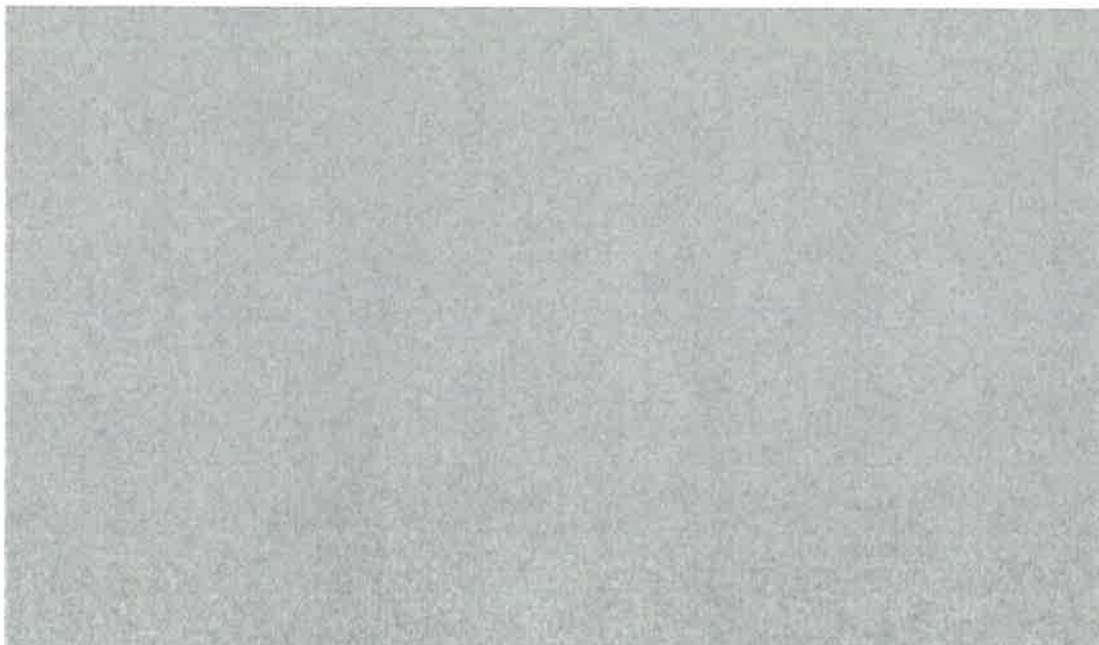


CONEJOS COUNTY, COLORADO

FINANCIAL STATEMENTS

December 31, 2018



**Wall,
Smith,
Bateman** Inc.
Certified Public Accountants

CONEJOS COUNTY, COLORADO

TABLE OF CONTENTS

December 31, 2018

	<u>Page</u>
Independent Auditors' Report	1
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	4
Statement of Activities	5
Governmental Fund Financial Statements	
Balance Sheet	6
Reconciliation of Total Governmental Fund Balances to the Statement of Net Position	7
Statement of Revenues, Expenditures, and Changes in Fund Balances	8
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	9
Fiduciary Fund Financial Statement	
Statement of Fiduciary Assets and Liabilities	10
Notes to the Basic Financial Statements	11
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual	
General Fund	25
Road and Bridge Fund	26
Social Services Fund	27
Public Health Fund	28
Supplementary Information	
Combining General Fund Schedules	
Combining Balance Sheet	29
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	30
Combining Schedules of Nonmajor Governmental Funds	
Combining Balance Sheet	31
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances	32
Schedule of Expenditures and Transfers out- Budget and Actual	
All Nonmajor Governmental Funds	33
Other Schedules and Reports:	
Schedule of Expenditures of Federal Awards	34
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	38
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	40
Schedule of Findings and Questioned Costs	42
Summary Schedule of Prior Audit Findings	44
Corrective Action Plan	
Local Highway Finance Report	

INDEPENDENT AUDITORS' REPORT



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Conejos County, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos 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 as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

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

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Other Matters

Required Supplementary Information

Management has omitted the management's 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 the 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 budgetary comparison information on pages 25-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the County's basic financial statements. The combining fund financial schedules and the Local Highway Finance Report are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 15, 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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 15, 2019

CONEJOS COUNTY, COLORADO

BASIC FINANCIAL STATEMENTS

CONEJOS COUNTY, COLORADO
STATEMENT OF NET POSITION
December 31, 2018

	<u>Primary Government</u> <u>Governmental</u> <u>Activities</u>
ASSETS	
Current Assets	
Cash and Investments	6,917,853
Accounts Receivable	108,703
Due from Other Governments	251,632
Property Taxes Receivable	1,688,535
Inventories	85,804
Total Current Assets	<u>9,052,527</u>
Noncurrent Assets	
Capital Assets	
Land	740,824
Construction in Progress	-
Infrastructure	1,270,010
Buildings and Improvements	6,737,537
Equipment	4,682,509
Vehicles	1,202,871
Less Accumulated Depreciation/Depletion	<u>(8,105,077)</u>
Total Noncurrent Assets	<u>6,528,674</u>
TOTAL ASSETS	<u>15,581,201</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	48,269
Due to Other Governments	-
Unearned Grant Revenue	442,499
Capital Leases Payable	80,792
Compensated Absences	8,663
Total Current Liabilities	<u>580,223</u>
Noncurrent Liabilities	
Capital Leases Payable	137,695
Compensated Absences	235,213
Total Noncurrent Liabilities	<u>372,908</u>
TOTAL LIABILITIES	<u>953,131</u>
DEFERRED INFLOWS OF RESOURCES - CURRENT	
Unavailable Revenue - Property Tax	<u>1,688,535</u>
NET POSITION	
Net Investment in Capital Assets	6,310,187
Restricted for	
TABOR Amendment Reserve	284,000
Forest Reserve - Title III	40,079
Single Entry Point	576,097
Unrestricted	<u>5,729,172</u>
TOTAL NET POSITION	<u>\$ 12,939,535</u>

The accompanying notes are an integral part of this financial statement.

CONEJOS COUNTY, COLORADO
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants & Contributions	Capital Grants & Contributions	Primary Government
Primary Government					
Governmental Activities					
General Government	\$ 2,427,070	\$ 335,575	\$ 288,670	\$ 350,000	\$ (1,452,825)
Public Safety	1,681,168	196,251	102,875	-	(1,382,042)
Health and Welfare	6,892,287	963,136	5,431,175	11,722	(486,254)
Highways and Streets	1,805,424	-	2,167,314	-	361,890
Judicial - District Attorney	149,000	-	-	-	(149,000)
Auxiliary Services	19,995	-	-	-	(19,995)
Culture and Recreation	61,612	-	43,326	-	(18,286)
Interest on Long-Term Debt	6,301	-	-	-	(6,301)
Total Governmental Activities	\$ 13,042,857	\$ 1,494,962	\$ 8,033,360	\$ 361,722	(3,152,813)
General Revenues					
Taxes					
General Property Taxes - Net					2,024,668
Other Taxes					47,924
Payment in Lieu of Taxes					1,192,112
Interest on Investments					111,998
Miscellaneous					122,306
Total General Revenues					3,499,008
Change in Net Position					346,195
Net Position - Beginning					12,593,340
Net Position - Ending					\$ 12,939,535

The accompanying notes are an integral part of this financial statement.

CONEJOS COUNTY, COLORADO
GOVERNMENTAL FUNDS
BALANCE SHEET
December 31, 2018

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICES FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS						
Cash and Investments	\$ 2,866,565	\$ 1,585,859	\$ 1,312,913	\$ 874,419	\$ 278,097	\$ 6,917,853
Accounts Receivable	57,993	-	879	49,831	-	108,703
Due From Other Governments	-	107,405	56,714	87,513	-	251,632
Property Taxes Receivable	1,295,989	87,339	287,739	-	17,468	1,688,535
Inventories	-	73,620	-	12,184	-	85,804
TOTAL ASSETS	\$ 4,220,547	\$ 1,854,223	\$ 1,658,245	\$ 1,023,947	\$ 295,565	\$ 9,052,527
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE						
LIABILITIES						
Accounts Payable	\$ 17,843	\$ 5,732	\$ 2,242	\$ 22,452	\$ -	\$ 48,269
Due to Other Governments	-	-	-	-	-	-
Unearned Grant Revenue	48,765	-	393,734	-	-	442,499
TOTAL LIABILITIES	66,608	5,732	395,976	22,452	-	490,768
DEFERRED INFLOWS OF RESOURCES						
Unearned Revenue - Property Tax	1,295,989	87,339	287,739	-	17,468	1,688,535
FUND BALANCE						
Nonspendable						
Inventory	-	73,620	-	12,184	-	85,804
Restricted for						
TABOR Amendment Reserve	284,000	-	-	-	-	284,000
Forest Reserve - Title III	-	40,079	-	-	-	40,079
Single Entry Point	-	-	-	576,097	-	576,097
Committed for						
Contingencies	2,286,665	-	-	-	-	2,286,665
Capital Expenditures	-	-	-	-	165,096	165,096
Highways and Streets	-	1,647,453	-	-	-	1,647,453
Health and Welfare	-	-	974,530	413,214	-	1,387,744
Culture and Recreation	-	-	-	-	113,001	113,001
Assigned for						
Subsequent Year Expenditures	-	-	-	-	-	-
Unassigned	287,285	-	-	-	-	287,285
TOTAL FUND BALANCE	2,857,950	1,761,152	974,530	1,001,495	278,097	6,873,224
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 4,220,547	\$ 1,854,223	\$ 1,658,245	\$ 1,023,947	\$ 295,565	\$ 9,052,527

CONEJOS COUNTY, COLORADO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO THE STATEMENT OF NET POSITION
December 31, 2018

Total governmental fund balances		\$ 6,873,224
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		6,528,674
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Capital Leases Payable	(218,487)	
Compensated Absences	(243,876)	
		<u>(462,363)</u>
Net position of governmental activities		<u>\$ 12,939,535</u>

The accompanying notes are an integral part of this financial statement.

CONEJOS COUNTY, COLORADO
GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2018

	GENERAL FUND	ROAD AND BRIDGE FUND	SOCIAL SERVICE FUND	PUBLIC HEALTH FUND	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
REVENUES						
Taxes	\$ 1,538,298	\$ 92,054	\$ 364,856	\$ -	\$ 75,149	\$ 2,070,357
Intergovernmental Revenue	1,695,844	2,437,147	4,601,523	800,330	43,326	9,578,170
Licenses and Permits	50,025	-	-	-	-	50,025
Interest on Investments	81,711	22,301	-	838	7,148	111,998
Charges for Services	773,946	-	-	671,662	-	1,445,608
Miscellaneous	104,391	14,665	-	8,370	5,468	132,894
TOTAL REVENUES	4,244,215	2,566,167	4,966,379	1,481,200	131,091	13,389,052
EXPENDITURES						
Current Expenditures						
General Government	2,092,341	282,821	-	-	509	2,375,671
Public Safety	1,557,609	-	-	-	-	1,557,609
Health and Welfare	644,140	-	4,802,825	1,329,522	-	6,776,487
Highways and Streets	-	1,472,722	-	-	-	1,472,722
Judicial - District Attorney	149,000	-	-	-	-	149,000
Culture and Recreation	-	-	-	-	61,612	61,612
Auxiliary Services	18,989	-	-	-	-	18,989
Capital Outlay	177,709	176,590	-	5,024	29,901	389,224
Debt Service	-	72,489	-	-	-	72,489
TOTAL EXPENDITURES	4,639,788	2,004,622	4,802,825	1,334,546	92,022	12,873,803
Excess (Deficiency) of Revenues Over Expenditures	(395,573)	561,545	163,554	146,654	39,069	515,249
OTHER FINANCING SOURCES (USES)						
Lease Proceeds	96,380	-	-	-	-	96,380
Transfers In	100,000	-	-	30,000	100,000	230,000
Transfers Out	(130,000)	(100,000)	-	-	-	(230,000)
Commodities Received	-	-	-	96,892	-	96,892
Commodities Issued	-	-	-	(96,892)	-	(96,892)
TOTAL OTHER FINANCING SOURCES (USES)	66,380	(100,000)	-	30,000	100,000	96,380
Net Change in Fund Balance	(329,193)	461,545	163,554	176,654	139,069	611,629
Fund Balance at Beginning of Year	3,187,143	1,299,607	810,976	824,841	139,028	6,261,595
Fund Balance at End of Year	\$ 2,857,950	\$ 1,761,152	\$ 974,530	\$ 1,001,495	\$ 278,097	\$ 6,873,224

The accompanying notes are an integral part of this financial statement.

CONEJOS COUNTY, COLORADO
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2018

Net change in fund balances - total governmental funds **\$ 611,629**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Fixed asset additions	\$	336,460	
Depreciation expense		(562,695)	
Net effect of capital outlay, depreciation, and deletions		(226,235)	(226,235)

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. Activity of debt is as follows:

Capital lease proceeds		(96,380)	
Capital lease payments		66,188	(30,192)

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

Change in compensated absences		(9,007)	
--------------------------------	--	---------	--

Change in net position of governmental activities **\$ 346,195**

CONEJOS COUNTY, COLORADO
FIDUCIARY FUND
STATEMENT OF FIDUCIARY ASSETS AND LIABILITIES
For the Year Ended December 31, 2018

	AGENCY FUND
ASSETS	
Cash and Cash Equivalents- County Treasurer	\$ 830,159
Jail Commissary Cash	99,326
TOTAL ASSETS	\$ 929,485
LIABILITIES	
Funds Held for Others	\$ 929,485
TOTAL LIABILITIES	\$ 929,485

The accompanying notes are an integral part of this financial statement.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the County reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

REPORTING ENTITY

Primary Government

The 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, parks and recreation, health and social services, public improvements, planning, zoning, sanitation, and the office of the public trustee.

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 a majority of the funds held; and the funds that are accessible are also significant to the County.

Based on the aforementioned criteria, Conejos County has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the County and its component units, except for County fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable within a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the fiduciary funds are excluded from the government-wide financial statements.

Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue when all applicable eligibility requirements imposed by the provider are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the County considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The County considers grant revenues to be available if they are collected within 120 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The County reports the following major governmental funds:

- The **General Fund** is the general operating fund of the County. It accounts for all financial resources of the general government, except those required to be 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 property taxes, highway users 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, Old Age Pension, Aid to the Blind, Aid to the Needy and Disabled, among others. Financing is provided by grants, allotments, and property tax revenue.
- The **Public Health Fund** is used to account for the multiple programs of providing health services. Financing is provided by grants and fees for services.

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

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances have been eliminated in the Statement of Net Position. All interfund transfers have been eliminated in the Statement of Activities.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The County's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

All investments, if any, are recorded at fair market value.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The County Treasurer bills and collects all property taxes for the County. Property tax revenue is recognized by the County to the extent it results in a current receivable.

The 2018 property tax levy due January 1, 2019, has been recorded in the financial statements as a receivable and a corresponding deferred inflow of resources.

Receivables/Payables from Other County Funds

Balances that originate from current lending/borrowing arrangements between funds are referred to as "Due To/From Other Funds".

Inventories and Prepaid Items

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

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

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, vehicles, construction in progress, and infrastructure assets (e.g. roads, bridges, sidewalks, and similar items), are reported in the applicable governmental activities column in the government-wide financial statements. The County defines capital assets as assets with an initial, individual cost of more than \$5,000. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	10-40
Equipment	5-15
Vehicles	5-7
Infrastructure	10-40

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as other financing sources and debt payments are reported as debt service expenditures.

Compensated Absences

County policy allows employees to accumulate unused vacation, comp time, and sick leave up to certain maximum hours. At December 31 of each year, unused vacation time over 150 hours is forfeited. Retiring employees are paid 100% of unused vacation and comp time. Sick time unused by retiring employees is paid 50% up to 240 hours. All vacation and sick leave pay is accrued when incurred in the government-wide financial statements. A liability is reported in governmental funds only if they have matured, for example as a result of employee resignations or retirements.

Unearned Revenue

Revenues on grants, which are restricted by the grant contract for specific purposes, are recognized as revenue only after eligible grant costs have been incurred. Grant funds received in excess of grant expenditures are recorded as unearned revenues.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position and the governmental funds Balance Sheet report a separate section of deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position is displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through the

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

- *Unrestricted* – 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 components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the County is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance* – amounts that cannot be spent because they are not in spendable form – such as inventory and prepaid expenditures.
- *Restricted Fund Balance* – amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance* – amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of County Commissioners, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the Board of County Commissioners or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance* – amounts that are available for any purpose; these amounts are reported only in the General Fund.

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

Use of Estimates

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

Conejos County follows the procedures set forth in the Colorado Local Government Budget Law when preparing the annual budget for each fund. Budget procedures include:

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

- Preparation of budget documents by administrative staff, which shall be submitted to the Board no later than October 15 of each year.
- Publication of a notice stating that the budget is available for public inspection.
- Discussion of the budget in a meeting open to the public.
- Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the County. All budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The Board of County Commissioners adopted supplemental appropriations during 2018.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget.

NOTE 3 CASH, DEPOSITS, AND INVESTMENTS

A summary of Cash, Deposits, and Investments for the County are as follow:

Cash on Hand	\$ 4,315
Cash Deposited in Banks	1,212,054
C-SAFE	631,224
ColoTrust	4,043,452
Other Investments	<u>1,956,293</u>
 Total Cash, Deposits, and Investments (Book Balance)	 7,847,338
Less: Amounts Related to Agency Fund	<u>(929,485)</u>
 Total Cash, Deposits, and Investments on the Statement of Net Position	 <u><u>\$ 6,917,853</u></u>

Cash and Deposits

Colorado State Statutes govern the County's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. All deposits in 2018 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the County's deposits may not be returned to it. The County does not have a deposit policy for custodial credit risk. At December 31, 2018, \$1,038,311 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

Investments

The County's investment policy and Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. They include:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Repurchase agreements
- Money market funds
- Guaranteed investments contracts
- Corporate or bank debt issued by eligible corporations or banks

Custodial Credit Risk - Investments

The County's investment policy calls for investment diversification within the portfolio to avoid unreasonable risks inherent in over investing in specific instruments, individual financial institutions or maturities. The policy allows for the investment in local government investment pools.

Interest Rate Risk

Colorado Revised Statutes and the County's investment policy limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

Fair Value

Fair value investments classified at Level 1 of the fair value hierarchy are valued using prices quoted in active markets for those securities. Fair value investments classified as Level 2 of the fair value hierarchy are valued using the active market rates for the underlying securities. Fair value investments classified as Level 3 of the fair value hierarchy are valued using non-observable inputs.

The Colorado Government Liquid Asset Trust (ColoTrust) is an investment vehicle established for local government entities in Colorado pursuant to Part 7 of Article 75 of Title 24 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. ColoTrust operates similarly to a money market fund and each share is equal in value to \$1.00. The fair value of the position in the pool is the same as the value of the pool shares. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned by the pool are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pool. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. ColoTrust is rated AAAM by Standard & Poor's.

The Colorado Surplus Asset Fund Trust (C-SAFE) investments are valued using the net asset value per share (or its equivalent) of the investments. The investments do not have any unfunded commitments, redemption restrictions, redemption notice periods or withdrawal restrictions. CSAFE investments conform to Colorado Statutes CRS 24-75-601 et. seq. and therefore invests primarily in securities of the United States Treasury, United States Agencies, Primary Dealer Repurchase Agreements, highly rated commercial paper, highly rated corporate bonds, Colorado

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

depositories collateralized at 102% of market value according to the guidelines of the Public Deposit Protection Act. CSAFE measures all of its investments at amortized cost. CSAFE is rated AAAM by Standard & Poor's.

		Fair Value Measurements Using:			
<u>Investment Type</u>		<u>Rating</u>	<u>Up to 120 days</u>	<u>121 days to 5 years</u>	<u>Level 2</u>
Federal Home Loan Bank	28%	Aaa	\$ -	\$ 542,883	\$ 542,883
Federal National Mortgage Assoc	5%	Aaa	99,907	-	99,907
			<u>\$ 99,907</u>	<u>\$ 542,883</u>	<u>642,790</u>
Money Market (unrated)	0%				9,241
Certificates of Deposit	67%				1,304,262
					<u>1,313,503</u>
					<u>\$ 1,956,293</u>

NOTE 4 ACCOUNTS RECEIVABLE

At December 31, 2018, the County had accounts receivable as follows:

General Fund:	
Ambulance Accounts Receivable	\$ 293,000
(Less) Allowance for Uncollectible	(293,000)
Other	57,993
	<u>57,993</u>
Social Services	879
Public Health	49,831
	<u>\$ 108,703</u>

NOTE 5 PROPERTY TAXES RECEIVABLE

At December 31, 2018, the County had an estimated property tax receivable divided among the funds as follows:

General Fund	\$ 1,295,989
Road and Bridge Fund	87,339
Social Services Fund	287,739
Capital Expenditures Fund	17,468
	<u>\$ 1,688,535</u>

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 6 INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

Interfund Transfers

Interfund transfers for the year ended December 31, 2018, were as follows:

<u>Transfer In</u>	<u>Transfer Out</u>	<u>Amount</u>
General Fund (PILT Fund)	Road and Bridge Fund	\$ 100,000
Capital Expenditures Fund	General Fund (PILT Fund)	100,000
Public Health Fund	General Fund	30,000
		<u>\$ 230,000</u>

The Road and Bridge transfer to General Fund (PILT Fund) in the amount of \$100,000 is for 1/5th of the amount used to purchase Road & Bridge equipment in 2015.

The General Fund (PILT Fund) transferred \$100,000 to subsidize the Capital Expenditures Fund.

The General Fund (Contingency Fund) transferred \$30,000 to the Public Health Fund for operating and administration costs.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 7 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
<i>Governmental Activities</i>				
Capital assets not being depreciated				
Land	\$ 740,824	\$ -	\$ -	\$ 740,824
Construction in Progress	657,829	111,126	768,955	-
Total capital assets not being depreciated	<u>1,398,653</u>	<u>111,126</u>	<u>768,955</u>	<u>740,824</u>
Capital assets being depreciated				
Infrastructure	920,290	349,720	-	1,270,010
Buildings and Improvements	6,318,302	419,235	-	6,737,537
Equipment	4,598,279	84,230	-	4,682,509
Vehicles	1,072,267	141,104	10,500	1,202,871
Total capital assets being depreciated	<u>12,909,138</u>	<u>994,289</u>	<u>10,500</u>	<u>13,892,927</u>
Less: accumulated depreciation for				
Infrastructure	225,170	107,138	-	332,308
Buildings and Improvements	2,915,195	151,456	-	3,066,651
Equipment	3,649,890	197,620	-	3,847,510
Vehicles	762,627	106,481	10,500	858,608
Total accumulated depreciation	<u>7,552,882</u>	<u>562,695</u>	<u>10,500</u>	<u>8,105,077</u>
Total Capital Assets being depreciated, net	<u>5,356,256</u>	<u>431,594</u>	<u>-</u>	<u>5,787,850</u>
Governmental Activities Capital Assets, Net	<u>\$ 6,754,909</u>	<u>\$ 542,720</u>	<u>\$ 768,955</u>	<u>\$ 6,528,674</u>

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

Governmental Activities:

General Government	\$ 42,392
Public Safety	119,077
Health and Welfare	112,300
Highways and Streets	287,920
Auxiliary Services	1,006
Total Depreciation Expense	<u>\$ 562,695</u>

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

NOTE 8 LONG-TERM LIABILITIES

Changes in Long-term Liabilities

Long-term liability balances for the year ended December 31, 2018, were as follows:

	12/31/2017			12/31/2018	Due Within
	Balance	Additions	Deletions	Balance	One Year
<i>Governmental Activities:</i>					
Capital Leases	\$ 188,295	\$ 96,380	\$ 66,188	\$ 218,487	\$ 80,792
Compensated Absences	234,869	9,007	-	243,876	8,663
	<u>423,164</u>	<u>105,387</u>	<u>66,188</u>	<u>462,363</u>	<u>89,455</u>
Total Governmental Activities	<u>\$ 423,164</u>	<u>\$ 105,387</u>	<u>\$ 66,188</u>	<u>\$ 462,363</u>	<u>\$ 89,455</u>

Capital Leases

The County is obligated under certain leases accounted for as capital leases. These agreements are backed by the full faith and credit of the County and debt service is accounted for by the fund purchasing the equipment, the Road and Bridge Fund. The leased assets and related obligations are accounted for in the Statement of Net Position and the Statement of Activities.

2013 San Luis Valley Federal Bank

A lease purchase agreement, dated September 16, 2013, was entered into for \$165,000 between San Luis Valley Federal Bank, as lessor, and Conejos County (the "County"), as lessee, for the purchase of road and bridge equipment. Payments are due quarterly with an interest rate of 4.10%. Final payment is due September 2020. The equipment is included in capital assets at a cost of \$165,000 and accumulated depreciation of \$99,000 as of December 31, 2018. Principal balance at December 31, 2018, was \$45,765.

2013 Merchants Capital Resources, Inc.

A lease purchase agreement, dated July 11, 2013, was entered into for \$289,250 between Merchants Capital Resources, Inc., as lessor, and Conejos County (the "County"), as lessee, for the purchase of two motor graders. Payments are due quarterly with an interest rate of 3.69%. Final payment is due July 2020. The equipment is included in capital assets at a cost of \$289,250 and accumulated depreciation of \$173,550 as of December 31, 2018. Principal balance at December 31, 2018, was \$76,342.

2018 Alamosa State Bank

A lease purchase agreement, dated September 7, 2018, was entered into for \$96,380 between Alamosa State Bank as lessor, and Conejos County (the "County"), as lessee, for the purchase of three vehicles for the Sheriff's department. Payments are due annually with an interest rate of 4.5%. Final payment is due September 2025. The vehicles are included in capital assets at a cost of \$120,474 and accumulated depreciation of \$24,095 as of December 31, 2018. Principal balance at December 31, 2018, was \$96,380.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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

	Principal	Interest	Total
2019	\$ 80,792	\$ 8,053	\$ 88,845
2020	65,894	4,828	70,722
2021	13,125	3,231	16,356
2022	13,714	2,642	16,356
2023	14,333	2,023	16,356
2024-2025	30,629	2,083	32,712
	<u>\$ 218,487</u>	<u>\$ 22,860</u>	<u>\$ 241,347</u>

NOTE 9 OPERATING LEASES

The County is committed under various leases for office equipment and software. These leases are considered operating leases for accounting purposes. Lease expenses for the year totaled \$48,709.

NOTE 10 RETIREMENT

Pension Plans

All eligible employees, participate in the Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan), a defined contribution plan, authorized by state statute. The Plan is a tax qualified plan under Section 401(a) of the Internal Revenue Code and all contributions by or on behalf of employees are tax deferred until time of withdrawal.

Employees are eligible after completing twelve months of service with the County, and participation is mandatory after one year of employment. Employee and employer contributions are 100% vested immediately upon employee participation in the plan.

The County must contribute 4% of the compensation of each participant. Each participant contributes a minimum amount equal to the County's contribution, and is permitted to make additional contributions not to exceed 10% of their compensation. For the year ended December 31, 2018, employee contributions totaled \$123,918 and the County recognized pension expense of \$118,462. The County recognized \$6,561 of forfeitures in retirement expense during 2018.

Plan benefits depend solely on amounts contributed to the plan plus investment earnings, less administrative expenses. The Plan may be amended by resolution of the Board of County Commissioners but it may not be amended beyond the limits established by state statute.

Deferred Compensation Plan

The County also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(f), administered by Colorado County Officials and Employees Retirement Association (CCOERA) (the Plan).

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

The Plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The County has no other liability other than to make the required monthly contribution.

NOTE 11 COLORADO CONTRABAND FORFEITURE ACT

We have reviewed financial activity 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 12 TABOR AMENDMENT RESERVE

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

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. The voters of the County have approved a measure that allows the County to retain and spend revenue in excess of the limit.

The amendment also requires that emergency reserves be established. These reserves must be at least three percent of fiscal year spending. The emergency reserve has been presented as restricted fund balance/net position in the financial statements. The County is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 13 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.

At December 31, 2018, CAPP had assets of \$23,016,375, liabilities of \$9,646,756 (including \$7,836,742 reserved for losses and claims), and members' equity of \$13,369,619. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2018, amounted to \$7,151,660 and total expenses were \$6,642,862 resulting in net income before return of surplus of \$508,798.

CONEJOS COUNTY, COLORADO
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2018

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.

At December 31, 2018, CWCP had assets of \$43,968,355, liabilities of \$27,334,419 (including \$25,657,113 reserved for losses and claims) and members' equity of \$16,633,936. The liability amount includes no long-term debt. Total revenues for the year ended December 31, 2018, amounted to \$12,161,699 total expenses were \$11,625,868 resulting in net loss before return of surplus of \$535,831.

NOTE 14 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.

Single Entry Point Program

The County has \$576,097 in unspent funds from the Single Entry Point program that may be requested to be paid back by the Colorado Department of Health Care Policy and Financing. The unspent funds are restricted in the Public Health Fund for the specific use of the Single Entry Point program.

Litigation

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

CONEJOS COUNTY, COLORADO

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund and, if applicable, each of the County's major special revenue funds.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 1,421,872	\$ 1,421,872	\$ 1,538,298	\$ 116,426
Intergovernmental Revenue	1,153,415	1,503,415	1,695,844	192,429
Licenses and Permits	42,000	42,000	50,025	8,025
Interest on Investments	9,885	9,885	81,711	71,826
Charges for Services	663,300	663,300	773,946	110,646
Miscellaneous	24,500	64,718	104,391	39,673
TOTAL REVENUES	3,314,972	3,705,190	4,244,215	539,025
EXPENDITURES				
General Government	1,827,350	2,177,350	2,092,341	85,009
Public Safety	1,674,106	1,714,324	1,557,609	156,715
Health and Welfare	646,061	646,061	644,140	1,921
Judicial - District Attorney	149,000	149,000	149,000	-
Auxiliary Services	20,856	20,856	18,989	1,867
Capital Outlay	-	-	177,709	(177,709)
TOTAL EXPENDITURES	4,317,373	4,707,591	4,639,788	67,803
Excess (Deficiency) of Revenues Over Expenditures	(1,002,401)	(1,002,401)	(395,573)	606,828
OTHER FINANCING SOURCES (USES)				
Lease Proceeds	-	-	96,380	96,380
Transfers In	310,000	310,000	100,000	(210,000)
Transfers Out	(130,000)	(130,000)	(130,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	180,000	180,000	66,380	(113,620)
Net Change in Fund Balance	(822,401)	(822,401)	(329,193)	493,208
Fund Balance at Beginning of Year	2,859,775	2,859,775	3,187,143	327,368
Fund Balance at End of Year	\$ 2,037,374	\$ 2,037,374	\$ 2,857,950	\$ 820,576

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
ROAD AND BRIDGE FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 93,245	\$ 93,245	\$ 92,054	\$ (1,191)
Intergovernmental Revenue	1,620,000	1,890,000	2,437,147	547,147
Interest on Investments	100	100	22,301	22,201
Miscellaneous	-	-	14,665	14,665
TOTAL REVENUES	1,713,345	1,983,345	2,566,167	582,822
EXPENDITURES				
General Government	-	270,000	282,821	(12,821)
Highways and Streets	1,902,870	1,902,870	1,472,722	430,148
Capital Outlay	-	-	176,590	(176,590)
Debt Service	-	-	72,489	(72,489)
TOTAL EXPENDITURES	1,902,870	2,172,870	2,004,622	168,248
OTHER FINANCING SOURCES (USES)				
Transfers Out	(180,000)	(180,000)	(100,000)	80,000
TOTAL OTHER FINANCING SOURCSE (USES)	(180,000)	(180,000)	(100,000)	80,000
Excess (Deficiency) of Revenues Over Expenditures	(369,525)	(369,525)	461,545	831,070
Fund Balance at Beginning of Year	866,741	866,741	1,299,607	432,866
Fund Balance at End of Year	\$ 497,216	\$ 497,216	\$ 1,761,152	\$ 1,263,936

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
SOCIAL SERVICES FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL	ACTUAL	
REVENUES				
Taxes	\$ 364,789	\$ 364,789	\$ 364,856	\$ 67
Intergovernmental Revenue	5,393,634	5,393,634	4,601,523	(792,111)
Miscellaneous Revenue	-	-	-	-
TOTAL REVENUES	5,758,423	5,758,423	4,966,379	(792,044)
EXPENDITURES				
Health and Welfare	5,713,264	5,713,264	4,802,825	910,439
TOTAL EXPENDITURES	5,713,264	5,713,264	4,802,825	910,439
Net Change in Fund Balance	45,159	45,159	163,554	118,395
Fund Balance at Beginning of Year	787,317	787,317	810,976	23,659
Fund Balance at End of Year	\$ 832,476	\$ 832,476	\$ 974,530	\$ 142,054

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
PUBLIC HEALTH FUND
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
REVENUES				
Intergovernmental Revenue	\$ 645,735	\$ 645,735	\$ 800,330	\$ 154,595
Interest on Investments	-	-	838	838
Charges for Services	740,000	740,000	671,662	(68,338)
Miscellaneous	5,132	5,132	8,370	3,238
TOTAL REVENUES	1,390,867	1,390,867	1,481,200	90,333
EXPENDITURES				
Health and Welfare	1,572,982	1,577,382	1,329,522	247,860
Capital Outlay	-	-	5,024	(5,024)
TOTAL EXPENDITURES	1,572,982	1,577,382	1,334,546	242,836
Excess (Deficiency) of Revenues Over Expenditures	(182,115)	(186,515)	146,654	333,169
OTHER FINANCING SOURCES (USES)				
Transfers In	70,000	70,000	30,000	(40,000)
Commodities Received	-	-	96,892	96,892
Commodities Issued	-	-	(96,892)	(96,892)
TOTAL OTHER FINANCING SOURCES (USES)	70,000	70,000	30,000	(40,000)
Net Change in Fund Balance	(112,115)	(116,515)	176,654	293,169
Fund Balance at Beginning of Year	804,533	804,533	824,841	20,308
Fund Balance at End of Year	\$ 692,418	\$ 688,018	\$ 1,001,495	\$ 313,477

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

This schedule is presented on the GAAP basis.

CONEJOS COUNTY, COLORADO

SUPPLEMENTARY INFORMATION

The combining fund schedules represent the second level of financial reporting for the County. These schedules present more detailed information for the individual funds in a format that segregates information by fund type.

CONEJOS COUNTY, COLORADO
COMBINING BALANCE SHEET
GENERAL FUND
December 31, 2018

	GENERAL FUND	GENERAL CONTINGENCY FUND	CONTINGENCY FUND	PILT FUND	TOTAL
ASSETS					
Cash and Investments	\$ 295,900	\$ 594,492	\$ 220,497	\$ 1,755,676	\$ 2,866,565
Accounts Receivable	57,993	-	-	-	57,993
Property Taxes Receivable	1,278,521	-	17,468	-	1,295,989
TOTAL ASSETS	\$ 1,632,414	\$ 594,492	\$ 237,965	\$ 1,755,676	\$ 4,220,547
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Accounts Payable	\$ 17,843	\$ -	\$ -	\$ -	\$ 17,843
Unearned Grant Revenue	48,765	-	-	-	48,765
TOTAL LIABILITIES	66,608	-	-	-	66,608
DEFERRED INFLOWS OF RESOURCES					
Unearned Revenue - Property Tax	1,278,521	-	17,468	-	1,295,989
FUND BALANCE					
Restricted for:					
TABOR Amendment Reserve	-	284,000	-	-	284,000
Committed to:					
Contingencies	-	310,492	220,497	1,755,676	2,286,665
Unassigned	287,285	-	-	-	287,285
TOTAL FUND BALANCE	287,285	594,492	220,497	1,755,676	2,857,950
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	\$ 1,632,414	\$ 594,492	\$ 237,965	\$ 1,755,676	\$ 4,220,547

CONEJOS COUNTY, COLORADO
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GENERAL FUND
For the Year Ended December 31, 2018

	GENERAL FUND	GENERAL CONTINGENCY FUND	CONTINGENCY FUND	PILT FUND	ELIMINATIONS	TOTAL
REVENUES						
Taxes	\$ 1,518,027	\$ -	\$ 20,271	\$ -	\$ -	\$ 1,538,298
Intergovernmental Revenue	503,732	-	-	1,192,112	-	1,695,844
Licenses and Permits	50,025	-	-	-	-	50,025
Interest on Investments	30,840	7,719	607	42,545	-	81,711
Charges for Services	773,946	-	-	-	-	773,946
Miscellaneous	104,391	-	-	-	-	104,391
TOTAL REVENUES	2,980,961	7,719	20,878	1,234,657	-	4,244,215
EXPENDITURES						
General Government	2,091,831	-	510	-	-	2,092,341
Public Safety	1,557,609	-	-	-	-	1,557,609
Health and Welfare	644,140	-	-	-	-	644,140
Judicial - District Attorney	149,000	-	-	-	-	149,000
Auxiliary Services	18,989	-	-	-	-	18,989
Capital Outlay	177,709	-	-	-	-	177,709
TOTAL EXPENDITURES	4,639,278	-	510	-	-	4,639,788
Excess (Deficiency) of Revenues Over Expenditures	(1,658,317)	7,719	20,368	1,234,657	-	(395,573)
OTHER FINANCING SOURCES (USES)						
Lease Proceeds	96,380	-	-	-	-	96,380
Transfers In	1,300,000	-	-	100,000	(1,300,000)	100,000
Transfers Out	-	(30,000)	-	(1,400,000)	1,300,000	(130,000)
TOTAL OTHER FINANCING SOURCES (USES)	1,396,380	(30,000)	-	(1,300,000)	-	66,380
Net Change in Fund Balance	(261,937)	(22,281)	20,368	(65,343)	-	(329,193)
Fund Balance at Beginning of Year	549,222	616,773	200,129	1,821,019	-	3,187,143
Fund Balance at End of Year	\$ 287,285	\$ 594,492	\$ 220,497	\$ 1,755,676	\$ -	\$ 2,857,950

CONEJOS COUNTY, COLORADO

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to be expended for particular purposes.

Conservation Trust Fund – This fund is used to account for the County share of the state lottery program. The monies may be expended only for the acquisition, development, and maintenance of parks, and other public recreational facilities.

Lodging Tax Fund – This fund is used to account for the County share of the lodging tax collected on each hotel/motel that is rented in Conejos County. The monies may be expended to promote Conejos County to tourists.

CAPITAL PROJECT FUNDS

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets.

Capital Expenditures Fund – This fund is used to account for the monies set aside for capital expenditures.

CONEJOS COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
December 31, 2018

	NONMAJOR SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
	CONSERVATION TRUST FUND	LODGING TAX FUND	CAPITAL EXPENDITURES FUND	
ASSETS				
Cash and Investments	\$ 54,794	\$ 58,207	\$ 165,096	\$ 278,097
Property Taxes Receivable	-	-	17,468	17,468
TOTAL ASSETS	<u>\$ 54,794</u>	<u>\$ 58,207</u>	<u>\$ 182,564</u>	<u>\$ 295,565</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Tax	-	-	17,468	17,468
FUND BALANCE				
Committed to				
Capital Expenditures	-	-	165,096	165,096
Culture and Recreation	54,794	58,207	-	113,001
TOTAL FUND BALANCE	<u>54,794</u>	<u>58,207</u>	<u>165,096</u>	<u>278,097</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE	<u>\$ 54,794</u>	<u>\$ 58,207</u>	<u>\$ 182,564</u>	<u>\$ 295,565</u>

CONEJOS COUNTY, COLORADO
NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
For the Year Ended December 31, 2018

	NONMAJOR SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUND	TOTAL NONMAJOR GOVERNMENTAL
	CONSERVATION TRUST FUND	LODGING TAX FUND	CAPITAL EXPENDITURES FUND	
REVENUES				
Taxes	\$ -	\$ 54,879	\$ 20,270	\$ 75,149
Intergovernmental Revenue	43,326	-	-	43,326
Interest on Investments	203	-	6,945	7,148
Miscellaneous	5,468	-	-	5,468
TOTAL REVENUES	48,997	54,879	27,215	131,091
EXPENDITURES				
General Government	-	-	509	509
Culture and Recreation	34,361	27,251	-	61,612
Capital Outlay	-	-	29,901	29,901
TOTAL EXPENDITURES	34,361	27,251	30,410	92,022
Excess (Deficiency) of Revenues Over Expenditures	14,636	27,628	(3,195)	39,069
OTHER FINANCING SOURCES (USES)				
Transfers In	-	-	100,000	100,000
TOTAL OTHER FINANCING SOURCES (USES)	-	-	100,000	100,000
Net Change in Fund Balance	14,636	27,628	96,805	139,069
Fund Balance at Beginning of Year	40,158	30,579	68,291	139,028
Fund Balance at End of Year	\$ 54,794	\$ 58,207	\$ 165,096	\$ 278,097

CONEJOS COUNTY, COLORADO
SCHEDULE OF EXPENDITURES AND TRANSFERS OUT
BUDGET AND ACTUAL
ALL NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended December 31, 2018

	BUDGETED AMOUNTS		EXPENDITURES REPORTED ON THE GAAP BASIS	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	ORIGINAL	FINAL		
Governmental Funds				
Non-major Governmental Funds				
Special Revenue Funds				
Conservation Trust Fund	\$ 41,891	\$ 41,891	\$ 34,361	\$ 7,530
Lodging Tax Fund	30,266	30,266	27,251	3,015
Total Special Revenue Funds	72,157	72,157	61,612	10,545
Capital Projects Fund				
Capital Expenditures Fund	60,475	60,475	30,410	30,065
Total Non-major Governmental Funds	\$ 132,632	\$ 132,632	\$ 92,022	\$ 40,610

CONEJOS COUNTY, COLORADO
OTHER SCHEDULES AND REPORTS

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
CCDF Cluster				
Department of Health and Human Services				
Child Care and Development Block Grant	93.575	Colorado Department of Human Services,N/A		\$ 70,520
Total Child Care and Development Block Grant				70,520
Child Care Mandatory and Matching Funds of the Child Care and Development Fund	93.596	Colorado Department of Human Services,N/A		31,100
Total Child Care Mandatory and Matching Funds of the Child Care and Development Fund				31,100
Total Department of Health and Human Services				101,620
Total CCDF Cluster				101,620
Food Distribution Cluster				
Department of Agriculture				
Commodity Supplemental Food Program	10.565	Colorado Department of Human Services,N/A		96,892
Commodity Supplemental Food Program	10.565	Colorado Department of Human Services,N/A		38,735
Total Commodity Supplemental Food Program				135,627
Emergency Food Assistance Program (Food Commodities)	10.569	Colorado Department of Human Services and Care and Share Food Bank,N/A		40,325
Total Emergency Food Assistance Program (Food Commodities)				40,325
Total Department of Agriculture				175,952
Total Food Distribution Cluster				175,952
TANF Cluster				
Department of Health and Human Services				
Temporary Assistance for Needy Families (TANF) State Programs	93.558	Colorado Department of Human Services,N/A		248,940
Total Temporary Assistance for Needy Families (TANF) State Programs				248,940
Total TANF Cluster				248,940

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Medical Assistance Program				
(Medicaid Cluster)				
Department of Health and Human Services				
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A		117,339
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A		29,704
Medical Assistance Program	93.778	Colorado Department of Health Care Policy and Financing, N/A	113,831	230,238
Total Medical Assistance Program			113,831	377,281
Total Medical Assistance Program				
(Medicaid Cluster)			113,831	377,281
SNAP Cluster				
Department of Agriculture				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Colorado Department of Human Services, N/A		65,703
Total Department of Agriculture				65,703
Total SNAP Cluster				65,703
Schools and Roads Cluster				
Department of Agriculture				
Schools and Roads - Grants to States	10.665	Colorado Department of Treasury, N/A	256,340	269,832
Total Schools and Roads - Grants to States			256,340	269,832
Total Schools and Roads Cluster			256,340	269,832
Total All Clusters			370,171	1,239,328
Other Programs				
Department of Homeland Security				
Emergency Management Performance Grants	97.042	Colorado Department of Local Affairs, N/A		17,263
Total Department of Homeland Security				17,263

CONEJOS COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

<i>Federal Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Pass-through Grantor and Number</i>	<i>Passed-through to Subrecipients (\$)</i>	<i>Federal Expenditures(\$)</i>
Department of Health and Human Services				
Public Health Emergency Preparedness	93.069	Colorado Department of Public Health and Environment, N/A		2,952
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	Colorado Department of Public Health and Environment, HW18CJ/HW19CJ		21,942
Guardianship Assistance	93.090	Colorado Department of Human Services, N/A		737
Child Support Enforcement	93.563	Colorado Department of Human Services, N/A		111,546
Low-Income Home Energy Assistance	93.568	Colorado Department of Human Services, N/A		1,055
Stephanie Tubbs Jones Child Welfare Services Program	93.645	Colorado Department of Human Services, N/A		9,438
Foster Care_ Title IV-E	93.658	Colorado Department of Human Services, N/A		168,880
Adoption Assistance	93.659	Colorado Department of Human Services, N/A		17,662
Social Services Block Grant	93.667	Colorado Department of Human Services, N/A		43,516
Maternal and Child Health Services Block Grant to the States	93.994	Colorado Department of Public Health and Environment, ND18FL		9,758
<i>Total Department of Health and Human Services</i>				<u>387,486</u>
Total Other Programs				<u>404,749</u>
Total Expenditures of Federal Awards			<u>\$ 370,171</u>	<u>\$ 1,644,077</u>

The accompanying notes are an integral part of this schedule.

CONEJOS COUNTY, COLORADO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2018

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Conejos County, Colorado under programs of 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 Conejos County, Colorado, it is not intended to and does not present the financial position, changes in net position, or cash flows of Conejos County, Colorado.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified 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. Pass-through identifying numbers are presented where available. A portion of Medicaid Cluster and Schools and Roads Cluster funds were passed through to subrecipients. The County did not elect to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance for the year ended December 31, 2018.

NOTE 3 FOOD DISTRIBUTION

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

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



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Conejos County, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Conejos 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 July 15, 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a material weakness. Finding 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

County's Response to Findings

The County's response to the findings identified in our audit are described in the accompanying corrective action plan. The County's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 15, 2019

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
FOR EACH MAJOR PROGRAM AND ON INTERNAL
CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**



Wall,
Smith,
Bateman Inc.

To the Board of County Commissioners
Conejos County, Colorado
Conejos, Colorado

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Conejos County, Colorado, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

Certified Public Accountants

700 Main Street, Suite 200 PO Box 809 Alamosa, CO 81101 | 719-589-3619 | f 719-589-5492 | www.wsbcpa.com

Report on Internal Control Over Compliance

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

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

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

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

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

July 15, 2019

CONEJOS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- | | | |
|--|-------------|---------------------------|
| ▪ Material weakness(es) identified? | _____X_____ | yes no |
| ▪ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____yes | _____X_____ none reported |
| ▪ Noncompliance material to financial statements noted? | _____yes | _____X_____ no |

Federal Awards

Internal control over major programs:

- | | | |
|--|----------|---------------------------|
| ▪ Material weakness(es) identified? | _____yes | _____X_____ no |
| ▪ Significant deficiency(ies) identified that are not considered to be material weakness(es)? | _____yes | _____X_____ none reported |

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____yes _____X_____ no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.561	SNAP Cluster
93.558	TANF Cluster
93.778	Medicaid Cluster

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

Auditee qualified as a low-risk auditee? _____yes _____X_____ no

CONEJOS COUNTY, COLORADO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2018

Section II – Financial Statement Findings

Finding 2018-001: Internal Control over Financial Reporting

(Repeat of Finding 2017-001, 2016-001, 2015-001, 2014-001, 2013-001 and 12-1)

Type of finding: Internal Control (material weakness)

Condition/Cause: Internal controls over monthly and year-end reconciliation procedures were not sufficient to prevent and detect financial misstatements. Capital asset and inventory listings were not updated to correctly reflect current year activity and year end balances. In addition, controls were not in place to monitor grant disbursements made to other entities to ensure funds were spent in accordance with the grant terms.

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.

Effect: As a result of this condition the following areas were affected:

1. Audit adjustments were proposed to properly state the County financial statements as of December 31, 2018, in accordance with generally accepted accounting principles.
2. The County acted as the fiscal agent for a grant and did not have any supporting documentation for the expenditures or final report before distributing the money to the recipient.
3. Outside prisoner housing was not consistently invoiced during 2018. The County may be unable recover approximately \$29,000 of services rendered.

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding monthly and year-end financial close accounting and government-wide reporting and continue to strengthen reconciliation and monitoring processes for year-end accruals, grant activity and capital asset and inventory transactions and balances.

Management's Response: See corrective action plan.

Section III – Federal Award Findings and Questioned Costs

None

CONEJOS COUNTY, COLORADO
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2018

Section II – Financial Statement Findings

Finding 2017-001: Internal Control over Financial Reporting
(Repeat of Finding 2016-001, 2015-001, 2014-001, 2013-001, and 12-1)

Type of finding: Internal Control (material weakness)

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

Status: Partially Implemented (see Finding 2018-001)

Section III – Federal Award Findings and Questioned Costs

Finding 2017-002: TANF Cluster, CFDA No. 93.558
U.S. Department of Health and Human Services

Passed through Colorado Department of Human Services

Compliance Requirement: Eligibility and Special Tests and Provisions

Grant No.: Not applicable

Type of finding: Internal Control (significant deficiency) and Compliance (noncompliance)

Condition: 2 of 5 case files reviewed were missing required information.

Status: Implemented

Finding 2017-003: Medicaid Cluster, CFDA No. 93.778
U.S. Department of Health and Human Services

Passed through Colorado Department of Human Services and Colorado Department of Health Care Policy and Financing

Compliance Requirement: Eligibility

Grant No.: Not applicable

Type of finding: Internal Control (significant deficiency) and Compliance (noncompliance)

Condition: The County was unable to locate one of 25 case files selected for testing.

Status: Implemented



Board of County Commissioners

J. Steven McCarroll

Carlos Garcia

Mitchell Jarvies

CORRECTIVE ACTION PLAN

Oversight Agency - U.S. Department of Health and Human Services

Conejos County, Colorado respectfully submits the following corrective action plan for the year ended December 31, 2018.

Independent Accountants: Wall, Smith, Bateman Inc.
Certified Public Accountants
700 Main Street, Suite 200, P.O. Box 809
Alamosa, CO 81101

Audit period: Year ended December 31, 2018

The findings from the December 31, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Section I of the schedule, Summary of Auditors' Results, does not include findings and is not addressed.

Section II – Financial Statement Findings

Finding 2018-001: Internal Control over Financial Reporting
(Repeat of Findings 2017-001, 2016-001, 2015-001, 2014-001, 2013-001, and 12-1)

Type of finding: Internal Control (material weakness)

Recommendation: The County should strengthen its internal controls with adopted policies and procedures regarding monthly and year-end financial close accounting and government-wide reporting and continue to strengthen reconciliation and monitoring processes for year-end accruals, grant activity, and capital asset, and inventory transactions and balances.

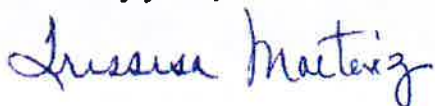
Action Taken: *The capital asset and inventory transactions and balances will be reconciled on a quarterly basis in an effort to have the balances ready for final review prior to the end of the county's calendar year.*

To monitor grant disbursements made to other entities to ensure funds are spent in accordance with grant terms and conditions, we will ask for support documentation in the form of invoices, approvals, and authorizations to pay prior to issuing checks for such expenditures.

The procedures and processes used by the Sheriff's office to invoice for outside prisoner housing will be reviewed and strengthened to avoid any future issues to avoid losing out on outside prisoner housing revenues. A quarterly invoice billed will be given to the sheriff for review. The discrepancy that was found in 2018 has been taken care of and billed to the County that was provided the service.

If the U.S. Department of Health and Human Services have questions regarding this plan, please call the responsible party listed below.

Sincerely yours,

A handwritten signature in blue ink, reading "Tressesa Martinez". The signature is written in a cursive style with a large, stylized 'T' and 'M'.

Tressesa Martinez
County Administrator
Conejos County, Colorado

LOCAL HIGHWAY FINANCE REPORT

City or County:

Conejos County

YEAR ENDING :

December 2018

This Information From The Records Of:
County of ConejosPrepared By:
Phone:GARY GURULE
(719)376-5772 x2**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

ITEM	AMOUNT
A. Receipts from local sources:	
1. Local highway-user taxes	
a. Motor Fuel (from Item I.A.5.)	
b. Motor Vehicle (from Item I.B.5.)	
c. Total (a.+b.)	
2. General fund appropriations	
3. Other local imposts (from page 2)	92,054
4. Miscellaneous local receipts (from page 2)	37,632
5. Transfers from toll facilities	
6. Proceeds of sale of bonds and notes:	
a. Bonds - Original Issues	
b. Bonds - Refunding Issues	
c. Notes	
d. Total (a. + b. + c.)	0
7. Total (1 through 6)	129,686
B. Private Contributions	
C. Receipts from State government (from page 2)	2,166,647
D. Receipts from Federal Government (from page 2)	13,492
E. Total receipts (A.7 + B + C + D)	2,309,825

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES

ITEM	AMOUNT
A. Local highway disbursements:	
1. Capital outlay (from page 2)	176,590
2. Maintenance:	1,495,255
3. Road and street services:	
a. Traffic control operations	
b. Snow and ice removal	
c. Other Misc. Grant	0
d. Total (a. through c.)	0
4. General administration & miscellaneous	95,850
5. Highway law enforcement and safety	8,097
6. Total (1 through 5)	1,775,792
B. Debt service on local obligations:	
1. Bonds:	
a. Interest	
b. Redemption	
c. Total (a. + b.)	0
2. Notes:	
a. Interest	6,301
b. Redemption	66,188
c. Total (a. + b.)	72,489
3. Total (1.c + 2.c)	72,489
C. Payments to State for highways	
D. Payments to toll facilities	
E. Total disbursements (A.6 + B.3 + C + D)	1,848,281

IV. LOCAL HIGHWAY DEBT STATUS

(Show all entries at par)

	Opening Debt	Amount Issued	Redemptions	Closing Debt
A. Bonds (Total)				0
1. Bonds (Refunding Portion)				
B. Notes (Total)	188,283	0	66,188	122,095

V. LOCAL ROAD AND STREET FUND BALANCE

	A. Beginning Balance	B. Total Receipts	C. Total Disbursements	D. Ending Balance	E. Reconciliation
	1,299,607	2,309,825	1,848,281	1,761,151	0

Notes and Comments:

LOCAL HIGHWAY FINANCE REPORT		STATE: Colorado	
		YEAR ENDING (mm/yy): December 2018	

II. RECEIPTS FOR ROAD AND STREET PURPOSES - DETAIL			
ITEM	AMOUNT	ITEM	AMOUNT
A.3. Other local imposts:		A.4. Miscellaneous local receipts:	
a. Property Taxes and Assessments	76,992	a. Interest on investments	22,300
b. Other local imposts:		b. Traffic Fines & Penalties	
1. Sales Taxes		c. Parking Garage Fees	
2. Infrastructure & Impact Fees		d. Parking Meter Fees	
3. Liens		e. Sale of Surplus Property	0
4. Licenses		f. Charges for Services	12,450
5. Specific Ownership &/or Other	15,062	g. Other Misc. Receipts	2,882
6. Total (1. through 5.)	15,062	h. Other	
c. Total (a. + b.)	92,054	i. Total (a. through h.)	37,632
(Carry forward to page 1)		(Carry forward to page 1)	
ITEM	AMOUNT	ITEM	AMOUNT
C. Receipts from State Government		D. Receipts from Federal Government	
1. Highway-user taxes	2,148,280	1. FHWA (from Item I.D.5.)	
2. State general funds		2. Other Federal agencies:	
3. Other State funds:		a. Forest Service	13,492
a. State bond proceeds		b. FEMA	
b. Project Match		c. HUD	
c. Motor Vehicle Registrations	18,367	d. Federal Transit Admin	
d. Other (Specify) - Misc. Grant	0	e. U.S. Corps of Engineers	
e. Other (Specify)	0	f. Other Federal: RAC Grant	0
f. Total (a. through e.)	18,367	g. Total (a. through f.)	13,492
4. Total (1. + 2. + 3.f)	2,166,647	3. Total (1. + 2.g)	
		(Carry forward to page 1)	

III. DISBURSEMENTS FOR ROAD AND STREET PURPOSES - DETAIL			
	ON NATIONAL HIGHWAY SYSTEM (a)	OFF NATIONAL HIGHWAY SYSTEM (b)	TOTAL (c)
A.1. Capital outlay:			
a. Right-Of-Way Costs			0
b. Engineering Costs			0
c. Construction:			
(1). New Facilities			0
(2). Capacity Improvements		136,460	136,460
(3). System Preservation		40,130	40,130
(4). System Enhancement & Operation			0
(5). Total Construction (1) + (2) + (3) + (4)	0	176,590	176,590
d. Total Capital Outlay (Lines 1.a. + 1.b. + 1.c.5)	0	176,590	176,590
			(Carry forward to page 1)
Notes and Comments:			