. The County limits the amount of unused compensated absences to a maximum of 200 hours.

Reclamation of Titan I Missile Complex

In 2011, Elbert County was alerted that the site had been disturbed by an unauthorized contractor. Since that time, Elbert County staff has been working closely with the Colorado Department of Public Health and Environment (CDPHE) to develop a remediation plan for the disturbance. During 2013, CDPHE issued a Compliance Order to the contractor and to the County and assessed a \$5,000 penalty. Also during 2013, the contractor restored the landfill and submitted a work completion report which was accepted by CDPHE. Under the terms of the plan, management expects the County to be required to monitor the site for five years at a cost not to exceed \$5,000 per year. Elbert County will be requesting that the contractor reimburse the County for any and all costs related to their unauthorized excavation. The current amount of this liability at December 31, 2017 is \$5,000.

The long-term obligations of the County have been and will continue to be liquidated by various County funds. The fund which pays an employee is used to liquidate compensated absences of the governmental activities. These funds include the General, Road and Bridge, Law Enforcement Assistance and Human Services Funds. In addition, the Road and Bridge and Law Enforcement Assistance Funds service the capital leases. The General Fund services a capital lease and the reclamation of the Titan I Missile Complex. The Special Assessment Debt, the General Obligation Debt and the 2016 Refunding Lease Mortgage Revenue Bonds, are serviced by the specific funds that were established with the sole purpose of liquidating the debt obligation.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Unissued Debt

Sun Country Meadows Public Improvement District - As part of the formation of the Sun Country Meadows Public Improvement District (District), the voters approved the issuance of \$2,800,000 in debt with the total repayment to be \$3,185,000. The County anticipates issuing this debt during 2018.

NOTE 6 - NET POSITION

As also described in Note 2, net position in the Government-wide Statement of Net Position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulators of other governments. The County has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of capital leases and bonds that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2017, the County had a net investment in capital assets of \$67,212,638 calculated as follows:

	Governmental Activities
Net investment in capital assets:	
Capital assets, net	\$ 75,920,612
Loss on refunding (net of accumulated amortization)	151,272
Long-term obligations	(8,859,246)
Net investment in capital assets	\$ 67,212,638

Restricted assets include restrictions for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. The County had restricted net position of \$860,388 as of December 31, 2017. The County's unrestricted net position as of December 31, 2017 is \$13,730,908.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 7 - PENSION PLAN

The County has adopted a multiple employer defined contribution pension plan administered by Colorado Counties Officials and Employees Retirement Association (CCOERA) which covers substantially all employees meeting the minimum eligibility requirements of 30 or more hours of work per week and one full year of continuous service. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees must match the employer contributions which are 5%.

Employees vest 100% in personal contributions and 20% for each year of employment in employer contributions. Unvested employer contributions forfeited at termination revert to the County. The County applied participant forfeitures of \$13,948 to reduce the County share of contributions.

Both the County and the employees contributed 5% of eligible gross wages to the Plan during 2017. Information regarding the pension plan contributions for 2017, 2016, and 2015 are as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total payroll	\$ 6,516,427	\$ 6,783,320	\$ 6,654,577
Base salary - eligible	6,010,092	5,445,000	5,630,900
County contribution	300,505	217,800	225,236
Employee contribution	300,505	217,800	212,130

NOTE 8 - DEFERRED COMPENSATION PLAN

The County has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by CCOERA. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years in accordance with Internal Revenue Service guidelines.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

Operating Leases

The County leases equipment and software under operating leases that expire 2020. Total rental expense for the year ended December 31, 2017 was \$79,092. The future minimum annual rental commitments under these leases are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Minimum</u> <u>Lease</u> <u>Payments</u>
2018	\$ 20,358
2019	18,436
2020	17,586
Total	<u>\$ 56,380</u>

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

Litigation

The County has been named in various pending or threatened litigation, claims or assessments. The ultimate outcome/resolution of these matters is not known at this time. The County is monitoring the progress of these matters and has referred various matters to the County's insurance carrier for consultation and representation. Insurance could participate in defense, settlement and claims costs subject to the terms and conditions of the insuring agreements. At December 31, 2017, the County does not believe the resolution of these matters will have a material adverse effect on the financial condition of the government.

Grants

The government participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will be immaterial.

NOTE 10 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES

Interfund transfers for the year ended December 31, 2017 are as follows:

	Transfers In	
Transfers Out	General Fund	Nonmajor Governmental Funds
General Fund	\$ -	\$ 643,330
Sales and Use Tax	-	40,831
Nonmajor Governmental Funds	1,184,161	500,000
	\$ 1,184,161	\$ 1,184,161

The transfer from the General Fund to the Nonmajor Governmental Funds is for the per capita health payments mandated by statute and for debt service payments. The payment from the Sales and Use Tax Fund to the Road and Bridge Fund was for road improvement projects and to the Nonmajor governmental fund related to the assigning of capital assets to different County activities.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 10 - TRANSFERS/INTERFUND RECEIVABLES & PAYABLES (CONTINUED)

Interfund receivables/payables are as follows at December 31, 2017:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Road and Bridge	\$ -	\$ 291
Human Services	-	347
Nonmajor Governmental Funds	<u>638</u>	<u>-</u>
	<u>\$ 638</u>	<u>\$ 638</u>

In addition, the Nonmajor debt service fund, the Chaparral Valley Fund, owes the Road and Bridge Fund \$105,833, which is categorized as an advance between funds. The County undertook this loan in order to call the special assessment bond principal early, thus saving a substantial amount of interest. This loan will be repaid as Chaparral Valley collects special assessments or receives transfers from the General Fund. It is anticipated that the loan will be repaid in eight years. The loan bears no interest.

The County reports interfund balances that are representative of lending/borrowing arrangements between funds in the fund financial statements as due to/from other funds. The interfund balances have been eliminated in the government-wide statements. Amounts are expected to be repaid in the next fiscal year.

NOTE 11 - RISK MANAGEMENT

The County is exposed to various risks of loss related to torts, thefts of, damage to or destruction of assets; errors or omissions; injuries to employees, or acts of God. The County is one of several counties which are members of the Colorado Counties Casualty and Property Pool and the County Workers' Compensation Pool (Pools). The Pools are organizations created by intergovernmental agreement. The Colorado Counties Casualty and Property Pool provides general liability, automobile liability, property and auto physical damage to its members. The County Workers' Compensation Pool provides workers' compensation coverage to its members. The County pays annual contributions to the Pools for its property and casualty insurance and its workers' compensation insurance. The County has a \$500 deductible per claim for its property insurance.

The intergovernmental agreements which formed the Pools provides that the Pools will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pools will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

Each pool is managed by an independent risk manager/claims administrator who reports to the Pool Board of Directors. Each member's contribution to the respective pool is determined on factors including, but not limited to, the Pool's claim experience, premium costs, cost of administration and other operating expenses, the number of participants, the adequacy of both operating and reserve funds and other factors effecting the status of the Pool or an individual participant, and as approved by the Colorado Insurance Commissioner. The County's contributions as a percentage of pool revenue are less than 3%.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 11 - RISK MANAGEMENT (CONTINUED)

The Pools provide the following types of coverage:

	Self-Insured Retentions (Per Occurrence)	Excess Insurance Limits (Per Occurrence)
Liability	\$ 250,000	\$ 10,000,000
Property	\$ 150,000	\$ 100,000,000
Workers' compensation	\$ 500,000 to statutory limit	

Settled claims have not exceeded coverage provided by the Pools in any of the past three fiscal years. The County has shared in the cost of certain settlements in the last three years.

NOTE 12 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The County's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation. Accordingly, the possibility exists that the County's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

On November 5, 1996, a majority of the County's electors authorized the County to retain or expend all revenue derived from building and other development related fees, exactions and permits; and revenues, cost reimbursements and grants from other governments during 1996 and each subsequent year. The County is authorized to spend all such revenues on road improvements, growth management, public safety and such other costs as may be directly related to growth unless otherwise provided by law, agreement, or grant, without regard to any limitation contained in Article X, Section 20 of the Colorado constitution and without limiting in any year the amount of other revenues that may be collected and spent by the County under Article X, Section 20 of the Colorado constitution or any other law; provided, however, that no property tax mill levy shall be increased at any time, nor shall any new tax be imposed, without consent of the voters approving any such increase or new tax.

ELBERT COUNTY, COLORADO
NOTES TO FINANCIAL STATEMENTS

NOTE 13 – NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued several pronouncements prior to December 31, 2017 that have effective dates that may impact future financial presentations. Management is currently determining the effects of the implementation of these statements on the County's financial records.

Governmental Accounting Standards Board Statement No. 84 *Fiduciary Activities*. In January of 2017 the GASB issued Statement No. 84. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018.

Governmental Accounting Standards Board Statement No. 87 *Leases*. In June of 2017 the GASB issued Statement No. 87. The objective of this Statement is to better meet the needs of financial statement users by improving accounting and financial reporting for leases by governments by establishing a single model for lease accounting. Under this guidance, the County will be required to recognize a right-to-use lease asset and a lease liability for leases that were previously reported as operating leases. For 2017 those leases are reported in Note 9. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019.

NOTE 14 - SUBSEQUENT EVENTS

During February, 2018, the County entered into a capital lease for the purchase of equipment. The principal balance of the lease totals \$387,148. Payments of principal and interest of \$21,212, at a rate of 3.55%, are due quarterly with the last payment due March 29, 2023.

During April, 2018, Sun Country Meadows, a blended component unit of the County, issued \$1,800,000 in general obligation bonds to finance improvements within the District. Payments are due on a semiannual basis with the last payment due December 1, 2037. The bond carries an interest rate of 4.2%. The sources of repayment are property and specific ownership taxes. In order to complete these improvements the County agreed to loan the District an additional \$900,000.

REQUIRED SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
GENERAL FUND
Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes	\$ 6,042,532	\$ 6,042,532	\$ 6,655,445	\$ 612,913
Licenses and permits	569,200	569,200	5,645,626	5,076,426
Intergovernmental	479,071	479,071	836,546	357,475
Charges for service	1,556,259	1,556,259	1,973,263	417,004
Net investment income	9,500	9,500	49,601	40,101
Miscellaneous	520,811	520,811	504,372	(16,439)
Total revenues	<u>9,177,373</u>	<u>9,177,373</u>	<u>15,664,853</u>	<u>6,487,480</u>
EXPENDITURES				
General government	3,974,601	4,124,601	4,221,826	(97,225)
Public safety	4,263,779	4,812,401	4,632,137	180,264
Public health and welfare	32,600	32,600	22,706	9,894
Culture and recreation	215,705	215,705	187,700	28,005
Auxiliary services	142,722	142,722	139,602	3,120
Pool vehicles	18,000	18,000	18,384	(384)
Debt service	9,740	9,740	7,480	2,260
Capital outlay	-	-	59,237	(59,237)
Total expenditures	<u>8,657,147</u>	<u>9,355,769</u>	<u>9,289,072</u>	<u>66,697</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>520,226</u>	<u>(178,396)</u>	<u>6,375,781</u>	<u>6,554,177</u>
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	-	12,101	12,101
Insurance recoveries	10,000	10,000	43,473	33,473
Transfers (out)	(520,830)	(643,330)	(643,330)	-
Total other financing sources (uses)	<u>(510,830)</u>	<u>(633,330)</u>	<u>(587,756)</u>	<u>45,574</u>
NET CHANGE IN FUND BALANCES	<u>\$ 9,396</u>	<u>\$ (811,726)</u>	<u>5,788,025</u>	<u>\$ 6,599,751</u>
PRESPECTIVE DIFFERENCES				
Capital lease transactions				
Proceeds			45,200	
Capital outlay related to capital leases			<u>(45,200)</u>	
NET CHANGE IN FUND BALANCE-GAAP BASIS			5,788,025	
FUND BALANCE - BEGINNING OF YEAR			<u>2,246,663</u>	
FUND BALANCE - END OF YEAR			<u>\$ 8,034,688</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES - BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Taxes				
Property taxes	\$ 4,969,323	\$ 4,969,323	\$ 4,973,296	\$ 3,973
Specific ownership taxes	1,066,209	1,066,209	1,672,691	606,482
Cigarette taxes	7,000	7,000	9,458	2,458
Total taxes	<u>6,042,532</u>	<u>6,042,532</u>	<u>6,655,445</u>	<u>612,913</u>
Licenses and permits				
Building and zoning fees	568,700	568,700	5,643,818	5,075,118
Liquor licenses	500	500	1,808	1,308
Total licenses and permits	<u>569,200</u>	<u>569,200</u>	<u>5,645,626</u>	<u>5,076,426</u>
Intergovernmental revenues				
VALE grant	56,243	56,243	57,122	879
Other intergovernmental revenues	422,828	422,828	779,424	356,596
Total intergovernmental revenues	<u>479,071</u>	<u>479,071</u>	<u>836,546</u>	<u>357,475</u>
Charges for services				
Sheriff	54,000	54,000	92,824	38,824
Clerk	754,000	754,000	800,070	46,070
Treasurer	571,759	571,759	550,785	(20,974)
Public trustee fees	9,000	9,000	63,916	54,916
Other	167,500	167,500	465,668	298,168
Total charges for services	<u>1,556,259</u>	<u>1,556,259</u>	<u>1,973,263</u>	<u>417,004</u>
Interest income	<u>9,500</u>	<u>9,500</u>	<u>49,601</u>	<u>40,101</u>
Miscellaneous revenues				
Fair receipts	63,436	63,436	66,904	3,468
Administrative cost allocation	140,597	140,597	277,654	137,057
Other	316,778	316,778	159,814	(156,964)
Total miscellaneous revenues	<u>520,811</u>	<u>520,811</u>	<u>504,372</u>	<u>(16,439)</u>
Other financing sources				
Sale of assets	-	-	12,101	12,101
Insurance recoveries	10,000	10,000	43,473	33,473
Total other financing sources	<u>10,000</u>	<u>10,000</u>	<u>55,574</u>	<u>45,574</u>
Total revenues	<u>\$ 9,187,373</u>	<u>\$ 9,187,373</u>	<u>\$ 15,720,427</u>	<u>\$ 6,533,054</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
GENERAL FUND
Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
EXPENDITURES				
General government				
Office of commissioners	\$ 282,671	\$ 282,671	\$ 260,375	\$ 22,296
County attorney	242,567	392,567	349,339	43,228
Clerk and recorder	425,214	425,214	399,811	25,403
Clerk and recorder - Elections	119,653	119,653	112,668	6,985
County treasurer	198,692	198,692	211,355	(12,663)
County assessor	490,577	490,577	444,257	46,320
Maintenance of grounds and buildings	177,274	177,274	166,280	10,994
Central data processing	576,987	576,987	678,517	(101,530)
Other administration	748,214	748,214	888,008	(139,794)
Budget/payroll	149,442	149,442	152,063	(2,621)
District attorney	563,310	563,310	559,153	4,157
Total general government	<u>3,974,601</u>	<u>4,124,601</u>	<u>4,221,826</u>	<u>(97,225)</u>
Public safety				
County sheriff	3,367,830	3,569,830	3,490,200	79,630
County coroner	155,497	155,497	114,079	41,418
Judicial center	156,720	156,720	98,607	58,113
Community development services	501,063	847,685	839,231	8,454
Emergency communications and operations	82,669	82,669	90,020	(7,351)
Total public safety	<u>4,263,779</u>	<u>4,812,401</u>	<u>4,632,137</u>	<u>180,264</u>
Public health and welfare				
	<u>32,600</u>	<u>32,600</u>	<u>22,706</u>	<u>9,894</u>
Culture and recreation				
	215,705	215,705	187,700	28,005
Auxiliary services				
	142,722	142,722	139,602	3,120
Pool vehicles	18,000	18,000	18,384	(384)
Debt service	9,740	9,740	7,480	2,260
Capital outlay	-	-	59,237	(59,237)
Transfers out	520,830	643,330	643,330	-
Total expenditures	<u>\$ 9,177,977</u>	<u>\$ 9,999,099</u>	<u>\$ 9,932,402</u>	<u>\$ 66,697</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON GAAP BUDGET BASIS
ROAD AND BRIDGE SPECIAL REVENUE FUND
Year Ended December 31, 2017

	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 3,030,193	\$ 3,047,744	\$ 17,551
Intergovernmental	3,447,873	2,766,062	(681,811)
Charges for services	109,000	207,542	98,542
Net investment income	1,000	6,236	5,236
Miscellaneous	-	99,589	99,589
Total revenues	6,588,066	6,127,173	(460,893)
EXPENDITURES			
General government	266,414	264,137	2,277
Public works	5,548,239	4,180,024	1,368,215
Debt service	1,060,100	932,032	128,068
Capital outlay	-	833,077	(833,077)
Total expenditures	6,874,753	6,209,270	665,483
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	(286,687)	(82,097)	204,590
OTHER FINANCING SOURCES			
Sale of general capital assets	-	68,966	68,966
Insurance proceeds	-	11,777	11,777
Transfers in	325,000	-	(325,000)
Total other financing sources	325,000	80,743	(244,257)
NET CHANGE IN FUND BALANCE-NON GAAP	\$ 38,313	(1,354)	\$ (39,667)
PRESPECTIVE DIFFERENCES			
Capital lease transactions			
Proceeds		1,342,211	
Capital outlay related to capital leases		(1,342,211)	
NET CHANGE IN FUND BALANCE-GAAP BASIS		(1,354)	
FUND BALANCE - BEGINNING OF YEAR		2,270,496	
FUND BALANCE - END OF YEAR		\$ 2,269,142	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
HUMAN SERVICES SPECIAL REVENUE FUND
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Taxes	\$ 456,346	\$ 455,659	\$ (687)
Intergovernmental	4,928,871	3,531,671	(1,397,200)
Other	-	84,323	84,323
Net investment income	-	666	666
Total revenues	<u>5,385,217</u>	<u>4,072,319</u>	<u>(1,312,898)</u>
EXPENDITURES			
Public health and welfare	<u>5,385,159</u>	<u>4,001,938</u>	<u>1,383,221</u>
Total expenditures	<u>5,385,159</u>	<u>4,001,938</u>	<u>1,383,221</u>
EXCESS OF REVENUES OVER EXPENDITURES			
	<u>\$ 58</u>	70,381	<u>\$ 70,323</u>
FUND BALANCE - BEGINNING OF YEAR			
		<u>511,242</u>	
FUND BALANCE - END OF YEAR			
		<u>\$ 581,623</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SALES AND USE TAX SPECIAL REVENUE FUND
Year Ended December 31, 2017

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Sales tax	\$ 1,080,000	\$ 1,279,417	\$ 199,417
Use tax	<u>1,020,000</u>	<u>1,438,759</u>	<u>418,759</u>
Total revenues	<u>2,100,000</u>	<u>2,718,176</u>	<u>618,176</u>
EXPENDITURES			
General government	65,000	79,288	(14,288)
Public Works	125,000	160,747	(35,747)
Capital outlay	<u>2,138,500</u>	<u>1,755,164</u>	<u>383,336</u>
Total expenditures	<u>2,328,500</u>	<u>1,995,199</u>	<u>333,301</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(228,500)</u>	<u>722,977</u>	<u>951,477</u>
OTHER FINANCING SOURCES (USES)			
Transfers (out)	<u>(325,000)</u>	<u>(40,831)</u>	<u>284,169</u>
Total other financing sources (uses)	<u>(325,000)</u>	<u>(40,831)</u>	<u>284,169</u>
NET CHANGE IN FUND BALANCE	<u>\$ (553,500)</u>	682,146	<u>\$ 1,235,646</u>
FUND BALANCE - BEGINNING OF YEAR		<u>1,559,857</u>	
FUND BALANCE - END OF YEAR		<u>\$ 2,242,003</u>	

ELBERT COUNTY, COLORADO
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

In accordance with the State Budget Law, the County Commissioners hold public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures and other financing uses level, which includes other financing uses, and lapses at year end. The County Commissioners can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

SUPPLEMENTARY INFORMATION

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
December 31, 2017

	<u>Special Revenue Funds</u>	<u>Debt Service Funds</u>	<u>Capital Improvement Fund</u>
ASSETS			
Cash and investments with Treasurer	\$ 2,026,622	\$ 3,285	\$ 223,055
Cash and investments with Treasurer - Restricted	363,630	54,749	-
Accounts receivable	100,829	1,206	-
Assessments receivable	-	49,269	-
Due from other funds	638	-	-
Property taxes receivable	255,853	261,274	-
TOTAL ASSETS	<u><u>\$ 2,747,572</u></u>	<u><u>\$ 369,783</u></u>	<u><u>\$ 223,055</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 405,461	\$ -	\$ 53,000
Advances from other funds	-	105,833	-
Total liabilities	<u>405,461</u>	<u>105,833</u>	<u>53,000</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes and assessments	<u>255,853</u>	<u>310,543</u>	<u>-</u>
 FUND BALANCES			
Restricted			
Emergency reserves	35,379	-	9
Debt service	-	48,628	-
Capital asset purchases	363,630	-	-
Conservation trust	358,330	-	-
Assigned			
Public health and welfare	208,032	-	-
Public safety	309,888	-	-
Capital projects	650,150	-	170,046
Debt service	-	3,285	-
Retirement	160,849	-	-
Unassigned			
Debt service	-	(98,506)	-
Total fund balances	<u>2,086,258</u>	<u>(46,593)</u>	<u>170,055</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 2,747,572</u></u>	<u><u>\$ 369,783</u></u>	<u><u>\$ 223,055</u></u>

**Total
Nonmajor
Governmental
Funds**

\$ 2,252,962
418,379
102,035
49,269
638
517,127

\$ 3,340,410

\$ 458,461
105,833

564,294

566,396

35,388
48,628
363,630
358,330

208,032
309,888
820,196
3,285
160,849

(98,506)

2,209,720

\$ 3,340,410

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
Year Ended December 31, 2017

	Special Revenue Funds	Debt Service Funds	Capital Improvement Fund
	<u> </u>	<u> </u>	<u> </u>
REVENUES			
Taxes	\$ 274,112	\$ 100,800	\$ -
Special assessments	-	15,077	-
Intergovernmental	312,644	-	-
Charges for services	1,150,271	-	-
Net investment income	10,347	68	-
Miscellaneous	12,130	-	290
Total revenues	<u>1,759,504</u>	<u>115,945</u>	<u>290</u>
EXPENDITURES			
General government	258,779	3,170	3,662
Public safety	448,105	-	-
Public works	103,002	-	-
Public health and welfare	224,032	-	-
Culture and recreation	96,762	-	-
Debt service			
Principal and interest	186,092	563,713	-
Capital outlay	729,478	-	639,511
Total expenditures	<u>2,046,250</u>	<u>566,883</u>	<u>643,173</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(286,746)</u>	<u>(450,938)</u>	<u>(642,883)</u>
OTHER FINANCING SOURCES (USES)			
Capital lease proceeds	714,820	-	-
Insurance recoveries	4,095	-	-
Sale of general capital assets	42,500	-	190,438
Transfers in	77,934	483,727	622,500
Transfers (out)	-	(500,000)	-
Total other financing sources (uses)	<u>839,349</u>	<u>(16,273)</u>	<u>812,938</u>
NET CHANGE IN FUND BALANCES	552,603	(467,211)	170,055
FUND BALANCES - BEGINNING OF YEAR	<u>1,533,655</u>	<u>420,618</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,086,258</u>	<u>\$ (46,593)</u>	<u>\$ 170,055</u>

**Total
Nonmajor
Governmental
Funds**

\$ 374,912
15,077
312,644
1,150,271
10,415
12,420

1,875,739

265,611
448,105
103,002
224,032
96,762

749,805
1,368,989

3,256,306

(1,380,567)

714,820
4,095
232,938
1,184,161
(500,000)

1,636,014

255,447
1,954,273

\$ 2,209,720

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
December 31, 2017

	<u>Law Enforcement Assistance</u>	<u>Impact Assistance</u>	<u>Public Health and Administration</u>
ASSETS			
Cash and investments with Treasurer	\$ 382,275	\$ 663,525	\$ 460,515
Cash and investments with Treasurer - Restricted	363,630	-	-
Accounts receivable	65,898	-	19,671
Due from other funds	-	-	638
Property taxes receivable	-	-	-
TOTAL ASSETS	<u><u>\$ 811,803</u></u>	<u><u>\$ 663,525</u></u>	<u><u>\$ 480,824</u></u>
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts payable	<u>\$ 118,655</u>	<u>\$ 13,375</u>	<u>\$ 265,630</u>
Total liabilities	<u>118,655</u>	<u>13,375</u>	<u>265,630</u>
 DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>-</u>	<u>-</u>	<u>-</u>
 FUND BALANCES			
Restricted			
Emergency reserves	19,630	-	7,162
Capital asset purchases	363,630	-	-
Conservation trust	-	-	-
Assigned			
Public health	-	-	208,032
Public safety	309,888	-	-
Capital projects	-	650,150	-
Retirement	-	-	-
Total fund balances	<u>693,148</u>	<u>650,150</u>	<u>215,194</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u><u>\$ 811,803</u></u>	<u><u>\$ 663,525</u></u>	<u><u>\$ 480,824</u></u>

<u>Retirement</u>	<u>Conservation Trust</u>	<u>Total</u>
\$ 157,644	\$ 362,663	\$ 2,026,622
-	-	363,630
15,260	-	100,829
-	-	638
255,853	-	255,853
<u>\$ 428,757</u>	<u>\$ 362,663</u>	<u>\$ 2,747,572</u>

<u>\$ 3,468</u>	<u>\$ 4,333</u>	<u>\$ 405,461</u>
<u>3,468</u>	<u>4,333</u>	<u>405,461</u>

<u>255,853</u>	<u>-</u>	<u>255,853</u>
----------------	----------	----------------

8,587	-	35,379
-	-	363,630
-	358,330	358,330
-	-	208,032
-	-	309,888
-	-	650,150
160,849	-	160,849
<u>169,436</u>	<u>358,330</u>	<u>2,086,258</u>
<u>\$ 428,757</u>	<u>\$ 362,663</u>	<u>\$ 2,747,572</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2017

	<u>Law Enforcement Assistance</u>	<u>Impact Assistance</u>	<u>Public Health and Administration</u>
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	55,724	-	105,888
Charges for services	603,467	337,611	209,193
Net investment income	106	7,467	-
Miscellaneous income	-	-	-
Total revenues	<u>659,297</u>	<u>345,078</u>	<u>315,081</u>
EXPENDITURES			
General government	-	-	-
Public safety	381,105	67,000	-
Public works	-	103,002	-
Public health and welfare	-	-	224,032
Culture and recreation	-	-	-
Debt service	186,092	-	-
Capital outlay	341,934	20,755	326,354
Total expenditures	<u>909,131</u>	<u>190,757</u>	<u>550,386</u>
EXCESS OF REVENUES			
OVER (UNDER) EXPENDITURES	<u>(249,834)</u>	<u>154,321</u>	<u>(235,305)</u>
OTHER FINANCING SOURCES			
Capital lease proceeds	714,820	-	-
Insurance recoveries	-	-	4,095
Sale of general capital assets	-	-	42,500
Transfers in	40,831	-	37,103
Total other financing sources	<u>755,651</u>	<u>-</u>	<u>83,698</u>
NET CHANGE IN FUND BALANCES	505,817	154,321	(151,607)
FUND BALANCES - BEGINNING OF YEAR	<u>187,331</u>	<u>495,829</u>	<u>366,801</u>
FUND BALANCES - END OF YEAR	<u>\$ 693,148</u>	<u>\$ 650,150</u>	<u>\$ 215,194</u>

<u>Retirement</u>	<u>Conservation Trust</u>	<u>Total</u>
\$ 274,112	\$ -	\$ 274,112
-	151,032	312,644
-	-	1,150,271
-	2,774	10,347
12,130	-	12,130
<u>286,242</u>	<u>153,806</u>	<u>1,759,504</u>
258,779	-	258,779
-	-	448,105
-	-	103,002
-	-	224,032
-	96,762	96,762
-	-	186,092
-	40,435	729,478
<u>258,779</u>	<u>137,197</u>	<u>2,046,250</u>
<u>27,463</u>	<u>16,609</u>	<u>(286,746)</u>
-	-	714,820
-	-	4,095
-	-	42,500
-	-	77,934
<u>-</u>	<u>-</u>	<u>839,349</u>
27,463	16,609	552,603
<u>141,973</u>	<u>341,721</u>	<u>1,533,655</u>
<u>\$ 169,436</u>	<u>\$ 358,330</u>	<u>\$ 2,086,258</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2017

	<u>Law Enforcement Assistance</u>		
	<u>(NON-GAAP BUDGET BASIS)</u>		
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Intergovernmental	\$ 40,000	\$ 55,724	\$ 15,724
Charges for services	685,000	603,467	(81,533)
Interest income	-	106	106
Total revenues	<u>725,000</u>	<u>659,297</u>	<u>(65,703)</u>
EXPENDITURES			
Public safety	538,907	381,105	157,802
Public works	-	-	-
Culture and recreation	-	-	-
Debt service	207,900	186,092	21,808
Capital outlay	-	-	-
Total expenditures	<u>746,807</u>	<u>567,197</u>	<u>179,610</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>(21,807)</u>	<u>92,100</u>	<u>113,907</u>
OTHER FINANCING SOURCES			
Transfers in	-	40,831	40,831
Total other financing sources	<u>-</u>	<u>40,831</u>	<u>40,831</u>
NET CHANGE IN FUND BALANCES-NON GAAP	<u>\$ (21,807)</u>	132,931	<u>\$ 154,738</u>
PRESPECTIVE DIFFERENCES			
Capital lease transactions			
Proceeds		714,820	
Capital outlay related to capital leases		<u>(341,934)</u>	
NET CHANGE IN FUND BALANCE-GAAP BASIS		505,817	
FUND BALANCES - BEGINNING OF YEAR		<u>187,331</u>	
FUND BALANCES - END OF YEAR		<u>\$ 693,148</u>	

Impact Assistance

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ -	\$ -	\$ -
51,000	337,611	286,611
1,000	7,467	6,467
<u>52,000</u>	<u>345,078</u>	<u>293,078</u>
-	67,000	(67,000)
120,000	103,002	16,998
20,000	-	20,000
-	-	-
185,760	20,755	165,005
<u>325,760</u>	<u>190,757</u>	<u>135,003</u>
<u>(273,760)</u>	<u>154,321</u>	<u>428,081</u>
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (273,760)</u>	154,321	<u>\$ 428,081</u>
	-	
	-	
	154,321	
	495,829	
	<u>\$ 650,150</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2017

	Public Health and Administration		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	135,327	105,888	(29,439)
Charges for services	206,887	209,193	2,306
Miscellaneous income	-	-	-
Total revenues	<u>342,214</u>	<u>315,081</u>	<u>(27,133)</u>
EXPENDITURES			
General government	-	-	-
Public health and welfare	379,317	224,032	155,285
Capital outlay	330,000	326,354	3,646
Total expenditures	<u>709,317</u>	<u>550,386</u>	<u>158,931</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(367,103)</u>	<u>(235,305)</u>	<u>131,798</u>
OTHER FINANCING SOURCES			
Insurance recoveries	-	4,095	4,095
Sale of general capital assets	-	42,500	42,500
Transfers in	37,103	37,103	-
Total other financing sources	<u>37,103</u>	<u>83,698</u>	<u>46,595</u>
NET CHANGE IN FUND BALANCES	<u><u>\$ (330,000)</u></u>	<u>(151,607)</u>	<u><u>\$ 178,393</u></u>
FUND BALANCES - BEGINNING OF YEAR		<u>366,801</u>	
FUND BALANCES - END OF YEAR		<u><u>\$ 215,194</u></u>	

Retirement		
Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 258,477	\$ 274,112	\$ 15,635
-	-	-
-	-	-
-	12,130	12,130
<u>258,477</u>	<u>286,242</u>	<u>27,765</u>
291,051	258,779	32,272
-	-	-
-	-	-
<u>291,051</u>	<u>258,779</u>	<u>32,272</u>
<u>(32,574)</u>	<u>27,463</u>	<u>60,037</u>
-	-	-
-	-	-
-	-	-
<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ (32,574)</u>	27,463	<u>\$ 60,037</u>
	<u>141,973</u>	
	<u>\$ 169,436</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS
Year Ended December 31, 2017

	Conservation Trust		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Intergovernmental	\$ 155,556	\$ 151,032	\$ (4,524)
Interest income	1,013	2,774	1,761
Total revenues	156,569	153,806	(2,763)
EXPENDITURES			
Culture and recreation	117,379	96,762	20,617
Capital outlay	130,000	40,435	89,565
Total expenditures	247,379	137,197	110,182
NET CHANGE IN FUND BALANCES	\$ (90,810)	16,609	\$ 107,419
FUND BALANCES - BEGINNING OF YEAR		341,721	
FUND BALANCES - END OF YEAR		\$ 358,330	

ELBERT COUNTY, COLORADO
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
December 31, 2017

	<u>Bond Redemption</u>	<u>Chaparral Valley</u>	<u>Meadows Station</u>	<u>Sun Country Meadows</u>	<u>Foxwood Estates</u>	<u>Total</u>
ASSETS						
Cash and investments with Treasurer	\$ 3,285	\$ -	\$ -	\$ -	\$ -	\$ 3,285
Cash and investments with Treasurer - Restricted	-	7,327	29,175	-	18,247	54,749
Accounts receivable	-	-	849	-	357	1,206
Assessments receivable	-	49,269	-	-	-	49,269
Property tax receivable	-	-	47,036	188,978	25,260	261,274
TOTAL ASSETS	<u>\$ 3,285</u>	<u>\$ 56,596</u>	<u>\$ 77,060</u>	<u>\$ 188,978</u>	<u>\$ 43,864</u>	<u>\$ 369,783</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Advances from other funds	\$ -	\$ 105,833	\$ -	\$ -	\$ -	\$ 105,833
Total liabilities	<u>-</u>	<u>105,833</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>105,833</u>
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenue-property taxes and assessments	-	49,269	47,036	188,978	25,260	310,543
Total deferred inflows of resources	<u>-</u>	<u>49,269</u>	<u>47,036</u>	<u>188,978</u>	<u>25,260</u>	<u>310,543</u>
FUND BALANCES						
Restricted for debt service	-	-	30,024	-	18,604	48,628
Assigned for debt service	3,285	-	-	-	-	3,285
Unassigned	-	(98,506)	-	-	-	(98,506)
Total fund balance	<u>3,285</u>	<u>(98,506)</u>	<u>30,024</u>	<u>-</u>	<u>18,604</u>	<u>(46,593)</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 3,285</u>	<u>\$ 56,596</u>	<u>\$ 77,060</u>	<u>\$ 188,978</u>	<u>\$ 43,864</u>	<u>\$ 369,783</u>

ELBERT COUNTY, COLORADO
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2017

	<u>Bond Redemption</u>	<u>Chaparral Valley</u>	<u>Meadows Station</u>	<u>Sun Country Meadows</u>	<u>Foxwood Estates</u>	<u>Total</u>
REVENUES						
Taxes	\$ -	\$ -	\$ 70,957	\$ -	29,843	\$ 100,800
Special assessments	-	15,077	-	-	-	15,077
Net investment income	-	-	18	-	50	68
Total revenues	<u>-</u>	<u>15,077</u>	<u>70,975</u>	<u>-</u>	<u>29,893</u>	<u>115,945</u>
EXPENDITURES						
General government	-	452	1,829	-	889	3,170
Debt service						
Principal and interest	471,726	-	66,772	-	25,215	563,713
Total expenditures	<u>471,726</u>	<u>452</u>	<u>68,601</u>	<u>-</u>	<u>26,104</u>	<u>566,883</u>
EXCESS OF REVENUES OVER (UNDER)						
EXPENDITURES	<u>(471,726)</u>	<u>14,625</u>	<u>2,374</u>	<u>-</u>	<u>3,789</u>	<u>(450,938)</u>
OTHER FINANCING SOURCES (USES)						
Transfers in	473,727	10,000	-	-	-	483,727
Transfers (out)	(500,000)	-	-	-	-	(500,000)
Total other financing sources (uses)	<u>(26,273)</u>	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(16,273)</u>
NET CHANGE IN FUND BALANCES	(497,999)	24,625	2,374	-	3,789	(467,211)
FUND BALANCES - BEGINNING						
OF YEAR	<u>501,284</u>	<u>(123,131)</u>	<u>27,650</u>	<u>-</u>	<u>14,815</u>	<u>420,618</u>
FUND BALANCES - END						
OF YEAR	<u>\$ 3,285</u>	<u>\$ (98,506)</u>	<u>\$ 30,024</u>	<u>\$ -</u>	<u>18,604</u>	<u>\$ (46,593)</u>

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2017

	Bond Redemption Fund		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Special assessments	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES			
General government	-	-	-
Debt service			
Principal and interest	<u>473,727</u>	<u>471,726</u>	<u>2,001</u>
Total expenditures	<u>473,727</u>	<u>471,726</u>	<u>2,001</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>(473,727)</u>	<u>(471,726)</u>	<u>2,001</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	473,727	473,727	-
Transfers (out)	<u>(500,000)</u>	<u>(500,000)</u>	-
Total other financing sources (uses)	<u>(26,273)</u>	<u>(26,273)</u>	-
NET CHANGE IN FUND BALANCE-GAAP BASIS	<u><u>\$ (500,000)</u></u>	(497,999)	<u><u>\$ 2,001</u></u>
FUND BALANCES - BEGINNING OF YEAR		<u>501,284</u>	
FUND BALANCES - END OF YEAR		<u><u>\$ 3,285</u></u>	

Chaparral Valley

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 12,000	\$ 15,077	\$ 3,077
<u>12,000</u>	<u>15,077</u>	<u>3,077</u>
400	452	(52)
-	-	-
<u>400</u>	<u>452</u>	<u>(52)</u>
11,600	14,625	3,025
-	10,000	10,000
(11,167)	-	11,167
<u>(11,167)</u>	<u>10,000</u>	<u>21,167</u>
<u>\$ 433</u>	24,625	<u>\$ 24,192</u>
	<u>(123,131)</u>	
	<u>\$ (98,506)</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR GOVERNMENTAL FUNDS - DEBT SERVICE FUNDS
Year Ended December 31, 2017

	Meadows Station		
	Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
REVENUES			
Taxes	\$ 69,565	\$ 70,957	\$ 1,392
Net investment income	-	18	18
Total revenues	69,565	70,975	1,410
EXPENDITURES			
General government	2,200	1,829	371
Debt service			
Principal and interest	66,738	66,772	(34)
Total expenditures	68,938	68,601	337
NET CHANGE IN FUND BALANCES	\$ 627	2,374	\$ 1,747
FUND BALANCES - BEGINNING OF YEAR		27,650	
FUND BALANCES - END OF YEAR		\$ 30,024	

Foxwood Estates

Original and Final Budget	Actual	Variance with Final Budget Positive (Negative)
\$ 28,842	\$ 29,843	\$ 1,001
-	50	50
<u>28,842</u>	<u>29,893</u>	<u>1,051</u>
1,000	889	111
<u>27,965</u>	<u>25,215</u>	<u>2,750</u>
<u>28,965</u>	<u>26,104</u>	<u>2,861</u>
<u>\$ (123)</u>	3,789	<u>\$ 3,912</u>
	<u>14,815</u>	
	<u>\$ 18,604</u>	

ELBERT COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL IMPROVEMENT FUND
Year Ended December 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Miscellaneous income	\$ -	\$ -	\$ 290	\$ 290
Total revenues	<u>-</u>	<u>-</u>	<u>290</u>	<u>290</u>
EXPENDITURES				
General government	-	-	3,662	(3,662)
Capital outlay	500,000	643,500	639,511	3,989
Total expenditures	<u>500,000</u>	<u>643,500</u>	<u>643,173</u>	<u>327</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>(500,000)</u>	<u>(643,500)</u>	<u>(642,883)</u>	<u>617</u>
OTHER FINANCING SOURCES				
Sale of general capital assets	-	-	190,438	190,438
Transfers in	500,000	622,500	622,500	-
Total other financing sources	<u>500,000</u>	<u>622,500</u>	<u>812,938</u>	<u>190,438</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ (21,000)</u>	170,055	<u>\$ 191,055</u>
FUND BALANCE - BEGINNING OF YEAR			<u>-</u>	
FUND BALANCE - END OF YEAR			<u>\$ 170,055</u>	

ELBERT COUNTY, COLORADO
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FIDUCIARY FUNDS
Year Ended December 31, 2017

	<u>Balance January 1, 2017</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance December 31, 2017</u>
ASSETS				
Cash - Treasurer	\$ 1,405,497	\$ 38,894,417	\$ (38,527,518)	\$ 1,772,396
Cash - Public Trustee	47,804	1,858,904	(1,838,002)	68,706
Cash - Sheriff	37,782	452,918	(258,251)	232,449
Cash - Colorado State University- Extension	-	102,705	(67,342)	35,363
Accounts receivable	3,882	1,480	(3,882)	1,480
TOTAL ASSETS	<u>\$ 1,494,965</u>	<u>\$ 41,310,424</u>	<u>\$ (40,694,995)</u>	<u>\$ 2,110,394</u>
LIABILITIES				
Due to other governments	\$ 1,122,750	\$ 25,123,250	\$ (24,950,103)	\$ 1,295,897
Other liabilities	114,748	944,075	(402,559)	656,264
Outstanding checks payable	209,663	13,384,195	(13,504,331)	89,527
Escrow deposits held by Public Trustee	47,804	1,858,904	(1,838,002)	68,706
TOTAL LIABILITIES	<u>\$ 1,494,965</u>	<u>\$ 41,310,424</u>	<u>\$ (40,694,995)</u>	<u>\$ 2,110,394</u>

OTHER SCHEDULES

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

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

This Information From The Records Of (example - City of _ or County of _ County of Elbert County, Colorado	Prepared By: Phone:
---	------------------------

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	1,667,954
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	5,550,039
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	147,289
2. General fund appropriations		b. Snow and ice removal	328,441
3. Other local imposts (from page 2)	5,031,111	c. Other	932,032
4. Miscellaneous local receipts (from page 2)	1,730,084	d. Total (a. through c.)	1,407,762
5. Transfers from toll facilities		4. General administration & miscellaneous	1,064,758
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	
a. Bonds - Original Issues		6. Total (1 through 5)	9,690,513
b. Bonds - Refunding Issues		B. Debt service on local obligations:	
c. Notes		1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	
7. Total (1 through 6)	6,761,195	b. Redemption	
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	2,921,850	2. Notes:	
D. Receipts from Federal Government (from page 2)	6,114	a. Interest	
E. Total receipts (A.7 + B + C + D)	9,689,159	b. Redemption	
		c. Total (a. + b.)	0
		3. Total (1.c + 2.c)	0
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	9,690,513

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

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

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	2,270,496	9,689,159	9,690,513	2,269,142	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

STATE:
Colorado
YEAR ENDING (mm/yy):
December 2017

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	2,892,078	a. Interest on investments	
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes	2,036,031	c. Parking Garage Fees	
2. Infrastructure & Impact Fees	103,002	d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	68,966
4. Licenses		f. Charges for Services	208,687
5. Specific Ownership &/or Other		g. Other Misc. Receipts	110,220
6. Total (1. through 5.)	2,139,033	h. Other Capital Lease proceeds	1,342,211
c. Total (a. + b.)	5,031,111	i. Total (a. through h.)	1,730,084
	(Carry forward to page 1)		(Carry forward to page 1)

ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,759,948	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	161,902	d. Federal Transit Admin	
d. Other (Specify)		e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal - Mineral Lease	6,114
f. Total (a. through e.)	161,902	g. Total (a. through f.)	6,114
4. Total (1. + 2. + 3.f)	2,921,850	3. Total (1. + 2.g)	
			(Carry forward to page 1)

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL

	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements			0
(3). System Preservation		1,667,954	1,667,954
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	1,667,954	1,667,954
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	1,667,954	1,667,954
			(Carry forward to page 1)

Notes and Comments:

ELBERT COUNTY, COLORADO
SINGLE AUDIT REPORT
DECEMBER 31, 2017

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

Board of County Commissioners
Elbert County, Colorado
Kiowa, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Elbert County, Colorado (the County), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated June 18, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance And Other Matters

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

Purpose Of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the County'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 County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RubinBrown LLP

June 18, 2018

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

Board of County Commissioners
Elbert County, Colorado
Kiowa, Colorado

Report On Compliance For Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion On Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001 and 2017-002. Our opinion on each major federal program is not modified with respect to this matter.

The County's responses to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

The County's responses to the internal control over compliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs and corrective action plan. The County's responses were not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the responses.

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.

Report On Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the County as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We have issued our report thereon dated June 18, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 18, 2018

ELBERT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

Page 1 Of 2

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Passed Through To Subrecipients
U.S. Department Of Agriculture				
Passed through Colorado Department of Human Services				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program (SNAP Cluster)				
	10.561	*	\$ 62,194	\$ —
Emergency Food Assistance Program (Food Distribution Cluster)				
	10.569	*	30,511	30,511
Total U.S. Department Of Agriculture			92,705	30,511
U.S. Department Of Transportation				
Passed through Colorado Department of Transportation				
State Traffic Safety Information System Improvement Grants (Highway Safety Cluster)				
	20.610	*	4,951	—
U.S. Department Of Health And Human Services				
Passed through Colorado Department of Human Services				
Temporary Assistance for Needy Families (TANF Cluster)				
	93.558	*	239,622	—
Child Support Enforcement				
	93.563	*	81,045	—
Medical Assistance Program (Medicaid Cluster)				
	93.778	*	108,459	—
Low Income Home Energy Assistance				
	93.568	*	2,547	—
Child Care Mandatory and Matching Funds of the Child Care and Development Fund				
	93.596	*	17,731	—
Child Care and Development Block Grant				
	93.575	*	87,404	—
Total Child Care And Development Fund Cluster			105,135	—
Stephanie Tubbs Jones Child Welfare Services Program				
	93.645	*	13,746	—
Foster Care - Title IV-E				
	93.658	*	213,312	—
Social Services Block Grant				
	93.667	*	87,385	—
Chafee Foster Care Independence Program				
	93.674	*	785	—
Adoption Assistance				
	93.659	*	35,776	—
Guardianship Assistance				
	93.090	*	1,101	—
Promoting Safe and Stable Families				
	93.556	*	1,146	—
Total Passed Through Colorado Department Of Human Services			890,059	—
Passed through Colorado Department of Public Health and Environment				
Preventive Health and Health Services Block Grant funded solely with				
Prevention and Public Health Funds (PPHF)				
	93.758	HC16A	7,500	—
Maternal and Child Health Services Block Grant to the States				
	93.994	ND17L	15,929	—
Total Passed Through Colorado Department Of Public Health And Environment			23,429	—
Total U.S. Department Of Health And Human Services			913,488	—

* Unavailable

ELBERT COUNTY, COLORADO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended December 31, 2017

Page 2 Of 2

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA No.	Pass-through Entity Identifying Number	Federal Expenditures	Amounts Passed Through To Subrecipients
U.S. Department Of Homeland Security				
Passed through the Colorado Department of Public Safety				
Division of Homeland Security and Emergency Management				
Emergency Management Performance Grant	97.042	17EM-18-22	\$ 28,000	\$ —
Emergency Management Performance Grant	97.042	MG4145006113	18,175	—
Total Emergency Management Performanace Grant			46,175	—
Total Passed Through Colorado Department Of Public Safety Division Of Homeland Security And Emergency Management			46,175	—
Total U.S. Department Of Homeland Security			46,175	—
U.S. Department Of Justice				
Direct programs				
Bureau of Justice Assistance				
Bulletproof Vest Partnership Program	16.607	*	930	—
State Criminal Assistance Program	16.606	*	6,428	—
Passed through the Colorado Division of Criminal Justice				
Crime Victim Assistance	16.575	2014-VA-14-003248-18	6,878	—
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2016-DJ-16-013576	20,250	—
Total Passed Through Colorado Division Of Criminal Justice			27,128	—
Total U.S. Department Of Justice			34,486	—
Total Federal Financial Assistance			\$ 1,091,805	\$ 30,511

* Unavailable

ELBERT COUNTY, COLORADO

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS For The Year Ended December 31, 2017

1. General

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the County. The information in this Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

2. Basis Of Accounting

The accompanying schedule is presented using the modified accrual basis of accounting, which is described in Note 1 to the financial statements of the County.

3. Indirect Costs

The County has not elected to use the 10% *de minimis* indirect cost rate as allowed in the Uniform Guidance, Section 414.

ELBERT COUNTY, COLORADO

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

Section I - Summary Of Auditors' Results

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with generally accepted accounting principles:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

yes no

- Significant deficiency(ies) identified?

yes none reported

Noncompliance material to financial statements noted?

yes no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified?

yes no

- Significant deficiency(ies) identified?

yes none reported

Type of auditors' 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)?

yes no

Identification of major federal programs:

CFDA Number	Name Of Federal Program Or Cluster
93.558	Temporary Assistance for Needy Families
93.658	Title IV-E Foster Care

Dollar threshold used to distinguish between type A and type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

yes no

ELBERT COUNTY, COLORADO

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

Section II - Financial Statement Findings

There were no findings related to the audit of the County's financial statements that are required to be reported under *Government Auditing Standards*.

ELBERT COUNTY, COLORADO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS For The Year Ended December 31, 2017

Section III - Federal Award Findings And Questioned Costs

Finding 2017-001: Material Weakness in Internal Control over Federal Awards Uniform Guidance

Federal Agency: All

Pass-Through Entity: N/A

Criteria Or Specific Requirement: Section 200.303 of the Uniform Guidance states that, “The non-Federal entity must establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).”

Condition: The County has not completed a review of the requirements noted above and developed written policies and procedures that address all the elements of the “Standard for Internal Control in the Federal Government” and “Internal Control Integrated Framework.”

Cause: The County has experienced turnover in key management and staff which has caused delays in implementing new grant guidance.

Effect: The County is not in compliance with regard to documentation of internal control over federal awards under the Uniform Guidance.

Questioned Costs: N/A

Context: N/A

Identification As A Repeat Finding: Yes

Recommendation: The County should complete a review of the requirements noted above and develop written policies and procedures that address all the elements of the “Internal Control Integrated Framework,” issued by COSO, and have it in place by December 31, 2018.

ELBERT COUNTY, COLORADO

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

Views Of Responsible Officials And Planned Corrective Action: The Elbert County Finance Department will establish a written policy to be included in the Elbert County Finance Department Policies and Procedures document regarding grants. The Finance Department will review the requirements of the Uniform Guidance and assure that all standards for internal controls issued by the Comptroller General of the United States and contained within the policy. The anticipated release of the updated Finance Policy and Procedures handbook will be July 2018.

ELBERT COUNTY, COLORADO

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

Finding 2017-002 Material Weakness in Internal Control over Foster Care- Title IV-E (Foster Care) Eligibility and Special Tests and Provisions

CFDA# 93.658

Federal Award Identification Number: Unavailable

Federal Agency: Department of Health and Human Services (HHS)

Pass-Through Entity: Colorado Department of Human Services

Criteria Or Specific Requirement: Foster Care maintenance payments are allowable only if the foster child was removed from the home of a relative specified in Section 406(a) of the Social Security Act, in effect on July 16, 1996, and placed in foster care by means of a judicial determination, as defined in 42 USC 672(a)(2), or pursuant to a voluntary placement agreement, as defined in 42 USC 672(f), (42 USC 672(a)(1) and (2) and 45 CFR section 1356.21).

A child must meet the eligibility requirements of the former Aid to Families with Dependent Children (AFDC) program (i.e., meet the state-established standard of need as of July 16, 1996, prior to enactment of the Personal Responsibility and Work Opportunity Reconciliation Act) (42 USC 672(a)).

Additionally applicable maintenance rates should be paid in compliance with the allowable rates per the program.

The County is expected to have internal controls over the eligibility and rate determinations (special tests and provisions) process that ensures only eligible participants are approved for the program and that the appropriate rate is paid.

Condition: The County did not have effective internal controls over Foster Care eligibility and rate determinations.

Cause: The related compliance requirement internal controls are not designed effectively and placed in service.

Effect: Due to insufficient monitoring and internal controls over compliance, the County may not timely detect an error in eligibility and rate determinations.

Questioned Costs: None

Context: A nonstatistical sample of six recipient files was selected for testing.

ELBERT COUNTY, COLORADO

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

Identification As A Repeat Finding: N/A

Recommendation: Program management should ensure that effective internal controls are designed and placed in service for all related compliance requirements.

Views Of Responsible Officials And Planned Corrective Action: A child welfare supervisory review form will be developed for monthly case reviews to include a review of out of home placement information.

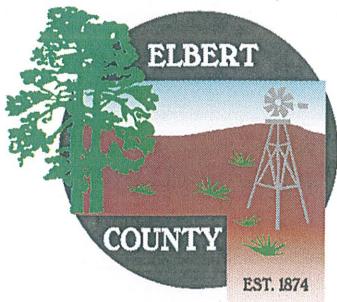
The child welfare supervisors will utilize the supervisory review form during monthly supervisory meetings to confirm that accurate dates have been entered into the TRAILS data system for out of home placement entry and exit dates.

Separation of duties for approval of placement and reimbursement rates as noted in the SS23-B child specific contract will be designated as follows:

- The child welfare caseworker will prepare the SS23-B placement form at the time of an out of home child welfare placement;
- The Protective Services Administrator will review the SS23-B for accuracy and sign as Director designee
- Following rate approval by the Protective Services Administrator, the caseworker will enter the approved rate into the TRAILS data system.

A child welfare supervisor will review the monthly TRAILS Out- of-Home Trial payroll report by the 10th of each month for accuracy of rates as agreed upon in the SS23-B.

The child welfare supervisor will sign off on the TRAILS Out- of Home payroll report when it is confirmed that all information is correct. If the initial payroll report is not correct, the appropriate staff members will be contacted to correct the data in TRAILS prior to sign off by the reviewing child welfare supervisor.



ELBERT COUNTY GOVERNMENT

FINANCE DEPARTMENT

Office 303-621-3138 Fax 303-621-2343

PO Box 7, 215 Comanche St., Kiowa, CO 80117

ELBERT COUNTY, COLORADO
SCHEDULE OF FINDING AND QUESTIONS COSTS
For The Year Ended December 31, 2017
Elbert County Government CAP (Corrective Action Plan)

Finding 2017-001:

Personnel Responsible for Corrective Action Plan: Kyrei Zion, Finance Department

Anticipated Completion Date: 12-31-2018

Corrective Action Plan:

Action was taken in 2017 for the 2016 audit finding. The finding in 2017 indicates more corrective action is necessary. The Elbert County Finance Department will re-write the written policy pursuant to Grants that will be included in the update to the Elbert County Finance Department Policies and Procedures document. The Finance Department will review the requirements of the Uniform Guidance and assure that all standards for internal controls issued by the Comptroller General of the United States and contained within the policy. The anticipated release of the updated Finance Policy and Procedures handbook will be July, 2018.

Finding 2017-0002:

Personnel Responsible for Corrective Action Plan: Sherry Hansen, Protective Services Administrator

Anticipated Completion Date: 07-31-2018

Corrective Action Plan:

- *A child welfare supervisory review form will be developed for monthly case reviews to include a review of out of home placement information.*
- *The child welfare supervisors will utilize the supervisory review form during monthly supervisory meetings to confirm that accurate dates have been entered into the TRAILS data system for out of home placement entry and exit dates.*
- *Separation of duties for approval of placement and reimbursement rates as noted in the SS23-B child specific contract will be designated as follows:*
 - *The child welfare caseworker will prepare the SS23-B placement form at the time of an out of home child welfare placement;*
 - *The Protective Services Administrator will review the SS23-B for accuracy and sign as Director designee;*
 - *Following rate approval by the Protective Services Administrator, the caseworker will enter the approved rate into the TRAILS data system.*
- *A child welfare supervisor will review the monthly TRAILS Out- of-Home Trial payroll report by the 10th of each month for accuracy of rates as agreed upon in the SS23-B.*
- *The child welfare supervisor will sign off on the TRAILS Out- of- Home payroll report when it is confirmed that all information is correct. If the initial payroll report is not correct, the appropriate staff members will be contacted to correct the data in TRAILS prior to sign off by the reviewing child welfare supervisor.*


Sam Albrecht, County Manager



ELBERT COUNTY GOVERNMENT

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ELBERT COUNTY, COLORADO

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

Finding 2016-001: Material Weakness in Internal Control over Federal Awards Uniform Guidance

Summary Of Prior Audit Finding: The County did not complete a review of Uniform Guidance requirements and develop written policies and procedures to address the elements of the “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States and the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Initial Finding Reporting Year: 2016

Status: See finding 2017-001

Finding 2016-002: Material Weakness in Internal Control over FEMA Awards Relating to Allowable Costs, Activities Allowed/Cost Principles, Reporting, Special Tests and Provisions

CFDA# 97.036 - Disaster Grants - Public Assistance (FEMA)

Federal Agency: Department of Homeland Security (DHS)

Pass-Through Entity: State of Colorado Department of Public Safety

Summary Of Prior Audit Finding: The County did not establish controls to provide reasonable assurance of compliance with the relevant compliance requirements.

Initial Finding Reporting Year: 2016

Status: No program expenditures for the year ended December 31, 2017 or anticipated future expenditures.

ELBERT COUNTY, COLORADO

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

Finding 2016-003: Significant Deficiency in Reporting FEMA Awards

CFDA# 97.036 - Disaster Grants - Public Assistance (FEMA)

Federal Agency: Department of Homeland Security (DHS)

Pass-Through Entity: State of Colorado Department of Public Safety

Summary Of Prior Audit Finding: The County did not submit required reports by the specified deadline.

Initial Finding Reporting Year: 2016

Status: No program expenditures for the year ended December 31, 2017 or anticipated future expenditures.

Finding 2016-004: Material Weakness in Eligibility, Special Tests and Provisions and Material Weakness in Internal Control over Compliance Temporary Assistance for Needy Families (TANF)

CFDA# 93.558 - Temporary Assistance for Needy Families

Federal Agency: Department of Health and Human Services (HHS)

Pass-Through Entity: Colorado Department of Human Services

Summary Of Prior Audit Finding: The County improperly paid benefits in instances where information was not received from recipients or processing errors were made.

Initial Finding Reporting Year: 2012

Status: Corrective Action Plan Taken