

Saguache County, Colorado

**Financial Statements
with Independent Auditors' Report**

December 31, 2018



Saguache County, Colorado

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Independent Auditors' Report

Board of County Commissioners
County of Saguache
Saguache, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Saguache County, Colorado as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the basic financial statements of the County of Saguache, 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Saguache County, Colorado as of December 31, 2018, and the respective changes in financial position and cash flows, where applicable, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Management has omitted the managements' discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining and individual fund statements and schedules and the local highway finance report listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Costs Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.



Other Information (Continued)

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 the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The introductory and statistical sections have 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 them.

Other Reports Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2019, on our consideration of the County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the County's internal control over financial reporting and compliance.

Hick & Company, PC

Greenwood Village, Colorado
November 5, 2019



Basic Financial Statements

Saguache County, Colorado
Statement of Net Position
December 31, 2018

	Governmental Activities	Business-Type Activities	Totals
Assets			
Cash and Investments	\$ 7,515,875	\$ 224,551	\$ 7,740,426
Accounts Receivable	2,952	1,153	4,105
Taxes Receivable	1,614,975	-	1,614,975
Due from Other Governments	520,872	-	520,872
Inventory	395,539	-	395,539
Capital Assets, <i>Not Being Depreciated</i>	293,693	52,000	345,693
Capital Assets, <i>Net of Accumulated Depreciation</i>	5,181,788	206,234	5,388,022
Total Assets	<u>15,525,694</u>	<u>483,938</u>	<u>16,009,632</u>
Liabilities			
Accounts Payable	339,925	3,996	343,921
Accrued Liabilities	-	7,168	7,168
Accrued Interest Payable	-	-	-
Unearned Revenue	283,773	-	283,773
Noncurrent Liabilities			
Due Within One Year	76,637	14,095	90,732
Due in More Than One Year	594,760	317,491	912,251
Total Liabilities	<u>1,295,095</u>	<u>342,750</u>	<u>1,637,845</u>
Deferred Inflows of Resources			
Property Taxes	<u>1,404,511</u>	<u>-</u>	<u>1,404,511</u>
Net Position			
Net Investment in Capital Assets	5,010,640	(73,352)	4,937,288
Restricted For			
Emergencies	410,000	-	410,000
Unrestricted	<u>7,405,448</u>	<u>214,540</u>	<u>7,619,988</u>
Total Net Position	<u>\$ 12,826,088</u>	<u>\$ 141,188</u>	<u>\$ 12,967,276</u>

Saguache County, Colorado
Statement of Activities
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Primary Government							
<i>Governmental Activities</i>							
General Government	\$ 2,134,283	\$ 1,020,084	\$ 1,235,537	\$ -	\$ 121,338	\$ -	\$ 121,338
Public Safety	1,201,410	-	-	-	(1,201,410)	-	(1,201,410)
Health and Welfare	251,979	421,838	-	-	169,859	-	169,859
Public Works	4,804,346	150,568	6,843,925	25,426	2,215,573	-	2,215,573
Culture and Recreation	2,936,056	-	-	-	(2,936,056)	-	(2,936,056)
Interest on Long-Term Debt	1,207	-	-	-	(1,207)	-	(1,207)
Total Government Activities	11,329,281	1,592,490	8,079,462	25,426	(1,631,903)	-	(1,631,903)
<i>Business-Type Activities</i>							
Housing Authority	209,596	223,196	-	-	-	13,600	13,600
Total Business-Type Activities	209,596	223,196	-	-	-	13,600	13,600
Total Primary Government	\$ 11,538,877	\$ 1,815,686	\$ 8,079,462	\$ 25,426	(1,631,903)	13,600	(1,618,303)
General Revenues							
					1,361,068	-	1,361,068
					223,832	-	223,832
					365,792	-	365,792
					74,143	-	74,143
					365,422	-	365,422
					20,070	-	20,070
					70,943	584	71,527
					244,341	5,668	250,009
					2,725,611	6,252	2,731,863
					1,093,708	19,852	1,113,560
					11,732,380	121,336	11,853,716
					\$ 12,826,088	\$ 141,188	\$ 12,967,276

See Notes to the Financial Statements.

Saguache County, Colorado
 Balance Sheet
 Governmental Funds
 December 31, 2018

	General	Road and Bridge	Social Services	Nonmajor Governmental Funds	Totals
Assets					
Cash and Investments	\$ 3,690,102	\$ 3,038,530	\$ 440,851	\$ 346,392	\$ 7,515,875
Accounts Receivable	-	-	2,952	-	2,952
Grants Receivable	-	-	-	-	-
Taxes Receivable	1,367,886	-	210,464	36,625	1,614,975
Interfund Receivables	(95,950)	95,950	-	-	-
Due from Other Governments	144,913	163,326	158,268	54,365	520,872
Inventory	-	395,539	-	-	395,539
	<u>5,106,951</u>	<u>3,693,345</u>	<u>812,535</u>	<u>437,382</u>	<u>10,050,213</u>
Liabilities					
Accounts Payable	59,629	265,448	1,417	13,431	339,925
Deferred Income	-	-	283,773	-	283,773
	<u>59,629</u>	<u>265,448</u>	<u>285,190</u>	<u>13,431</u>	<u>623,698</u>
Deferred Inflows of Resources					
Property Taxes	<u>1,367,886</u>	-	-	<u>36,625</u>	<u>1,404,511</u>
Fund Balances					
Nonspendable					
Prepaid Items	-	395,539	-	-	395,539
Restricted for					
Emergencies	410,000	-	-	-	410,000
Committed to					
Highways and Streets	-	-	-	63,103	63,103
Health and Welfare	-	-	-	201,997	201,997
Culture and Recreation	518,500	119,000	-	46,863	684,363
Emergency Services	-	-	-	50,363	50,363
Renewable Energy	-	-	-	25,000	25,000
Sales Tax Contingency	-	-	-	-	-
Unrestricted, Unassigned	<u>2,750,936</u>	<u>2,913,358</u>	<u>527,345</u>	<u>-</u>	<u>6,191,639</u>
	<u>3,679,436</u>	<u>3,427,897</u>	<u>527,345</u>	<u>387,326</u>	<u>8,022,004</u>
Total Fund Balances	<u>3,679,436</u>	<u>3,427,897</u>	<u>527,345</u>	<u>387,326</u>	<u>8,022,004</u>
	<u>\$ 5,106,951</u>	<u>\$ 3,693,345</u>	<u>\$ 812,535</u>	<u>\$ 437,382</u>	<u>\$ 10,050,213</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 5,106,951</u>	<u>\$ 3,693,345</u>	<u>\$ 812,535</u>	<u>\$ 437,382</u>	<u>\$ 10,050,213</u>

Saguache County, Colorado
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
December 31, 2018

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

Total Fund Balances of Governmental Funds	\$ 8,022,004
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.	5,475,481
Long-term liabilities and related items are not due and payable in the current year and, therefore, are not reported in governmental funds.	
Capital Lease Payable	(60,101)
Landfill Closure and Post-Closure Costs	(404,740)
Accrued Compensated Absences	<u>(206,556)</u>
Total Net Position of Governmental Activities	<u>\$ 12,826,088</u>

Saguache County, Colorado
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2018

	General	Road and Bridges	Social Services	Nonmajor Governmental Funds	Totals
Revenues					
Taxes	\$ 1,657,450	\$ -	\$ 261,882	\$ 446,960	\$ 2,366,292
Licenses and Permits	101,076	39,513	-	-	140,589
Intergovernmental	1,235,537	3,292,232	3,568,097	29,092	8,124,958
Charges for Services	833,616	220,412	-	421,838	1,475,866
Investment Income	70,943	-	-	-	70,943
Other	233,996	-	-	10,345	244,341
Total Revenues	<u>4,132,618</u>	<u>3,552,157</u>	<u>3,829,979</u>	<u>908,235</u>	<u>12,422,989</u>
Expenditures					
Current					
General Government	2,087,816	-	-	-	2,087,816
Public Safety	1,038,193	-	-	110,099	1,148,292
Health and Welfare	3,974	-	3,797,127	509,560	4,310,661
Public Works	43,342	2,810,234	-	66,490	2,920,066
Culture and Recreation	163	-	-	231,406	231,569
Capital Outlay	19,881	519,715	-	5,000	544,596
Debt Service					
Principal	-	182,679	-	-	182,679
Interest and Fiscal Charges	-	1,207	-	-	1,207
Total Expenditures	<u>3,193,369</u>	<u>3,513,835</u>	<u>3,797,127</u>	<u>922,555</u>	<u>11,426,886</u>
Revenues Over (Under) Expenditures	<u>939,249</u>	<u>38,322</u>	<u>32,852</u>	<u>(14,320)</u>	<u>996,103</u>
Other Financing Sources (Uses)					
Transfers In	15,000	-	-	-	15,000
Transfers Out	(81,200)	-	-	66,200	(15,000)
Total Other Financing Sources (Uses)	<u>(66,200)</u>	<u>-</u>	<u>-</u>	<u>66,200</u>	<u>-</u>
Net Change in Fund Balances	873,049	38,322	32,852	51,880	996,103
Fund Balances, Beginning of year	<u>2,806,387</u>	<u>3,389,575</u>	<u>494,493</u>	<u>335,446</u>	<u>7,025,901</u>
Fund Balances, End of year	<u>\$ 3,679,436</u>	<u>\$ 3,427,897</u>	<u>\$ 527,345</u>	<u>\$ 387,326</u>	<u>\$ 8,022,004</u>

Saguache County, Colorado
 Reconciliation of the Statement of Revenues, Expenditures and Changes in
 Fund Balances of Governmental Funds to the Statement of Activities
 Governmental Funds
 For the Year Ended December 31, 2018

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

Net Change in Fund Balances of Governmental Funds	\$	996,103
<p>Capital outlays to purchase or construct capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.</p>		
Capital Outlay		632,962
Depreciation Expense		(603,094)
<p>Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Capital Lease Principal		70,458
<p>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.</p>		
Accrued Compensated Absences		5,374
Landfill Closure and Post-Closure Costs		<u>(8,095)</u>
Change in Net Position of Governmental Activities	\$	<u><u>1,093,708</u></u>

Saguache County, Colorado
Statement of Net Position
Proprietary Funds
December 31, 2018

	<u>Housing Authorities</u>
Assets	
<i>Current Assets</i>	
Cash and Investments	\$ 224,551
Accounts Receivable	<u>1,153</u>
Total Current Assets	<u>225,704</u>
<i>Noncurrent Assets</i>	
Capital Assets, <i>Not Being Depreciated</i>	52,000
Capital Assets, <i>Net of Accumulated Depreciation</i>	<u>206,234</u>
Total Noncurrent Assets	<u>258,234</u>
Total Assets	<u>483,938</u>
Liabilities	
<i>Current Liabilities</i>	
Accounts Payable	3,996
Security Deposit	7,168
Note Payable - Current Portion	<u>13,338</u>
Total Current Liabilities	<u>24,502</u>
<i>Noncurrent Liabilities</i>	
Note Payable	<u>318,248</u>
Total Noncurrent Liabilities	<u>318,248</u>
Total Liabilities	<u>342,750</u>
Net Position	
Net Investment in Capital Assets	(73,352)
Unrestricted	<u>214,540</u>
Total Net Position	<u>\$ 141,188</u>

Saguache County, Colorado
Statement of Revenues, Expenses and Changes in Net Position
Proprietary Funds
For the Year Ended December 31, 2018

	Housing Authorities
Operating Revenues	
Rent from Tenants	\$ 128,869
HUD Operating Subsidy	94,327
Other	5,668
Total Operating Revenues	228,864
Operating Expenses	
Administrative	87,220
Utilities	58,005
Operating and Maintenance	32,132
Insurance	7,901
Depreciation	14,219
Total Operating Expenses	199,477
Operating Income (Loss)	29,387
Nonoperating Revenues (Expenses)	
Investment Income	584
Interest Expense	(10,119)
Total Nonoperating Revenues (Expenses)	(9,535)
Change in Net Position	19,852
Net Position, Beginning of year	121,336
Net Position, End of year	\$ 141,188

Saguache County, Colorado
Statement of Cash Flows
Proprietary Funds
For the Year Ended December 31, 2018

	<u>Housing Authorities</u>
Cash Flows From Operating Activities	
Cash Received from Tenants and Others	\$ 134,537
Cash Received from HUD Operating Subsidy	94,327
Cash Paid to Employees	(61,688)
Cash Paid to Vendors and Suppliers	<u>(124,989)</u>
Net Cash Provided (Used) by Operating Activities	<u>42,187</u>
Cash Flows From Capital and Related Financing Activities	
Debt Principal Payments	(11,386)
Debt Interest and Fiscal Charges	<u>(10,119)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(21,505)</u>
Cash Flows from Investing Activities	
Interest Received	<u>584</u>
Net Increase in Cash and Cash Equivalents	21,266
Cash and Cash Equivalents, <i>Beginning of Year</i>	<u>203,285</u>
Cash and Cash Equivalents, <i>End of Year</i>	<u>\$ 224,551</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Operating Income (Loss)	\$ 29,387
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	14,219
Changes in Asset and Liabilities	
Accounts Payable	<u>(1,419)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ 42,187</u>

Saguache County, Colorado
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
For the Year Ended December 31, 2018

	Public Trustee	County Treasurer	County Clerk	County Sheriff	Totals
Assets					
Cash and Cash Equivalents	\$ 5,231	\$ 1,250,248	\$ 445	\$ 6,032	\$ 1,261,956
Total Assets	<u>\$ 5,231</u>	<u>\$ 1,250,248</u>	<u>\$ 445</u>	<u>\$ 6,032</u>	<u>\$ 1,261,956</u>
Liabilities					
Due to Other Governments	\$ -	\$ 1,250,248	\$ -	\$ -	\$ 1,250,248
Deposits held for Others	<u>5,231</u>	<u>-</u>	<u>445</u>	<u>6,032</u>	<u>11,708</u>
Total Liabilities	<u>\$ 5,231</u>	<u>\$ 1,250,248</u>	<u>\$ 445</u>	<u>\$ 6,032</u>	<u>\$ 1,261,956</u>

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies

The financial statements of the Saguache County (the County) have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described below.

Reporting Entity

Saguache County is a political subdivision organized under the statutes of the State of Colorado. The County is governed by a three-member Board of County Commissioners (The Board). Each commissioner is elected at-large by the voters of the County to represent one of the three separate districts and must reside in the district for which he or she is elected. There are also six other elected officials - assessor, clerk and recorder, coroner, sheriff, district attorney, and treasurer. The treasurer is also the County Public Trustee.

The County provides a wide range of services to its residents including general administration, public safety, highways and streets, health and social services, public improvements, planning, zoning, airport, predatory animal and weed control.

Component Units

The County's combined financial statements include the accounts of all County operations. The criteria for including organizations as component units within the County's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The County holds the corporate powers of the organization
- The County appoints a voting majority of the organization's board
- The County is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the County
- There is fiscal dependency by the organization on the County
- The organization is financially accountable to the County
- The organization receives or holds funds that are for the benefit of the County; and the County has access to majority of the funds held; and the funds that are accessible are also significant to the County.

The Saguache County Housing Authority (The Authority) is administered and governed by the Saguache county Commissioners. The Authority is blended into the County's financial statements as an Enterprise Fund.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the County and its component units. For the most part, the effect of interfund activity has been removed from these statements. Exceptions to this general rule are charges for interfund services that are reasonably equivalent to the services provided. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the 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 proprietary funds. Major individual 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*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 year or soon enough thereafter to pay liabilities of the current year. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current year.

Taxes, intergovernmental revenues, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered measurable and available only when cash is received by the County.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

(Continued)

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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 County, except those accounted for in another fund.

The *Road and Bridge Fund* - Is used to account for the maintenance and improvements of streets and highways. The sources of funds include highway user fees and other revenue sources.

The *Social Services Fund* - Is used to account for the operations of social programs; i.e. Temporary Aid to Needy Families (TANF), Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenues.

Additionally, the County reports the following major proprietary fund:

The Housing Authority *Fund* - Is reported as an enterprise fund. The principal operating revenue of the Housing Authority Fund are monthly unit rental fees charged to tenants.

Fiduciary fund financial statements consist of the Agency Fund established to record transactions relating to assets held by the County as an agent for individuals, governmental entities, and non-profit organizations. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Assets, Liabilities and Net Position/Fund Balances

Cash Equivalents - For purposes of the statement of cash flows, cash equivalents are defined as investments with original maturities of three months or less. The County considers all pooled cash and investments to be cash equivalents.

Receivables - Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Inventory - Inventory is valued at the lower of cost (last-in, first-out) or market. Inventory in the Road and Bridge Fund consists of expendable supplies held for use. Reported inventories are equally offset by a fund balance reserve, which indicates that they do not constitute "available spendable resources", even though they are a component of net current assets. Inventory policy on government-wide statements is consistent with fund statements.

Interfund Receivables and Payables - During the course of operations, certain transactions occur between individual funds. The resulting receivables and payables are classified on the balance sheet as *interfund receivables* and *interfund payables*. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as *internal balances*.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods, and are reported as prepaid expenses using the consumption method.

Capital Assets - Capital assets, which include land, buildings, equipment, and all infrastructure owned by the County, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary funds in the fund financial statements. Capital assets are defined by the County as assets with an initial, individual cost of \$5,000 or more 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 the acquisition value on the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Capital assets of the County are depreciated using the straight-line method over the following estimated useful lives.

Buildings and Improvements	7 - 40 years
Infrastructure	25 - 50 years
Vehicles and Equipment	5 - 15 years

Compensated Absences - Employees of the County are allowed to accumulate unused vacation and sick time depending on length of employment. Upon termination of employment from the County, an employee will be compensated for all accrued vacation time at their current rate of pay. Accumulated, unpaid vacation time is accrued when earned in the government-wide financial statements and the proprietary funds in the fund financial statements. A liability is recorded in the governmental fund financial statements only when payment is due.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Long-Term Debt - In the government-wide financial statements and the proprietary funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Debt premiums, discounts and accounting losses resulting from debt refunding's are deferred and amortized over the life of the debt using the straight-line method. In the governmental fund financial statements, 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 are reported as other financing uses.

Debt issuance costs, whether or not withheld from the debt proceeds, are reported as current expenses or expenditures.

Deferred Inflows of Resources - In addition to liabilities, the statement of net position and the governmental fund balance sheet 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 and/or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items which arise both under the full accrual and modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, property taxes and unavailable grant revenue, are reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from property taxes and unavailable grant revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow of resources is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow of resources is recognized as revenue and the receivable is reduced.

Fund Equity - In the fund financial statements, governmental funds report non-spendable amounts that are (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, long-term notes receivable and fund advances. Restrictions of fund balance represents amounts that are restricted for specific fund purposes stipulated by external resource providers constitutionally or through enabling legislation. Committed fund balances include amounts that can only be used for the specific purposes determined by the passage of a resolution by the Board of County Commissioners. Commitments may be modified or changed only by the Board of County Commissioners approving a new resolution. Assigned fund balance includes amounts intended to be used by the County for specific purposes that are neither restricted nor committed. Intent is expressed by the County Administrator. Unassigned fund balance includes amounts that do not meet any of the above criteria. The County may report positive unassigned fund balances only in the general fund and negative unassigned fund balances may be reported in all funds.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 1: Summary of Significant Accounting Policies (Continued)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Net Position - The County's net position is classified in the following components:

- *Net Investment in Capital Assets* - This component consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.
- *Restricted* - This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.
- *Unrestricted* - This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Property Taxes

Property taxes attach as an enforceable lien on property on January 1, are levied the following December, and collected in the subsequent year. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's Office collects property taxes and remits to the County on a monthly basis. Since property tax revenues are collected in arrears during the succeeding fiscal year, receivables and corresponding deferred inflows of resources are reported at year end.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

The County has evaluated subsequent events for recognition or disclosure through November 5, 2019, the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 2: Stewardship, Compliance, and Accountability

Accountability

At December 31, 2018, Expenditures in the Road and Bridge Fund, Conservation Trust Fund, Tourism Fund, Sales Tax - Emergency Services Fund, and the Sales Tax - Youth and Seniors Fund exceed appropriations by \$413,631, \$43,860, \$18,771, \$25,099, and \$59,625, respectively. This may be a violation of Colorado State Statues.

Note 3: Cash and Investments

A summary of cash and investments at December 31, 2018, follows:

Petty Cash	\$ 2,997
Cash Deposits	5,190,211
Investments	<u>3,809,174</u>
Total	<u>\$ 9,002,382</u>

Cash and investments are reported in the financial statements as follows:

Cash and Investments	\$ 7,740,426
Cash held in Agency Fund	<u>1,261,956</u>
Total	<u>\$ 9,002,382</u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2018, the County had bank deposits of \$4,937,288 collateralized with securities held by the financial institutions' agents but not in the County's name.

Investments

The County is required to comply with State statutes which specify investments meeting defined rating, maturity, and concentration risk criteria in which the County may invest, which include the following. Custodial risk is not addressed by State statutes.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 3: Cash and Investments (Continued)

Investments (Continued)

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

At December 31, 2018, the County had the following investments:

<u>Investment Type</u>	<u>S&P Rating</u>	<u>Investment Maturities (in Years)</u>		
		<u>Less Than 1</u>	<u>1 - 5 Years</u>	<u>Total</u>
Certificate of Deposit and Money Market Funds	N/A	\$ 732,974	\$ -	\$ 732,974
Total		<u>\$ 732,974</u>	<u>\$ -</u>	<u>\$ 732,974</u>

Fair Value Measurements - The County reports its investments using the fair value measurements established by generally accepted accounting principles. As such, a fair value hierarchy categorizes the inputs used to measure the fair value of the investments into three levels. Level 1 inputs are quoted prices in active markets for identical investments; Level 2 inputs include quoted prices in active markets for similar investments, or other observable inputs; and Level 3 inputs are unobservable inputs. At December 31, 2018, the County's investments in U.S. Treasury and Agency securities were measured utilizing quoted prices in active markets for similar investments (Level 2 inputs).

Interest Rate Risk - State statutes generally limit the maturity of investment securities to five years from the date of purchase, unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk - State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 3: Cash and Investments (Continued)

Investments (Continued)

Local Government Investment Pools - At December 31, 2018, the County had \$2,493,703 and \$582,497 invested in the Colorado Local Government Liquid Asset Trust (Colotrast) and the Colorado Surplus Asset Fund Trust (CSAFE), respectively. The pools are investment vehicles established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating the pools. The pools operate in conformity with the Securities and Exchange Commission's Rule 2a-7. The pools are measured at the net asset value per share, with each share valued at \$1. The pools are rated AAAM by Standard and Poor's. Investments of the pools are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

Note 4: Interfund Balances and Transactions

At December 31, 2018, the General Fund subsidized the operating expenditures of the Public Health Fund in the amount of \$66,200.

Note 5: Capital Assets

Capital asset activity for the year ended December 31, 2018, is summarized below:

Governmental Activities	Balance 12/31/17	Additions	Deletions	Balance 12/31/18
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 293,693	\$ -	\$ -	\$ 293,693
Total Capital Assets, <i>Not Being Depreciated</i>	<u>293,693</u>	<u>-</u>	<u>-</u>	<u>293,693</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	8,583,097	8,280	-	8,591,377
Infrastructure	1,131,901	-	-	1,131,901
Equipment	630,058	6,183	-	636,241
Vehicles and heavy equipment	8,031,022	618,499	(43,990)	8,605,531
Total Capital Assets, <i>Being Depreciated</i>	<u>18,376,078</u>	<u>632,962</u>	<u>(43,990)</u>	<u>18,965,050</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(6,611,076)	(80,110)	-	(6,691,186)
Infrastructure	(188,341)	(28,298)	-	(216,639)
Equipment	(466,222)	(29,925)	-	(496,147)
Vehicles and heavy equipment	(5,958,519)	(464,761)	43,990	(6,379,290)
Total Accumulated Depreciation	<u>(13,224,158)</u>	<u>(603,094)</u>	<u>43,990</u>	<u>(13,783,262)</u>
Capital Assets, being depreciated, net	<u>5,151,920</u>	<u>29,868</u>	<u>-</u>	<u>5,181,788</u>
Governmental Activities Capital Assets, <i>net</i>	<u>\$ 5,445,613</u>	<u>\$ 29,868</u>	<u>\$ -</u>	<u>\$ 5,475,481</u>

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 5: Capital Assets (Continued)

Business-Type Activities	12/31/17	Additions	Deletions	12/31/18
<i>Capital Assets, Not Being Depreciated:</i>				
Land	\$ 52,000	\$ -	\$ -	\$ 52,000
Total Capital Assets, Not Being Depreciated	52,000	-	-	52,000
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	1,105,535	-	-	1,105,535
Furniture and Equipment	71,636	-	-	71,636
Total Capital Assets, Being Depreciated	1,177,171	-	-	1,177,171
<i>Less Accumulated Depreciation</i>				
Buildings and Improvements	(886,082)	(13,219)	-	(899,301)
Furniture and Equipment	(70,636)	(1,000)	-	(71,636)
Total Accumulated Depreciation	(956,718)	(14,219)	-	(970,937)
Capital Assets, Being Depreciated net	220,453	(14,219)	-	206,234
Business-Type Activities Capital Assets, net	\$ 272,453	\$ (14,219)	\$ -	\$ 258,234

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

<i>Governmental Activities</i>		
General Government		\$ 28,171
Public Safety		53,118
Health and Welfare		12,130
Public Works		493,685
Culture and Recreation		15,990
Total		\$ 603,094

Note 6: Long-Term Debt

Governmental Activities

Following is a summary of long-term debt transactions of the governmental activities for the year ended December 31, 2018:

Governmental Activities	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
Capital Leases	\$ 130,559	\$ -	\$ (70,458)	\$ 60,101	\$ 54,019
Landfill Closure and Post-Closure Compensated Absences	396,645	8,095	-	404,740	-
	211,930	-	(5,374)	206,556	22,618
Total Governmental Activities	\$ 739,134	\$ 8,095	\$ (75,832)	\$ 671,397	\$ 76,637

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 6: Long-Term Debt (Continued)

Capital Leases

The County entered into a capital lease agreement with Caterpillar Financial Services on August 8, 2014, in the amount of \$170,300, payable in 60 monthly installments of \$3,075, beginning September 2014 at 3.20% interest, with final payment due in August 2019 of the outstanding principal balance. This lease was entered into for the purchase of a Caterpillar 140M2 motor grader. These payments were made from the Road and Bridge Fund. Principal balance at December 31, 2018. This asset is recorded in capital assets of the government-wide financial statements for a total of \$286,220, less accumulated depreciation of \$95,406 at December 31, 2018.

The County entered into a capital lease agreement with Caterpillar Financial Services on February 4, 2015, in the amount of \$169,050, payable in 60 monthly installments of \$3,053, beginning March 2015, at 3.20% interest, with a final payment due in February 2018 of the outstanding principal balance. This lease was entered into for the purchase of a Caterpillar 12M3AWD motor grader. These payments were made from the Road and Bridge Fund. Principal balance at December 31, 2018. This asset is recorded in capital assets of the government-wide financial statements for a total of \$169,050, less accumulated depreciation of \$45,080 at December 31, 2018.

The annual debt service for the capital leases is as follows:

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 54,019	\$ 1,064	\$ 55,083
2020	6,082	23	6,105
Total	<u>\$ 60,101</u>	<u>\$ 1,087</u>	<u>\$ 61,188</u>

Landfill Closure and Post-Closure Care Costs

State and Federal law require the County to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. The County uses the "Local Government Finance Test" as its financial mechanism to assure full payment of all closure, post closure, and if applicable, corrective action estimated costs. The estimated liability for landfill closure and post closure care costs represents the County's total current estimate of such future costs, and is based on the estimated amount to be paid if all equipment, facilities, and services required to close, monitor and maintain the landfill were acquired as of December 31, 2018. As of December 31, 2018, the County estimated that existing landfill capacity was approximately 50% utilized (filled), and that the existing landfill was expected to be filled to capacity in fiscal year 2025. The \$404,740 reported as landfill closure and post-closure care liability at December 31, 2018 represents the cumulative amount reported to date based on the use of 50% of the estimated capacity of the landfill. The aggregate estimated liability of \$736,557 is comprised of \$112,557 of estimated closure costs and \$624,000 of estimated post closure costs. The County will recognize the remaining estimated cost of closure and post-closure care of \$331,817 as the remaining estimated capacity is filled. However, the actual costs of closure and post closure may be higher, due to inflation, changes in technology, or changes in the landfill laws and regulations.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 6: Long-Term Debt (Continued)

Business-Type Activities

Following are the changes in long-term debt of the business-type activities for the year ended December 31, 2018:

Business-Type Activities	Balance 12/31/17	Additions	Payments	Balance 12/31/18	Due Within One Year
DOLA - Division of Hosing	\$ 228,376	\$ -	\$ (10,657)	\$ 217,719	\$ 10,870
U.S. Department of Agriculture	-	-	-	-	-
Blue Waters Hacienda Project, 2005	114,597	-	(730)	113,867	3,225
Total Business-Type Activities	<u>\$ 342,973</u>	<u>\$ -</u>	<u>\$ (11,387)</u>	<u>\$ 331,586</u>	<u>\$ 14,095</u>

Colorado Department of Local Affairs - Division of Housing

The Housing Authority has entered into a mortgage note payable with Colorado Department of Local Affairs - Division of Housing (DOH) to refinance the construction of two projects operated by the Housing Authority. The note has an original principal balance in the amount of \$341,000, maturing May 2033, payable in semi-annual blended payments of \$7,585 beginning November 30, 2003, and with a stated interest rate of 2% annum. The mortgage is secured by a deed of trust on the Housing Authority's Puerto del Norte Haciendas housing project, which is located in Saguache County.

The 2009 and 2010 payments were deferred due to cash flow shortages. Payments resumed in December 2011. The note maturity date was extended until December 2035.

United States Department of Agriculture

The Housing Authority has entered into a mortgage note payable with the United States Department of Agriculture (USDA), with an original principal amount of \$306,000, maturing September 2013, payable in blended monthly payments of \$1,077, and with a stated interest rate of 8%. The mortgage note was entered into to refinance the construction of two projects operated by the Housing Authority and is secured by a deed of trust on the Housing Authority's Blue Waters Haciendas housing project, which is located in Saguache County. This note was re-amortized in October 2004. Monthly payments began in January 2005 with a maturity date of 2017.

The Housing Authority has entered into a mortgage note payable with the United States Department of Agriculture (USDA), with an original principal amount of \$120,743, maturing December 2054, payable in blended monthly payments of \$528, and with a stated interest rate of 6.75% per annum. The mortgage note was entered into to refinance the construction of two projects operated by the Housing Authority and is secured by a deed of trust on the Housing Authority's Blue Waters Haciendas housing project, which is located in Saguache County.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 6: Long-Term Debt (Continued)

Future debt service requirements are as follows.

United States Department of Agriculture (Continued)

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019	\$ 14,095	\$ 7,409	\$ 21,504
2020	14,313	7,191	21,504
2021	14,536	6,968	21,504
2022	14,763	6,741	21,504
2023	14,995	6,509	21,504
2024-2028	78,622	28,898	107,520
2029-2033	85,160	22,360	107,520
2034-2038	45,735	16,289	62,024
2039-2043	16,125	15,545	31,670
2044-2048	16,125	15,545	31,670
2049-2054	17,117	20,831	37,948
Total	<u>\$ 331,586</u>	<u>\$ 154,286</u>	<u>\$ 485,872</u>

Note 7: Employee Benefits

Pension Plans

The County provides a participatory salary deferral plan under Internal Revenue Code (IRC) section 401(k), a defined contribution plan, administered by Principal Financial Group, for all County employees over the age of 18 with more than six months of employment with the County. Participating employees may contribute, on a tax-deferred basis, any whole percentage 3% or more of their total pay each period to the Plan. Federal law limits the deferral amounts in any tax year. The County matches 100% of the first 5% contributed by each employee. The County's matching contributions vest with the employee over a 4-year period. Nonvested County contributions are forfeited upon termination of employment. Such forfeitures are used to cover a portion of the pension plan's administrative expenses. Plan provisions and contribution requirements are established and may be amended by the Board of County Commissioners.

For the year ended December 31, 2018, total employee contributions to the Plan were \$123,687 and the County recognized pension expense of \$89,960.

Cafeteria Plan

The County also offers its employees a cafeteria compensation plan organized under Section 125 of the Internal Revenue Code, which includes the following benefits: medical, disability, accident and/or term life insurance, and health expense reimbursement. No cost to the County is recognized, as the plan is a salary reduction plan.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 7: Employee Benefits (Continued)

Post-Employment Health Care Benefits

All County employees covered by COBRA insurance may continue their health insurance after a reduction in work hours or termination of employment. The County recognizes no cost for such coverage, as those electing to continue COBRA coverage must reimburse the County for 100% of their premium cost for the extended coverage period.

Note 8: Colorado Contraband Forfeiture Act

The County has reviewed financial activities in the Sheriff's Department for compliance with the above referenced act. There were no sales of contraband during the year ended December 31, 2018.

Note 9: TABOR Amendment Reserve

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding section 20; commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate policy change directly causing a net tax revenue gain to any local government.

The initial base for local government spending and revenue limits is 1992 fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of fiscal year spending limits must be refunded in the next fiscal year unless voters approve retention of such revenue.

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

TABOR also required local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending for fiscal years ending after December 31, 1995. Fiscal year spending excludes enterprise spending. The County has reserved a portion of the December 31, 2018 year-end balances in the General Fund for this purpose in the aggregate amount of \$410,000, which is the approximate required emergency reserve.

Saguache County, Colorado
Notes to the Financial Statements
December 31, 2018

Note 9: TABOR Amendment Reserve (Continued)

The County's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

The electorate of the County passed a referendum allowing the County to collect and expend the full revenues generated during 1997 and each subsequent year, from its existing tax rates, to receive and expand all sales and property revenues without regard to Article X, Section 20 of the Colorado Constitution of law. Approval of this question does not authorize any increase in property tax rates of any kind above the 1995 rates.

Note 10: Risk Management

Colorado Counties Casualty and Property Pool (CAPP)

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

Colorado Workers' Compensation Pool (CWCP)

The County is exposed to various risks of loss related to injuries of employees while on the job. The County has joined together with other counties in the State of Colorado to form the Colorado Workers' Compensation Pool (CWCP), a public entity risk pool currently operating as a common risk management and insurance program for member counties. The County pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement of formation of CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the Pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention that is determined each policy year. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded insurance coverage for the current year or the three prior years.

Saguache County, Colorado

Notes to the Financial Statements

December 31, 2018

Note 11: Commitments and Contingencies

Grant Programs

The County participates in a number of federal and state grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures, if any, which may be disallowed by the granting agencies cannot be determined at this time, although, the County expects any such amounts to be immaterial.

Litigation

The County is a party to various legal actions normally associated with governmental activities, the aggregate effect of which, in management's and legal counsel's opinion, would not be material to its financial statements.

Insurance Pools

The County is a member of the Colorado Counties Casualty and Property Pool (CAPP) and the Colorado Workers' Compensation Pool (CWCP). CAPP and CWCP have a legal obligation for claims against its members to the extent that funds are available in their annually established loss funds and amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds are direct liabilities of the participating members. CAPP and CWCP have indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs. The ultimate liability to the County resulting from claims not covered by CAPP and CWCP is not presently determinable.

Required Supplementary Information

Saguache County, Colorado
 Budgetary Comparison Schedule
 General Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Taxes	\$ 1,794,014	\$ 1,657,450	\$ 136,564
Intergovernmental Revenue	2,214,395	1,235,537	978,858
Licenses and Permits	20,000	101,076	(81,076)
Charges for Services	778,513	833,616	(55,103)
Interest Income	23,000	70,943	(47,943)
Miscellaneous	26,400	233,996	(207,596)
	<u>4,856,322</u>	<u>4,132,618</u>	<u>723,704</u>
Total Revenues			
Expenditures			
General Government	\$ 3,593,933	\$ 2,087,816	\$ 1,506,117
Public Safety	1,228,825	1,038,193	190,632
Health and Welfare	-	3,974	(3,974)
Public Works	-	43,342	(43,342)
Culture and Recreation	-	163	(163)
Capital Outlay	14,446	19,881	(5,435)
	<u>4,837,204</u>	<u>3,193,369</u>	<u>1,643,835</u>
Total Expenditures			
Revenues Over (Under) Expenditures	19,118	939,249	(920,131)
Other Financing Sources (Uses)			
Transfers Out	(63,000)	(66,200)	(3,200)
	<u>(63,000)</u>	<u>(66,200)</u>	<u>(3,200)</u>
Net Change in Fund Balance	(43,882)	873,049	(916,931)
Fund Balance, Beginning of year	<u>2,806,387</u>	<u>2,806,387</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 2,762,505</u>	<u>\$ 3,679,436</u>	<u>\$ (916,931)</u>

Saguache County, Colorado
 Budgetary Comparison Schedule
 Road and Bridge Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ -	\$ -	\$ -
Intergovernmental Revenue	2,810,000	3,292,232	482,232
Licenses and Permits	200,000	39,513	(160,487)
Charges for Services	82,404	220,412	138,008
	<u>3,092,404</u>	<u>3,552,157</u>	<u>459,753</u>
Total Revenues			
Expenditures			
Public Works	2,681,318	2,810,234	(128,916)
Capital Outlay	235,000	519,715	(284,715)
Debt Service			
Principal	183,886	182,679	1,207
Interest	-	1,207	(1,207)
	<u>3,100,204</u>	<u>3,513,835</u>	<u>(413,631)</u>
Total Expenditures			
Net Change in Fund Balance	(7,800)	38,322	46,122
Fund Balance, <i>Beginning of year</i>	<u>2,880,369</u>	<u>3,389,575</u>	<u>509,206</u>
Fund Balance, <i>End of year</i>	<u>\$ 2,872,569</u>	<u>\$ 3,427,897</u>	<u>\$ 555,328</u>

Saguache County, Colorado
 Budgetary Comparison Schedule
 Social Services Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 266,772	\$ 261,882	\$ (4,890)
Intergovernmental Revenue	4,856,200	3,568,097	(1,288,103)
Total Revenues	5,122,972	3,829,979	(1,292,993)
Expenditures			
Health and Welfare	5,122,972	3,797,127	1,325,845
Total Expenditures	5,122,972	3,797,127	1,325,845
Net Change in Fund Balance	-	32,852	32,852
Fund Balance, <i>Beginning of year</i>	460,168	494,493	34,325
Fund Balance, <i>End of year</i>	\$ 460,168	\$ 527,345	\$ 67,177

Saguache County, Colorado
Notes to Required Supplementary Information
December 31, 2018

Note 1: Stewardship, Compliance, and Accountability

Budgets

Formal budgetary integration in all funds is employed as a management control device during the year. Budgets are adopted for all governmental fund types on a basis consistent with generally accepted accounting principles (GAAP) as applicable to governmental units. The County follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to October 15, the County Budget Officer submits to the Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The budget is prepared by fund and department, and includes actual data from the prior year, current year and budget year estimated revenues and expenditures.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 16, the budget is legally enacted and the required mill levy is adopted through the passage of a resolution. This resolution authorizes an appropriation at each fund level and lapses at year end. The fund then becomes the level of control upon which expenditures cannot legally exceed appropriations.
- All appropriations lapse at the end of the year.
- Budgeted amounts in this report are as originally adopted or as amended by the Board of Commissioners during the year through supplemental appropriation.

Supplementary Information

Saguache County, Colorado
Combining Balance Sheet
Nonmajor Governmental Funds
December 31, 2018

	Public Health	Conservation Trust	Tourism	Sales Tax Emergency Services	Sales Tax Youth and Seniors	Sales Tax Renewable Energy	Totals
Assets							
Cash and Investments	\$ 11,849	\$ 49,267	\$ 106,687	\$ 51,863	\$ 76,363	\$ 50,363	\$ 346,392
Taxes Receivable	36,625	-	-	-	-	-	36,625
Due from Other Governments	54,365	-	-	(5,000)	5,000	-	54,365
	<u>54,365</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>	<u>5,000</u>	<u>-</u>	<u>54,365</u>
Total Assets	<u>\$ 102,839</u>	<u>\$ 49,267</u>	<u>\$ 106,687</u>	<u>\$ 46,863</u>	<u>\$ 81,363</u>	<u>\$ 50,363</u>	<u>\$ 437,382</u>
Liabilities							
Accounts Payable	\$ 3,111	\$ 3,572	\$ 6,748	-	-	-	\$ 13,431
	<u>3,111</u>	<u>3,572</u>	<u>6,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,431</u>
Total Liabilities	<u>3,111</u>	<u>3,572</u>	<u>6,748</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,431</u>
Deferred Inflows of Resources							
Property Taxes	36,625	-	-	-	-	-	36,625
	<u>36,625</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>36,625</u>
Fund Balances							
Committed to							
Health and Welfare	63,103	-	-	-	-	-	63,103
Culture and Recreation	-	45,695	99,939	-	56,363	-	201,997
Emergency Services	-	-	-	46,863	-	-	46,863
Renewable Energy	-	-	-	-	-	50,363	50,363
Sales Tax Contingency	-	-	-	-	25,000	-	25,000
Unrestricted, Unassigned	-	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Fund Balances	<u>63,103</u>	<u>45,695</u>	<u>99,939</u>	<u>46,863</u>	<u>81,363</u>	<u>50,363</u>	<u>387,326</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 102,839</u>	<u>\$ 49,267</u>	<u>\$ 106,687</u>	<u>\$ 46,863</u>	<u>\$ 81,363</u>	<u>\$ 50,363</u>	<u>\$ 437,382</u>

Saguache County, Colorado
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended December 31, 2018

	Public Health	Conservation Trust	Tourism	Sales Tax Emergency Services	Sales Tax Youth and Seniors	Sales Tax Renewable Energy	Totals
Revenues							
Taxes	\$ 40,644	\$ -	\$ 79,575	\$ 109,666	\$ 148,017	\$ 69,058	\$ 446,960
Intergovernmental	9,022	20,070	-	-	-	-	29,092
Charges for Services	421,838	-	-	-	-	-	421,838
Other	10,345	-	-	-	-	-	10,345
Total Revenues	481,849	20,070	79,575	109,666	148,017	69,058	908,235
Expenditures							
Current							
Public Safety	-	-	-	110,099	-	-	110,099
Health and Welfare	509,560	-	-	-	-	-	509,560
Public Works	-	-	-	-	-	66,490	66,490
Culture and Recreation	-	38,860	47,921	-	144,625	-	231,406
Capital Outlay	-	5,000	-	-	-	-	5,000
Total Expenditures	509,560	43,860	47,921	110,099	144,625	66,490	922,555
Revenues Over (Under) Expenditures	(27,711)	(23,790)	31,654	(433)	3,392	2,568	(14,320)
Other Financing Sources (Uses)							
Transfers In	66,200	-	-	-	-	-	66,200
Net Change in Fund Balances	38,489	(23,790)	31,654	(433)	3,392	2,568	51,880
Fund Balances, Beginning of year	24,614	69,485	68,285	47,296	77,971	47,795	335,446
Fund Balances, End of year	\$ 63,103	\$ 45,695	\$ 99,939	\$ 46,863	\$ 81,363	\$ 50,363	\$ 387,326

Saguache County, Colorado
Combining Schedule of Net Position
Enterprise Funds
December 31, 2018

	Blue Waters	Puerto del Norte Haciendas	Totals
Assets			
<i>Current Assets</i>			
Cash and Investments	\$ 114,323	\$ 110,228	\$ 224,551
Accounts Receivable	664	489	1,153
Total Current Assets	114,987	110,717	225,704
<i>Noncurrent Assets</i>			
Capital Assets, <i>Not Being Depreciated</i>	36,000	16,000	52,000
Capital Assets, <i>Net of Accumulated Depreciation</i>	3,937	202,297	206,234
Total Noncurrent Assets	39,937	218,297	258,234
Total Assets	154,924	329,014	483,938
Liabilities			
<i>Current Liabilities</i>			
Accounts Payable	371	3,625	3,996
Security Deposit	2,654	4,514	7,168
Note Payable - Current Portion	2,468	10,870	13,338
Total Current Liabilities	5,493	19,009	24,502
<i>Noncurrent Liabilities</i>			
Note Payable	111,399	206,849	318,248
Total Noncurrent Liabilities	111,399	206,849	318,248
Total Liabilities	116,892	225,858	342,750
Net Position			
Net Investment in Capital Assets	(73,930)	578	(73,352)
Unrestricted	111,962	102,578	214,540
Total Net Position	\$ 38,032	\$ 103,156	\$ 141,188

Saguache County, Colorado
Combining Schedules of Revenues, Expenses and Changes in Net Position
Enterprise Funds
For the Year Ended December 31, 2018

	Blue Waters	Puerto del Norte Haciendas	Total
Operating Revenues			
Rent from Tenants	\$ 39,351	\$ 89,518	\$ 128,869
HUD Operating Subsidy	83,846	10,481	94,327
Other	4,208	1,460	5,668
	<u>127,405</u>	<u>101,459</u>	<u>228,864</u>
Operating Expenses			
Administrative	54,084	33,136	87,220
Utilities	27,510	30,495	58,005
Operating and Maintenance	22,616	9,516	32,132
Insurance	3,693	4,208	7,901
Depreciation	3,057	11,162	14,219
	<u>110,960</u>	<u>88,517</u>	<u>199,477</u>
Operating Income (Loss)	<u>16,445</u>	<u>12,942</u>	<u>29,387</u>
Nonoperating Revenues (Expenses)			
Investment Income	279	305	584
Interest Expense	<u>(5,604)</u>	<u>(4,515)</u>	<u>(10,119)</u>
Total Nonoperating Revenues (Expenses)	<u>(5,325)</u>	<u>(4,210)</u>	<u>(9,535)</u>
Change in Net Position	11,120	8,732	19,852
Net Position, Beginning of year	<u>26,912</u>	<u>94,424</u>	<u>121,336</u>
Net Position, End of year	<u>\$ 38,032</u>	<u>\$ 103,156</u>	<u>\$ 141,188</u>

Saguache County, Colorado
Combining Schedule of Cash Flows
Enterprise Funds
For the Year Ended December 31, 2018

	Blue Waters	Puerto del Norte Haciendas	Totals
Cash Flows From Operating Activities			
Cash Received from Tenants and Other	\$ 43,559	\$ 90,978	\$ 134,537
Cash Received from HUD Operating Subsidiary	83,846	10,481	94,327
Cash Paid to employees	(38,866)	(22,822)	(61,688)
Cash Paid to Vendors and Suppliers	<u>(71,105)</u>	<u>(53,884)</u>	<u>(124,989)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>17,434</u>	 <u>24,753</u>	 <u>42,187</u>
Cash Flows From Capital and Related Financing Activities			
Debt Principal Payments	(730)	(10,656)	(11,386)
Debt Interest and Fiscal Charges	<u>(5,604)</u>	<u>(4,515)</u>	<u>(10,119)</u>
 Net Cash Provided (Used) by Capital and Related Financing Activities	 <u>(6,334)</u>	 <u>(15,171)</u>	 <u>(21,505)</u>
Cash Flows from Investing Activities			
Interest Received	<u>279</u>	<u>305</u>	<u>584</u>
 Net Increase in Cash and Cash Equivalents	 11,379	 9,887	 21,266
 Cash and Cash Equivalents, <i>Beginning of Year</i>	 <u>102,944</u>	 <u>100,341</u>	 <u>203,285</u>
 Cash and Cash Equivalents, <i>End of Year</i>	 <u>\$ 114,323</u>	 <u>\$ 110,228</u>	 <u>\$ 224,551</u>
 Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating Income (Loss)	\$ 16,445	\$ 12,942	\$ 29,387
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Depreciation	3,057	11,162	14,219
Changes in Asset and Liabilities Accounts Payable	<u>(2,068)</u>	<u>649</u>	<u>(1,419)</u>
 Net Cash Provided (Used) by Operating Activities	 <u>\$ 17,434</u>	 <u>\$ 24,753</u>	 <u>\$ 42,187</u>

Saguache County, Colorado
 Budgetary Comparison Schedule
 Public Health Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 46,139	\$ 40,644	\$ (5,495)
Intergovernmental	469,887	9,022	(460,865)
Charges for Services	-	421,838	421,838
Other	1,250	10,345	9,095
Total Revenues	<u>517,276</u>	<u>481,849</u>	<u>(35,427)</u>
Expenditures			
Current			
Health and Welfare	517,276	509,560	7,716
Total Expenditures	<u>517,276</u>	<u>509,560</u>	<u>7,716</u>
Revenues Over (Under) Expenditures	-	(27,711)	(27,711)
Other Financing Sources (Uses)			
Transfers	-	66,200	66,200
Total Other Financing Sources (Uses)	<u>-</u>	<u>66,200</u>	<u>66,200</u>
Net Change in Fund Balance	-	38,489	38,489
Fund Balance, Beginning of year	<u>24,614</u>	<u>24,614</u>	<u>-</u>
Fund Balance, End of year	<u>\$ 24,614</u>	<u>\$ 63,103</u>	<u>\$ 38,489</u>

Saguache County, Colorado
 Budgetary Comparison Schedule
 Conservation Trust Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Intergovernmental	\$ 66,000	\$ 20,070	\$ (45,930)
Total Revenues	66,000	20,070	(45,930)
Expenditures			
Current			
Culture and Recreation	-	38,860	(38,860)
Capital Outlay	-	5,000	(5,000)
Total Expenditures	-	43,860	(43,860)
Net Change in Fund Balance, GAAP Basis	66,000	(23,790)	(89,790)
Fund Balance, Beginning of year	69,485	69,485	-
Fund Balance, End of year	\$ 135,485	\$ 45,695	\$ (89,790)

Saguache County, Colorado
 Budgetary Comparison Schedule
 Tourism Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 30,000	\$ 79,575	\$ 49,575
Total Revenues	30,000	79,575	49,575
Expenditures			
Current			
Culture and Recreation	29,150	47,921	(18,771)
Total Expenditures	29,150	47,921	(18,771)
Net Change in Fund Balance	850	31,654	30,804
Fund Balance, Beginning of year	68,285	68,285	-
Fund Balance, End of year	\$ 69,135	\$ 99,939	\$ 30,804

Saguache County, Colorado
 Budgetary Comparison Schedule
 Sales Tax - Emergency Services Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 85,000	\$ 109,666	\$ 24,666
Total Revenues	85,000	109,666	24,666
Expenditures			
Current			
Public Safety	85,000	110,099	(25,099)
Total Expenditures	85,000	110,099	(25,099)
Net Change in Fund Balance	-	(433)	(433)
Fund Balance, Beginning of year	47,296	47,296	-
Fund Balance, End of year	\$ 47,296	\$ 46,863	\$ (433)

Saguache County, Colorado
 Budgetary Comparison Schedule
 Sales Tax - Youth and Seniors Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 85,000	\$ 148,017	\$ 63,017
Total Revenues	85,000	148,017	63,017
Expenditures			
Current			
Culture and Recreation	85,000	144,625	(59,625)
Total Expenditures	85,000	144,625	(59,625)
Net Change in Fund Balance	-	3,392	3,392
Fund Balance, Beginning of year	77,971	77,971	-
Fund Balance, End of year	\$ 77,971	\$ 81,363	\$ 3,392

Saguache County, Colorado
 Budgetary Comparison Schedule
 Sales Tax - Renewable Energy Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Taxes	\$ 90,000	\$ 69,058	\$ (20,942)
Total Revenues	90,000	69,058	(20,942)
Expenditures			
Current			
Public Works	90,000	66,490	23,510
Total Expenditures	90,000	66,490	23,510
Net Change in Fund Balance	-	2,568	2,568
Fund Balance, Beginning of year	47,795	47,795	-
Fund Balance, End of year	\$ 47,795	\$ 50,363	\$ 2,568

Saguache County, Colorado
 Budgetary Comparison Schedule
 Blue Waters Housing Authority Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Rent from Tenants	\$ 36,480	\$ 39,351	\$ 2,871
HUD Operating Subsidy	86,208	83,846	(2,362)
Other	1,200	4,208	3,008
Total Revenues	123,888	127,405	3,517
Expenditures			
Administrative	40,570	54,084	(13,514)
Utilities	30,516	27,510	3,006
Operating and Maintenance	30,633	22,616	8,017
Insurance	2,200	3,693	(1,493)
Debt Service			
Principal Payment	1,460	730	730
Interest Expense	5,604	5,604	-
Total Expenditures	110,983	114,237	(3,254)
Revenues Over (Under) Expenditures	12,905	13,168	263
Other Financing Sources			
Investment Income	-	279	279
Net Change in Fund Balance, Budgetary Basis	\$ 12,905	13,447	\$ 542
Adjustments to GAAP Basis			
Depreciation		(3,057)	
Principal Payments		730	
Net Change in Fund Balance, GAAP Basis		11,120	
Fund Balance, Beginning of year		26,912	
Fund Balance, End of year		\$ 38,032	

Saguache County, Colorado
 Budgetary Comparison Schedule
 Puerto del Norte Haciendas Housing Authority Fund
 For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance <i>Positive</i> <i>(Negative)</i>
Revenues			
Rent from Tenants	\$ 85,847	\$ 89,518	\$ 3,671
HUD Operating Subsidy	10,000	10,481	481
Other	2,150	1,460	(690)
Total Revenues	97,997	101,459	3,462
Expenditures			
Administrative	25,133	33,136	(8,003)
Utilities	30,605	30,495	110
Operating and Maintenance	17,987	5,832	12,155
Insurance	2,900	7,892	(4,992)
Debt Service			
Principal Payment	10,656	10,656	-
Interest Expense	4,515	4,515	-
Total Expenditures	91,796	92,526	(730)
Revenues Over (Under) Expenditures	6,201	8,933	2,732
Other Financing Sources			
Investment Income	-	305	305
Net Change in Fund Balance, Budgetary Basis	\$ 6,201	9,238	\$ 3,037
Adjustments to GAAP Basis			
Depreciation		(11,162)	
Principal Payments		10,656	
Net Change in Fund Balance, GAAP Basis		8,732	
Fund Balance, Beginning of year		94,424	
Fund Balance, End of year		\$ 103,156	

Compliance Section



**Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of the Financial
Statements Performed in Accordance with
Government Auditing Standards**

Board of County Commissioners
Saguache County, Colorado
Saguache, 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 Saguache County, Colorado (the County), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements, and have issued our report thereon dated November 5, 2019.

Internal Control over Financial Reporting

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

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

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

Purpose of this Report

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

Hick & Company, PC

Greenwood Village, Colorado
November 5, 2019





Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Board of County Commissioners
Saguache County, Colorado
Saguache, Colorado

Report on Compliance for Each Major Federal Program

We have audited Saguache County's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have direct and material effect on each of the County's major federal programs for the year ended December 31, 2018. The County's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions 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, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance 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, Saguache County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we considered to be material weaknesses. However, material weaknesses may exist that have not been identified. The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Saguache County as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the County's basic financial statements. We issued our report thereon dated November 5, 2019, 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 auditing procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare 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 expenditure of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Hick & Company, PC

Greenwood Village, Colorado
November 5, 2019



Saguache County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Health and Human Services				
TANF Cluster				
<i>Colorado Department of Human Services</i>				
Temporary Assistance for Needy Families (TANF) State Program	93.558		\$ 224,731	\$ -
Total TANF Cluster			<u>224,731</u>	<u>-</u>
Medicaid Cluster				
<i>Colorado Department of Human Services</i>				
Medical Assistance Program	93.778		104,991	-
Total Medicaid Cluster			<u>104,991</u>	<u>-</u>
CCDF Cluster				
<i>Colorado Department of Human Services</i>				
Child Care and Development Block Grant	93.575		20,345	-
Child Care Mandatory and Matching Funds of the Child Care Development Fund	93.596		14,849	-
Total CCDF Cluster			<u>35,194</u>	<u>-</u>
Other Programs				
<i>Colorado Department of Human Services</i>				
Guardianship Assistance	93.090		826	-
Child Enforcement	93.563		86,138	-
Low-Income Home Energy Assistance	93.568		352,197	-
Stephanie Tubbs Jones Child Welfare Services Program	93.645		5,034	-
Foster Care title IV-E	93.658		93,608	-
Adoption Assistance	93.659		14,113	-
Social Services Block Grant	93.667		30,254	-
Total Other Programs			<u>582,170</u>	<u>-</u>
Total U.S. Department of Health and Human Services			<u>\$ 947,086</u>	<u>\$ -</u>

(Continued)

Saguache County, Colorado
Schedule of Expenditures of Federal Awards
Year Ended December 31, 2018

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-through Identifying Number	Federal Expenditures	Passed Through to Subrecipients
U.S. Department of Agriculture				
<i>Colorado Department of Human Services and Care and Share Food Bank</i>				
Commodity Supplemental Food Program	10.565		\$ 35,298	\$ -
Emergency Food Assistance Program	10.569		43,766	-
			<u>79,064</u>	<u>-</u>
<i>Colorado Department of Human Services</i>				
Food Assistance EBT	10.551		621	-
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program (SNAP)	10.561		71,847	-
<i>Colorado Department of Treasury</i>				
Schools and Roads - Grants to States	10.665		930,174	924,674
<i>No Pass-through</i>				
Rural Rental Housing loans	10.415		128,869	-
			<u>1,210,575</u>	<u>924,674</u>
Total U.S. Department of Agriculture				
U.S. Department of Housing and Urban Development				
<i>Colorado Housing and Finance Authority</i>				
Section 8 Housing Assistance Payment Program	14.195		\$ 83,846	\$ -
<i>Center Housing Authority</i>				
Section 8 Housing Choice Vouchers	14.871		10,481	-
			<u>94,327</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development				
U.S. Department of Homeland Security				
<i>Colorado Department of Local Affairs</i>				
Emergency Management Performance Grants	97.042		\$ 20,000	\$ -
			<u>20,000</u>	<u>-</u>
Total U.S. Department of Homeland Security				
U.S. Department of Justice				
<i>Colorado Division of Criminal Justice</i>				
Violence Against Women Formula Grants	16.588		\$ 3,361	\$ -
			<u>3,361</u>	<u>-</u>
Total U.S. Department of Justice				
Total Expenditures of Federal Awards			<u>\$ 2,275,349</u>	<u>\$ 924,674</u>

Saguache County, Colorado
Notes to the Schedule of Expenditures of Federal Awards
December 31, 2018

Note 1: Basis of Presentation

The accompanying schedule of expenditures of Saguache, County under programs for the federal government for the year ended December 31, 2018. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Saguache County, it is not intended to and does not present the financial position, changes in net position, or cash flows of Saguache County.

Note 2: Summary of Significant Accounting Policies

- Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- The County has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3: Food distribution

Nonmonetary assistance is reported in the Schedule of Expenditures of Federal Awards at the fair market value of commodities received and disbursed.

Note 4: Rural Rental Housing Loan

The Rural Rental Housing Loans are administered by Rural Development payable by the County. The outstanding loan balance at December 31, 2018, is included in the financial statements. The detail of the loan outstanding at the beginning and end of the year is included in the footnotes to the Basic Financial Statements.

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

Section I: Summary of Auditors' Results

1. The opinion expressed in the independent accountants' report was:
 Unmodified Qualified Adverse Disclaimed

2. The independent accountants' report on internal control over financial reporting described:
 Significant deficiencies Yes None reported
 Material weaknesses? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

4. The independent auditors' report on internal control over compliance for major federal awards programs disclosed:
 Significant deficiencies? Yes None reported
 Material weaknesses? Yes No

5. The opinion expressed in the independent auditors' report on compliance for major federal awards was:
 Unmodified Qualified Adverse Disclaimed

6. The audit disclosed findings required to be reported by the Uniform Guidance? Yes No

7. The County's major program was:

Cluster/Program	CFDA Number
Schools and Roads – Grants to States	10.665
Low-Income Home Energy Assistance	93.568

8. The threshold used to distinguish between Type A and Type B programs as those terms are defined in the Uniform Guidance was \$750,000.

9. The County qualified as a low-risk auditee as that term is defined in Uniform Guidance. Yes No

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

Section II: Financial Statement Findings

Findings Required to be Reported by Government Auditing Standards

Finding 2018-001: Internal Control over Financial Reporting.

(Repeat of Finding 2009-01, 2010-01, 2011-01, 2012-01, 2013-01, 2014-01, 2015-01, 2016-01, 2017-01).

Type of Finding: Internal Control over Financial Reporting.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, antifraud programs, non-routine transactions, financial statement preparation and safeguarding of assets.

Condition: The County does not have a complete system of internal control to prevent and detect financial misstatements.

Cause and Effect: The County does not have an individual whose responsibility is to oversee the overall accounting and financial reporting functions. As a result, the individual departments are not brought together and coordinated, with proper monthly reconciliations being performed and financial reporting prepared.

Recommendation: We recommend continue its search for personnel who can provide the county with a Finance Director duties and functions.

Management's Response: The attempted to hire a county administrator during the year ended 2018, however, that individual did not stay employed. The County recognizes the need for a Finance Director to coordinate all accounting and financial reporting functions and strengthen internal controls on a daily basis. While management believes it is difficult to find and retain a qualified Finance Director, the effort will continue.

Section III: Federal Award Findings and Questioned Costs

Findings Required to be Reported by the Uniform Guidance

Finding 2018-002: Low-Income Home Energy Assistance, CFDA No. 93.568.

Federal Program: CFDA #93.568 - Low-Income Home Energy Assistance.

Criteria: A system of internal controls over compliance includes the design, documentation, and ongoing monitoring of control activities to provide reasonable assurance that the County is in compliance with all Federal award compliance requirements.

Condition: The County's Department of Social Services did not have institutional control over the administration of the program that would allow full compliance with Federal Award compliance requirements.

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

Section III: Federal Award, Findings and Questioned Costs

Findings Required to be Reported by the Uniform Guidance (Continued)

Questioned Costs: None.

Cause and Effect: The State Department of Social Services performed a 100% audit of the program during the year ended December 31, 2018. As a result, the administration of the program as moved to an unrelated third party.

Recommendation: None, since the administration of the program was moved to an unrelated third party.

Management's Response: The county agrees with moving the administration of the program to an unrelated third party.

Saguache County, Colorado
Schedule of Prior Audit Findings
December 31, 2018

Section II: Financial Statements Findings

Finding 2017-001: Internal Control over Financial Reporting

Type of Finding: Internal Control over Financial Reporting.

Criteria: A system of internal controls includes the design, documentation, and monitoring of control activities over the application of accounting principles, antifraud programs, non-routine transactions, financial statement preparation and safeguarding of assets.

Condition: The County does not have a complete system of internal control to prevent and detect financial misstatements.

Cause and Effect: As a result of this condition multiple errors in day-to-day accounting were noted.

Recommendation: The County should continue to strengthen its internal controls with adopted policies and procedures to address, segregation of duties in the Social Services Fund in the county financial statements as of December 31, 2017, in accordance with generally accepted accounting principles.

Status: This Finding is repeated as 2018-001.

Section III: Federal Award, Findings and Questioned Costs

Finding 2017-002: Low-Income Home Energy Assistance, CFDA No. 93.568

Federal Program: CFDA # 93.568 - Low-Income Home Energy Assistance.

Criteria: A system of internal controls over compliance includes the design, documentation, and ongoing monitoring of control activities to provide reasonable assurance that only eligible individuals and organizations receive assistance under federal award programs, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

Condition: The County Department of Social Services did not ensure that information input into the eligibility and benefit calculation system is accurate and consistent. Four of the forty cases reviewed had discrepancies.

Cause and Effect: The lack of routine case file reviews resulted in a failure to detect and correct noncompliance with eligibility requirements.

Saguache County, Colorado
Schedule of Prior Audit Findings
December 31, 2018

Section III: Federal Award, Findings and Questioned Costs (Continued)

Finding 2017-002: Low-Income Home Energy Assistance, CFDA No. 93.568 (Continued)

Recommendation: The County Department of Social Services should implement a system of internal control over compliance that includes monitoring of control activities. Supervisory review of case file documentation will assure that errors or fraud are detected and corrected on a timely basis.

Status: This Finding is repeated as 2018-002.

Finding 2017-003: TANF Cluster, CFDA No. 93.558

Federal Program: CFDA # 93.558 - TANF Cluster.

Criteria: A system of internal controls over compliance includes the design, documentation, and ongoing monitoring of control activities to provide reasonable assurance that only eligible individuals and organizations receive assistance under federal award programs, and that amounts provided to or on behalf of eligible individuals or groups of individuals were calculated in accordance with program requirements.

Condition: The County Department of Social Services is not maintaining complete and accurate case files or obtaining information in a timely manner for TANF program clients. Two of the five cases reviewed had discrepancies.

Questioned Costs: Underdetermined.

Cause and Effect: The lack of routine case file reviews resulted in a failure to detect and correct noncompliance with eligibility requirements.

Recommendation: The County Department of Social Services should implement a system of internal control over compliance that includes monitoring of control activities. Supervisory review of case file documentation will assure that errors or fraud are detected and corrected on a timely basis.

Resolution: This finding has been corrected in the current year.

State Compliance

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

LOCAL HIGHWAY FINANCE REPORT	City or County: Saguache County, CO
YEAR ENDING : December 2018	
This Information From The Records Of (example - City of _ or County of _): Saguache County, CO	Prepared By: Michelle Hashbarger Phone: 719-655-2554

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

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT	ITEM	AMOUNT
A. Receipts from local sources:		A. Local highway disbursements:	
1. Local highway-user taxes		1. Capital outlay (from page 2)	0
a. Motor Fuel (from Item I.A.5.)		2. Maintenance:	2,969,688
b. Motor Vehicle (from Item I.B.5.)		3. Road and street services:	
c. Total (a.+b.)		a. Traffic control operations	103,971
2. General fund appropriations	5,000	b. Snow and ice removal	3,944
3. Other local imposts (from page 2)	15,552	c. Other	43,342
4. Miscellaneous local receipts (from page 2)	139,142	d. Total (a. through c.)	151,257
5. Transfers from toll facilities		4. General administration & miscellaneous	235,737
6. Proceeds of sale of bonds and notes:		5. Highway law enforcement and safety	0
a. Bonds - Original Issues		6. Total (1 through 5)	3,356,682
b. Bonds - Refunding Issues	0	B. Debt service on local obligations:	
c. Notes	0	1. Bonds:	
d. Total (a. + b. + c.)	0	a. Interest	0
7. Total (1 through 6)	159,693	b. Redemption	0
B. Private Contributions		c. Total (a. + b.)	0
C. Receipts from State government (from page 2)	3,136,198	2. Notes:	
D. Receipts from Federal Government (from page 2)	90,065	a. Interest	3,152
E. Total receipts (A.7 + B + C + D)	3,385,956	b. Redemption	70,382
		c. Total (a. + b.)	73,534
		3. Total (1.c + 2.c)	73,534
		C. Payments to State for highways	
		D. Payments to toll facilities	
		E. Total disbursements (A.6 + B.3 + C + D)	3,430,216

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

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)	0		0	0
1. Bonds (Refunding Portion)				
B. Notes (Total)	130,559		73,534	57,025

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	3,389,575	3,385,957	3,430,216	3,345,316	(5,000)

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT

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

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL

ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	4	a. Interest on investments	0
b. Other local imposts:		b. Traffic Fines & Penalties	0
1. Sales Taxes	0	c. Parking Garage Fees	0
2. Infrastructure & Impact Fees	15,548	d. Parking Meter Fees	0
3. Liens		e. Sale of Surplus Property	6,937
4. Licenses		f. Charges for Services	88,695
5. Specific Ownership &/or Other	0	g. Other Misc. Receipts	43,511
6. Total (1. through 5.)	15,548	h. Other (Transfers)	0
c. Total (a. + b.)	15,552	i. Total (a. through h.)	139,143
	(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	3,112,503	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	16,404
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	23,695	d. Federal Transit Admin	
d. (Specify) Road & Bridge Apportionment	0	e. U.S. Corps of Engineers	
e. (Specify) Hwy Signal Maint. Fee	0	f. Other Federal	73,661
f. Total (a. through e.)	23,695	g. Total (a. through f.)	90,065
4. Total (1. + 2. + 3.f)	3,136,198	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	0
c. Construction:			
(1). New Facilities		0	0
(2). Capacity Improvements		0	0
(3). System Preservation		0	0
(4). System Enhancement & Operation		0	0
(5). Total Construction (1) + (2) + (3) + (4)	0	0	0
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	0	0
			(Carry forward to page 1)

Notes and Comments: